WALKER CRIPS

Rooted in tradition. Growing through innovation.

Annual Report and Accounts 2019

Rooted in tradition.
Growing through innovation.
Working towards a fair deal for stakeholders.

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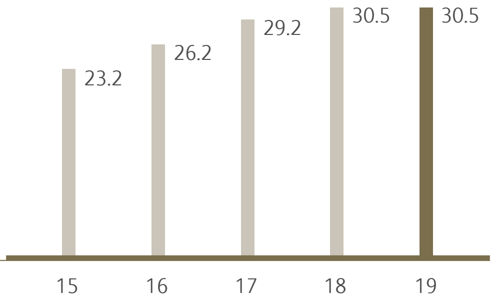
Highlights
from our year
ended 31 March 2019

Walker Crips has consolidated its position over the past year, laying the foundation for future growth through technology-led initiatives. As a result, our focus has expanded beyond the Group's core business with a new emphasis on innovating the way we do business.

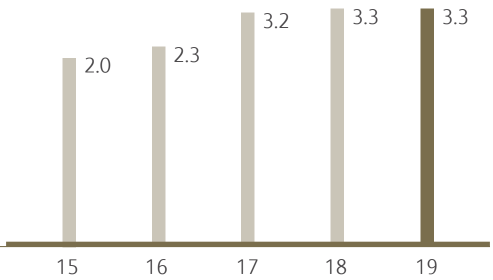
£30.5m

Total income
(£30.5 million in 2018)



£3.3bn

Assets Under Management
(£3.3 billion in 2018)



Strategic highlights

- Non-broking income as a percentage of total income has increased to 71.6% (2018: 64.1%)
- Proposed final dividend reduced to 0.33 pence per share (2018: 1.29 pence per share), bringing total dividends for the year to 0.91 pence per share (2018: 1.87 pence per share)

Financial highlights

- Group annual revenues remained stable in challenging conditions at £30.5 million (2018: £30.5 million)
- Underlying operating profit, before tax and exceptional items, decreased to £434,000 (2018: £906,000)
- Reported profit before tax decreased to £489,000 (2018: £924,000)
- Assets Under Management remained steady at £3.3 billion (2018: £3.3 billion)

Strategic report

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Walker Crips
at a glance

The Walker Crips Group offers investment management and wealth management services, pensions administration and financial regulation software.

Key statistics

105
Years looking after
our clients

30,999
Clients across the UK
32,636 in 2018

£30.5m
Total revenue 2019
£30.5 million in 2018

£5.0bn
Assets Under Management and Administration
£5.0 billion in 2018

Milestones

Our Investment Management arm evolved this year, changing its name to reflect the breadth and diversity of services it offers. Walker Crips Investment Management restores confidence in our ability to move with financial markets and expand with the industry.

Accolades

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

defaqto 2019 ★★★★★ DFM Bespoke

defaqto 2019 ★★★★★ DFM MPS on Platform

defaqto 2019 ★★★★★ DFM MPS Direct

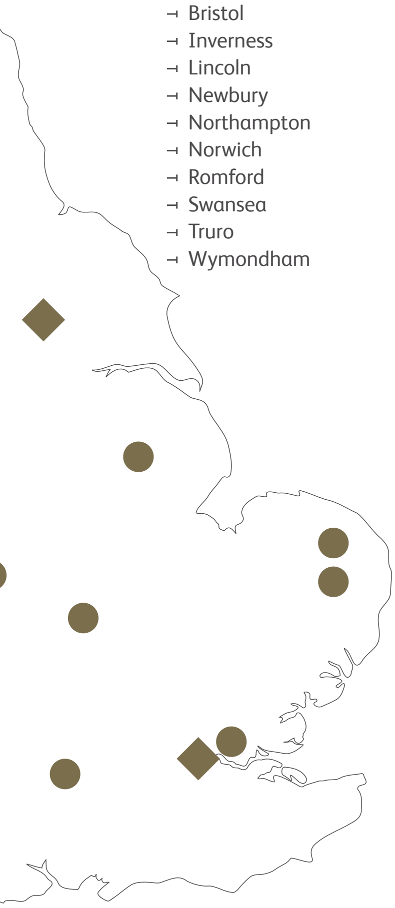
CITYWIRE WM REGIONAL STARS 2019

The Walker Crips ALPHA: r² team was shortlisted under the London region for the annual Wealth Manager Regional Stars Awards by Citywire.

Our branches

Walker Crips operates thirteen offices throughout the UK, headed and staffed by dedicated individuals working towards a fair deal for stakeholders.

- London (head office)
- York
- Birmingham
- Bristol
- Inverness
- Lincoln
- Newbury
- Northampton
- Norwich
- Romford
- Swansea
- Truro
- Wymondham



Our Group

Investment Management

Growing with clients to make investment rewarding

Private Client Division

Our London and York based Private Client Division ("PCD") teams shape our investment strategy guidelines, providing both Model Portfolio Services and Bespoke Discretionary Services to our client base.

Investment management and fund management

Our eclectic collection of professional Investment Managers and advisers provide clients with investment expertise and retain meaningful relationships built on Walker Crips' 105 years of experience. Our collectives model portfolio business continues to perform steadily for our clients.

Alternative Investments

Our Alternative Investment solutions provide innovative services and products for specific clientele. Our (Tier 1) Investor Visa Programme serves high net worth individuals as they invest in the UK. Our Short-Term Lending team manage large direct mandates from institutional investors lending into the property sector, and our international equity arbitrage desk trades on arbitrage opportunities.

Structured Investments

Specialist products offered by Walker Crips Structured Investments 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.

Wealth Management

Preserving and nurturing client wealth

Our Wealth Management team deliver an individualised approach to financial planning. As focussed independent financial advisers, Walker Crips Wealth Management provide guidance on an extensive range of financial concerns 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 administrative team assist clients in efficiently exercising control over their SIPP pension fund investments and also provide company directors the infrastructure using SSAS to grow pension funds for their retirement.

EnOC Technologies

Engineering out complexities

Our newly incorporated software company, EnOC Technologies Limited, provides cloud-based regulatory software to financial services firms. We aim to help smaller firms close the technology gap; and for larger firms, software without the need for hardware maintenance costs. The *EnOC Pro Platform* will allow for swift scalability with no expenditure on infrastructure; and its flagship service, *Accountability*, is an easy-to-use solution for the Senior Managers & Certification Regime ("SM&CR").

Chairman's statement

Although reporting lower year-on-year profits and reduction in the final dividend, the Group continues to make progress in its move to fee based revenue, delivery of new offerings and transition to a technology driven business.

Overview of 2018/19

The Brexit-driven economic uncertainty, and the corresponding caution adopted by investors explained in my Interim Report, continued to depress the volume-driven broking component of our revenue during the remainder of the year. Accordingly, it is disappointing, but perhaps not unexpected, to be reporting full year profit before tax down by £435,000 or 47% on the prior year and, as also signalled at interim, a reduced final dividend.

Notwithstanding this, reported revenue has remained stable with a significant improvement in fee income, offsetting the decline in broking commissions of £2.3 million. This reflects resilience in the level of Assets Under Management and Administration notwithstanding difficult markets. The improved second half performance from our Structured Investments team and the rollout of new tariffs, which commenced during the last quarter, is expected to have a fuller and sustained impact next year, underpinned by the continuing loyalty and longevity of our clients.

The business continues to benefit substantially from improved interest margins on managed deposits which have hitherto been depressed for several years by the long run of record low UK Base Rates.

Also, although our reported cost base has increased by £0.8 million (4%), this includes £0.3 million invested in new products, service offerings and increased automation on our journey to being a Technology Driven Financial Services Business, with additional new head office premises costs of £0.2 million being incurred during the year. A cost efficiency programme is under way which should result in savings flowing through in future years helping manage our cost base.

The Group continues its efforts to help clients achieve greater returns by transferring to our discretionary or portfolio-managed mandates, which also generates more stable fee-based revenue. These efforts, and the decline in less predictable transaction-based shared commission income during the year, mean the ratio of non-broking revenue to total income has improved to 71.6% (2018: 64.1%).

The changing revenue mix and tariff initiatives contributed to gross profit increasing by 1.65% to £20.8 million (2018: £20.5 million) and a higher gross margin percentage of 68.3% compared to 67.2% in the prior year. Total Assets Under Management and Administration at the year end were £5.0 billion (31 March 2018: £5.0 billion) and Discretionary and Advisory Assets Under Management also unchanged at £3.3 billion. Given the background of global trade friction, Brexit uncertainty and the resultant market challenges, our clients more than ever understand the importance of our experienced and capable investment advisers providing a sensible and reasoned approach as they serve them with bespoke discretionary and advisory management services.

The decrease in cash balances during the year is primarily due to the payment of a large brought forward creditor of £2.0 million. Cash generated by operations in the prior year benefited from several factors, including the acceleration of cash received by switching fee invoicing from half-yearly to quarterly, which amounted to an approximate additional inflow of £2.8 million and a further cashflow advantage was generated in the prior year from substantial rent-free periods attached to our new office leases amounting to £0.4 million. Capital expenditure on the new offices, incurred in 2017, was also recovered in 2018 from the landlord in the amount of £0.5 million. Taking all these non-recurring material movements into account, the underlying operating cash flows for both the current and prior year show a satisfactory positive result in the context of lower profitability.

At a more granular level, Walker Crips Investment Management saw an 11.7% increase in management fee revenues to £19.2 million (2018: £17.2 million), offset by the fall in commission income noted above such that overall revenues of the segment decreased by 0.71% year on year to £27.9 million (2018: £28.1 million).

The York-based Wealth Management team has seen an overall revenue increase of 12.3% on previous year, mainly due to revenues from the financial planning team increasing from £1.22 million to £1.43 million. Within this, recurring revenue has further increased by 8% compared to the prior year, driven by new business from existing and new clients whose number has risen by approximately one third.

Pension administration fees have remained stable in the year but, having invested in the back office system, processes and people, is now actively looking to grow client numbers through new internal and external introducers by bringing all our capabilities and services into a more efficient single SIPP and converting both SSAS and SIPP product offerings into a more competitive tariff, enabling greater scalability and providing a platform for further growth.

The increase in revenue contributed to higher total profits for both strands of our Wealth Management proposition, increasing by 74.9% from £199,000 to £348,000.

The Structured Investments team ("WCSI") delivered a very strong second half to the year following disappointing volumes in the first half. WCSI is poised to build on this strength this year as a new product line in the form of structured deposits comes to fruition. WCSI has continued to build in its relationships with leading credit institutions enabling investors to choose from an increasingly wide range of product pay-offs and to further diversify credit risk.

Since the year end a team of advisers has decided to leave the Group on amicable terms, which will result in the transfer of £239 million of Assets Under Management and Administration. The transfer of clients and their assets will take place later this year with the consequent impact on future revenues and profits.

The Group's balance sheet remains strong, with reported net assets of £21,721,000, down £292,000 from the prior year and reflecting payment of last year's final and this year's interim dividends, which exceed the reported profit after tax for the year. The robust balance sheet provides a sound base underpinning our technology-based strategy.

We have incorporated EnOC Technologies Limited as our new technology arm to deliver our future 'Software as a Service' business. We expect this initiative to be contributing over the next twelve months.

Strategy

We remain committed to the strategy of being an innovative and Technology Driven Financial Services Business/Company.

We are constantly looking for ways to maintain and enhance the service we provide to clients, delivering a premium personal service. We will also continue to standardise, where it is appropriate to do so, and use investment in technology to reduce costs and generally to work more efficiently. We are therefore investing in technology to improve the customer experience and efficiency. During the year we have significantly improved the production process of our client packs, which moved from a half yearly to quarterly distribution. We designed our own fee charging system which computes fees daily and posted quarterly, instead of the previous method which priced and charged fees at six monthly intervals with no recognition of intervening price changes and the associated fluctuations in fee revenue. These are examples of customer-facing improvements that we will develop further and deploy.

Notwithstanding these positive elements, we are disappointed to be reporting reduced profits. As experienced by many of our peers, external national and global events outside our control bring risks which have a material and direct bearing on our revenue base through economic uncertainty-led volatility in transaction volume or market variations in the fee-sensitive valuations of our managed portfolios. The importance of expanding through growth of alternative revenue streams, which we are now heavily focused on achieving, has never been greater.

Dividend

In the absence of an upturn in trading volumes in the second half of the year, and as signalled in my Interim Report, the Board is now recommending a reduced final dividend of 0.33 pence per share (2018: 1.29 pence per share). Combined with the interim dividend of 0.58 pence per share (2018: 0.58 pence per share), the total dividend for the year is 0.91 pence per share (2018: 1.87 pence per share). The final dividend will be paid on 13 September 2019 to shareholders on the register at the close of business on 23 August 2019.

In making this decision, the Board has carefully considered a number of factors not least shareholders' expectation to receive dividends at the historically consistent level of recent years. Given the disappointing results for the year, a greater emphasis has been placed on the need for prudence, in particular the conservation of cash for re-investment into new more profitable initiatives and maintaining appropriate prudential capital headroom. We will constantly review our ability to restore dividends to higher levels when we have achieved an improvement in profitability alongside continued stability of other factors such as liquidity, regulatory capital adequacy and the wider market and economy.

Our people, culture and governance

By setting the right example at the top, the Board has prioritised good culture and conduct across all who represent the Group. We continue to encourage professionalism and the right behaviours in all we do. The end result is for a unified emphasis on achieving the right outcome for clients. The new Senior Managers & Certification Regime ("SM&CR") comes into force on 9 December 2019. We have embraced and adopted it as part of our culture of accountability rather than treating it as another regulatory burden. We have already built our own SM&CR system within our new company, EnOC Technologies Limited, and have expanded it to include not just the regulatory requirements but also our internal policies, governance and controls. This SM&CR system is also being offered as a service to other UK regulated financial services businesses, covered more fully in the Chief Executive Officer's report. Corporate governance and stewardship in accordance with the UK Corporate Governance regime provides assurance to external parties who rely on sound management of the business and its risks.

I would like to thank all my fellow Directors, Investment Managers and advisers and members of staff for their continued support and hard work during a challenging period. The efforts of our people in embracing change and dedication to delivering good customer outcomes is outstanding.

I would also like to take this opportunity to thank Mark Rushton again for his contribution to the Group and wish him well in his future endeavours.

Annual General Meeting

This year's Annual General Meeting will be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 4 September 2019, at 11.00 a.m.

Outlook

We are closely monitoring the Government's progress around Brexit and the impact of the present uncertainty. Given the Group's predominantly UK centric customer base and operations, the impact of Brexit manifests in second order effects including lower trading volumes as the uncertainty influences investor sentiment. During this period we continue to maintain a material cash buffer, regulatory capital headroom and a dividend policy that allows continued investment in new revenue stream initiatives, technologies to improve customer experience and achieve procedural and process efficiencies, and to build our 'Software as a Service' offering.

We are committed to a programme of tightly controlling non-development expenses, pushing through revenue initiatives and creating new product offerings.

D. M. Gelber
Chairman
11 July 2019

CEO's statement

Our three-pronged strategy continues to give direction to the Group during times in which the increasing deluge of regulatory obligations continue to complicate the industry.

Reflection

Last year, we embarked upon a new vision. "Walker Crips, a Technology Driven Financial Services Company." All the core objectives of shareholder value, customer service, operational effectiveness and efficiency, are still there, but only by emphasising and investing in technology as the delivery mechanism will the core objective be achieved. Our transformation is underway and gathering pace as we progress toward this objective.

Three-pronged strategy for growth

1. Core Investment Management 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 continue to invest in our core business, enhancing our systems and processes to improve operational efficiencies, and to deliver services to our Investment Managers via our in-house developed client management system thereby enabling them to provide high quality tailored service to clients.
- Our fee revenues have out-performed the prior year, reflecting our shift to fee earning accounts. Our transaction commission income has declined partially due to that shift, and also due to lower trading activity in the market for both local and geopolitical reasons.
- The simplification and streamlining of service offering by our York office has concluded and we are now seeing an improvement in revenues.
- Our Collectives Investment Management team maintained their performance levels while facing compression of margin pressures.
- Our structured deposit offering will now launch in 2019/20, slightly delayed from 2018/19 as we finalised and tested the operational arrangements.
- The increase in the cost of regulating and operating Investment Management Businesses is a persistent headwind. We will continue to make our Investment Management arm more productive, managing our costs and improving our operational efficiency.
- We continue to look for good quality investment and wealth managers, either individually or as teams.

2. Alternative Investments

- This subset of our core Investment Management business is where we create innovative and higher margin new business lines.
- Our Tier 1 (Investor) Visa investment business continues to perform well, attracting ultra-high net worth individuals from East Asia to invest in the UK. Our assessment process is vigorous and thorough and has provided assurance to the UK Home Office with 100% success rate since 2013.
- Our Short-Term Lending business delivers in line with targets for our institutional mandates. As part of the expansion of this business, the Group has invested in a planned launch of a listed bond available to institutional investors. This launch is presently delayed reflecting current political uncertainty affecting investor sentiment and therefore provisions totalling £134,000 have been made for related costs.
- Our international equity arbitrage business generates significant returns on our modest principal trading book.

3. Software as a Service ("SaaS")

- Systems development is our core competency and we create much of our own technology, allowing us to build and integrate many of our systems into one central platform.
- We have therefore incorporated a wholly-owned subsidiary EnOC Technologies for the purpose of providing technology to the industry. Our first service on the platform is a system that will support FCA authorised companies operating within the Senior Managers & Certification Regime ("SM&CR"). It is a scalable and multi-tenanted SM&CR system that we have already been using for our own group of companies, and used also by a number of external companies.
- The objective of EnOC is to provide enterprise level systems to companies of all sizes, from the very large to the very small. By levying only a per-user/per-month charge starting from £25 and decreasing as volume increases, it is accessible to even the smallest of companies. We aim to close the technology gap between those who can afford large systems, and those who cannot; removing the barriers to entry.
- EnOC was born in the cloud and will remain a cloud service, for all the benefits it brings to the service and to our partners.
- We must and we will Create > Innovate > Rejuvenate > Eliminate > Repeat.

Reconciliation of profit before tax to adjusted profit before tax

	2019 £000	2018 £000
Profit before tax	**489**	924
Exceptional items	**32**	16
Adjusted profit before tax	**521**	940

Reconciliation of operating profit to operating profit before tax and exceptional items

	2019 £000	2018 £000
Operating profit	**402**	890
Exceptional items	**32**	16
Adjusted operating profit	**434**	906

Driving forwards

We have always provided High-Touch service to our clients, and we also couple it with High-Tech service delivery. We will continue to manifest our vision that Walker Crips is a 'Technology Driven Financial Services Company'.

I am pleased with our achievements thus far, but I am frustrated that we did not achieve even more. We remain resolute and determined to follow through with our plans.

We must keep on pursuing the principles of Kaizen: the discipline of continuous improvement. We must continuously innovate, all of us, one step at a time, ALL the time.

We have, and will always do our utmost to serve our clients, to deliver good customer outcomes and to make investment rewarding for them, our shareholders and our staff.

I am thankful for the talented and committed people that I have the pleasure of working with. Our Investment Managers, Wealth and Pensions Advisors are exemplary professionals and our staff are skilled, loyal and dedicated. I am truly grateful.

Honouring our past

We value and celebrate our forebears who toiled to lay the foundations of the Company that we have today, affectionately known as Walker Crips Old Maturities ("WCOM"). WCOM reminds us of our roots, our values and our heritage. We draw inspiration from their stories of the City of days past, and the consistent thread into the present day is the value of client service, of respect, and of treating clients fairly.

The participants in this photo represent nearly 450 years of cumulative service.

Sean Lam with WCOM at biannual lunch

S. K. W. Lam
Chief Executive Officer
11 July 2019

Our business: the culture

Through acquisitions we can trace our roots as far back as 1914. Upholding traditional values of honesty and integrity for over a century, we remain committed to those values, the clients we serve and the stakeholders that share in our success.

WALKERCRIPS

has remained independent for over 100 years.

Rooted in tradition.
Growing through innovation.
Working towards a fair deal for stakeholders.

We make investment rewarding for those whom comprise who we are. **We motivate our people**, employees and self-employed associates alike; encouraging their individual development through comprehensive training and endeavours of outreach. We nurture their best intentions through encouraging good behaviour, ensuring their motives remain aligned with the Group's belief in treating clients fairly.

We recognise our clients as the root of our business. Our clients are an essential element of our own success, and we believe that by treating them honestly and with good intentions we can achieve a fair deal, advantageous for both the Group and the clients' mutual benefit.

We're branching out through consistent innovation. We continue to thrive as we cultivate our technology to strengthen our Group, increase efficiency and provide value for our shareholders.

Our business: the model

The Walker Crips Group provides a range of services within and for the financial services industry. Our core business organisation, Investment Management, works alongside companion offerings from Wealth Management, Pensions and Alternative Investments, utilising innovative in-house software solutions.

We sow investments

We continue to expand our offering of investment management and investment management-adjacent services; supporting our core business and its companion companies in serving our clients.

We provide training opportunities to our employed and self-employed staff; enabling them to operate with the expertise necessary to meet and exceed clients' needs.

We aim to create a work environment in which our institution's century of culture, integrity and accountability permeates our every function, by improving procedures and modernising monitoring practices.

We grow our Group

Our core business, **Investment Management**, works alongside **Wealth Management and Pensions** to combine companion offerings, utilising the innovation of our newly-formed software company, **EnOC Technologies Limited**.

