WALKERCRIPS

ANNUAL REPORT & ACCOUNTS 2014

100 YEARS
1914–2014

Our predecessors first bought and sold shares for clients on the London Stock Exchange in 1914.

Walker Crips has a long and rich history that we are very proud to be part of.

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

Today, Walker Crips is an integrated investment management, wealth management and stockbroking group. As a constantly evolving presence in the financial services industry we became a fully listed plc in 1996.

100
YEARS
1914–2014

CLOCKWISE FROM TOP RIGHT:
1914: The Royal Exchange
1923: Bank Underground station
1989: Docklands Light Railway

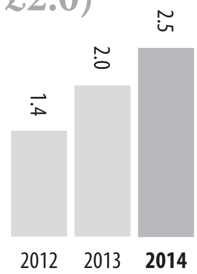
Financial highlights

- Group delivers £2.5 million (2013: £9.1 million) pre-tax profits inclusive of one-off investment disposal gains of £1.8 million
- Ongoing implementation of strategic plan returns Group to underlying profit of £0.5 million (2013: loss £1.0 million) excluding one-off investment disposal gains of £1.8 million
- Gross profit (net revenues) increased 19.5% to £14.1 million (2013: £11.8 million) demonstrating the substantial transformation of the investment management business
- Total income increased to £20.9 million (2013: £20.7 million)
- Strategic emphasis on asset gathering increased discretionary and advisory assets under management by 29.2% to £1.33 billion (2013: £1.03 billion)
- Final proposed dividend up 17.8% to 1.06 pence per share (2013: 0.9 pence per share)
- Special proposed dividend of 1.0 pence per share (2013: 7.5 pence per share) arising from final investment gains from the sale of Liontrust CULS holdings

ASSETS UNDER MANAGEMENT AND ADMINISTRATION (£bn)

£2.5

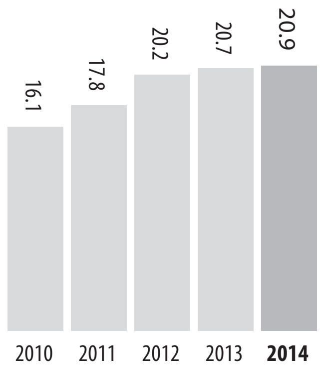
(2013: £2.0)



TOTAL INCOME (£m)

£20.9

(2013: £20.7)



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DISCOVER MORE

Keep up to date with the latest news and announcements:
www.wcgplc.co.uk

At a glance

Our clients are at the heart of our business and each service is tailored to fit around what they need to achieve success in their investment objectives.

Our business

The Group is currently organised into two main operating divisions encompassing:

INVESTMENT MANAGEMENT

- *stockbroking*
- *structured investments*
- *alternative investments*

WEALTH MANAGEMENT

- *pensions.*

We offer a range of services, each of which operates in the UK only.

Our aim is to offer a full set of investment and wealth management services to both new and existing clients.

Read more about our services on our website:
www.wcgplc.co.uk

INVESTMENT MANAGEMENT

Walker Crips Investment Management offers an actively managed portfolio service untied from any products or funds to offer clients transparency and flexibility.

The company offers two key managed portfolio services: "Ready to invest" which is a premium service providing active investment management at an attractive price and "Bespoke" which is a service tailored to the personal needs of individual clients.

Stockbroking

Walker Crips Stockbrokers offer personalised services for investors from all backgrounds to meet their needs and goals.

Our service offers clients the flexibility to make changes to reflect the value of their portfolios, or to move to another of the Company's services to either increase or decrease their control over their investments.

Structured Investments

Structured Investments work alongside our clients' existing investment portfolios, giving investors flexibility without them needing to keep a constant eye on the markets.

This flexibility allows clients to make their investments as efficient as possible and see their rewards apply to every pound they invest without being subject to annual fees and charges.