Investment Management strategy

Reflection on last year
The UK's withdrawal from the EU has been less than a congruous process; parliamentary delays and political in-fighting having resulted in the EU's repeatedly extended deadlines. These worries have created volatility in the FTSE 100 after initially peaking in May 2018 at 7,877, and subsequently trading back to a low of 6,585 as the initial EU withdrawal deadlines were missed in January and March. 10-year gilts have also shown more correlation with events than interest rates with short term base rates rising from 0.5% to 0.75% in August having no effect. Strong global markets to September lead to gilt yields rising to a year high of 1.72%. Declines followed, as Brexit deadlines were changed, to eventually close at the end of the period at 0.98%. With this in mind, it seems there is little value to be had in retaining gilts, due to the negative real yields and potential of eventually normalising rates, making this asset class unattractive at present.

New opportunities in the sector
The degree of uncertainty of 2017/2018 not only continues but, if anything, increases into 2019, as EU withdrawal negotiations have stalled and political parties in the UK have begun to fragment in their traditional forms. This is likely to give scope for further market volatility both up and down over the year ahead. We seek to continue to manage the continuing challenges of the industry: cost pressures, regulation, cost of technology, innovation, defending against cyber-attacks, reputational threats, market volatility, and changing client demographics.

With these forces in play we see the pace of change in the industry quickening rather than slowing over the medium term. Nevertheless, we are well placed to tackle the challenges and continue to focus on innovation. With MiFID II now just over a year old, the new obligations, additional controls, oversight, GDPR (data protection) and SM&CR (Senior Managers & Certification Regime), barriers to entry in our market are as high as ever. We expect further consolidation to result from the high technology and compliance costs in the industry. With this in mind, Walker Crips Investment Management remains focused on building upon existing client relationships, growing our client base and prioritising high standards of service.

Chris Kitchenham, Director, Private Client Division London

Wealth Management strategy

Reflection on last year
Walker Crips Wealth Management's profits increased over the last year, by £100,000 to £120,000. Revenue has also increased by 17% over the last year, while total Funds Under Management have remained consistent at approximately £180 million; £78 million of which are held by the award winning Walker Crips Investment Management DFM service, ALPHA: r^2.

Planned client fee increases were implemented and well received by our clients. In aims of expanding our ability to provide our wide range of offerings for existing and potential clients, we have increased our quota of advisers in York by 50% since September 2017; with a further trainee due to start in July. Over the last year, Walker Crips also absorbed and retained clients from regional competitor JWPCreers Wealth Management Limited. We successfully secured £10 million in client assets on to the Wealth Management Service Proposition, which was previously on a 50/50 basis via the JWPCreers Joint Ventures, with contacts signed on 1 April 2019.

New opportunities in the sector
Due to more stringent regulation the number of advisers in the sector continues to decrease; putting Walker Crips Wealth Management in a strong position to capitalise on the ever increasing need for professional advice. An update to our back office system is planned for the second half of the year; this is projected to increase our productivity and enhance our level of service. We are currently researching suitable candidates for a business development manager role to further expand our client base in Yorkshire, London and wider UK.

Thoughts for the year ahead
Organic growth: We have an existing program for 'home growing' new advisers and para planners in order to ensure systems are understood and stringent processes are maintained.
Accelerated growth: With our systems and infrastructure a compelling draw for skilled advisers, we actively seek to recruit Wealth Advisers with existing client bases who will add value to our team.
Overall strategy for growth: We plan to implement promotional strategies for our offerings both internally and externally to encourage a healthy inflow of new clients.

Dominic Martin, Managing Director, Walker Crips Wealth Management Limited

Pensions strategy

Reflection on last year
Following a year of investment in both the relocation of operations and expansion of back-office support, Ebor is back into profits. Investment in the new office and back office has supported growth; client numbers having increased and recurring revenue improving by 2%. Assets Under Management have remained consistent throughout the year, holding approximately £348 million. A new deed exercise was also introduced to ensure clients operated under up to date legislation.

New opportunities in the sector
Despite the consolidation of our competitors, our products remain competitively priced and our reputation as quality pension providers continues to encourage new business internally and externally. New relationships with introducers have been planned to increase the client bases of both SIPP and SSAS. We have distilled our SIPP offering and refreshed its branding to align the product with the Walker Crips name; allowing for transparency of charges and a fixed price that will not penalise clients from the success of a growing fund.

Thoughts for the year ahead
We will continue to search for quality individuals at the consultancy level to match our plans for growth; including the vigilant pursuit for quality administrators who will advance and uphold the Group's culture. Utilisation of Group technology will provide online presence for client engagement. As part of this effort a new fee structure for SSAS and SIPP better suited to the drivers of costs and risk is to be implemented.

Wendy Eastwood, Managing Director, Ebor Trustees Limited

EnOC Technologies Limited strategy

2018/2019 year in review
In the last six months our in-house development and UX ("user experience") teams have made substantial advances in the design and infrastructure of our flagship software offering. The *Accountability* expansion, which addresses the new Senior Managers & Certification Regime ("SM&CR") rules, available via our *EnOC Pro Platform* builds upon decades of industry experience resulting in a product that is affordable, fit-for-purpose, and in the current regulatory landscape, timely. Having built our solution in the cloud, we can provide clients with setup within minutes and additional functionality in seconds; entirely nullifying the additional costs of server space, IT Support and positioning our product as a uniquely agile and cost-effective offering.

Opportunities in the sector
The FCA's SM&CR regulation have resulted in various solution-providers developing tools that are meant to help firms administer the regime. Most require hardware, software, IT administration support, licence fee, implementation consultants and long implementation periods. Their Capital Expenditure (CapEx) model typically requires a significant five-figure sum for implementation and annual licensing. EnOC has entered the scene with a competitive advantage, using the Operational Expenditure ("OpEx") model, deploying our services on the cloud, without the need for any of the CapEx requirements. EnOC's mission is to bridge the technology gap, providing enterprise level systems not just to large businesses, but also to the small businesses who are the backbone of our economy. Whilst competing providers are selling tools that far exceed the budgets of the majority of regulated entities, EnOC's service starts from only £25 per user/per month, affordable to even the smallest of firms.

The year ahead
There are 47,000 firms that must comply with the SM&CR by 9 December 2019. A vast majority of them will be the smaller firms with only a handful of advisors or staff. The CapEx systems with five-figure annual licensing costs will probably be uneconomical for their business, nor will they be the target market for those providers. EnOC is already being used by Walker Crips, with 280 users, and by a number of advance adopter businesses. We will release an early access version in August, and are gearing up for the release of the full platform in October.

Sean Lam, founder & CEO, EnOC Technologies Limited

We yield results for our stakeholders

Our investors

We create value for our investors by increasing our revenues. Our core revenue is derived from fees charged for the services our people provide, while additional revenue is produced through transactional activity and custody charges.

We strive to improve upon our value to shareholders by retaining our traditional means of recurring revenue, as well as innovating our systems to minimise cost and deliver new business opportunities.

Our clients

Our clients benefit from our investments in our people and culture. Our investments in our companies allow us to develop our offerings, whilst expanding clients' access to financial services.

Our investments in our people and culture result in our personnel gaining training in the appropriate regulation, procedures, systems and modes of communication; all for the benefit of our clients.

Our business: the people

Our loyal and highly-engaged workforce recognise and embrace the Group's ambitions to grow with clients and innovate through technology.

Bristol, Nick Ridley and Dan Partridge

In Bristol, the team forges client relationships on the basis of reciprocal trust; an eclectic approach that underpins their Investment Management strategy. Their clients consist of experienced investors, who seek an ongoing, personal rapport with their advisers. The team acquires new business through referrals from existing clients and intermediaries.

Swansea, Andrew Morgan and Tom Daniels

In Swansea, the team offer clients expertise through their award winning ALPHA: r² Managed Portfolio Service ("MPS"). Their bespoke portfolios are flexible and offer clients control over their investments, based on their individual objectives and circumstances. The team aim to continue to raise their profile, and to grow on both a local and national scale.

Birmingham & Northampton, Jonathan Brown, Sue White, Clive Duckitt and Peter Thompson

In Birmingham and Northampton, the teams work closely together to enhance the service they provide to clients. Birmingham ranks as our second largest branch after York and London head office. The team receives most of its clients through referrals; with a cross-section of clients of all ages.

Truro, Christopher Bolshaw, Matthew Dickinson, Rebecca Gouldstone and Jonathan Rowland

In Truro, the team offer bespoke discretionary management for private clients, trusts, charities and local companies as well as Model Portfolio Services. Being amongst the Group's larger branches, its members often collaborate with their Investment Management counterparts in the London and York offices, allowing them to provide an extensive range of Group-backed products.

Wymondham and Norwich, Rob Ward and Stuart Fairhurst

In Wymondham and Norwich, the team's reputation is of vital importance; their business maintenance and growth is based around their ties to the local community and consistently high standard of service across their client base; this strategy is complemented by their quality Bespoke services.

York, Julie Rossington, Simon Cowley and Katie Machin

In York, the team embraces a holistic and personalised approach to financial planning that aims to bring the financial intentions of each and every client to fruition. Wealth Management's team of independent advisers strive to preserve and grow client investments. The Investment Management team offer Discretionary Bespoke and Portfolio Services through their suite of services. The Pensions team aim to assist clients in managing their retirement.

Our business: the strategy

We are committed to our three-pronged strategy, designed to position Walker Crips Group as a Technology Driven Financial Services Company. To support our strategy in the challenging economic environment we will promote our core area of business, strengthen our companion service offerings and actively market our 'Software as a Service' business.

Objective	What we achieved in the last year
Core Business: Nurture and promote our core business	→ The Group's rate of recurring revenue versus transaction-based commission income improved from 64.1% to 71.6%. → Walker Crips Investment Management ("WCIM") fee revenue increased 11.7% to £19.2 million, offset by the fall in commission income of 20.9% to £8.7 million. → Significantly improved the production process and quality of our WCIM client packs, which moved from half-yearly to quarterly distribution. Distributed electronically via our client portal or hardcopy. → Designed and developed our own WCIM fee charging system which computes fees daily and charges quarterly, instead of the previous method which priced and charged fees at six monthly intervals. Our new daily computation method follows the natural peaks and troughs of the market and is fairer to both clients and Company. → Reviewed WCIM fees and implemented minima to cover the cost of administering advisory and discretionary accounts. → Walker Crips Wealth Management's ("WCWM") revenues increased by 17%, profits increased by £100,000 to £120,000. Revenues from the financial planning team increased from £1.22 million to £1.43 million. Funds Under Management remained consistent at £180 million; £78 million held with the award winning Walker Crips Investment Management DFM service, ALPHA: r^2. → WCWM acquired the remaining 50% of JWPCreers Wealth Management Limited that we did not already own, and absorbed and retained the clients. → Walker Crips Pensions ("WCP") saw an increase in client numbers and recurring revenue improved by 2%. AUM remains at £348 million. → Barker Poland Asset Management ("BPAM") continues to provide high quality service to clients, and the collectives model portfolios continue to perform well. AUM&A increased by 4.4% to £308 million.
Companion Services: Identify higher margin alternative investment business	→ Our Tier 1 (Investor) Visa investment business continues to attract ultra high net worth individuals from East Asia to invest in the UK. Our assessment process is vigorous and thorough and has provided assurance to the UK Home Office with 100% success rate since 2013. → Our Short-Term Lending business delivers in line with targets for our institutional mandates. → Our international equity arbitrage business generates significant returns on our modest principal trading book.
Software as a Service: Identify and close the technology gap	→ EnOC Technologies Limited ("EnOC") was incorporated to provide cloud-based regulatory software to financial services firms. → The first service, which we have named *Accountability*, helps to address the Senior Managers & Certification Regime ("SM&CR") regulations that will come into effect on 9 December 2019. → Decided on a OpEx pricing model, charging only £25 per user/per month and decreasing as volume increases. → *Accountability* is already being used to manage the Group's SM&CR obligations, covering all 280 of our Investment Managers, advisers and staff.

What our aims are going forward

- Continue investing in our core business, and designing and developing customer-facing system improvements to support our Investment Managers, advisers and staff in providing quality investment services.
- Launch targeted marketing campaigns to promote the services of the Group.
- The cost of regulation, services, systems, staffing and the general cost of maintaining and running a business continue to escalate. We are committed to a programme of tightly controlling non-development expenses, pushing through revenue initiatives to grow the core business and creating new product offerings.
- Maintain target growth to achieve £10 billion AUM&A by 2026.
- Aim to streamline, de-risk where appropriate and simplify our overall offering in pursuit of efficiency and increase profit margins.
- Continue improving our client communication by investing in our WCIM client web portal and our mobile app as efficient support tools for our Investment Managers, advisers and staff.
- Continue to grow fees versus commission related revenue.
- Further develop our Model Portfolio service offering, as a complementary service to our Discretionary Bespoke Portfolio service.
- Maintain our flexible approach to investment management, offering a broad range of services that facilitates different clients' aims and objectives.
- Continue to hire quality Investment Managers, Wealth and Pension Advisers who have existing client bases.
- Launch our structured deposit offering, slightly delayed from 2018/19 as we finalised and tested the operational arrangements.
- We are working closely with businesses in South Africa to build an introducer network for investors who wish to gain access into the UK market.
- WCWM is in a strong position to capitalise on the need for professional advice, due to the decreasing number of advisers as a result of more stringent regulation.
- An update to the WCWM back office system is planned for the second half of the year, and is expected to increase our productivity.
- Continue to 'home grow' new advisers and para planners.
- WCP will build new relationships with introducers for both our SIPP and SSAS offerings.

Metric

£3.3bn

Discretionary and Advisory AUM

- We will continue to promote our high quality Tier 1 (Investor) Visa services, and ensuring that we maintain our 100% success rate.
- We will seek out new institutional mandates, a business where we have a proven and successful track record. Whilst delayed, we will continue to pursue the possibility of launching a listed bond available to institutional investors when the economic and political background stabilises.
- The success of our international equity arbitrage business allows us to explore other areas of business, deploying our funds within our relatively small trading book.
- The importance of expanding through growth of alternative revenue streams, which we are now heavily focused on achieving, has never been greater.

- EnOC's mission is to help smaller firms close the technology gap between those who can afford large systems, and those who cannot; and for larger firms, we can provide them with systems without the need for costly hardware, software and maintenance expenditure.
- EnOC is built on one of the largest cloud based platforms in the world, thereby making it extremely secure and immeasurably scalable, enabling EnOC to host thousands of B2B customers.
- We will continually add more *Expansions* to the EnOC Pro Platform, many without additional charges, and some for a small per user/per month fee. We already use many of these services within our own business, and we will be converting them into EnOC. For example, the HR system, holiday bookings, document management, authorised signatories, and so on. All updates and new systems will be deployed to the EnOC cloud system without requiring engineers or technicians being on site, customers will not need to buy new servers nor install new software like they would have had to, for traditional systems.
- We will vigorously pursue the low cost per-user/per-month OpEx model, when our competitors typically charge a significant five-figure sum for the CapEx model. The low cost to customers will mean small margins to EnOC, but EnOC will aim for volume sales.
- We will release an early access version in August, and gear up for the release of the full platform in October.

Our business: the principal risks

Risks to the business are reviewed monthly and monitored by the Board-appointed Risk Management Committee in conjunction with the internal process for management of capital risk.

Risk	How it arises
Client risk/Counterparty risk	
Client failure to settle transaction **Risk appetite** Low/Medium	**The risk that a client or market counterparty will not meet its obligations to the Group in accordance with agreed terms resulting in losses.** This risk can arise when a client fails to pay for a purchase of shares or to deliver a certificate of ownership of a stock which has been sold. A similar exposure also arises if a market maker fails to complete the same trade through corresponding payment or stock delivery.
Conduct risk	
Customer outcomes **Risk appetite** Zero/Low	**The risk that clients or the wider market suffer detriment as a result of inappropriate behaviour or actions by staff or business partners.** This risk can arise when representatives of the Group are not given sufficient training or awareness of the highest standards of behaviour central to the services of the Group, those being honesty, integrity and fairness.
Regulatory risk **Risk appetite** Zero/Low	**The risk of failure to comply with new or amended regulations incurring fines and causing reputational detriment.** Failure by Management to recognise the scope and impact of new or amended regulations on the business model and resources needed to implement change.
Liquidity risk	
Risk appetite Zero/Low	**The risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due.** This risk can arise in the stockbroking 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.
Market Risk	
Market Risk **Risk appetite** Zero/Low	**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, where negative interest rates movements impact the interest margin earned for administering client money deposits and where positive interest rate movements may reduce revenue from client broking activity.
Capital adequacy	
Capital adequacy **Risk appetite** Zero/Low	**The risk that the Group's business strategy and plans for growth are not sustainable on the existing regulatory capital base.** This risk can arise when new acquisitions, products or initiatives are embarked upon without sufficient reference to impact on regulatory capital adequacy.
Operational risk	
Business disruption **Risk appetite** Low/Medium	**The risk that an internal or external event causes failure of core business activities or IT systems supporting them.** This risk can arise when our companies fail to effectively control or administer the operating systems at the root of operations, fails to manage its resource requirements properly or maintains inadequate security arrangements.
Cyber fraud **Risk appetite** Low/Medium	**The risk of fraudulent action by external parties maliciously breaching the Group's internal systems.** This risk can arise from failure to implement sufficient controls over security access to all IT systems.
Personnel **Risk appetite** Zero/Low	**The risk of losing key staff who are the drivers of significant components within the Group.** This risk can arise on the failure to reward individuals with challenging performance targets and competitive levels of financial compensation.

Mitigation

- 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.

Increased ↑

- Clear and balanced financial promotions, suitable investment advice and complaints management. Board oversight, development of staff and training, strong corporate governance with defined roles, ensuring the tone from the top sets a fair, positive and ethical culture.

Unchanged ⇔

- Board oversight, development of staff and training, strong corporate governance with defined roles, recovery plan, monitoring the Group's performance relative to competitors, compliance monitoring programme, regulatory development oversight, documented policy and procedures and regular contact with regulators. Peer comparison and communication, increased compliance personnel and early gap analyses conducted.

Unchanged ⇔

- Contingency funding plan, cash flow forecasting, experienced management team monitoring settlement performance, maintenance of cash surplus buffer, ability to raise an overdraft facility and liquid financial trading book can be realised. Group entities settle intercompany balances regularly and are not reliant on intragroup funding.

Unchanged ⇔

- Proprietary trading book positions are tightly controlled by low trading limits and are regularly monitored. The market expectation is that interest rates will rise. The firm continues to increase its fee-based revenues and reduce its reliance on transactional broking commissions.

Increased ↑

- Capital adequacy surplus is maintained well in excess of regulatory requirements. Material surplus cash balances are always carried. Ongoing review of regulatory capital through an Individual Capital Adequacy Assessment Process. New initiatives are examined and stress tested prior to implementation.

Unchanged ⇔

- Business and information system recovery plans are approved, tested and maintained. Data incident log records and analyses all unforeseen events to prevent recurrence. Insurance cover in place for certain causations (e.g. financial crime and consequential loss).

Unchanged ⇔

- Senior Management oversight, encryption and protection software installed, prevention procedures, segregation of duties between front and back office, system authority and payment limits and system access controls and heightened employee awareness based on experience to match the greater risk presented by recent threats reported in the sector.

Unchanged ⇔

- Succession and contingency planning, appropriate compensation levels and share incentive schemes to reward and retain staff. Investment in staff through training, key person insurance cover and contractual restrictive covenants.

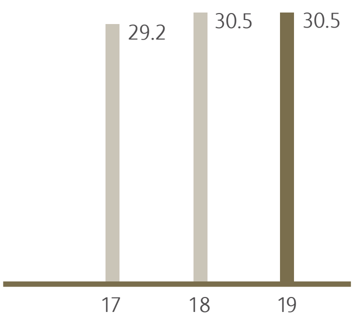
Unchanged ⇔

Key performance indicators

Performance in 2019 is set out below with data from preceding years. Year-on-year data is presented on a consistent basis providing measurable indicators. The Board will continue to monitor these KPIs regularly.

£30.5m

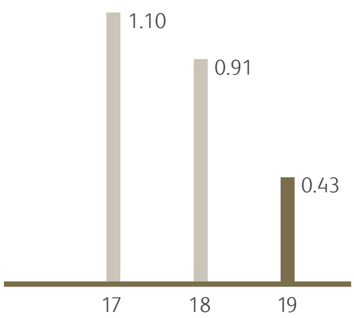
Revenue (million)



Volatility in markets and political uncertainty prevented any overall growth in Revenue.

£0.43m

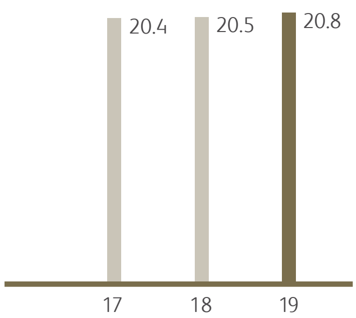
Operating profit before exceptional items (million)



The decrease in Operating Profits has been driven by an increase in costs, which relates to development of new products still to come on-stream.

£20.8m

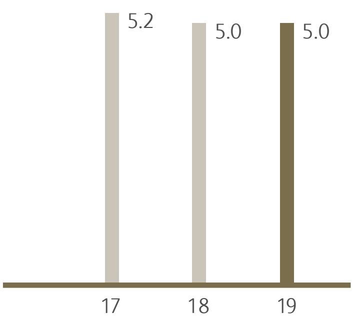
Gross profit (million)



Gross profit has increased in line with higher fees and improved interest margins.

£5.0bn

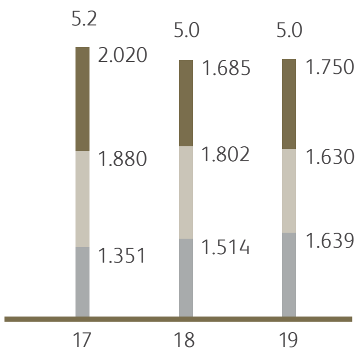
Total Assets (AUMA) (billion)



Total Assets have remained steady in line with UK markets which have been stifled with uncertainty throughout the year.

Administration
Advisory
Discretionary

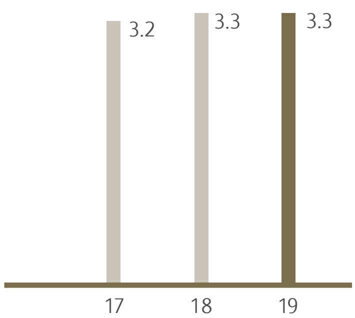
Breakdown of total assets (AUMA) (billion)



The 'shift to Discretionary' has been forthcoming mainly from advisory clients who prefer to let our Investment Managers make the hard decisions.

£3.3bn

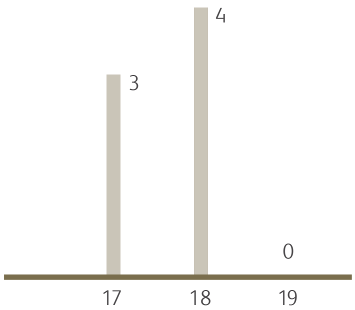
Assets Under Management (billion)



Discretionary and Advisory AUM, taken together, remained stable in the face of uncertain markets.

0

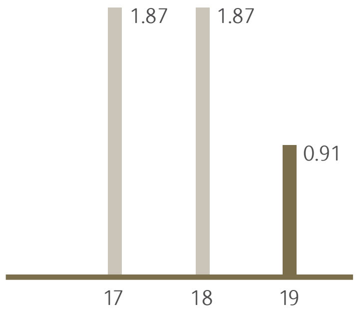
New revenue generators (number)



No new revenue generators bringing their own clients were hired during the year, in line with our shift in strategy to divert resources into building our new technology offerings.

0.91p

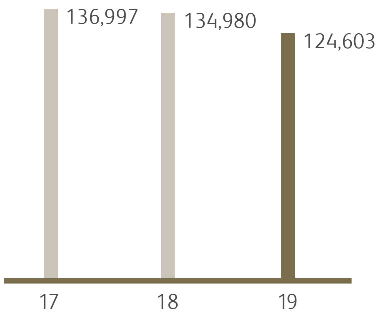
Total dividends (pence per share)



The reduction of total dividend reflects the reduction in reported profits.

124,603

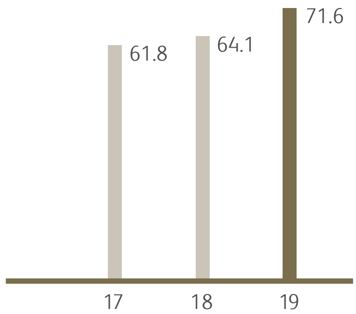
Transaction volume (number)



Political uncertainty led to a much lower appetite to make changes to investment portfolios during the year, resulting in significantly lower trade volumes in 2019.

71.6%

Non-broking income proportion (%)



The non-broking income percentage increased strongly during the year driven by a combination of higher fee tariffs and lower commission-based transaction volumes.

For the Group's viability statement, see page 30.

Approval

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

S. K. W. Lam
Chief Executive Officer
11 July 2019

D. M. Gelber
Chairman
11 July 2019

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cution only. We guide and support you through the
ny and all queries you may have along the way.
Our Investment
Management
Services
WALKERCRIPS

Board of Directors

Our Board of Directors invest the expertise gathered over decades, and the experience gained from their respective institutes, into managing the Walker Crips Group.

Executive Directors

1 | Sean Lam FCPA (Aust.), Chartered FCSI
Group Chief Executive Officer

Sean 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 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 CEO of EnOC Technologies, Walker Crips' new fintech SaaS company providing regtech to the industry, with the aim of helping smaller companies close the technology gap.

2 | Rodney FitzGerald FCA
Group Finance Director

Rodney FitzGerald serves as Group Finance Director of Walker Crips Group plc. He is a mathematics graduate of Leeds University and qualified as a Chartered Accountant in 1979 with Hays Allan & Co. After holding senior financial positions outside the financial services sector, he joined independent stockbrokers T C Coombs & Co. in 1987 and was appointed to the Board in 1989. More recently, he was Finance Director of MeesPierson ICS Limited, now ABN AMRO Clearing, before joining the Board of Walker Crips Group as Finance Director in 1999. He was appointed Chief Executive Officer in January 2007. Rodney retired from the CEO role in September 2017.

Non-Executive Directors

3 | David Gelber
Chairman

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

Key | Committees

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

Non-Executive Directors | continued

4 | Martin Wright
Senior Independent Director, Non-Executive

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

5 | Clive Bouch FCA
Non-Executive Director

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

6 | Hua Min Lim
Non-Executive Director

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

Chairman's
commentary on governance

Dear Shareholder

As Chairman of the Group, I recognise my responsibility for, and am committed to, leading the governance of the Group's companies, in which regard, I am pleased to say, I am fully and effectively supported by my fellow Board members and the senior Management team.

Whilst the Listing Rules, the UK Corporate Governance Code, the FCA Principles for Business and a plethora of supporting guidance may provide the formal framework, underlying our approach is a determination to act with integrity and transparency in promoting the long-term success of the Group and in generating value for our shareholders, at the same time taking proper account of the interests of all of our other stakeholders.

Our key to succeeding with these objectives is in ensuring a healthy culture throughout the Group which is aligned with our purpose, values and strategy and this is at the forefront of all we seek to do.

The much-heralded latest revision of the UK Corporate Governance Code was issued by the Financial Reporting Council ("FRC") in July 2018 ("the new Code") and applies to all premium listed companies, such as ours, for accounting periods commencing on or after 1 January 2019.

Although we shall, therefore, be reporting on the Group's governance in accordance with the requirements of the new Code in next year's Annual Report, it is worth highlighting here that its emphasis is on:
- maintaining positive relationships between the Group, its shareholders and stakeholders;
- ensuring that the Group's policies and practices, and behaviour throughout the business, are aimed at supporting its sustainable success;
- the importance of a high-quality Board composition and a focus on diversity; and
- remuneration being proportionate to the objective of long-term success;

all of which are intended to achieve higher standards of corporate governance and are totally in keeping with our own aspirations.

It is reassuring to note that the new Code allows for flexibility in the way the mandatory principles laid down are applied to suit the Group's particular circumstances, including its size, complexity, history and ownership structure rather than taking a one-size-fits all approach. The emphasis is on reporting meaningfully in a manner that will enable you and your fellow shareholders to evaluate our approach to governance, an outcome we shall use our best endeavours to achieve.

In the meantime, the report on the following pages is made in compliance with the 2016 UK Corporate Governance Code, the principles and provisions of which applied to the Group's year ended 31 March 2019 (and which, along with the new Code, is available to view at www.frc.org.uk).

Clearly, fostering the best possible relationships with our clients is integral to the success of our Group. Our rigorous application of the Financial Conduct Authority ("FCA") Principles for Businesses underpin our commitment and ensure we act with complete integrity and exercise due skill in our dealings with clients, treating them fairly and having their best interests at heart.

The composition of the Board and our succession planning have featured highly in my regular dialogue with our Senior Independent Director, Martin Wright, who is also the Chairman of our Remuneration Committee, as well as with the Chief Executive and all other members of the Board, individually and collectively. This continuing process is being carried out within the context of the relevant principles of the new Code, as is the ongoing evaluation of the performance of the Board as a whole and of its Committees and individual Directors.

As an essential constituent of our responsibility for the Group's internal control, the Board has also recently conducted a comprehensive review and re-statement of the matters it has reserved for itself to decide upon which, in the interests of transparency and for public inspection, have since been placed on the Group's website.

A detailed report by the Directors on the Group's governance arrangements as they applied during the previous financial year follows.

D. M. Gelber
Chairman
11 July 2019

Report by the Directors
on corporate governance matters
year ended 31 March 2019

The Group is committed to the Principles of Good Governance set out in the 2016 UK Corporate Governance Code ("the Code"). Further explanation of how the principles have been applied is set out below and, in connection with Directors' remuneration, in the Remuneration Committee Report.

Compliance
The Group has been in compliance with the Code's principles and provisions throughout the year ended 31 March 2019 except as follows:

The Chairman, David Gelber, Senior Independent Director, Martin Wright, who is also a partner of the Group's solicitors, Charles Russell Speechlys LLP, and our Singapore-based Non-Executive Director, Hua Min Lim, who is also a significant shareholder, have all served on the Board for more than nine years. Under Code provision B.1.1, these are circumstances that could appear to affect a Director's independence. Accordingly, the Board reviews these Directors' contribution every year and is satisfied that they remain independent. This is evidenced by the objectivity and critical detachment that underpin their continued provision of constructive challenge and support to the Executive Directors and Management. David Gelber, Martin Wright and Hua Min Lim will, therefore, be put forward for re-election at the Annual General Meeting on 4 September 2019, together with our fourth Non-Executive Director, Clive Bouch, to whom none of the Code Provision B.1.1 circumstances apply.

As stated in last year's Report, contrary to Code provision D1.1, the Group did not, at the start of the year, have malus and clawback provisions in place to allow the recovery or withholding of variable pay from/to the Executive Directors. However, this was addressed during the course of the year and relevant documentation is now in place for the serving Executive Directors (and was so in place for Mark Rushton).

Again as reported last year, contrary to Code provision D.2.1, the Board's Chairman, David Gelber, also chaired the Remuneration Committee in the early part of the year as he was considered to be independent by the Board for the reasons stated above. However, it was subsequently decided it would be more appropriate for our Senior Independent Director, Martin Wright, to take over as Chairman of this Committee, a role he continues to discharge.

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

The Board is provided with appropriate information to enable it to discharge its duties. It has a formal schedule of matters reserved to it for decision making, including, inter alia, developing the future direction of the Group's business, agreeing policies and procedures, approving material transactions, business risk reviews, budgets and borrowings and monitoring the Group's progress. Decisions delegated to Management are not specifically listed but are limited to £50,000 in value where financial commitments are necessary in the daily course of business and £100,000 in value for investment and capital projects. All company Boards of Directors 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.

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 playing an active part in decision making and control at an operating level.

The roles of Chairman and Chief Executive are separated, having been occupied by David Gelber and Sean Lam respectively throughout the year, and the Board includes Non-Executive Directors, all of whom, for the reasons stated earlier, are regarded as independent, with the remaining Directors considered to provide an objective viewpoint.

The Board has three established Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition, the Executive Risk Management Committee and the Executive Compliance Committee provide operational input to Board meetings.

Each of the Non-Executive Directors due to retire is being put forward for re-election at the Annual General Meeting.

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

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

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	12	3	9	2
D. M. Gelber (Non-Executive Chairman)	9	3	8	2
R. A. FitzGerald (Group Finance Director)	10	3[1]	8[1]	n/a
S. K. W. Lam (Chief Executive)	11	n/a	6[1]	n/a
H. M. Lim (Non-Executive Director)	0	0	n/a	0
M. J. Wright (Non-Executive Senior Independent Director, Remuneration Committee Chair)	10	3	8	2
M. J. W. Rushton (resigned 30 January 2019)	8	n/a	n/a	n/a
C. Bouch (Non-Executive Director, Audit Committee Chairman)	11	3	9	2
G. J. B. Jackson (resigned 23 July 2018)	1	n/a	n/a	n/a

[1] By invitation.

Diversity and inclusion
The Board recognises the governance benefits that breadth of perspective and diverse traits deliver. We remain committed to promote talented individuals as executives on merit, both internally and through recruitment, with our whole-hearted encouragement supported by accessible training and regular open communication between Directors and staff.

Nomination Committee
The Committee consists of David Gelber, Martin Wright, Clive Bouch and Hua Min Lim. It considers and makes recommendations to the Board for the appointment of Directors. The Chairman, David Gelber, has no other significant commitments which affect his ability to carry out his role effectively. When considering possible candidates, the Committee evaluates their skill, knowledge, experience and, in the case of Non-Executives, their independence and other commitments. The structure of the Board and its collective experience and skill set are assessed on the appointment or departure of any Director.

The Committee takes full account of the Board's policy on diversity in considering any appointments within its remit, which encompass gender, age, education, disability and ethnicity, and included the appointment of female members of staff to senior management roles within the Group over the course of the last two years.

The Nomination Committee met twice during the year to discuss the appointment of Roderick Goddard as Group Secretary, to review the composition of the Board consequent upon the resignation of Mark Rushton on 30 January 2019 and to assess as adequate the skills and competence of the all the remaining members of the Board.

Audit Committee
During the year, the Audit Committee consisted of Clive Bouch, who acted as its Chairman throughout, David Gelber and Martin Wright. The Committee's terms of reference include reviewing the annual compliance plan and reports from the risk based compliance monitoring programme, the external auditor's independence and objectivity and effectiveness of the audit process, the internal audit plan and the effectiveness of the internal audit function, as well as assessing the effectiveness of the Group's internal financial procedures and controls and the reporting of results. The Chief Executive has attended meetings of the Committee by invitation, as have the Group Finance Director and the Heads of Group Risk and Compliance.

The Group's internal and external auditors may also, and do, attend Committee meetings by invitation. The Committee has an 'in camera' discussion with BDO LLP, the external auditors, at least once a year, without any Executive Directors being present, to ensure that there are no unresolved issues of concern. The Committee met nine times during the course of the year. The external auditor discloses the level of fees received in respect of the various services provided to the Group in addition to the statutory audit and has confirmed to the Audit Committee that the level of non-audit fees has not affected its independence. A policy relating to the provision of non-audit services by the external auditor has been agreed with the Audit Committee and filed on the Group's website. In summary, the Committee's policy is to use the most appropriate advisers for non-audit work, taking account of the need to maintain independence.

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

Remuneration Committee
The Remuneration Committee consists of Martin Wright, who acted as its Chairman throughout the year, Clive Bouch, David Gelber and Hua Min Lim. The Committee is responsible for agreeing the remuneration of the Executive Directors and other key personnel of the Group. The full Board is responsible for agreeing the remuneration of the Non-Executive Directors. The Chief Executive and Group Finance Director attend certain parts of Committee's meetings by invitation. Further details of the Group's policies on Directors' remuneration, service contracts and share options are given in the Remuneration Committee report.

A staff profit share scheme which enables all employees to share directly in the prosperity of the Group has been in operation for several years. Profit before tax for the current year eligible for this bonus calculation has fallen below the minimum threshold and, accordingly, an amount of £nil (2018: £34,000) has been allocated to the scheme for the year being reported. An employee Share Incentive Plan incentivises employees to join in making regular joint purchases of shares in the Parent Company to be held in trust for a minimum of three years.

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

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

Directors' emoluments are disclosed in the Remuneration Committee report.

Risk Management Committee
The Executive Risk Management Committee ("RMC") was established in 2015, in place of the Business Risk Panel, and participants are selected based on experience and their skill set which complements the other members of the RMC for optimal risk management.

Underlining the Board's commitment to maintaining sound risk management and internal controls, we established the dedicated and full-time role of Head of Group Risk and appointed one of the Group's most experienced senior managers, James Chalmers-Smith, to the role. James also acts as the RMC's Chairman.

The members of the Group Board and its companies' boards 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 members of the

Group and its companies' boards are responsible for the day to day management of each entity.

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 elimination, mitigation or avoidance of risk to be formulated.

Each year the Board conducts a robust assessment of the 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. 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 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. The Directors consider that the controls and risk management procedures established 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;
- 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 and legal matters and considers rule updates and guidance notes from the FCA, the Financial Ombudsman Service, the Financial Services Compensation Scheme and other UK regulatory bodies.

The Committee is also responsible for interpreting new rules, guidance notes and regulations disseminated by the FCA and other European regulatory bodies. In the current financial year, the Committee remained engaged with MiFID II, and GDPR compliance, and preparation for SM&CR.

The Committee also ensures all Compliance policies, procedures and guidance are adequately and properly implemented.

Relations with shareholders

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

The Chairman and Chief Executive are in frequent contact with the major shareholders, the Lim family, with important factors arising from these discussions communicated to the Board immediately or by discussion at the subsequent Board meeting.

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

Shareholders wishing to make contact directly with the Board should email the Group Finance Director, Rodney FitzGerald.

Prospects

Although the Group has been profitable during a period of significant growth in revenue and Assets Under Management since 2012, the Directors consider the business is under-performing and not delivering satisfactory risk adjusted returns to shareholders. In the prior year, a full strategic review was undertaken to address this following the change in leadership and a renewed strategy has been approved.

The renewed strategy is three-pronged, building on the existing core businesses of Investment Management and higher margin alternatives, underpinned by both improved technology and a focus on cost control as well as revenue growth to achieve the desired improvement in margins and profitability. Importantly, drawing on our CEO's core technology competencies, the strategy includes the new strategic imperative to develop

'Software as a Service' as a substantive business serving the financial services sector. The new strategy of course is not without risk relating to the speed to market and success of higher margin financial and SaaS products.

As explained in the Chairman's and CEO's respective reports, the experience in the last financial year has been one of reduced trading volumes, in part reflecting market uncertainty and investor sentiment, and delays in launching new initiatives including the expensing of related costs. Encouragingly, client retention remains strong, reflecting our service commitment, and Assets Under Management comparable to the prior year, with the positive impact of revised tariffs and fees beginning to feed through in our results. The further increase in base rates during the year has also complemented the results. Notwithstanding the positives, the reduction in trading volumes means the Group's reported results show a significant decline in profitability year on year and the final proposed dividend is reduced accordingly.

The Directors remain committed to the renewed strategy and have confidence in the longer-term prospects for the Group, with increased focus on cost control, process efficiencies and maintaining the required investment in new initiatives. Given a period of time is needed to develop and embed the new strategic initiatives, current projections now anticipate their impact emerging later in 2019/20 and the following year.

Viability statement
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 that over which the renewed strategy is expected to make an impact and also takes into account the unpredictability inherent in the financial sector. In particular, although on a reducing trend, and impacted by market sentiment in the last year, volume sensitive commissions remain a material proportion of the Group's income. The Directors do not plan to revise the three-year viability statement period in future, but will keep it under review as the renewed strategy takes effect, income sources evolve and the related risks and rewards are assessed.

For the reasons explained above, for the purposes of the viability statement, the Directors have assessed the outlook for the Group over three years, a period longer than the twelve months underpinning the 'Going concern' statement in accordance with the 2016 UK Corporate Governance Code.

The assessment has relied on the latest annual budget, the Group's ICAAP, five-year forecasts and the prospects of the business in the context of ensuring there is sufficient liquidity and regulatory capital to meet the strategic growth plans of the business; and evaluation of the Group's principal risks and uncertainties, including those that would threaten its business model, future performance or solvency.

As a matter of good practice, and as part of the ICAAP, the Group reviews a variety of risks and stress scenarios. Two significant stress tests prepared by senior Management, after considering the principal risks and uncertainties faced by the Group, are the impact on revenues of a severe fall in global markets causing a reduction in commission and fee income of 20% and 15% respectively and the loss of major clients causing a reduction in total revenue of 10%, two exposures plausible in the financial sector. A further stress is then applied to these scenarios, being the failure to launch the Group's planned new initiatives successfully.

The stress tests enable the Board to:
- model a variety of external and internal events that affect financial projections, identifying the potential impact of stress events on income, costs, cash flow and capital; and
- assess the effectiveness of Management actions that may be taken to mitigate the impact of the stress events which include reduction of expenditure and, if required, dividends.

Reverse stress testing is also performed which allows the Board to assess scenarios and circumstances that would render its business model unviable, thereby identifying potential business vulnerabilities and ensuring the development of potential mitigating actions and invocation of recovery plans.

During the year, the Group has continued to evaluate the potential risks and opportunities of the UK leaving the European Union. Although there continues to be limited clarity to the outcome and implications of negotiations, the Directors do not consider any potential impact on clients, our business or the wider investment management sector will cause the Group to cease to be viable. The Board will continue to monitor developments and take necessary actions to manage the business risks and ensure continuity of service to our clients.

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 Group continues to maintain a robust financial position. Having conducted detailed cash flow and working capital projections and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, the Board is satisfied that the Group is well placed to manage its business risks adequately. The Directors have considered the Group's ability to continue as a going concern for a period of at least twelve 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.

Audit Committee report
year ended 31 March 2019

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

The Committee will comprise at least two independent Non-Executive Directors with appropriate experience. During the year the members of the Committee were Clive Bouch, David Gelber and Martin Wright. David Gelber stepped down as a member of the Committee at the end of the year in line with the 2018 Corporate Governance Code provisions.

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

The Committee's Terms of Reference are available on the Company's website at www.wcgplc.co.uk.

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

Meetings
There were nine formal meetings of the Audit Committee during 2018/19. The Committee members' meeting attendances are set out in the Report by the Directors on corporate governance matters on page 27.