WEALTH MANAGEMENT

Walker Crips Wealth Management is a truly integrated service with life stage planning to suit the needs of customers.

The Company offers holistic financial planning complemented by investment management solutions enabling clients plan for your children's education, increase tax efficiency, ensure they achieve the retirement they want and even prepare for inheritance tax.

Alternative Investments

Our new Alternative Investments team has been formed to provide new and innovative services to sophisticated clients and eligible investors of financial intermediaries.

Our first product, the TB Walker Crips Income from Short Term Lending Fund, offers the opportunity to invest in the first short-term lending fund that is authorised and regulated by the FCA.

Our Investment Immigration service focusses on providing investment services to high net worth individuals from the Far East.

Pensions

Through our SIPP and SSAS services, our clients have access to one of the widest choices of investments and have a say in how their retirement benefits are paid, to allow a bespoke and comprehensive investment strategy.

Read more about our businesses on page 8 in the Strategic Report

Chairman's statement

David Gelber, Chairman

INTRODUCTION

Two years ago the board established a Strategic Plan to transform the Company from a predominantly traditional private client stockbroker to a full service investment and wealth management group. The strategy is delivering for shareholders with the Group returning to profitability, recording an operating profit of £0.5 million for the year compared to an operating loss (before exceptional items) of £1.0 million in the prior year. Pre-tax profits this year were £2.5 million including investment revenue and investment disposal gains.

We are entering a new phase, to consolidate the progress we have made over the previous two years and to continue our expansion and business transformation.

Regional expansion has gathered pace alongside growth within our main hubs in London and York. This year has seen a further significant increase in the recruitment of 15 new individuals and teams of investment managers and advisers. This expansion has continued alongside the implementation of our corporate and investment strategy and the development of our broad investment offering, whilst maintaining control of our cost base. The Company's assets under management have also grown substantially and are set to continue to do so, as new clients and new recruits are attracted by our flexible personalised service, our traditional values and our corporate culture alongside our strong balance sheet.

After two years of transformation, acquisition of revenue generators and disposals of non-core businesses, the Group is on course to benefit from the resultant increase in revenue. The changes that flow from the implementation of our strategy are expected to continue and gather pace.

OVERVIEW

Revenue for the period increased marginally to £20.7 million (2013: £20.4 million).

However, gross profit, being revenue net of commission payable, increased by 19% to £14.1 million (2013: £11.8 million), demonstrating the success of the Strategic Plan and the progress of substantial transformation in our investment and wealth management businesses.

On a like-for-like basis non-broking income as a proportion of total income was slightly higher at 52.7% (2013: 52.3%). The comparator percentage is re-presented from last year's figures, as a consequence of the RDR driven changes in the commission element of the gross revenue from Structured Investments. The comparative percentage for 2013 before this re-presentation adjustment is 62.1% (see note 4 to the accounts).

The cost savings from the office relocations completed in May and June 2013 have been captured although they were partially offset by increased employment and infrastructure costs arising from the ongoing expansion of the business. Overall administrative expenses were contained (before exceptional items) at £13.7 million (2013: £12.8 million).

Group profit before tax of £2.5 million (2013: £9.1 million) largely reflects a one-off gain on the sale of investments following the conversion of Liontrust unsecured loan stock (CULS) originally received as part of the consideration for the WCAM disposal of £1.8 million (2013: loss of £0.2 million). This realised final consideration for the WCAM disposal of £16.4 million compared to the original consideration at the time of disposal of £12.3 million.

Basic earnings per share, boosted by the one-off gain, were 5.5 pence (2013: 25.21 pence).

OPERATIONS

Discretionary and Advisory assets under management (AUM) at the year end were £1.33 billion (31 March 2013: £1.03 billion), reflecting the strategic emphasis and the longer term revenue benefits of asset gathering alongside transactional brokerage.

Gross revenues from the investment management division increased by 5.9% during the period to £18.3 million (2013: £17.8 million), a significant improvement considering the impact on the reported gross amount as a result of revised arrangements post-RDR.

Within our Investment Management division, the Structured Investments team continued to build upon its growing reputation in the intermediary marketplace with the addition of a joint administration and distribution agreement with a major institution. The new products launched during the year proved to be attractive investments to professional advisers and their clients. In addition, our Alternative Investments Management team saw growth in new clients and assets from the Investor Immigration Programme and the launch of the UK's first regulated Short Term Lending Fund.

Revenues at our York-based wealth management division remained stable in the challenging post-RDR environment.

CORPORATE TRANSACTIONS

On 31 May 2013 the Company completed the disposal of its corporate finance subsidiary, Keith, Bayley, Rogers & Co Limited, for a cash consideration of £0.3 million.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014, the Group had net assets of £21.4 million (2013: £19.5 million), including net cash of £8.1 million (2013: £7.8 million), providing an increasingly solid platform on which to build future organic growth and make selective acquisitions.

DIVIDEND

A 17.8% increase in the final dividend to 1.06 pence per share (2013: 0.9 pence per share) will be combined with a special dividend of 1.0 pence per share (2013: 7.5 pence per share) which reflects the investment gains from the sale of the Liontrust CULS holding to make an overall final dividend of 2.06 pence (2013: 0.9 pence per share).

Combined with the interim dividend of 0.51 pence per share (2013: 0.47 pence per share), but excluding the special dividend, this makes a total dividend for the year of 1.57 pence per share (2013: 1.37 pence per share). This increase of 14.6% reflects the progress made during the period driven by the turnaround in operating profit.

The final and special dividend will be aggregated and paid on 25 July 2014 to those shareholders on the register at the close of business on 11 July 2014.

DIRECTORS, ACCOUNT EXECUTIVES AND STAFF

After a year of increasing numbers of revenue generators and the absorption of investment business with transfers of clients and their assets, I would like to thank all my fellow directors, investment managers and advisers, and members of staff for their continuing hard work and diligence. The Walker Crips team remains true to the core values of your Company, and their integrity, courtesy, fairness, professionalism and loyalty make it an appealing firm for prospective clients and professionals to join.

AGM

This year's Annual General Meeting will be held at the South Place Hotel, 3 South Place, London EC2M 2AF on 18 July 2014 at 11.00 a.m.

OUTLOOK

Your board is committed to continue the execution of the Strategic Plan and the long term value for the Company it is creating. We are confident that the Group is well positioned to benefit from longer term improvements in economic and investment activity and from increasing fee income. Whilst market conditions remained favourable throughout 2013/4, and the UK economic outlook is increasingly positive, we remain cautious nevertheless about future levels of market activity and the potential impact on commission during 2014/5.

As we celebrate our centenary year, our outlook for the business is optimistic. We have entered our next phase as we consolidate the progress of the Strategic Plan and focus on continued expansion of the Company's Investment Management and Wealth Management divisions.

Our objective is to deliver shareholders with increasing share value and dividend growth by providing our clients with performance and excellent service, through a collegiate and integrated team delivering an attractive and compelling proposition and investment process. "Making investment rewarding" for these three constituencies has proved itself this year with the transformation of the business and a return to underlying profitability.

D. M. Gelber
Chairman
20 June 2014

Chief Executive's review

Rodney FitzGerald, Chief Executive Officer

PERFORMANCE OVERVIEW

Our overall performance during the year under review has been one of continued expansion, particularly in our core investment management and stockbroking businesses which helped restore the Group to a solid operating profit of £0.5 million compared with a loss before exceptionals of £1.0 million in the previous year. In addition, it is very pleasing to report to shareholders that the disposal of our residual holding in Liontrust Convertible Loan Stock from the sale of our asset management subsidiary in 2012 added a further £1.8 million to help produce a significant group profit before tax of £2.5 million (2013: £9.1 million). The prior year amount includes the one-off gain on sale of subsidiary of £11.7 million.