The Committee maintains a formal agenda of items that are to be considered at each meeting and within the annual audit cycle, to ensure that its work is in line with the requirements of the 2016 Code and relevant guidance and all areas of its remit are addressed. The items to be reviewed are agreed by the Committee Chairman on behalf of his fellow members. Each member has the right to require reports on additional matters of interest.

The Executive Directors are invited to attend Committee meetings. At the Committee's request, other senior Management are invited to present reports as required to enable the Committee to discharge its duties. The internal and external auditors are invited to and regularly attend meetings.

Committee activities
The work of the Committee during the year ended 31 March 2019, fell into three main areas:

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

2. Internal controls
The Committee:
a. monitored the integrity and effectiveness of the Group's internal financial controls through consideration of key risks and mitigating controls, and reports and presentations from internal audit, external audit, other subject matter specialists and the Heads of Compliance and Risk;
b. assessed the scope and effectiveness of the systems established to identify, manage, and monitor financial and non-financial risk;
c. received reports on the finance team's implementation of a new general ledger for the Group's principal operating company, Walker Crips Investment Management;
d. reviewed the Group's whistleblowing policy, and monitored and reviewed the plans, work, resources and effectiveness of the internal audit function together with its recommendations and Management's responses thereto; and
e. reviewed actions taken in response to reports on internal controls in order to address matters identified, with particular focus on cyber security, the short term lending business, the response to the corporate criminal offences legislation and the implementation of a new accounting system for Walker Crips Investment Management.

3. External audit

The Committee:

a. reviewed BDO LLP's ("BDO") audit plan, audit approach, scope of work to be carried out and audit findings;
b. reviewed the auditor's independence and objectivity, including compliance with the Group's non-audit services policy;
c. reviewed the effectiveness of the external audit; and
d. discussed the findings of the FRC's report on its audit quality inspection of BDO with the engagement partner.

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. There have been no interactions between the Company and the FRC during the period.

External auditor

BDO was appointed at the AGM held in August 2016 following a competitive tender and the audit of the 31 March 2019 financial statements is its third year as the Group's auditor. The Committee intends to conduct an audit tender process again before the tenth anniversary of BDO's appointment.

BDO reports to the Committee on its actions taken to comply with professional and regulatory requirements to ensure its independence. The Group's non-audit services policy is published on the website at www.wcgplc.co.uk. BDO also conducts a review of the Group's interim report and reports to the FCA on CASS compliance. No other services have been provided by BDO during the year. Details of external audit and non-audit fees are disclosed in Note 9 to the financial statements on page 69.

The performance of the external auditor is monitored on an ongoing basis and takes account BDO's 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 Chair of the Committee communicates directly with the external audit partner to discuss this important matter and share feedback. The Committee is satisfied that BDO 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 continues to be outsourced to Smith & Williamson LLP ("S&W").

The internal audit function reports directly to the Committee. The internal audit plan and scope of work is reviewed and approved by the Committee each year after being appraised by Management. The 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 now 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 cyber security, the short term lending business and response to the corporate criminal offences legislation. The focus for internal audit's work in the coming year includes follow up on the implementation of the new general ledger, MiFID II compliance and operation of the Annual Management Charge system.

The Committee monitors the effectiveness of the internal audit service provided by S&W. The particular focus is on competence and capabilities, subject matter expertise, timely reporting and the quality of communication and recommendations. The Committee also monitors any other services that S&W provides to ensure the integrity and independence of the Group's third line of defence is not compromised. The Committee is satisfied with the service provided by S&W and will continue with the arrangements.

Going concern and longer-term viability statement

Disclosures regarding the adoption of the going concern basis of financial statement preparation and the Directors' viability statement are found on pages 30 and 58. 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 scenarios set out in the Group's ICAAP, current financial resources and capital expenditure plans. 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 in particular:

- the Group's performance during the year and progress regarding the renewed strategy as described in the Chairman's and CEO's reports;
- the projections include provisions for additional expenditure by Management for planned initiatives to support the renewed strategy;
- the payment of an interim and proposed reduced final dividend from the Group's surplus cash resources and distributable reserves;
- 67% of the Group's regulatory financial resources at 31 March 2019 are held in cash or cash equivalents and there are no material restrictions on accessing or utilising required liquidity throughout the Group, including for the proposed final dividend in respect of the year;

- the Group's regulatory capital at 1 April 2019 exceeded its regulatory capital requirement both pre and post adoption of IFRS 16 and all regulated entities within the Group held capital in excess of their solo regulatory requirements;
- the Group has no structural debt obligations or critical dependencies on overdraft working capital funding;
- an intraday credit line is made available by our principal bankers to enable daily net settlement of market transactions in an orderly fashion;
- ICAAP stress scenarios demonstrate Management actions to mitigate the impact of significant sensitivities such as the loss of key revenue producers, significant falls in markets, a large rogue trade, an operational failure, losses from fraud or cyber attack. In certain cases a key impact in such stress situations is the potential elimination of dividend payments;
- financial commitments and estimated future cash consideration obligations as disclosed in Notes 30 and 34 on pages 81 and 82 are planned for; and
- Management's assessment of the contingent liabilities disclosed in Note 32 is that no obligation will arise.

Financial reporting and significant financial judgements

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

Matter considered	Action
Impairment of goodwill and intangible assets The Consolidated Statement of Financial Position includes goodwill of £4.4 million and client lists and software licences of £7.3 million. These principally arise on business combinations or hiring of individuals or teams of Investment Managers.	Management assess any impairment of goodwill by comparing the book value of assets attributable to the CGUs to the higher of their fair value less cost to sell or value-in-use. The Committee reviewed Management's papers supporting the conclusion there was no impairment, with particular challenge regarding the assumptions used and adequacy of the disclosures (see Note 14). The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 50).
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 £2.6 million, respectively, with the remaining balance being attributable to individuals or teams of Investment Managers hired.	The values attributed to client lists are amortised over their estimated useful lives, being periods between three and twenty years. Management assess any further indicators of impairment by reference to the continuing value of Assets Under Management and Administration, peer comparisons, the loss of senior Investment Managers, the loss rate of clients, and other causes of possible outflows. The Committee reviewed Management's supporting papers in respect of indicators of impairment and amortisation periods and as there have been no impairment triggers identified, no impairment review of these intangible assets is required. The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 49).
Provisions The financial statements include provisions and liabilities in respect of dilapidations (£0.54 million) and old outstanding legal cases, customer complaints or claims (£0.48 million). These amounts are estimated with varying degrees of certainty.	The Committee considered Management's determination of the amounts provided and concluded they were reasonable based upon the information available. The Committee also considered the procedures followed by the external auditors and their findings, including those in respect of provisions for client claims (see independent auditor's report on page 49).
Exceptional items The Group classifies certain material items as exceptional to allow a clearer understanding of the underlying trading performance of the business. In 2018/19, the Group has reported two exceptional items which result in a net charge to profit and loss of £0.032 million. In 2017/18, exceptional items resulted in a net charge of £0.016 million.	The Committee requested, received and considered explanations from Management setting out the description of items that would fall to be exceptional (see Note 7 on page 68), the reasons therefore and the proposed disclosures, including the reconciliations provided in the CEO's Statement, challenging these to ensure clarity.
New accounting standards New accounting standards IFRS 9 and IFRS 15 apply to the Group's results for the year ended 31 March 2019. IFRS 16 will apply to the Group's financial statements for the year ending 31 March 2020, with preliminary disclosures included this year.	The Committee reviewed with Management the approach to determine the impact and application of these standards including disclosures made in these financial statements. The Committee also considered the work of the external auditors and was satisfied with the conclusions and related disclosures. With the introduction of IFRS 15 the Committee again challenged the appropriateness and application of Group's revenue recognition policies and remains satisfied therewith.

Audit
Committee report
year ended 31 March 2019 | continued

Performance evaluation
A formal evaluation of the Committee's performance was undertaken during the year based on feedback to a questionnaire distributed to Audit Committee members and others who regularly attend Audit Committee meetings. The feedback was positive overall with the Committee considered to be operating effectively. Two areas identified for improvement, and which are being addressed, were prioritisation of key agenda items by rotating the order in which finance and the second and third lines of defence functions present at meetings, together with more timely production of minutes.

During the year, 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 modules. This covered accounting and industry matters including IFRS 16, Cyber Crime and effective Speak-Up and Whistleblowing policies and procedures.

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

C. Bouch
Audit Committee Chairman
11 July 2019

Remuneration Committee report

year ended 31 March 2019

Remuneration report – introduction

This is the Remuneration Committee ("the Committee") report for the year ended 31 March 2019. It sets out the remuneration policy and remuneration details for both the Executive and Non-Executive Directors of the Group. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8).

The report is split into two main areas:
- the statement by the Chairman of the Committee set out in the adjacent column; and
- the Annual Report

The Annual Report on remuneration provides details on remuneration in the period. The Policy report was approved by the shareholders at the 2017 Annual General Meeting for a period of three years and is therefore not being put to the shareholders at this year's AGM. The policy was developed in conjunction with the introduction of a new package for the incoming Chief Executive. The policy is available for inspection on pages 40 to 44 of the Annual Report for 2017 on the Group's website at www.wcgplc.co.uk.

A resolution to approve the Annual Report on remuneration will be put to this year's Annual General Meeting to be held on 4 September 2019.

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

Annual statement from the Chairman of the Remuneration Committee

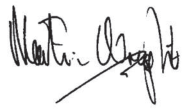
This has been a further year of consolidation for the Group, as we continued to implement our technology-led strategy. Also, as reported in the Chairman's statement, the results for the year are significantly down on the prior year having been impacted by, in particular, lower trading volumes. Accordingly no bonuses have been earned by or awarded to the Executive Directors.

During the year, all Executive Directors' contracts, except that for Guy Jackson who had already resigned, were amended to include malus and clawback provisions in compliance with D1.1 of the 2016 UK Corporate Governance Code. No other significant changes were made to the remuneration arrangements.

With Guy Jackson and Mark Rushton leaving the Board, its size has reduced. Accordingly, Directors' total emoluments have reduced substantially from last year and there are no current year bonuses eligible for payment, corresponding with the depressed operating profit margins experienced during the year. There are no LTIP arrangements in place at the year end.

As reported previously, our Group Finance Director, Rodney Fitzgerald, is currently serving a period of phased retirement and being remunerated proportionately. This arrangement is set to conclude later this year after suitable succession arrangements, which are at an advanced stage, are confirmed and in place.

The Committee continues to monitor the Group's remuneration arrangements to ensure that it maintains appropriate measures and processes for annual and long-term incentives with an emphasis on increasing the proportion of non-cash, share-based bonus awards.



M. J. Wright
Remuneration Committee Chairman
11 July 2019

Annual report on remuneration – subject to advisory vote by shareholders at the 2019 AGM
This part of the report has been prepared in accordance with Part 3 of Schedule 8 and Listing Rule 9.8.6. In accordance with the regulations, the annual remuneration report will be put to an advisory shareholder vote at the 2019 AGM.

Remuneration for the year ended 31 March 2019 (audited information)
The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2019 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each Director is disclosed.

Name of Director	Year	Fees/basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Share incentive plan matching share contribution £	Total £
Executive							
R. A. FitzGerald	**2019**	**100,000**	**3,970**	**10,000**	**–**	**1,800**	**115,770**
	2018	134,311	3,108	13,431	8,000	1,800	160,650
S. K. W. Lam	**2019**	**220,000**	**1,717**	**22,000**	**–**	**1,800**	**245,517**
	2018	197,867	1,664	19,787	15,120	1,800	236,238
G. J. B. Jackson[1]	**2019**	**50,195**	**1,078**	**3,514**	**–**	**–**	**54,787**
	2018	100,000	2,988	49,800	–	1,650	154,438
M. J. W. Rushton[2]	**2019**	**129,767**	**1,961**	**9,084**	**–**	**1,504**	**142,316**
	2018	155,295	2,276	10,870	59,852	1,800	230,093
Non-Executive							
H. M. Lim	**2019**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	–	–	–	–	–	–
C. Bouch	**2019**	**38,570**	**–**	**–**	**–**	**1,800**	**40,370**
	2018	38,570	–	–	–	1,350	39,920
M. J. Wright[3]	**2019**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	–	–	–	–	–	–
D. M. Gelber	**2019**	**42,559**	**–**	**–**	**–**	**1,800**	**44,359**
	2018	42,559	–	–	–	1,800	44,359
R. A. Elliott[4]	**2019**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	9,549	–	–	–	900	10,449
Total	**2019**	**581,091**	**8,726**	**44,598**	**–**	**8,704**	**643,119**
	2018	678,151	10,036	93,888	82,972	11,100	876,147

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

1 G. J. B. Jackson resigned on 23 July 2018.
2 M. J. W. Rushton resigned on 30 January 2019 and payments in lieu of notice beyond his period of directorship from 1 February 2019 until 30 July 2019 totalled £85,596 have been expensed during the year but are not included in the table above.
3 Charles Russell Speechlys LLP received fees of £27,255 for the services of M. J. Wright who is a Partner.
4 R. A. Elliott retired on 6 September 2017.

Annual bonus for the year ended 31 March 2019
The Group operates a profit sharing pool from which the Executive Directors may receive a discretionary bonus linked to performance which is described on page 41. The Chief Executive Officer has separate bonus arrangements which are described in the table on page 41. All bonuses have historically been paid in cash with no deferred component, however arrangements are now in place for future bonuses payable to the Chief Executive to be awarded partly in shares deferred from sale for three years.

Based on the Group's results and profitability, the Committee has not awarded any discretionary annual bonuses for the current year payable in cash or equity to the Executive Directors. The minimum threshold for determining the bonus pool from which discretionary awards may be made has not been achieved.

Outstanding share awards
There were no share options outstanding and not vested at 31 March 2019 and 31 March 2018. There are no share option schemes and no Long Term Incentive Plans are in place for any of the Directors.

Deferred bonus
Deferred bonus arrangements were put in place for Sean Lam upon becoming CEO, as described on page 41. No awards have been made during the year.

Directors' shareholding and share interests (audited information)

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

Director	Beneficially owned at 31 March 2018	Beneficially owned at 31 March 2019	Beneficially owned at 30 June 2019
H. M. Lim	10,069,163	**10,629,836**	**10,704,836**
R . A. FitzGerald	306,491	**320,367**	**323,829**
S. K. W. Lam	485,319	**582,928**	**586,390**
M. J. W. Rushton (resigned 30 January 2019)	128,913	**–**	**–**
G. J. B. Jackson (resigned 23 July 2018)	16,961	**–**	**–**
D. M. Gelber	155,935	**171,635**	**175,097**
C. Bouch	16,733	**27,898**	**31,360**
M. J. Wright	16,129	**16,129**	**16,129**

Share Incentive Plan ("SIP")

All employees of the Group 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 employee receives one Matching Share. All shares to date awarded under this scheme have been purchased in the market by the Trustees of the SIP and it is the intention of the Board to continue this policy in the year to 31 March 2020.

A total of 885,382 (2018: 754,838) new Ordinary Shares were issued to the 110 employees who participated in the SIP during the year. At 31 March 2019, 3,876,390 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 held under the SIP are as follows:

Director	31 March 2018	31 March 2019
R. A. FitzGerald	27,943	**22,849**
S. K. W. Lam	20,023	**20,914**
M. J. W. Rushton (resigned 30 January 2019)	24,464	**–**
G. J. B Jackson (resigned 23 July 2018)	8,225	**–**
D. M. Gelber	42,372	**47,685**
C. Bouch	3,086	**8,397**

Material contracts with Directors

Other related parties include Charles Russell Speechlys LLP, in which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys LLP 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 £181,000 (2018: £195,000).

Commission of £3,354 (2018: £7,169) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, certain overseas custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a Director), again all on standard commercial terms.

Total pension entitlements

There are no defined-benefit 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 of 5-10% of base salary for Executive Directors can be compared with a maximum of 5% paid for employees. In addition, salary sacrifice may be exercised in favour of additional pension contributions.

Death-in-service benefits

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

Loss of office payments

There were loss of office payments in lieu of notice of £85,599 relating to Mark Rushton in the year ended 31 March 2019 (2018: £nil).

	£
Salary	**77,890**
Benefits	**1,358**
Pension contributions	**5,452**
Matching shares	**896**
	85,596

Percentage increase in the remuneration of the Chief Executive

	2018 £	**2019 £**	Change
Chief Executive			
– salary of Rodney FitzGerald until 6 September 2017	72,992	**–**	n/a
– salary of Sean Lam from 6 September 2017	124,767	**220,000**	n/a[1]
– bonus of Rodney FitzGerald	8,000	–	100% decrease
– bonus of Sean Lam	15,120	**–**	100% decrease
– benefits in kind of Sean Lam	1,664	**1,717**	3.2% increase
Average per employee (£)			
– salary	36,770	**37,619**	2.3% increase
– bonus	8,550	**7,831**	8.4% decrease

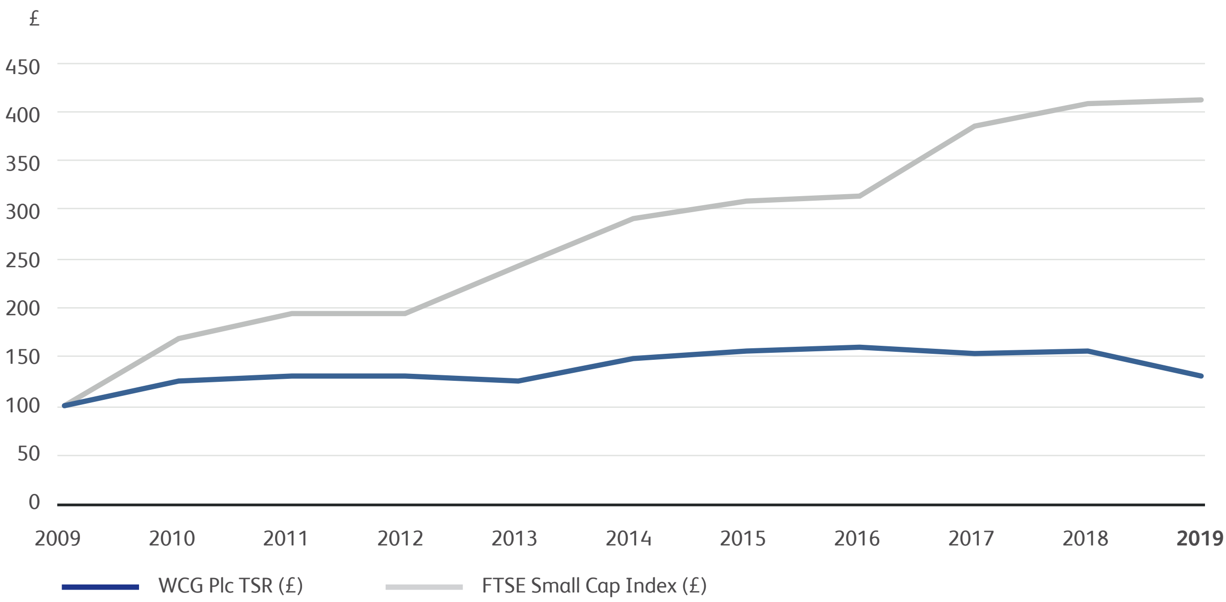
[1] As both years relate to different time periods, no change data has been shown.

The table above shows the movement in salary and annual bonus for the Chief Executive between the current and previous financial years, with both years time-apportioned to enable proper comparison, compared to that of the average employee. The Committee has chosen this comparator as it provides a better reflection of the earnings of the average worker than the movement in the Group's total wage bill, since the latter is subject to distortion by movements in the number of employees. The average bonus per employee only reflects bonuses paid to individuals working in profitable business units and is not an award to every member of staff, most of whom would have received no bonus in a disappointing year.

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 2019, of £100 invested in Walker Crips Group plc on 31 March 2009 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

Total shareholder return compared to FTSE Small Cap Index



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

										Years ended 31 March	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Total remuneration	£175,420	£193,807	£199,592	£174,512	£267,934	£186,769	£187,176	£189,264	£196,119	£203,453	**£245,517**

Relative importance of the spend on pay

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

	2018 £000	**2019 £000**	Increase
Staff costs	12,236	**12,680**	3.7%
Dividends paid	786	**796**	1.3%

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 to ensure they continued to accurately reflect the remit of the Committee. The Committee's terms of reference 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 three Non-Executive Directors, David Gelber, Martin Wright (Chair of Remuneration Committee and Senior Independent Director) and Clive Bouch (Chair of Audit Committee).

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 attends meetings by invitation and assists the Committee in its deliberations, except when issues relating to his own remuneration are discussed. No Directors are involved in deciding their own remuneration. The Committee can call for external reports and assistance from third party experts and independent legal advice may be sought as required.

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

The Committee received advice during the year from external consultants, PricewaterhouseCoopers, who reviewed and made recommendations on the 2018 Directors' Remuneration Report, Pillar 3 Remuneration disclosures on our website and FCA Remuneration Code application. During the period, the Committee met on three occasions. Matters that were considered and discussed included but were not limited to:

- The Remuneration Policy for Executive Directors, including structure and performance criteria for the annual divisional and bonus pool arrangements.
- Determination of remuneration of Executive Directors.
- Determination of annual incentive payable to Executive Directors in respect of the year to 31 March 2019.
- Oversight of remuneration arrangements for senior Executives.
- 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 and prior year.

How the remuneration policy will be applied for the year from 1 April 2019 onwards

The base salary reviews in 2018 and 2019 resulted in the decision to award no increases to the salaries of the Executives.