We intend to consolidate the progress we have made since implementing the Strategic Plan and continue our expansion and transformation of the business.

The reported revenue of £20.7 million against last year's £20.4 million appears steady when in fact a material revenue increase of 28.5% from £16.1 million has been achieved on a like-for-like basis. The Retail Distribution Review introduced on 1 January 2013 affected certain commercial arrangements and its impact in the prior year of grossing down our fees received for arranging, designing and distributing structured investments has distorted the comparison of both the revenue and commission payable figures on the consolidated income statement. However, gross profit is not affected and shows an increase of 19% to £14.1 million. Administration expenses for the period have been largely contained despite an outlay of £0.47 million on development and infrastructure costs supporting our current and proposed revenue generating initiatives. Growth in assets under management continued at the impressive pace set in the prior year, with discretionary and advisory managed funds totalling £1.33 billion (2013: £1.03 billion) while total assets under management and administration now approach the £3 billion milestone. The Group is now well placed for further growth; the stream of new advisers joining us with their own client bases has continued into the current year.

Administrative expenses were closely monitored and were contained with a small increase over the prior year. However, specific front end development costs were incurred in executing the board's growth strategy, thereby increasing overheads linked to the expected and materialising increase in attributable revenues and the full realisation of much larger related cost savings.

The profit before tax for the year of £2.5 million (2013: £9.2 million) reflects, in particular, the significant £1.8 million realised gain on the disposal of our holding of Convertible Unsecured Loan Stock in Liontrust Asset Management plc. The performance of this investment, acquired on the sale of our Asset Management subsidiary in 2012, has far exceeded our original expectations thus enabling a further special dividend of 1.0 pence to be proposed to be paid to shareholders.

Earnings per share for the year of 5.5 pence (2013: 25.21 pence) reflect the impact of the above and other non-operating items in the last two years.

INVESTMENT MANAGEMENT

The combination of a sound reputation, a strong balance sheet, robust systems, and experienced and efficient administrative personnel, together with a responsive, compliant and ambitious management team, has proved to be the effective blend that makes our company special. It is an appealing amalgam that continues attracting new advisers at a rapid pace. The front office, with its London base and national footprint of regional offices, has doubled in size from two years ago. No fewer than 38 new client-facing recruits have joined us since March 2012. They have brought strong client relationships with them and have had an immediate impact on group revenue.

We continue to embrace industry-wide changes to deliver more transparent fee structures, which we will further streamline. We are also looking to maintain the growth in our fee-based income and look forward to reporting progress on this in future results.

Our traditional Advisory and Execution-only business enjoyed more active markets, registering a significant 27.0% increase in commission income of £2.0 million more than in the previous year.

Against the background of low interest rates, rendering cash ISAs unattractive, subscriptions into our stocks and shares ISA product maintained their momentum and increased by a further 32% this year with even more positive government initiatives to look forward to next year.

The Structured Investments team produced another record year as it continued to strengthen and foster new relationships with some of the industry's leading institutions. The forthcoming year is equally as promising as the team prepares to launch a new range of products in the latter part of the summer, a range which we hope the professional adviser community will find just as popular as the award winning structured investments Walker Crips has been producing over the past few years.

WEALTH MANAGEMENT

Our innovative Wealth Management division, based in York, continues to be driven by focused management and a competent team of advisers, who provide a committed, premium service to its predominantly regional base.

In the year to 31 March 2014, York operations delivered further operating profit and, post the advent of RDR, activity remains strong, boosted by auto enrolment activity, a good pipeline and a helpful spring Budget which may be a prelude to a busy and productive year to April 2015.

Overall funds under administration at the year end, in the Pensions division which is also based in York, totalled £303 million (2013; £301 million). The SIPP (Self Invested Personal Pension) product experienced a satisfactory year with 4% net growth in the number of SIPP plans to 342 at the year end (31 March 2013; 330). SIPP funds under administration at the period end were also up by 2% at just over £97 million (2013: £95 million). SSAS assets under our care at the year end amounted to £206 million (2013: £206 million).

LIQUIDITY

The current level of cash resources within the business remains more than sufficient for working capital purposes and provides adequate headroom even when faced with volatile business flows. Cash at the year end stood at £8.1 million (2013: £7.8 million) with no borrowings in place. Great emphasis is placed on the credit risk of the banking institutions with whom we place funds, with financial stability taking priority over high rates of return which are rare in current economic conditions.

GOING CONCERN

The Group continues to maintain a robust financial position. Having conducted detailed cash flow and working capital forecasts and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, the board has sufficient grounds to believe the Group is well placed to manage its business risks adequately and that it will be able to operate within the level of its current financing arrangements and regulatory capital limits. Accordingly, the board continues to adopt the going concern basis for the preparation of the financial statements.

STAFF

It is the professionalism, diligence and camaraderie of the personnel at Walker Crips which makes it the unique company it is and I would like to thank all members of the team, staff and associates for their efforts during the year.

OUTLOOK

We are encouraged by the growth pattern we have now established, particularly in the Investment Management division. Our search for further suitable acquisitions of the right individuals, teams and entities continues.

We anticipate that the pension flexibility measures introduced in the March 2014 Budget will change the investment landscape radically with a particularly positive impact on growth potential for both our SIPP and SSAS offerings in the current year and beyond.

Overall trading activity in the opening weeks of the new financial year has been somewhat muted. However, your board believes that, with cautious optimism, the Group is well positioned to capitalise on improvements in its markets over the longer term and that the right strategy is in place to deliver underlying growth in the next phase of the Group's development.

R. A. FitzGerald FCA
Chief Executive Officer
20 June 2014

Strategic report

Taken together with the Chairman's Statement and the Chief Executive's Statement this report constitutes the Strategic Report (as articulated in Chapter 4A of the Companies Act 2006).

GROUP ACTIVITIES

The two principal activities of the Group have been refined to investment management, which includes stockbroking, and wealth management. Group strategy focusses upon the growth and enhancement of these two business streams.

The financial services that contribute to these activities are: discretionary and advisory investment management, fund management, administration of Individual Savings Accounts, managing clients' cash in the course of conducting investment business, pension management and advice, structured investments design and distribution, corporate trustee services and personal financial planning.

PROVENANCE AND CULTURE

The Group started trading as a stockbroker in 1914. It has grown both organically and through acquisition through to the last transformational disposal of Walker Crips Asset Managers Limited, providing substantial cash resources but leaving a need to refocus and revitalise traditional stockbroking.

Recent acquisitions of businesses, individuals and expertise have stabilised earnings and improved the revenue mix in order to be better placed to withstand the fluctuations of markets and investment activity that affect the financial services community.

Walker Crips is defined by its core values that have been handed down the generations; integrity, courtesy, fairness, loyalty, responsibility and diligence which are proved by our actions which exhibit care, reason, knowledge, obedience, self-control and good governance, all of which underlie our current vision for our main stakeholders – Making Investment Rewarding. These values and actions evidence the moral DNA of the company summarised by our dictum, "Not just getting it right, but doing the right thing".

OUR BUSINESS MODEL, INDUSTRY AND MARKET ENVIRONMENT

This report looks first in summary at our business as it is now and then at our strategy and objectives for the next stage of Walker Crips' development.

The Group occupies a special place in the private client investment industry in the UK.

The UK industry ranges from small firms with less than £1 billion of assets under management to large companies with well over £20 billion that have varying scope to accommodate client requirements. With our corporate independence and ability to provide impartial advisory and investment management services primarily to suit our clients' needs, we compete with competitor firms that aim to direct their clients into services that suit those firms' own corporate needs. Larger competitors are limiting the service that they offer to clients to discretionary investment management in order to simplify their offering at the expense of client choice.