	Salary as at 31 March 2018	**Salary as at 31 March 2019**
S. K. W. Lam	£220,000	**£220,000**
R. A. FitzGerald[1]	£100,000	**£100,000**
M. J. W. Rushton (resigned 30 January 2019)	£155,295	–
G. J. B Jackson[2] (resigned 23 July 2018)	£100,000	–

[1] Represents part-time attendance based on an annual salary of £150,000.
[2] Excludes salary taken as pension.

Remuneration
Committee report
year ended 31 March 2019 | continued

Fees for the Chairman and Non-Executive Directors

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

	Year ended 31 March 2019 £
Chairman	**42,559**
Senior Independent Director	**27,255**
Audit Committee Chairman	**38,570**

D. M. Gelber was appointed as Non-Executive Chairman of the Group by a letter agreement dated 11 May 2007 for a term commencing on 11 May 2007 of not less than two years and thereafter terminable by either party on at least six months' notice in writing or otherwise in accordance with the Group's Articles of Association. 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.

M. J. Wright, Senior Independent Director, has a letter of appointment dated 9 July 2000 and accepted on 10 July 2000 for a term of not less than two years commencing on 9 July 2000 and terminable by either party on not less than three months' notice in writing or otherwise in accordance with the Group's Articles of Association. His fees are now £27,255 per annum, plus VAT, plus expenses. His fees are payable to Charles Russell Speechlys LLP quarterly in arrears.

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

C. Bouch was appointed as a Non-Executive Director and later as Chairman of the Audit Committee by a letter agreement dated 24 March 2017 for a term commencing on 31 March 2017 of not less than three years, save that the appointment is terminable by either party on at least three months' notice in writing or otherwise in accordance with the Group's Articles of Association. 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 the Chief Investment Officer

There are no LTIP arrangements in place at 31 March 2019.

LTIP arrangement previously held for the Chief Investment Officer were discontinued on 30 January 2019 with no entitlements outstanding. They are summarised briefly in the table of remuneration packages on page 41.

Statement of shareholder voting

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

	Number	Percentage
2018 AGM		
Votes in favour	**14,392,574**	**99.8%**
Votes cast against	**24,000**	**0.2%**
Abstentions	**–**	**0%**

The policy is available for inspection on pages 40 to 44 of the Annual Report for 2017 on the Group's website at www.wcgplc.co.uk.

	Number	Percentage
2017 AGM		
Votes in favour	14,499,768	99.7%
Votes cast against	20,000	0.1%
Abstentions	28,000	0.2%

Scope

The Committee determines the Group's policy on the remuneration of the Executive Directors and other members of executive Management, including employees designated as code staff under the FCA remuneration Code. The Committee's terms of reference are available on the Group's website.

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

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

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

- this policy has been designed to support the delivery of the Group strategic business objectives and corporate values, by attracting, retaining and motivating talented Directors and senior Management of the calibre to manage the business successfully;
- to reward and motivate good and above average performance; and
- to comply with the requirements of the FCA Remuneration Code after taking account of disapplication of parts of the Code determined by proportionality guidelines set by the FCA.

Key principles

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

The following tables summarise the components and policy for Directors' remuneration packages which was applied during the year including performance measures for bonus entitlement:

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Salary	Reflect the value of the individual and their role. Reflect skills, experience over time. Provide an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.	Reviewed annually, effective 1 July. Agreed when results for the previous year have been finalised.	Annual increases are normally in line with those provided to the wider employee population unless there is a change in the Director's role or responsibility or there is a significant divergence from market comparatives of similar executive directorship roles.	n/a.
Bonus	Incentivise annual delivery of financial and operational goals. Relatively high potential rewards for achieving demanding targets for Group profit before tax which is based on the Board-approved strategy for increasing profit and shareholder value. A discretionary bonus may be awarded to the Chief Executive on achievement of stretching performance targets and fulfilment of certain behavioural and numeric criteria.	Determined after results for the financial year are signed off with Group profit before tax being a primary metric. A discretionary bonus of an amount up to a maximum rate of 15% of profits is pooled partly for allocation to the Executive Directors, other than the Chief Investment Officer who resigned on 30 January 2019.	Except in the case of the Chief Executive there is no maximum, but the Committee will exercise its discretion responsibly having regard to the interests of shareholders. The Chief Executive's discretionary bonus is capped at a maximum of 100% of basic salary.	Specific awards agreed on an individual basis consistent with the key principles. A general discretionary award taken from the pool will be allocated based on performance measured over the financial year, including achievement of specific strategic-based objectives and upon profit before tax of the Group for the Walker Crips Group plc Executive Board. The pool consists of 5% of Group profit before tax in excess of £478,107 and 15% above profit for the year in excess of £1,195,268. The Chief Executive must meet the following criteria which may vary from year to year: profitability growth, new initiatives, efficient use of capital, achieve strategic objectives, liquidity and growth in share price, compliance with high standards of conduct, risk and regulation.

Remuneration
Committee report
year ended 31 March 2019 | continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Share Incentive Plan	A tax-efficient HMRC-approved scheme which allows the Group to make contributions equal to those by employees, including Directors, to purchase shares in the Company.	Annual contributions are made through the payroll and tax benefits accrue after three years.	Maximum contribution of £1,800 per annum by Director and Company.	None as not considered material.
Long Term Incentive Plan (LTIP)	Aligned to main strategic objective. Based on the Company's measurable key statistics (e.g. NAV growth).	At the year end there were no LTIPs in place following the discontinuance of the only arrangement for one Executive Director, the CIO, Mark Rushton who resigned on 30 January 2019. Further LTIP awards will not be made to other Executive Directors unless separately approved by shareholders but may be granted to new Executive Directors.	There is no maximum opportunity.	Performance was measurable over ten years with an award of 5% of the growth in the value of our largest revenue generator, Walker Crips Investment Management Limited.
Pension	Provide modest retirement benefits. Opportunity for Executive to contribute to their own retirement plan.	Contribution to pension scheme of Executive's choice. HMRC-approved salary sacrifice arrangement.	Monthly employer contribution of 5-10% of base salary compared to a maximum of 5% for employees. Salary sacrifice for employee contribution.	n/a.
Other Benefits	Provide additional fringe benefit.	Life Assurance – four times basic salary. Medical Insurance for family to age 24. Permanent Health Insurance. Participation in Group Share Incentive Scheme.	Continuous upon recruitment.	n/a.
Non-Executive Directors				
Fees	Reflects the skills and experience brought by the Director and their role.	Fees consist of a base Board fee and fees for Chairmanship of Committees. Account is taken of practice adopted by similar-sized companies and time commitment.	Fees are reviewed annually but not necessarily increased. Increases are normally in line with inflation.	n/a.
Benefits	Provide market-related benefits to Non-Executive Directors.	Benefits include reimbursement of expenditure incurred in connection with their duties.	Reasonable costs.	n/a.

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

M. J. Wright
Remuneration Committee Chairman
11 July 2019

Directors' report
for the year ended 31 March 2019

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 2019.

Results and dividends

Results, distributions and retained profits are as follows:

	2019 £000	2018 £000
Retained earnings at 1 April	**11,122**	11,163
Profit for the year after taxation	**333**	745
Dividends paid	**(796)**	(786)
Retained earnings at 31 March	**10,659**	11,122

The Directors recommend a final dividend of 0.33 pence per Ordinary Share to be paid on 13 September 2019 to Ordinary Shareholders on the register on 23 August 2019.

Capital structure

Details of the Group's share capital are shown in Note 26. 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 24 and 25.

Ethical responsibility

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

Employment policy

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 the end of 2019: No Directors of the Group's Parent Company were female (2018: nil); 31% of senior managers, being individuals with responsibility for planning, directing or controlling, were female (2018: 30%); and 45% of the Group's employees were female (2018: 38%).

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

Directors’ report

for the year ended 31 March 2019 | continued

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 24 to the financial statements.

Substantial shareholdings

As at 31 March 2019, 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	**3,023,705**	**7.10**
L. W. Y. Lim	**3,023,705**	**7.10**
L. W. J. Lim	**3,023,703**	**7.10**

As at 30 June 2019, 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	**3,023,705**	**7.10**
L. W. Y. Lim	**3,023,705**	**7.10**
L. W. J. Lim	**3,023,703**	**7.10**

Pillar 3 disclosures

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

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

Carbon emission reporting

Greenhouse Gas (GHG) emissions data for the year ended 31 March 2019:

	2019 **tCO^{2}e**	2018 tCO^{2}e
Scope 1 – combustion of fuel	**7**	17
Scope 2 – purchased electricity	**86**	198
Total	**93**	215
Total emissions per employee	**0.43**	1.00

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

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

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

- vehicle use; and
- air conditioning.

Audit Information

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

- so far as the Director is aware, there is no relevant audit information of which the 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, BDO LLP, will be put to the AGM on 4 September 2019.

Approval

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

R. A. FitzGerald FCA
Director
11 July 2019

Statement
of Directors' responsibilities
for the year ended 31 March 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have elected to prepare the Group 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 its subsidiaries and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements of the Group have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed in the preparation of the Group 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

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

Directors' responsibilities pursuant to DTR4
The Directors confirm to the best of their knowledge:

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

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

R. A. FitzGerald FCA
Director
11 July 2019

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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 2019 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, Parent Company balance sheet, the Parent Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (“IFRSs”) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards 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 2019 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 the 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 18 to 19 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors’ confirmation set out on pages 28 to 29 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors’ statement set out on page 30 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors’ identification of any material uncertainties to the Group and the Parent Company’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors’ statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors’ explanation set out on page 30 in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) that 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.

Matter	Audit response
Revenue recognition (Notes 2 and 4) The Group's revenue of £30,458,000 consists of fees from two distinct components, broking income and non-broking income. Revenue recognition is considered to be a significant audit risk as it is a key driver of return to investors and because incomplete or inaccurate income could have a material impact on the Group's results. In respect of broking income there is a risk that the IT platform may not capture the trades correctly. In respect of non-broking income, namely management fees, there is a risk that the management fee may be calculated incorrectly as a result of incorrect tariffs being used.	We responded to this matter by performing a range of tests of detail as set out below, covering all revenue streams. Our audit testing included, but was not restricted to: **Broking income** – Controls testing to test operating effectiveness, was undertaken on the significant controls in place over broking revenue, including automated controls and manual controls. – We traced a sample of transactions to supporting contract notes and to either bank statements or deductions from client accounts. **Non-broking income** – Using data analytics, we undertook a recalculation of quarterly management fees earned during the year. This recalculation was based on the fee tariff per client and the value of Assets Under Management ("AUM"). A sample were traced to invoice/investor pack and we ensured that the fees have been deducted from client accounts. – For AUMs, controls testing was undertaken on the significant controls in place over the existence and valuation of securities, including the automated controls and manual controls. – For a sample of AUMs these were agreed to an independent third party source, for example Bloomberg. – In respect of fee tariffs, we agreed a sample to either client agreements or fee tariff confirmations letters issued by the respective company. – In respect of accrued fees, testing was performed on a sample basis to ensure that revenue was recognised in the correct period.
Recognition and impairment of client lists intangible assets (Notes 2 and 15) Acquired client lists of £7,234,000 (2018: £7,790,000) are capitalised. Judgement is exercised in determining whether the consideration paid in respect of acquiring the client list meets the criteria for capitalisation and if so, then the appropriate period for the capitalised cost to be amortised over. Judgment is also exercised in determining the underlying assumptions used in the impairment review. Management have completed an assessment on each intangible asset at the year end which involved undertaking a review for indicators of impairment. These risks are explained further in Note 3 Key Sources of Estimation Uncertainty and in the disclosures in Note 15.	Our audit testing included, but was not restricted to: – We obtained and challenged Management's technical analysis in respect of compliance with the capitalisation criteria by benchmarking to comparable companies and assessing the requirements of IAS38. In respect of the impairment assessment we challenged this assessment by undertaking the following tests: – We compared the Useful Economic Life ("UEL") of the intangibles against the actual client attrition rates. – We challenged Management's assessment of indicators of impairment by comparing to AUM and revenue generated from the intangible asset.
Provisions for client claims (Notes 2 and 25) Provisions made for client claims are based on Management's assessment of the likelihood of outcomes of individual cases whilst taking into consideration factors such as the level of insurance cover and the progress of any claims referred to the Financial Ombudsman Service. Provisions for client claims is considered a significant audit risk as judgment is involved in determining whether a provision is required to be accounted for.	As part of our audit testing we obtained and challenged Management's analysis of claims and for a sample, have agreed this to the relevant correspondence and to the complaints register. We also: – Reviewed correspondence from the Group's legal advisors where applicable, as well as with the Financial Ombudsman Service. – Reviewed the level of insurance coverage in place and correspondence with brokers or underwriters. – Reviewed the accuracy of the provisioning basis in prior years. – Considered the completeness of the provisions for client claims through review of Board minutes, complaints registers and compliance reviews.

Independent
auditor's report

to the members of Walker Crips Group plc | continued

Matter	Audit response
Impairment of goodwill (Notes 2 and 14) Goodwill of £4,388,000 (2018: £4,388,000) relates to the acquisition of the London York cash generating unit and the acquisition of the Barker Poland Asset Management LLP cash generating unit. Impairment of goodwill is considered to be a significant audit risk as judgment is exercised in determining the underlying assumptions used in the annual impairment reviews which are required to be carried out by Directors. The assumptions include the discount rate, operating margin and growth rate, which gives rise to the risk of material misstatement in the carrying value of goodwill. There is also a risk over the completeness of the disclosures within the financial statements. These risks are explained further in Note 3 Key Sources of Estimation Uncertainty and in the disclosures in Note 14.	As part of our audit testing we challenged Management's assessment of goodwill and the related impairment reviews by undertaking the following procedures: - We tested the integrity of the valuation models. - With the assistance of our valuation specialists we reviewed the assumptions used in the calculations and evaluated these assumptions, in particular the discount rate used to discount expected future cash flows and the assumptions associated with the 'fair value' less cost of disposal basis. - We assessed Management's sensitivity analysis showing the impact of a reasonably possible change in impairment assumptions and we performed sensitivity analysis using a range of acceptable discount factors. The discount rate used is a pre-tax Weighted Average Cost of Capital ("WACC") that reflects current market assessments of the time value of money and the risks specific to the cash-flows. We benchmarked individual components of the WACC to current market rates. - We corroborated the calculations in the valuation models to forecast which we have examined as part of the going concern review, to check for consistency. - We compared the results of the cash generating units against forecasts made in the prior year. - We assessed the adequacy of disclosure within the financial statements.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of the identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality (6.5% of the three year average, adjusted profit before tax.	Assessing whether the financial statement as a whole present a true and fair view.	A principal consideration for members of the Parent Company in assessing the financial performance of the Group. Normalises profit to reflect the underlying profit of the core business, excluding items which are considered to be one off occurrences and are outside the normal course of business.	£63,000 (31 March 2018: £53,000)
Performance materiality (60% of financial statement materiality).	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	- Financial statement materiality. - Risk and control environment. - History of prior errors.	£38,000 (31 March 2018: £32,000)
Parent Company financial statement materiality (80% of Group materiality).	Assessing whether the financial statements as a whole present a true and fair view.	A principal consideration for members of the Parent Company in assessing the financial performance of the Group.	£50,500 (31 March 2018: £50,000)

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £1,000 (31 March 2018: £1,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. 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.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements.

Audits of eighteen components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relevant scale of the business concerned. Component materiality ranged from £60,000 to £1,000. All components are based in the UK and the Group audit team had responsibility for the audit of all components included in the consolidated financial statements. Six of the components were subject to full scope audits under ISA600. For components where full scope audits were not undertaken, the Group audit team undertook audit procedures on material balances.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, United Kingdom Generally Accepted Accounting Practice where applicable and IFRSs as adopted by the European Union, the Financial Conduct Authority's regulations and the Listing Rules.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of Management;
- review of minutes of Board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of Management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable, set out on page 45** – the statement given as to why the Annual Report does not include a statement by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting, set out on page 31** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code, set out on page 27** – the parts of the Directors' statement required under the Listing Rules relating to the Parent Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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.

- 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.

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

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 its 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.

Responsibilities of Directors

As explained more fully in the Directors’ responsibilities statement set out on page 45, the Directors are responsible for the preparation of the 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 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.

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

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed on 3 August 2016 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ending 31 March 2017 to 31 March 2019.

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.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
11 July 2019

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

Consolidated income statement

year ended 31 March 2019

	Notes	2019 £000	2018 £000
Revenue	4	**30,458**	30,456
Commissions and fees paid	6	**(9,673)**	(10,001)
Share of after tax profits of joint venture	17	**14**	7
Gross profit		**20,799**	20,462
Administrative expenses	9	**(20,365)**	(19,556)
Exceptional items	7	**(32)**	(16)
Operating profit		**402**	890
Investment revenue	8	**90**	41
Finance costs	8	**(3)**	(7)
Profit before tax		**489**	924
Taxation	11	**(156)**	(179)
Profit for the year attributable to equity holders of the Parent Company		**333**	745
Earnings per share			
Basic	13	**0.78p**	1.77p
Diluted	13	**0.78p**	1.75p

Consolidated
statement of comprehensive income
year ended 31 March 2019

	2019 £000	2018 £000
Profit for the year	**333**	745
Total comprehensive income for the year attributable to equity holders of the Parent Company	**333**	745

Consolidated statement of financial position

as at 31 March 2019

	Notes	Group 2019 £000	Group 2018 £000
Non-current assets			
Goodwill	14	**4,388**	4,388
Other intangible assets	15	**7,262**	7,827
Property, plant and equipment	16	**2,520**	2,706
Interest in joint ventures	17	**44**	47
Investments – available for sale	18	**–**	203
Investments – fair value through profit or loss	18	**51**	–
		14,265	15,171
Current assets			
Trade and other receivables	20	**35,785**	37,427
Investments – fair value through profit or loss	18	**1,005**	–
Investments – held for trading	18	**–**	1,851
Cash and cash equivalents	21	**6,916**	8,367
		43,706	47,645
Total assets		**57,971**	62,816
Current liabilities			
Trade and other payables	25	**(34,095)**	(38,567)
Current tax liabilities		**(178)**	–
Deferred tax liabilities	22	**(317)**	(341)
Bank overdrafts	23	**(127)**	–
Provisions	25	**(484)**	(461)
Shares to be issued – deferred consideration		**–**	(171)
		(35,201)	(39,540)
Net current assets		**8,505**	8,105
Long-term liabilities			
Deferred cash consideration	34	**(47)**	(197)
Dilapidation provision	25	**(542)**	(543)
Landlord contribution to leasehold improvements		**(460)**	(523)
		(1,049)	(1,263)
Net assets		**21,721**	22,013
Equity			
Share capital	26	**2,888**	2,861
Share premium account	26	**3,763**	3,674
Own shares	27	**(312)**	(312)
Retained earnings	27	**10,659**	11,122
Other reserves	27	**4,723**	4,668
Equity attributable to equity holders of the Parent Company		**21,721**	22,013

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 11 July 2019.

Signed on behalf of the Board of Directors

R. A. FitzGerald FCA
Director
11 July 2019

Consolidated
statement of cash flows

year ended 31 March 2019

	Notes	2019 £000	2018 £000
Operating activities			
Cash (used)/generated by operations	29	**(631)**	5,656
Tax received/(paid)		**66**	(500)
Net cash (used)/generated by operating activities		**(565)**	5,156
Investing activities			
Purchase of property, plant and equipment		**(382)**	(1,642)
Sale/(purchase) of investments held for trading		**789**	(710)
Purchase of available-for-sale investments		**–**	(135)
Consideration paid on acquisition of client lists		**(111)**	(644)
Deferred consideration paid on acquisition of a company		**(600)**	(600)
Dividends received	8	**23**	8
Interest received	8	**67**	33
Net cash used by investing activities		**(214)**	(3,690)
Financing activities			
Dividends paid		**(796)**	(786)
Interest paid	8	**(3)**	(7)
Net cash used by financing activities		**(799)**	(793)
Net (decrease)/increase in cash and cash equivalents		**(1,578)**	673
Net cash and cash equivalents at beginning of year		**8,367**	7,694
Net cash and cash equivalents at end of year		**6,789**	8,367
Cash and cash equivalents		**6,916**	8,367
Bank overdrafts		**(127)**	–
		6,789	8,367

Consolidated statement of changes in equity

year ended 31 March 2019

	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 2017	2,826	3,502	(312)	111	4,557	11,163	21,847
Total comprehensive income for the year	–	–	–	–	–	745	745
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(786)	(786)
Issue of shares as deferred consideration on acquisition of intangibles and business combinations	35	172	–	–	–	–	207
Total contributions by and distributions to owners	35	172	–	–	–	(786)	(579)
Equity as at 31 March 2018	**2,861**	**3,674**	**(312)**	**111**	**4,557**	**11,122**	**22,013**
Total comprehensive income for the year	–	–	–	–	–	333	333
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(796)	(796)
Issue of shares as deferred consideration on acquisition of intangibles and business combinations	27	89	–	–	55	–	171
Total contributions by and distributions to owners	27	89	–	–	55	(796)	(625)
Equity as at 31 March 2019	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**10,659**	**21,721**

Notes
to the accounts
year ended 31 March 2019 | for Walker Crips Group plc

1. General information

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), Article 4 of the EU IAS Regulation and Companies Act 2006. The Group financial statements are presented on pages 53 to 57. The Group is incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out on page 12. 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 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. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in the consolidated financial statements.