Our business

INVESTMENT MANAGEMENT AND STOCKBROKING
We currently offer:

- Bespoke Discretionary (we make the investment decisions according to an agreed mandate, tailored to suit the client's investment mandate);
- Advisory Managed (we provide clients with investment advice and oversight of their portfolios while they make their own investment decisions);
- Advisory (we advise clients as and when they wish to receive advice and they make their own investment decisions); and
- Execution-only Services (we receive instructions from clients as and when they wish to execute transactions through our front office, our branded Investorlink (by telephone to our dealing desk) and Investelink (via the internet)).

For some discretionary investments, our Actively Managed Portfolio Service (AMPS) provides suitable discretionary investment management in which investment decisions are made by an investment committee, the Investment Senate, made up of market experts. AMPS offers diversified discretionary modelled portfolios through "Ready to Invest" (fully modelled) or "Bespoke" AMPS (partially tailored).

Our Corporate Bond Fund provides cost-effective access to a diverse range of sovereign and corporate bond exposure with lower aggregate risk than many of its peers. Directly held bond exposure is provided by individual bond selection based on credit rating, currency and maturity.

We do not propose to broaden or vary this range of fund services.

STRUCTURED INVESTMENTS
The Structured Investments market has presented opportunities to individual investors and intermediaries to access pre-packaged (and bespoke) investment strategies that can allow tax-efficient investment opportunities for a variety of different risk and return profiles. This is a business that Walker Crips entered over five years ago with a prudent and sensible approach to the arrangement and administration of structured investments and plans.

ALTERNATIVE INVESTMENTS
Our Alternative Investment team provides innovative services and products for limited groups of sophisticated clients with specific requirements and eligible investors, in particular, the Short Term Lending Fund (STLF) and Immigration Investment Portfolios (IIP).

Walker Crips continues to be a firm for which a group of capable individuals work together to serve its clients. At its heart lies its culture, an amalgam of values, unashamedly traditional, that pervade the actions of those of us who are fortunate enough to work for the firm. Such values represent the way that we believe clients would wish us to serve them and the way in which we would expect to be treated ourselves.

WEALTH MANAGEMENT
Enlightened firms within the private client industry include a holistic wealth management service within their offering. Since 2005 Walker Crips has had this capability within its Wealth Management division which includes advisory services on investments, pensions, protection and financial planning, alongside its own pension administration (Ebor Trustees) for SIPPs and SSASs.

Our objectives and strategy

OBJECTIVES AND STRATEGY

Our vision is "Making Investment Rewarding".

Our purpose is to serve our stakeholders:

Shareholders	– by increasing share value and growing dividends
Clients	– through suitability, fairness, service and performance
Colleagues	– appropriate remuneration for loyalty, fine service and performance

In terms of philosophy, we will achieve our purpose by embodying the company's culture through the company's leadership and direction, through those who have been with us for many years (already imbued with the core values of the firm) and through recent joiners who share the company's core values and bring further acumen and experience.

We will continue to build upon the historical private client business to create a broader financial services proposition and, by accelerating growth and profitability, create real shareholder value. For the foreseeable future this will in practice comprise growing the core divisions of investment management and wealth management, both organically and by acquisition in a manner that creates recurring revenue and increasing shareholder value.

There are three key strands:

- focussed acquisitions of teams of individuals or entities which complement or widen our existing services;
- targeted investment in resources required to expand the product range to build on the organic growth and profitability already achieved; and
- increased level of recurring fee revenues derived from our investment and wealth management offerings.

In terms of targets, our objective is that, through implementation of the strategy, this will comprise:

- a growth in assets under management, advice and administration to £5 billion by the end of FY2018;
- continued growth in the regional coverage of the Investment Management division;
- an expansion of the Wealth Management division to other parts of the United Kingdom, particularly the south-east; and
- a target that non-broking income should rise to 75%.