Going concern
The Group's business activities together with the factors likely to affect its future development, performance and position has been rigorously assessed. In addition, Note 24 to the financial statements includes details of risk management objectives, policies and processes for managing its capital.

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

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

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

Changes in accounting policies and disclosures
The Group and its subsidiaries have adopted IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" for the first time this period. These new standards required additional disclosures which have been provided in Note 19 and Note 4, respectively.

No significant judgements were required to be made in the application of these standards.

IFRS 9 changes the classification and measurement of financial assets, new hedge accounting requirements, enhanced disclosures in the financial statements and the timing and extent of credit provisioning. The Group does not use hedge accounting and this element of the new standard is not applicable.

Following a review of the capital framework of Short-Term Lending vehicle Topaz STL, the Group's debt investment, previously held as a debt investment, upon application of IFRS 9 has been reclassified as amortised costs within trade and other receivables in the period. The debt investment is now receivable within one year, it also represents a change in use of this asset. There is no expected credit loss resulting from the transfer therefore no material impact on earnings per share nor on comparatives. An expected credit loss provision is recognised if the Group believes there has been a significant increase in credit risk, in which case the loss allowance is revised to the lifetime of the expected credit loss. Trade and other receivables and Cash and cash equivalents are now reclassified from Loans and other receivables under IAS 39 to Amortised cost with no expected credit loss arising.

IFRS 15 changes how and when revenue is recognised from contracts with customers and the treatment of the costs of obtaining a contract with a customer. The standard requires that the recognition of revenue is linked to the fulfilment of performance obligations that are enshrined in the contract with the customer. It also requires that the incremental cost of obtaining a customer contract should be capitalised if that cost is expected to be recovered.

The Group has assessed the impact of adopting the standard on its existing revenue streams, as well as on its policy of capitalising the cost of obtaining customer contracts.

Stockbroking commission and fees relating to portfolio management, financial planning and pension management
Included within Revenue are initial fees charged by some of our Group companies in relation to certain business activities. Under IFRS 15, the Group is required to make an assessment as to whether the work performed to earn such fees constitutes the transfer of service and therefore fulfils any performance obligations. If so then these fees should be recognised when the relevant performance obligation has been satisfied, if not then the fees can only be recognised in the period the services are provided. Included within commission and fee income is an amount representing initial fees, charged by a number of the Group's companies in relation to certain business activities. We have not identified any instances where the recognition of revenue will change materially from the current treatment in the consolidated financial statements.

Contract costs/Client relationship intangibles
Under the Group's current policy of capitalising contract costs, incremental payments that are made to newly recruited Investment Managers to secure Investment Management contracts are capitalised as client relationship intangibles if they are separable, reliably measured and expected to be recovered. The period during which such payments are capitalised and amortised is typically between three to twenty years as explained in Note 15.

The Group has assessed its current policy and has concluded that IFRS 15 reinforces the existing treatment of such incremental costs. Therefore, the Group does not believe the adoption of IFRS 15 will materially change the way it accounts for client relationship intangibles.

There is no impact on prior period reporting and no effect on earnings per share of either IFRS 9 or IFRS 15.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early-adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following new and amended Standards and Interpretations are not currently relevant to the Group and its subsidiaries, however, they may have a significant impact in future years:
- Amendments to IFRS 2: Classification and measurement of share-based payment transactions

Future new standards and interpretations
At the date of authorisation of these financial statements, the following standard and interpretations which have not been applied in these financial statements was in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 16 "Leases"
IFRS 16 is effective for periods commencing on or after 1 January 2019. The standard was endorsed by the EU during 2017 and the Group has decided not to adopt this standard early. The standard will be adopted by the Group on 1 April 2019, and will be initially reflected in the Group's audited accounts for the period ending 31 March 2020.

For lessees, IFRS 16 largely eliminates the classification of leases as either operating leases or financial leases. The Group will be required to recognise as a right-of-use lease asset on its balance sheet wherever it has a lease with a term of more than twelve months remaining, other than with respect to low value leases; for those leases where a right-of-use asset is recognised; the Group will also recognise a financial liability representing the present value of its obligation to make future lease payments.

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

The Group intends to apply the practical expedient and, therefore, will not be reassessing those contracts that were not deemed to contain a lease based on the previous relevant account standards, i.e. IAS 17 and IFRIC 4.

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

The Group is assessing the impact of both approaches and intends to apply the modified retrospective approach. This will result in the comparatives to the financial statements in which IFRS 16 is first applied not being adjusted for the effects of IFRS 16, but instead the differences arising being taken through equity in retained earnings.

Potential impact
The Group has conducted an initial quantification of the impact of adopting the standard based on its review of all leases in the current portfolio which meet the definition of a lease. Based on the results of this impact assessment, the Group has elected to take the modified retrospective approach to transition.

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

The most significant impact is in respect of the Group's London, York and Romford offices. Annual total operating lease expenses of £779,000 which would have been recognised under the existing leases standard, will be replaced by anticipated higher levels of depreciation and interest expense in the early years of each lease, falling to lower levels as each lease heads towards expiry. The interest expense is based on the interest rate implicit in each lease as the lease unwinds but where the implicit rate is not readily available, an estimated incremental borrowing rate based on external sources will be applied.

As at 31 March 2020, the expected effects of the new standard will be to increase net assets, incur an increase in interest costs, also an increase in depreciation costs and a reduction in lease expenses.

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

In addition, to the above impacts, it is worth noting that recognition of additional leased assets and adjustments to distributable reserves will have an immaterial impact on the Group's regulatory capital headroom.

Based on the information currently available, the Group estimates that £5.9 million will be recognised as right-of-use assets, with a corresponding lease liability of £6.4 million on the date of transition (1 April 2019). There will also be an approximate adjustment to equity of a credit of £0.5 million, resulting from the de-recognition of the accrued rent free periods relating to the Group's leases for its Romford and London offices.

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

Business combinations

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

Interests in joint ventures

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

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

Goodwill

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

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

Intangible assets

(a) Client lists

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

Intangible assets classified as client lists are recognised when acquired as part of a business combination or when separate payments are made to acquire 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

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.

(b) Software Licenses

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 five years.

Own shares held

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

Shares to be issued

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

Revenue recognition
Revenue is measured at a fair value of the consideration or receivable and represents gross commissions, interest receivable and fees in the course of ordinary investment business, net of discounts, VAT and sales related taxes.

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.

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; and
  - the amount of the dividend can be reliably measured.
- Gains or losses arising on disposal of trading book instruments and changes in fair value of securities held for trading 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 would include:
1. profits or losses on disposal, closure or impairment of assets or businesses;
2. corporate transaction and restructuring costs;
3. changes in the fair value of contingent consideration; and
4. non-recurring items considered individually for classification as exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the Group's trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group. The exceptional items arising in 2018/19 are explained in Note 7 and all fall under category 4 above. The related tax effect is also quantified and disclosed in Note 11 on page 70.

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 re-translated 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.

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

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

Computer hardware	*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*

2. Significant accounting policies | continued

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised. Deferred tax is charged or credited directly to the Income Statement, except when it relates to items charged or credited to 'Other Comprehensive Income' in which case the deferred tax is also dealt with in other comprehensive income.

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 ("FVPL") are expensed in the statement of comprehensive income. 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 ("FVPL"); or
- Amortised cost.

Financial assets are classified as current or non-current depending on the contractual timing for recovery of the asset.

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 FVPL, 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.

FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") 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 twelve 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.

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 FVPL are recognised in revenue within the Consolidated Income Statement.

iii) Cash and cash equivalents
Cash and cash equivalents includes 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, and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

De-recognition
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.

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 recognised and measured initially at 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
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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. For every Partnership Share purchased, the employee receives one Matching Share. All shares awarded under this scheme have been purchased in the market by the Trustees of the SIP. a policy which will continue to at least 31 March 2020.

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

Long-term liabilities – deferred cash 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.

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

2. Significant accounting policies | continued

The Group also issues shares as part of deferred consideration for client relationships acquired under arrangements agreed with Investment Managers when they join the Group. Equity-settled share-based payments are awarded if Assets Under Management or revenue targets for incoming clients have been achieved. The fair value is estimated at the date of transfer of the assets and are amortised on a straight line basis over their estimated useful lives.

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

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term. These benefits include rent-free periods and landlord contributions to leasehold improvements.

Dividends paid
Equity dividends are recognised when they become legally payable. 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.

3. Key sources of estimation uncertainty and judgements

Impairment of goodwill – estimation and judgement
Determining whether goodwill is impaired requires an estimation of the fair value less costs to sell and the value-in-use of the cash-generating units to which goodwill has been allocated. The fair value less costs to sell involves estimation of values based on the application of earnings multiples and comparison to similar transactions. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and apply a discount rate in order to calculate present value. The assumptions used and inputs involve judgements and create estimation uncertainty. These assumptions have been stress-tested as described in Note 14. The carrying amount of goodwill at the balance sheet date was £4.4 million (2018: £4.4 million) as shown in Note 14.

Other intangible assets – judgement
Acquired client lists are capitalised based on current fair values. During the year the Group acquired one Investment Manager and the business of their clients. When the Group purchases client relationships from other corporate entities, a judgement is made as to whether the transaction should be accounted for as a business combination, or a separate purchase of intangible assets. In making this judgement, the Group assesses the acquiree against the definition of a business 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.

Short-Term Lending Administration – judgement
The Group provides administrative services to Special Purpose Vehicles who in turn make loans to specialist lenders in the residential housing construction industry. Having considered the requirements of IFRS 10, the Directors have also obtained independent advice to support our conclusion that no additional consolidation is required as a result of these arrangements and the structure in which the Group provides this service.

Provision for dilapidations – judgement
The Group has made provisions for dilapidations under three leases for its offices. Two new leases were entered into during the prior year for which a total liability of £507,000 to restore the premises at the end of the term is crystallised. These amounts have been provided in full based on valuations prepared by the office fit-out companies who carried out our office improvements and are disclosed in Note 25.

During the year, £63,000 of dilapidations provisions were utilised and £42,000 was reversed, leaving a balance at the year end of £542,000.

4. Revenue

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

	2019 Broking income £000	2019 Non-broking income £000	2019 Total £000	2018 Broking income £000	2018 Non-broking income £000	2018 Total £000
Stockbroking commission	**8,667**	**–**	**8,667**	10,953	–	10,953
Fees and other revenue[1]	**–**	**19,190**	**19,190**	–	17,186	17,186
Investment Management	**8,667**	**19,190**	**27,857**	10,953	17,186	28,139
Wealth Management, Financial Planning & Pensions	**–**	**2,601**	**2,601**	–	2,317	2,317
Revenue	**8,667**	**21,791**	**30,458**	10,953	19,503	30,456
Net investment revenue (see Note 8)	**–**	**87**	**87**	–	34	34
Total income	**8,667**	**21,878**	**30,545**	10,953	19,537	30,490
% of total income	**28.4**	**71.6**	**100.0**	35.9	64.1	100.0

[1] Includes Investment Management, Structured Investments, and Alternative Investments.

Timing of revenue recognition

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

2019	**Investment Management £000**	**Wealth Management £000**	**Consolidated year ended 31 March 2019 £000**
Revenue from contracts with customers			
Products and services transferred at a point in time	**10,360**	**459**	**10,819**
Products and services transferred over time	**15,477**	**2,082**	**17,559**
Other revenue			
Products and services transferred at a point in time	**234**	**60**	**294**
Products and services transferred over time	**1,786**	**–**	**1,786**
	27,857	**2,601**	**30,458**

2018	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2018 £000
Revenue from contracts with customers			
Products and services transferred at a point in time	12,783	417	13,200
Products and services transferred over time	14,249	1,900	16,149
Other revenue			
Products and services transferred at a point in time	370	–	370
Products and services transferred over time	737	–	737
	28,139	2,317	30,456

	Contract assets 2019 £000	Contract assets 2018 £000	**Contract liabilities 2019 £000**	Contract liabilities 2018 £000
Brought forward	**4,005**	5,313	**(3)**	(8)
Amounts included in contract liabilities that was recognised as revenue during the period	**–**	–	**3**	8
Settlement of contract assets brought forward	**(4,005)**	(5,313)	**–**	–
Cash received in advance of performance and not recognised as revenue during the period	**–**	–	**(4)**	(3)
Amounts included in contract assets that was recognised as revenue during the period	**4,623**	4,005	**–**	–
At 31 March	**4,623**	4,005	**(4)**	(3)

5. Segmental analysis

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

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. These companies are the basis on which the Group reports its primary segment information.

2019	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2019 £000
Revenue			
Revenue from contracts with customers	25,837	2,541	28,378
Other revenue	2,020	60	2,080
Total revenue	27,857	2,601	30,458
Results			
Segment result	1,013	348	1,361
Unallocated corporate expenses			(959)
			402
Investment revenue			90
Finance costs			(3)
Profit before tax			489
Tax			(156)
Profit after tax			333

2019	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2019 £000
Other information			
Capital additions	318	93	411
Depreciation	522	71	593
Statement of financial positions			
Assets			
Segment assets	50,698	2,726	53,424
Unallocated corporate assets			4,547
Consolidated total assets			57,971
Liabilities			
Segment liabilities	35,072	774	35,846
Unallocated corporate liabilities			404
Consolidated total liabilities			36,250

2018	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2018 £000
Revenue			
Revenue from contracts with customers	27,032	2,317	29,349
Other revenue	1,107	–	1,107
Total revenue	28,139	2,317	30,456
Results			
Segment result	2,097	199	2,296
Unallocated corporate expenses			(1,406)
			890
Investment revenue			41
Finance costs			(7)
Profit before tax			924
Tax			(179)
Profit after tax			745

2018	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2018 £000
Other information			
Capital additions	2,182	213	2,395
Depreciation	500	17	517
Statement of financial positions			
Assets			
Segment assets	53,878	2,407	56,285
Unallocated corporate assets			6,531
Consolidated total assets			62,816
Liabilities			
Segment liabilities	39,475	855	40,330
Unallocated corporate liabilities			473
Consolidated total liabilities			40,803

6. Commissions and fees paid

Commissions and fees paid comprises:

	2019 £000	2018 £000
To authorised external agents	**25**	31
To approved persons	**9,648**	9,970
	9,673	10,001

7. Exceptional items

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

	2019 £000	2018 £000
Property relocation expenses	**–**	322
Non-recurring rebate	**–**	(63)
Change of VAT partial exemption special method	**–**	(243)
Changes in the fair value of deferred consideration	**(102)**	–
Transaction cost in relation to a launch of a public issuance	**134**	–
	32	16

Cash consideration payable for acquired client relationships over a number of years is estimated at the outset based on the expected number of clients and associated revenue which will be acquired. Each year these amounts are re-assessed based on the actual values of these metrics and accordingly, an exceptional credit, being one-off and exceptional in nature and size, has been recorded in the year representing the reversal of an over-estimation of £102,000 of such consideration.

As part of the expansion of its short term lending facility business, the Group has invested in a planned launch of a listed bond available to retail investors. This launch has currently been delayed due to political uncertainty which is impacting investor sentiment and therefore provisions totalling £134,000 have been made for related costs.

During the prior year to 31 March 2018, the Group incurred material costs of £388,000 under its existing leases related to the relocation of the head office and the York office to new premises in December 2017 and April 2018, offset by an unusually high service charge credit of £66,000 on the old head office. An additional one-off refund of £63,000 was received for incorrect custody charges incurred in prior years as well as significant annual credits of £243,000 relating to the Group's agreement with HMRC to a revised input VAT recovery method (partial exemption special method).

8. Investment revenues and finance costs

Net investment revenue comprises:

	2019 £000	2018 £000
Investment revenue		
Interest on bank deposits/fixed income securities	**67**	33
Dividends from equity investment	**23**	8
	90	41
Finance costs		
Interest on overdue liabilities	**(3)**	(7)
Net investment revenue (see Note 4)	**87**	34

9. Profit for the year

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

	2019 £000	2018 £000
Depreciation of property, plant and equipment (see Note 16)	**593**	517
Amortisation of intangibles (see Note 15)	**558**	553
Staff costs (see Note 10)	**12,680**	12,236
Recharge of staff costs	**(521)**	(518)
Settlement costs	**1,012**	1,038
Communications	**1,264**	1,139
Computer expenses	**738**	603
Other expenses	**2,452**	2,704
Other employment cost – provision[1]	**–**	225
Other employment cost – recoverable[1]	**–**	(225)
Auditor's remuneration	**315**	228
Lease payment	**1,274**	1,056
Total administrative expenses	**20,365**	19,556

[1] Other employment costs in the prior year included £0.225 million expensed during the year in relation to a provision established in respect of the potential income tax and national insurance liability relating to two former fund managers of Walker Crips Asset Managers Limited, a wholly-owned company, which was sold to Liontrust Asset Management plc ("Liontrust") in April 2012. These amounts were fully settled in the current financial year.

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

	2019 £000	2019 %	2018 £000	2018 %
Audit services				
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**51**	**16**	36	16
The audit of the Group's subsidiaries pursuant to legislation – current year	**125**	**40**	102	45
The audit of the Group's subsidiaries pursuant to legislation – prior year	**125**	**40**	46	20
Non-audit services				
FCA client assets reporting	**12**	**3**	12	5
Report under AAF 01/06	**–**	**–**	30	13
Interim review	**2**	**1**	2	1
	315	**100**	228	100

10. Staff costs

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

	2019 £000	2018 £000
Employee costs during the year amounted to:		
Wages and salaries	**10,390**	10,120
Social security costs	**1,126**	1,095
Share incentive plan	**209**	134
Other employment costs	**955**	887
	12,680	12,236

Staff costs do not include commissions payable mainly to self-employed account executives, as these costs are included in total commissions payable to approved persons disclosed in Note 6. At the end of the year there were 49 self-employed account executives who were approved persons of the Group (2018: 54). Please see page 36 for details of Directors' remuneration.

The average number of staff employed during the year was:

	2019 Number	2018 Number
Executive Directors	**3**	4
Approved persons	**58**	59
Other staff	**157**	152
	218	215

11. Taxation

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

	2019 £000	2018 £000
UK corporation tax at 19% (2018: 19%)	**189**	329
Prior year adjustments	**(6)**	(3)
Origination and reversal of timing differences during the current period	**(35)**	(121)
Adjustment to the estimated recoverable amount of deferred tax	**8**	(26)
	156	179

Corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year.

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

	2019 £000	2018 £000
Profit before tax	**489**	924
Tax on profit on ordinary activities at the standard rate UK corporation tax rate of 19% (2018: 19%)	**93**	176
Effects of:		
Tax rate changes for deferred tax	**3**	(23)
Expenses not deductible for tax purposes	**3**	1
Prior year adjustment	**3**	(3)
Fixed asset differences	**58**	30
Non-taxable income	**(4)**	–
Other	**–**	(2)
	156	179

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

The exceptional costs of £32,000 (2018: £16,000), disclosed separately on the consolidated income statement, are tax deductible to the value of £6,000 (2018: £3,000) of corporation tax. Classifying these costs as exceptional has no effect on the tax liability.

12. 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:

	2019 £000	2018 £000
Final dividend for the year ended 31 March 2018 of 1.29p (2017: 1.29p) per share	**549**	542
Interim dividend for the year ended 31 March 2019 of 0.58p (2018: 0.58p) per share	**247**	244
	796	786
Proposed final dividend for the year ended 31 March 2019 of 0.33p (2018: 1.29p) per share	**142**	549

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.

Shareholders will be subject to income tax on dividends depending on whether they are basic, higher or additional rate taxpayers at 7.5%, 32.5% or 38.1%, respectively, on the excess of annual dividend income over £2,000 for 2018/19.

13. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £333,000 (2018: £745,000) and on 42,509,997 (2018: 42,025,970) Ordinary Shares of 6 ⅔ pence, being the weighted average number of Ordinary Shares in issue during the year.

No dilution to earnings per share in the current year. In the prior year, the calculation of diluted earnings per share was based on 42,476,107 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period, adjusted for dilutive potential Ordinary Shares, issued in May 2018, to the sellers of Barker Poland Asset Management LLP ("BPAM") in order to satisfy the Group's obligation in connection with the payment of year three deferred consideration. A further dilution adjustment was made for the effect of shares issued in May 2018 to other personnel associated with the Group in order to meet contractual commitments made by the Group as part of the ongoing recruitment of investment advisers and expansion of its client base.

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

	2019 £000	2018 £000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the Parent	**333**	745
Earnings for the purposes of diluted earnings per share	**333**	745

	2019 Number	2018 Number
Number of shares		
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**42,509,997**	42,025,970
Effect of dilutive potential Ordinary Shares:		
– Deferred Consideration deemed issued	**–**	250,137
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**42,509,997**	42,276,107

This produced basic earnings per share of 0.78 pence (2018: 1.77 pence) and diluted earnings per share of 0.78 pence (2018: 1.75 pence).

14. Goodwill

	£000
Cost	
At 1 April 2018	7,056
At 31 March 2019	**7,056**
Accumulated impairment	
At April 2018	2,668
Impaired during the year	–
At 31 March 2019	**2,668**
Carrying amount	
At 31 March 2019	**4,388**
At 31 March 2018	4,388

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:

	2019 £000	2018 £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

14. Goodwill | continued

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 1.75% 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 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 to 32.3% for the London York CGU value in use to equal the respective carrying values.

In the prior year, 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. 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 £4.9 million (2018: £6.8 million) with headroom, after selling costs, of £0.9 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 2 being directly based on observable market data. A 20% decrease in BPAM's profit after tax would result in potential impairment of £136,000.

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

15. Other intangible assets

	Unit trust management contracts £000	Software Licences £000	Client lists £000	Total £000
Cost				
At 1 April 2017	240	–	10,489	10,729
Additions in the year	–	44	42	86
At 1 April 2018	240	44	10,531	10,815
Disposal of fully depreciated intangible assets	(240)	–	–	(240)
Additions in the year	–	–	(7)	(7)
At 31 March 2019	**–**	**44**	**10,524**	**10,568**
Amortisation				
At 1 April 2017	240	–	2,195	2,435
Charge for the year	–	7	546	553
At 1 April 2018	240	7	2,741	2,988
Eliminated on disposal of fully depreciated intangible assets	(240)	–	–	(240)
Charge for the year	–	9	549	558
At 31 March 2019	**–**	**16**	**3,290**	**3,306**
Carrying amount				
At 31 March 2019	**–**	**28**	**7,234**	**7,262**
At 31 March 2018	–	37	7,790	7,827

The intangible assets are amortised over their estimated useful lives. 'Unit trust management contracts' are amortised over ten years but are no longer in use. 'Client lists' are amortised over three to twenty years and 'Software Licenses' are amortised over five years. There are no indications that the value attributable to client lists should be impaired.

16. Property, plant and equipment

	Leasehold improvements furniture and equipment £000	Computer software £000	Computer hardware £000	Total £000
Cost				
At 1 April 2017	1,500	2,117	1,208	4,825
Disposal of fully depreciated assets	(768)	–	(20)	(788)
Additions	2,033	238	124	2,395
At 1 April 2018	2,765	2,355	1,312	6,432
Disposal of fully depreciated assets	(182)	–	–	(182)
Additions	151	213	47	411
At 31 March 2019	**2,734**	**2,568**	**1,359**	**6,661**
Accumulated depreciation				
At 1 April 2017	1,291	1,752	946	3,989
Eliminated on disposal of fully depreciated assets	(768)	–	(12)	(780)
Charge for the year	239	130	148	517
At 1 April 2018	762	1,882	1,082	3,726
Disposal of fully depreciated assets	(178)	–	–	(178)
Charge for the year	296	160	137	593
At 31 March 2019	**880**	**2,042**	**1,219**	**4,141**
Carrying amount				
At 31 March 2019	**1,854**	**526**	**140**	**2,520**
At 31 March 2018	2,003	473	230	2,706

17. Interest in joint venture

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

	2019 £000	2018 £000
As at 31 March		
Current assets	**100**	108
Non-current assets	**–**	–
Current liabilities	**(12)**	(14)
Non-current liabilities	**–**	–
Included in the above amounts are:		
Cash and cash equivalents	**90**	101
Current financial liabilities (excluding trade payables)	**(6)**	13
Non-current financial liabilities (excluding trade payables)	**–**	–
Net assets (100%)	**88**	94
Group share of net assets (50%)	**44**	47
Period ending 31 March		
Revenue	**84**	72
Profit before tax	**28**	17
Profit after tax	**23**	14
Tax expense	**5**	3
Total consolidated income		
Total consolidated income (100%)	**28**	14
Group share of total consolidated income (50%)	**14**	7
Dividends received by Group from Joint Venture	**–**	–
Included in the above amounts are:		
Depreciation and amortisation	**–**	–
Interest income	**–**	–
Interest expense	**–**	–
Income tax expense (income)	**–**	–

17. Interest in joint venture | continued

The Group has a 50% (2018: 50%) interest in a joint venture, JWPCreers Wealth Management Limited, a regulated financial services company. The primary activity of JWPCreers Wealth Management Limited is to provide financial advice to the clients of JWPCreers LLP Accountants, who hold the other 50% interest in the joint venture. The risks associated with the joint venture, which have not changed during the year, are minimal by comparison to the rest of the Group and where identified have been mitigated by controls or proposed management actions.

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

At 31 March 2019, the Group owned 50% of JWPCreers Wealth Management Limited (20,000 ordinary 'B' shares). JWPCreers LLP owns 50% of JWPCreers Wealth Management Limited (20,000 ordinary 'A' shares). Each share carries equal rights to voting and dividends. Both entities have joint control and joint ownership of JWPCreers Wealth Management Limited. The Board of Directors and officer is represented by two directors from JWPCreers LLP and two Directors from Walker Crips Wealth Management Limited.

The joint arrangement of control and ownership leads to the classification of JWPCreers Wealth Management Limited as a joint venture. The Group's share of both JWPCreers Wealth Management Ltd contingent liabilities and capital commitments is £nil (2018: £nil).

On 1 April 2019, the Group purchased the share capital ownership of JWPCreers Wealth Management Limited owned by JWPCreers LLP for the sum of £47,000, giving the Group 100% ownership of both 'A' and 'B' shares. JWPCreers Wealth Management Limited changed its name to Walker Crips Ventures Limited on 2 April 2019.

18. Investments

Non-current asset investments	Debt investments £000	Investment available for sale £000	Investment at fair value through profit or loss £000	Investments at amortised cost £000	Total £000
At 31 March 2017	–	68	–	–	68
Additions in the period	150	13	–	–	163
Disposals in the period	–	(28)	–	–	(28)
At 31 March 2018	150	53	–	–	203
Reclassified on date of in initial application of IFRS 9	–	(53)	53	–	–
Investment transferred to trade and other receivables	(150)	–	–	–	(150)
Disposals in the period	–	–	(2)	–	(2)
At 31 March 2019	**–**	**–**	**51**	**–**	**51**

The Group's life policies are valued based on their market prices as at 31 March 2019, which represent £11,000 of the investments above, and are held in relation to a number of customer complaints. During the current year, these were reclassified as investments held as fair value through profit or loss.

The Group's unregulated collective investment scheme ("UCIS") investments are held in relation to a number of customer complaints. These represent £40,000 of the investments above, which is the Directors' best estimate of the fair value of these investments. During the current year, these were reclassified as investments held as fair value through profit or loss.

Following a review of the capital framework of Short-Term Lending vehicle Topaz STL, the Group's debt investment previously held as long-term debt instrument, has been transferred to trade and other receivables in the period.

Current asset investments	As at 31 March 2019 £000	As at 31 March 2018 £000
Trading investments		
Investments – fair value through profit or loss	**1,005**	–
Financial assets held for trading		
Investments – financial assets held for trading	**–**	1,851

In accordance with IFRS 9, financial assets held for trading have been reclassified as fair value through profit or loss.

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

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 31 March 2018				
Financial assets held for trading	1,851	–	–	1,851
Financial assets held as available for sale	–	–	203	203
	1,851	–	203	2,054
At 31 March 2019				
Financial assets held at fair value through profit and loss	**1,005**	**–**	**51**	**1,056**

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.

Further IFRS 13 disclosures have not been presented here as the balance represents 1.822% (2018: 2.904%) of total assets. There were no transfers of investments between any of the Levels of hierarchy during the year.

19. Classification and measurement of financial assets and financial liabilities

The basis of classification for financial assets under IFRS 9 is different from that under IAS 39. Financial assets are classified into one of two categories: amortised cost and fair value through profit or loss (FVTPL).

The table below explains the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's investments as at 31 March 2019:

Investments and financial assets held at fair value

Non-current assets

Investments	Classification under IAS 39	£000	Classification under IFRS 9	£000
UCIS investments	Available for sale	**40**	Fair value through profit or loss	**40**
Life Policy investments	Available for sale	**11**	Fair value through profit or loss	**11**
		51		**51**

Current assets

Investments	Classification under IAS 39	£000	Classification under IFRS 9	£000
Held for trading	Fair value through profit or loss	**1,005**	Fair value through profit or loss	**1,005**

Other financial assets

Investments	Classification under IAS 39	£000	Classification under IFRS 9	£000
Trade receivables	Loans and receivables	**27,030**	Amortised at cost	**27,030**
Other receivables	Loans and receivables	**3,086**	Amortised at cost	**3,086**
Cash and cash equivalents	Loans and receivables	**6,916**	Amortised at cost	**6,916**
		37,032		**37,032**

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39.

20. Trade and other receivables

	2019 £000	2018 £000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges	**27,030**	27,466
Other debtors	**3,063**	5,161
Prepayments and accrued income	**5,692**	4,800
	35,785	37,427

21. Cash and cash equivalents

	2019 £000	2018 £000
Short-term cash deposits held at bank, repayable on demand with penalty	**3,250**	4,500
Cash deposits held at bank, repayable on demand without penalty	**3,666**	3,867
	6,916	8,367

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 2019 was £300,600,000 (2018: £307,700,000).

The credit quality of banks holding the Group's cash at 31 March 2019 is analysed below with reference to credit ratings awarded by Fitch.

	2019 £000	2018 £000
A+	**2,659**	–
A	**1,122**	1,452
AA–	**3,135**	4,836
BBB+	**–**	2,079
	6,916	8,367

22. Deferred tax liability

	Capital allowances £000	Short-term temporary differences and other £000	Total £000
At 1 April 2017	(8)	(300)	(308)
Use of loss brought forward	–	(180)	(180)
Credit to the income statement	31	116	147
At 1 April 2018	23	(364)	(341)
Use of loss brought forward	–	37	37
Debit to the income statement	(10)	(3)	(13)
At 31 March 2019	**13**	**(330)**	**(317)**

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2019.

23. Bank overdrafts

	2019 £000	2018 £000
Bank overdrafts	**(127)**	–

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

24. Financial instruments and risk profile

Financial risk management

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

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

The overall risk appetite for the Group is considered by Management to be low, despite operating in a marketplace where financial risk is inherent in 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.

In making this assessment the following inputs were considered being historic credit impairment performance, materiality and frequency of instances of overdue credit exposures and credit assessments of banking and custodian institutions carrying the Group's non-retail exposures. Consideration of the level of past credit losses incurred formed the basis of the twelve month and lifetime expected credit loss estimation technique, applied under the assumption that markets would be orderly and not be operating under distressed circumstances. The metrics of both client and market success rates of recent years provided a basis to conclude that credit risk arising on financial assets, including significant trade receivables and payables balances, has not increased significantly since initial recognition and no credit-impairment has arisen.

Forward-looking information such as encouraging growth rates for the UK economy of 1.75%, a low interest rate environment and the financial markets' collective resilience to the uncertainty surround Brexit has contributed to the assessment of negligible expected credit losses. There have been no changes in the significant assumptions or estimation techniques during the period.

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.

24. Financial instruments and risk profile | continued

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

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

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

Maximum exposure to credit risk:

	2019 £000	2018 £000
Cash	**6,916**	8,367
Trade receivables	**27,030**	27,466
Other debtors	**3,063**	5,161
Accrued income	**23**	50
	37,032	41,044

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

At 31 March 2019

	Current £000	**0-1 month £000**	**2-3 months £000**	**Over 3 months £000**	**Carrying value £000**
Trade receivables	26,734	234	9	53	27,030
Cash and cash equivalents	6,916	–	–	–	6,916
Other debtors	3,086	–	–	–	3,086
	36,736	**234**	**9**	**53**	**37,032**

Expected credit loss

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

As noted in principal risks on page 18, the Group undertake a daily assessment of credit risk which includes monitoring of client and counterparty exposure and credit limits. New clients are individually assessed for their credit worthiness using external ratings where available and all institutional relationships are monitored at regular intervals.

As at 1 April 2018, 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 twelve 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.

During the year, the Group made contractual undiscounted cash payments of £711,000 being deferred cash consideration for acquisition of intangible assets.

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

	Less than 1 year £000	Total £000
2019		
Bank overdrafts	**127**	**127**
Trade and other payables	**34,095**	**34,095**
	34,222	**34,222**
2018		
Bank overdrafts	–	–
Trade and other payables	38,567	38,567
	38,567	38,567

Future contracted undiscounted cash flows for deferred cash consideration amounts to £272,000.

(iii) Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates or equity prices, on financial assets and liabilities will affect the Group's results. They relate to price risk on fair value through profit or loss trading investments and are subject to ongoing monitoring.

Fair value of financial instruments
The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2019 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £100,500 (2018: £185,100). A 10% rise would have an equal and opposite effect.

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

25. Trade and other payables

	2019 £000	2018 £000
Amounts owed to clients, brokers and recognised stock exchanges	**25,781**	25,226
Other creditors	**4,021**	8,702
Contract liabilities	**4**	3
Accruals and deferred income	**4,289**	4,636
	34,095	38,567

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 thirteen days (2018: fifteen days).

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

25. Trade and other payables | continued

Other creditors and long-term liabilities

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

	2019 Income tax £000	2019 Claims/ complaints £000	2019 Dilapidations £000	Total £000
At start of year	2,011	461	647	3,119
Additions	–	98	–	98
Utilisation of provision	(2,011)	(75)	(63)	(2,149)
Unused amounts reversed during the year	–	–	(42)	(42)
At end of year	**–**	**484**	**542**	**1,026**

Claims/complaints

These provisions relate to outstanding claims and complaints from third parties which, in the opinion of the Board, need providing for after taking into account the risks and uncertainties surrounding each claim or complaint. The timing of these settlements is unknown but it is expected that they will be resolved within twelve months.

Dilapidations

The Group has not made any additional provisions for dilapidations in connection with acquired leasehold premises (2018: £507,000). These costs are expected to arise at the end of the lease with a maximum remaining term of ten years. Provisions for dilapidations payable on leases after more than one year amounted to £542,000, including £36,000 for the Romford office.

26 Called-up share capital

	2019 £000	2018 £000
Called-up, allotted and fully paid		
43,327,328 (2018: 42,917,730) Ordinary Shares of 6⅔p each	**2,888**	2,861

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 recently 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. During the year, 409,598 new Ordinary Shares were issued and allotted to various personnel associated with the Group in order to meet contractual commitments made by the Group as part of the ongoing expansion of its client base. All shares issued to personnel under recruitment contracts are restricted from sale for periods between four to six years.

The following movements in share capital occurred during the year:

	Number of shares	Share capital £000	Share premium £000	Total £000
At 1 April 2017	42,386,423	2,826	3,502	6,328
Issue of shares as deferred consideration on acquisition of intangibles and business combinations	531,307	35	172	207
At 1 April 2018	42,917,730	2,861	3,674	6,535
Issue of shares as deferred consideration on acquisition of intangibles and business combinations	409,598	27	89	116
At 31 March 2019	**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 2019 this totalled £21,721,000 (2018: £22,013,000). The increase during the year was attributable to the Group issuing shares to personnel under recruitment contracts, the profit for the year less dividends paid.

The Group's objectives when managing capital are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- maintain a strong capital base in a cost-efficient manner to be able to support the development of the business when required;
- optimise the distribution of capital across 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.

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 2018 and 2019.

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. No gain or loss has been recognised in the income statement in relation to these shares.

27. Reserves

Apart from share capital and share premium, the Group holds reserves at 31 March 2019 under the following categories:

Own shares held	(£312,000) (2018: (£312,000))	– the negative balance of the Group's own shares, which have been bought back and held in treasury.
Retained earnings	£10,659,000 (2018: £11,122,000)	– the net cumulative earnings of the Group not paid out as dividends retained to be reinvested in our core, or developing, companies.
Other reserves	£4,723,000 (2018: £4,668,000)	– the cumulative share premium on the issue of shares as deferred consideration for corporate acquisitions.

28. Deferred share consideration

The Group recognised total expenses of £nil (2018: £nil) related to deferred share consideration on the purchase of intangible assets.

29. Cash (used)/generated by operations

	2019 £000	2018 £000
Operating profit for the year	**402**	890
Adjustments for:		
Amortisation of intangibles	**558**	553
Changes in the fair value of deferred consideration	**(102)**	–
Loss on sale of tangible fixed asset	**4**	7
Net change in fair value of financial instruments at fair value through profit or loss	**91**	(55)
Share of joint venture income	**(14)**	(7)
Depreciation	**593**	517
Decrease in debtors	**1,642**	15,284
Decrease in creditors	**(3,805)**	(11,533)
Net cash (outflow)/inflow from operations	**(631)**	5,656

30. Financial commitments

Capital commitments
At the end of the year, there were capital commitments of £nil (2018: £nil) contracted but not provided for and £nil (2018: £nil) capital commitments authorised but not contracted for.

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

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

	2019 £000	2018 £000
Within one year	**1,445**	876
Within two to five years	**3,742**	3,161
More than five years	**2,027**	2,571

31. 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:

	2019 £000	2018 £000
Commission and fees received from Directors and their close family members	**10**	11

Other related parties include Charles Russell Speechlys, of which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year (including the fees paid to the firm for Mr. Wright's services as director) was £181,000 (2018: £195,000), including administrative expenses or other receivables if the costs are reimbursable.

Revenue of £3,354 (2018: £7,330) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore, where H. M. Lim is a Director), again all on standard commercial terms, both these items being included in revenue. Transactions between the 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.

	2019 £000	2018 £000
Key Management personnel compensation:		
Short-term employee benefits	**590**	771
Post-employment benefits	**45**	94
Other long-term benefits	**–**	–
Termination benefits	**86**	–
Share-based payment	**9**	11
	730	876

32. Contingent liability

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

The claims are strenuously denied by the Directors and the Directors consider the claim to be without any merit, as supported by a legal opinion obtained by WCG and WCIM, which advises that the claims are 'weak'. A detailed response denying liability for the claims was submitted to the client's representatives in December 2016. The Directors have heard nothing further from the former KBR client since then and as there is no date of expiry for the claim it will remain a contingent liability.

33. Subsequent events

On 1 April 2019, the Group purchased the share capital ownership of JWPCreers Wealth Management Limited owned by JWPCreers LLP for the sum of £47,000, giving the Group 100% ownership of both 'A' and 'B' shares. JWPCreers Wealth Management Limited changed its name to Walker Crips Ventures Limited on 2 April 2019.

Since the year end a team of advisers has decided to leave the Group on amicable terms, which will result in the transfer of £239 million of Assets Under Management and Administration. The transfer of clients and their assets will take place later this year with the consequent impact on future revenues and profits.

There are no further material events arising after 31 March 2019, which have an impact on these financial statements.

34. Long-term liabilities – deferred cash consideration

	2019 £000	2018 £000
Amounts due to personnel under recruitment contracts/acquisition agreements	**47**	197

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

Company balance sheet

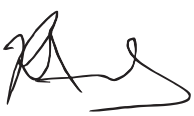
as at 31 March 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Other intangible assets	39	**3,879**	4,181
Property, plant and equipment	38	**1,556**	1,762
Investments measured at cost less impairment	40	**17,425**	17,575
		22,860	23,518
Current assets			
Trade and other receivables	41	**994**	683
Investments – fair value through profit or loss		**–**	579
Cash and cash equivalents		**269**	605
		1,263	1,867
Total assets		**24,123**	25,385
Current liabilities			
Trade and other payables	43	**(2,314)**	(4,257)
Shares to be issued – deferred consideration	44	**–**	(171)
		(2,314)	(4,428)
Net current liabilities		**(1,051)**	(2,561)
Long-term liabilities			
Deferred cash consideration	48	**(47)**	(197)
Dilapidation provision	48	**(450)**	(450)
Landlord contribution to leasehold improvements	48	**(460)**	(523)
		(957)	(1,170)
Net assets		**20,852**	19,787
Equity			
Share capital	47	**2,888**	2,861
Share premium account	47	**3,763**	3,674
Own shares	47	**(312)**	(312)
Retained earnings	47	**9,790**	8,896
Other reserves	47	**4,723**	4,668
Equity attributable to equity holders of the Parent Company		**20,852**	19,787

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 a profit for the financial year of £1,690,000 (2018: loss of £573,000).

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 11 July 2019.

Signed on behalf of the Board of Directors:



R. A. FitzGerald FCA
Director
11 July 2019

Company statement
of changes in equity
year ended 31 March 2019

	Called-up share capital £000	Share premium £000	Own shares held £000	Other £000	Profit and loss account £000	Total equity £000
Equity as at 31 March 2017	2,826	3,502	(312)	4,668	10,255	20,939
Total comprehensive income for the year	–	–	–	–	(573)	(573)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(786)	(786)
Issue of shares on acquisition of intangibles	35	172	–	–	–	207
Total contributions by and distributions to owners	35	172	–	–	(786)	579
Equity as at 31 March 2018	2,861	3,674	(312)	4,668	8,896	19,787
Total comprehensive income for the year	–	–	–	–	1,690	1,690
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(796)	(796)
Issue of shares on acquisition of intangibles	27	89	–	55	–	171
Total contributions by and distributions to owners	27	89	–	55	(796)	(625)
Equity as at 31 March 2019	**2,888**	**3,763**	**(312)**	**4,723**	**9,790**	**20,852**

Notes
to the Company accounts
year ended 31 March 2019 | for Walker Crips Group plc

35. 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 36).

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 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.

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

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

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

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.

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 more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

35. Significant accounting policies | continued

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

Financial instruments
Financial assets and financial liabilities are recognised in the balance sheet when the 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 interest received or accrued over time and dividend income recorded when received.

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

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

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

Investments in subsidiaries
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The fair valuation of the Parent Company's basic financial instrument investments is based upon the underlying market price and volatility which may be subject to fluctuation from year to year (see Note 45 for further information).

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. Financial liabilities are initially recognised at fair value and classified as fair value through profit or loss. No liabilities are held for trading.

Share-based payments
The Parent Company makes share based payments to certain self-employed account executives of a subsidiary within the Group, the share-based payment is accounted for as an intangible in the respective subsidiary. The Parent Company will then record the payment as an intangible asset and take an annual amortisation charge to its income statement in respect of the share-based payment.

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

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

Going concern
After conducting enquiries, the Directors believe that the 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.

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

Intangible and financial assets – judgement
Acquired client lists are capitalised based on current fair values. 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 twenty years to be both appropriate and in line with peers. No acquisitions were made in the period ending 31 March 2019.

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

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

37. Profit/loss for the year
Profit for the financial year of £1,690,000 (2018: loss of £573,000) is after an amount of £51,000 (2018: £36,000) related to the auditor's remuneration for audit services to the Parent Company.

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

	2019 £000	2018 £000
Employee costs during the year amounted to:		
Wages and salaries	**176**	268
Social security costs	**15**	28
Other costs	**7**	14
	198	310

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 Director Employee costs are borne by Walker Crips Investment Management Limited.

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

	2019 Number	2018 Number
Executive Directors	**3**	4
Non-Executive Directors	**4**	4
	7	8

Notes
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year ended 31 March 2019 | for Walker Crips Group plc | continued

38. Property, plant and equipment

	Leasehold improvements furniture and equipment £000	Computer software £000	Total £000
Cost			
At 1 April 2018	2,127	858	2,985
Additions	(2)	–	(2)
At 31 March 2019	**2,125**	**858**	**2,983**
Amortisation			
At 1 April 2018	366	857	1,223
Charge for the year	203	1	204
At 31 March 2019	**569**	**858**	**1,427**
Net book value			
At 31 March 2019	**1,556**	**–**	**1,556**
At 31 March 2018	1,761	1	1,762

39. Other intangible assets

	Client lists £000	Total £000
Cost		
At 1 April 2018	5,062	5,062
Additions	(7)	(7)
At 31 March 2019	**5,055**	**5,055**
Amortisation		
At 1 April 2018	881	881
Charge for the year	295	295
At 31 March 2019	**1,176**	**1,176**
Net book value		
At 31 March 2019	**3,879**	**3,879**
At 31 March 2018	4,181	4,181

40. Fixed asset investments

	2019 £000	2018 £000
Investment in subsidiary companies	**17,425**	17,425
Debt instruments	**–**	150
	17,425	17,575

A complete list of subsidiary undertakings can be found in Note 53.

Following a review of the capital framework of Short-Term Lending vehicle Topaz STL, the Company's debt investment, previously held as debt instruments, has been reclassified as trade and other receivables in the period.

41. Trade and other receivables

	2019 £000	2018 £000
Amounts due from subsidiary undertakings	**492**	111
Deferred tax asset	**224**	140
Prepayments and accrued income	**28**	43
Other debtors	**250**	389
	994	683

42. Deferred taxation

	2019 £000	2018 £000
At 1 April	**140**	302
Use of loss brought forward	**–**	(156)
Credit/(charge) to the income statement	**84**	(6)
At 31 March	**224**	140

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2019.

43. Trade and other payables

	2019 £000	2018 £000
Accruals and deferred income	**117**	473
Amounts due to subsidiary undertakings	**1,950**	2,986
Other creditors	**247**	63
Amount due to personnel under recruitment contracts	**–**	735
	2,314	4,257

44. Shares to be issued – deferred consideration

	2019 £000	2018 £000
Amounts due as deferred consideration on acquisition of intangibles	**–**	171
	–	171

45. Fair value disclosures

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

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

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

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

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

Notes
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45. Fair value disclosures | continued

The following tables analyse within the fair value hierarchy, the Parent Company's current asset investment measured at fair value:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 31 March 2019				
Financial assets held at fair value through profit and loss	**–**	**–**	**–**	**–**
At 31 March 2018				
Financial assets held at fair value through profit and loss	579	–	150	729

During the year, assets previously held under Level 1 financial assets at fair value through profit and loss were sold and following a review of the capital framework of Short-Term Lending vehicle Topaz STL, the Company's debt investment, previously held as investment available for sale, has been transferred to trade and other receivables in the period.

46. 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 market-place 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 24 of the consolidated financial statements.

(i) Credit risk

Maximum exposure to credit risk:

	2019 £000	2018 £000
Cash	**269**	605
Other debtors	**250**	502
As at 31 March	**519**	1,107

The credit quality of banks holding the Group's cash at 31 March 2019 is analysed below with reference to credit ratings awarded by Fitch.

	2019 £000	2018 £000
A+	**224**	–
A	**45**	377
BBB+	**–**	228
As at 31 March	**269**	605

Analysis of other debtors due from financial institutions:

		2019 £000	2018 £000
Neither past due nor impaired		**250**	389
Past due but not impaired	<30 days	**–**	–
	>30 days	**–**	–
	>3 months	**–**	–
		250	389

(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:

	2019 £000	2018 £000
Creditors due within one year	**2,314**	4,257
Creditors due after more than one year	**497**	647
	2,811	4,904

	2019 £000	2018 £000
Within one year	**2,314**	4,257
Within two to five years	**47**	197
After more than five years	**450**	450
	2,811	4,904

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

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

Fair value of financial instruments
The fair values of the Parent Company's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2019 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £nil (2018: £57,900). A 10% rise would have an equal and opposite effect.

47. Called-up share capital

	2019 £000	2018 £000
Called-up, allotted and fully paid		
43,327,328 (2018: 42,917,730) Ordinary Shares of 6⅔p each	**2,888**	2,861

During the year, 409,598 new Ordinary Shares were issued and allotted to various personnel associated with the Parent Company in order to meet contractual commitments made by the Parent Company as part of the ongoing expansion of its client base.

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 2017	42,386,423	2,826	3,502	6,328
Issue of shares as deferred consideration on acquisition of intangibles and investments	531,307	35	172	207
At 1 April 2018	42,917,730	2,861	3,674	6,535
Issue of shares as deferred consideration on acquisition of intangibles and investments	409,598	27	89	116
At 31 March 2019	**43,327,328**	**2,888**	**3,763**	**6,651**

Notes
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47. Called-up share capital | continued
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 2019 under the following categories:

Own shares held	(£312,000)	– the negative balance of the Parent Company's own shares, which have been bought back and held in treasury.
Retained earnings	£9,790,000	– the net cumulative earnings of the Parent Company not paid out as dividends retained to be reinvested in our core, or new, business.
Other reserves	£4,723,000	– the cumulative share premium on the issue of shares as deferred consideration for corporate acquisitions.

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

	2019 £000	2018 £000
Dilapidation provision	**450**	450
Landlord contribution to leasehold improvements	**460**	523
Deferred cash consideration	**47**	197
	957	1,170

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

49. Financial commitments
Capital commitments
At the end of the year, there were capital commitments of £nil (2018: £nil) contracted but not provided for and £nil (2018: £nil) capital commitments authorised but not contracted for.

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

	2019 £000	2018 £000
Within one year	**763**	736
Within two to five years	**2,775**	2,807
More than five years	**1,976**	2,571

50. 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 £730,000 (2018: £876,000).

51. Contingent liability

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

The claims are strenuously denied by the Directors and the Directors consider the claim to be without any merit as supported by a legal opinion obtained by WCG and WCIM, which advises that the claims are 'weak'. A detailed response denying liability for the claims was submitted to the client's representatives in December 2016. The Directors have heard nothing further from the former KBR client since then and as there is no date of expiry for the claim, it will remain a contingent liability.

52. Subsequent events

On 1 April 2019, the Group purchased the share capital ownership of JWPCreers Wealth Management Limited owned by JWPCreers LLP, giving the Group 100% ownership of both 'A' and 'B' shares. JWPCreers Wealth Management Limited changed its name to Walker Crips Ventures Limited on 2 April 2019.

There are no further material events arising after 31 March 2019, which have an impact on these financial statements.

53. Subsidiaries and jointly-owned entities

	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[3]	United Kingdom	Management services	Ordinary Shares 100%
Walker Crips Wealth Management Limited[3]	United Kingdom	Financial services advice	Ordinary Shares 100%
Ebor Trustees Limited[3]	United Kingdom	Pensions management	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[3]	United Kingdom	Holding company	Ordinary Shares 100%
Ebor Pensions Management Limited[3]	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[2]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (PEP) Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (ISA) Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
Walker Crips Consultants Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Property Income Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
TBWC No 3 Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
EnOC Technologies Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
Group and Walker Crips Investment Management			
Jointly controlled entities			
JWPCreers Wealth Management Limited[3]	United Kingdom	Financial services advice	Ordinary Shares 50%

The registered office for companies and associated undertakings is:
[1] Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ.
[2] St James House, 27-43 Eastern Road, Romford, Essex, England, RM1 3NH.
[3] Apollo House, Eboracum Way, York, England, YO31 7RE.

Notice
of Annual General Meeting

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

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

Notice is hereby given that the Annual General Meeting of Walker Crips Group plc ("the Company") will be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 4 September 2019 at 11.00 a.m. for the following purposes:

As ordinary business

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

1. To receive and adopt the Directors' reports and audited financial statements for the year ended 31 March 2019.

2. To approve the Directors' remuneration report (excluding the summary of the Directors' remuneration policy set out on pages 40 to 42 of the Directors' remuneration report) for the year ended 31 March 2019.

3. To declare a final dividend of 0.33 pence per Ordinary Share for the year ended 31 March 2019.

4. To re-elect as a Director Mr. David Gelber.

5. To re-elect as a Director Mr. Martin Wright.

6. To re-elect as a Director Mr. Hua Min Lim.

7. To re-appoint BDO LLP as auditor of the Company until the conclusion of the next meeting at which accounts are laid.

8. To authorise the Directors to set the auditor's remuneration.

As special business

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

9. That the authority and power conferred upon the Directors to allot shares or to grant rights to subscribe for or to convert any security into shares in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of this resolution and for that period the Section 551 Amount (as defined in Article 12(B)) shall be £946,162 (equivalent to one third of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(B) are revoked, subject to Article 12(D).

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

10. That, subject to the passing of Resolution 9, the authority and power conferred upon the Directors to allot equity securities for cash in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of this resolution and for that period the Section 561 Amount (as defined in Article 12(C)) shall be £283,848 (equivalent to 10% of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(C) are revoked, subject to Article 12(D).

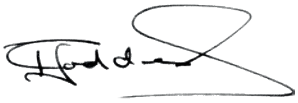
11. That the Company be and is hereby granted pursuant to section 701 of the Companies Act 2006 general and unconditional authority to make market purchases (within the meaning of section 693 of the Companies Act 2006) on the London Stock Exchange of Ordinary Shares of 6 ⅔ pence each in the capital of the Company (Ordinary Shares) provided that:

    a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to 10% of the Company's issued share capital then in issue;
    b) the minimum price which may be paid for any Ordinary Shares is 6 ⅔ pence per Ordinary Share;
    c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Shares is not more than 5% above the average of the middle market quotations for the Ordinary Shares (as derived from the London Stock Exchange Daily Official List) for the ten business days before the purchase is made;

d) the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of this resolution; and
e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract or contracts. This resolution shall confer on the Directors all rights for the Company to make any such market purchase of the Company's own shares as are required under the terms of Article 11(B).

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

By order of the Board



R. Goddard
Secretary
29 July 2019

Walker Crips Group plc
Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ
Reg No. 01432059

Notice
of Annual General Meeting
continued

Notes on resolutions

The following paragraphs explain, in summary, the resolutions to be proposed at the Annual General Meeting ("the Meeting"). Your vote is important to the Company and all shareholders are encouraged to vote on all shareholder matters.

The Board considers that all resolutions proposed are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. Your Board unanimously recommends that shareholders vote in favour of them.

Resolution 1: Receipt of the 2019 Annual Report and Accounts
The Directors' and auditor's reports and the audited financial statements of the Company ("the Annual Report and Accounts") for the year ended 31 March 2019 have been made available to shareholders and will be presented at the Meeting. The Annual Report and Accounts may also be accessed on the Company's website at www.wcgplc.co.uk. Shareholders may raise any questions on the Annual Report and Accounts under this resolution.

Resolution 2: Approval of the 2019 Directors' remuneration report
In accordance with section 439 of the Companies Act 2006, shareholders are requested to approve the Directors' remuneration report (other than the summary of the Directors' remuneration policy set out on pages 40 to 42) which can be found on pages 35 to 42 of the Annual Report and Accounts for the year ended 31 March 2019. The vote is advisory only and does not affect the actual remuneration paid to an individual Director.

The Directors' remuneration policy was approved by shareholders at the Annual General Meeting on 5 September 2018 for a period of up to three years and is, therefore, not required to be put to shareholders for approval at this year's Meeting. It will be put to shareholders for approval again by no later than the Annual General Meeting in 2020. The full remuneration policy can be found on pages 40 to 44 of the 2017 Annual Report and Accounts.

Resolution 3: Final dividend
Shareholders are being asked in Resolution 3 to approve a final dividend of 0.33 pence per Ordinary Share for the year ended 31 March 2019. If you approve the recommended final dividend, this will be paid on 13 September 2019 to all ordinary shareholders who were on the register of members at the close of business on 23 August 2019.

Resolutions 4 to 6: Re-election of Directors
The UK Corporate Governance Code 2016 provides that Non-Executive Directors who have served longer than nine years should be subject to annual re-election.

Mr. David Gelber, Mr. Martin Wright and Mr. Hua Min Lim are retiring because each of them have been Non-Executive Directors for more than nine years. Mr. Gelber, Mr. Wright and Mr. Lim are seeking re-election.

The resolutions relating to the re-election of the Directors are proposed as separate resolutions numbered 4 to 6. The Board believes that the performance of each of the Directors standing for re-election continues to be effective and each Director demonstrates commitment to the role. As such, the Board determined that the Company would benefit by retaining the knowledge and experience gained by these Directors over the previous years.

The biographies of the Directors eligible and standing for re-election at the Meeting are set out on pages 24 and 25 of the Annual Report and Accounts for the year ended 31 March 2019.

Resolution 7: Appointment of auditor
The Company is required to appoint its auditor at each general meeting at which accounts are laid before the shareholders and is usually appointed to hold office from the conclusion of an Annual General Meeting until the conclusion of the next Annual General Meeting. BDO LLP have indicated their willingness to continue in office.

Accordingly, shareholders are being asked in resolution 7 to approve the re-appointment of BDO LLP as auditor of the Company from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid.

Resolution 8: Remuneration of the auditor
This resolution authorises the Directors, in accordance with standard practice, to set the remuneration of the auditor. In accordance with its terms of reference, the Audit Committee will approve the terms of engagement and the level of audit fees payable by the Company and the Group to the auditor and recommend them to the Board.

Resolution 9: Renewal of the Directors' authority to allot shares
Resolution 9 will be proposed before the Meeting to confer authority on the Directors to allot shares, or grant rights to subscribe for or to convert any security into shares, of up to an aggregate nominal amount of £946,162 (being one-third of the Company's issued share

capital (excluding treasury shares) as at 26 July 2019). This resolution, which is an ordinary resolution, will replace the authority given to the Directors at the last Annual General Meeting on 5 September 2018.

750,000 shares are held in treasury as at 26 July 2019 (representing approximately 2% of the Company's issued share capital (excluding treasury shares) on that date).

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

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

Resolution 10: Renewal of the Directors' authority to disapply pre-emption rights
Resolution 10 will be proposed before the Meeting to confer authority on the Directors to allot equity securities for cash up to an aggregate nominal amount of £283,848 (being 10% of the Company's issued share capital (excluding treasury shares) as at 26 July 2019) as if section 561(1) of the Companies Act 2006 did not apply. This resolution, which is a special resolution, will replace the authority given to the Directors at the last Annual General Meeting on 5 September 2018.

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

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

Resolution 11: Authority for the Company to purchase its own shares
The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Company should be authorised to take advantage of these provisions and therefore, pursuant to the power contained in the Company's Articles of Association, it is intended to propose a special resolution at the Meeting to confer authority on the Company to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of 6 ⅔ pence each in the share capital of the Company at a price or prices which will not be less than 6 ⅔ pence and not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

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

Shareholders may further note that there were neither warrants nor options to subscribe for equity shares in the Company which were outstanding as at 26 July 2019.

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

Resolution 12: Notice period for general meeting
The notice period for general meetings of the Company is twenty-one clear days unless shareholders approve a shorter notice period which cannot be less than fourteen clear days. Annual General Meetings will continue to be called on at least twenty-one clear days' notice.

Resolution 12, which is a special resolution, will enable the Company to call general meetings (other than Annual General Meetings) on fourteen clear days' notice. The Directors believe that this is in the best interests of the shareholders and it is intended that this shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

The approval will be effective until the Company's Annual General Meeting in 2020 when it is intended that a similar resolution to renew the authority will be proposed.

Notice
of Annual General Meeting
continued

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

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 6.00 p.m. on 2 September 2019; or
   - if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

   Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited to obtain an extra proxy card on 0121 585 1131.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

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

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
   - received by Neville Registrars Limited no later than 11.00 a.m. on 2 September 2019.

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

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

Appointment of proxies through CREST

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

   In order for a proxy appointment or instructions made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent ID (7RA11) by no later than 11.00 a.m. on 2 September 2019, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first name being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited on 0121 585 1131.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of the proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited no later than 11.00 a.m. on 2 September 2019.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

12. As at 26 July 2019 (being the latest practicable day prior to the date of this notice), the Company's issued share capital comprised 43,327,328 Ordinary Shares of 6 ⅔ pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. The Company held 750,000 Ordinary Shares in treasury on 26 July 2019 and, therefore, the total number of voting rights in the Company as at such date is 42,577,328.

Communication

13. You may not use any electronic address provided either in this notice of meeting or any related documents (including the letter with which this notice of meeting was enclosed and proxy form) to communicate with the Company for any purposes other than those expressly stated.

Website giving information regarding the Meeting

14. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.wcgplc.co.uk.

Notice
of Annual General Meeting
continued

Questions at the Meeting

15. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the Meeting unless (i) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on the Company's website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Website publication of audit concerns

16. Pursuant to section 527 of the Companies Act 2006, where requested by members meeting the qualification criteria set out in that section, the Company must publish on the Company's website a statement setting out any matter that such members propose to raise at the Meeting relating to either: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) the circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Accounts were laid in accordance with section 437 of the Companies Act 2006.

    Where the Company is required to publish such a statement on its website:
    - it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
    - it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and
    - the statement may be dealt with as part of the business of the Meeting.

Nominated person

17. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"), you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Form
of proxy

For use at the Annual General Meeting ("the Meeting") of Walker Crips Group plc ("the Company") to be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 4 September 2019 at 11.00 a.m. and at any adjournment thereof.

I/We (name(s) in full)... (BLOCK LETTERS PLEASE)

Of (address) ....
being (a) holder(s) of shares in the above-named Company HEREBY APPOINT (see Note 3):

(name(s) in full).. (BLOCK LETTERS PLEASE)

Of (address) ....

or failing him (or in the event that no person is named) the Chairman of the Meeting to act as my/our proxy and to vote for me/us on my/our behalf at the above mentioned Meeting and any adjournment thereof, and I/we desire this proxy to be used as directed below or, failing any direction(s) as regards the Resolution(s), the proxy will abstain or vote at his discretion.

Enter the number of shares in relation to which your proxy is authorised to vote
or leave blank to authorise your proxy to act in relation to your full entitlement (see Note 4). ....

Please also mark this box if you are appointing more than one proxy (see Note 5). ....

The manner in which the proxy is to vote should be indicated by inserting 'X' in the box provided:

	For	Against	Vote withheld
1) To receive and adopt the Directors' report and audited financial statements			
2) To approve the Directors' remuneration report			
3) To declare a final dividend of 0.33 pence per Ordinary Share			
4) To re-elect David Gelber as a Director			
5) To re-elect Martin Wright as a Director			
6) To re-elect Hua Min Lim as a Director			
7) To re-appoint BDO LLP as auditor			
8) To authorise the Directors to set the remuneration of the auditor			
9) To authorise the Directors to allot shares			
10) To disapply pre-emption rights[1]			
11) To authorise the Company to make market purchases of its own shares[1]			
12) To authorise the Company to call a general meeting of shareholders on not less than fourteen clear days' notice[1]			

[1] Special resolution.

Signed: ....Dated: ....
(for a company see Note 8 to this form of proxy)

Form
of proxy | notes

Notes:

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person and vote, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space above. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. If the proxy is being appointed in relation to less than your full voting entitlement, please indicate the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or, if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited on 0121 585 1131 to obtain an extra proxy card. Please indicate the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).

6. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant 'Vote withheld' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

7. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
   - received by Neville Registrars Limited no later than 11.00 a.m. on 2 September 2019.

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

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

10. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, CREST ID (7RA11) by 11.00 a.m. on 2 September 2019. See the notes to the notice of meeting for further information on proxy appointment through CREST.

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

13. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.

14. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

Officers
and professional advisers

Directors

Executive Directors
S. K. W. Lam FCPA (Aust.), Chartered FCSI – Chief Executive Officer
R. A. FitzGerald FCA – Group Finance Director

Non-Executive Directors
D. M. Gelber – Chairman
H. M. Lim
M. J. Wright – Senior Independent Director
C. Bouch FCA – Audit Committee Chairman

Secretary

R. Goddard

Registered office

Old Change House
128 Queen Victoria Street
London EC4V 4BJ

Bankers

HSBC Bank plc
London

Solicitors

Charles Russell Speechlys LLP
London

Auditor

BDO LLP
London

Registrars

Neville Registrars Limited
Neville House
Steelpark Road
Halesowen B62 8HD

Walker Crips Group plc
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EC4V 4BJ
020 3100 8000
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