We believe that proper implementation and communication of this strategy will be reflected in growth in the company's share price to a level that properly reflects the underlying value of the business.

Our strategy is to achieve profitable growth using a compliant platform to provide a client-centred service offering an attractive and compelling proposition incorporating a robust investment process. In executing our strategy, it is vital to have a collegiate and integrated team from which growth is attained through a combination of:

- organic growth (via referrals, existing advisers marketing the firm and its reputation); and
- acquired growth (acquisition of capable revenue generators).

Within our expansion plan it is crucial to attract the right people, or the right businesses, who fit well and without residual complex maintenance post-acquisition.

Our service will continue to be a flexible, transparent and impartial service. We will maintain our advisory capability in order to meet client demand and to ensure that the discretionary offering and investment process stay sharp and that we remain free to act for our clients as they wish us to act for them (suitably).

Our niche, in a competitive industry with consolidation amongst some of our peers with limited and inflexible propositions, is reflected in some differentiating factors.

We will maintain a strong balance sheet in order to:

- attract new clients on the back of confidence in our financial base;
- hire capable new revenue generating investment managers and advisers;
- pursue our growth plans, both organically and through suitable acquisition; and
- maintain our independence.

Our progress

KEY PERFORMANCE INDICATORS (KPIs)

The Group's turnaround strategy continues to deliver results and progress. Performance in 2014 is set out below together with prior year data. The performance indicators below are presented on a basis that is consistent with the previous year. The board will continue to monitor these KPIs regularly.

- Like-for-like revenue has increased by 28.5% year-on-year to £20.7 million. Reported revenue increased from £20.4 million to £20.7 million.
- Gross profit over the year increased by 19% to £14.1 million, compared with the £11.8 million in the previous year, driven by both higher commission and increased investment management fee income in favourable market conditions.
- Discretionary and advisory assets under management at the year end were up 29% to £1.33 billion against prior year (31 March 2013: £1.03 billion) – evidencing the implementation of our strategy and its attraction to incoming new investment managers and advisers and their clients' assets.
- Assets under management, advice and administration totalled £2,506 million (31 March 2013: £1.99 billion).
- The Group's proportion of non-broking income for the year was 52.7%, compared to 52.3% for the same period a year ago on a like-for-like basis.
- Transaction volumes as measured by the number of transactions were 126,113, compared to 100,278 the previous year, an increase of 25.8%.

KPIs	Target	Progress in 2014
Operating profit	Return to profitability	£0.5 million
Gross profit	Increase	+19.5%
Revenue (like-for-like)	Increase	+28.5%
Transaction volume	Increase	+25.8%
Discretionary/Advisory AuM	Increase	+28.8%
Dividends		
Interim	Stable growth	+8.60%
Final	Stable growth	+17.80%
Total	Stable growth	+11.46%
New revenue generators	Attract 5–10 pa	15 (22 in 2013)
Growth in total assets	£3.5 billion by 2016	+25.7% £2.5 billion

ASSETS UNDER MANAGEMENT (£m)

	31 March 2012	31 March 2013	**31 March 2014**
Discretionary	205	403	**544**
Advisory	418	627	**782**
Administration	777	964	**1,180**
Total assets	1,400	1,994	**2,506**

These key performance indicators are reviewed regularly and amended occasionally to correspond with the changing mix of the Group's main business activities.

Principal risks and uncertainties

PRINCIPAL RISKS AND UNCERTAINTIES

Risks to the business are reviewed monthly and monitored by the board-appointed Business Risk Panel in conjunction with the ICAAP process for management of capital risk. They are formally reviewed by the board annually. The Group's risk management policies and procedures are also discussed in the report by the directors on corporate governance matters. Financial risks and their risk management are explained more fully in note 26.

The principal risks of the Group are as follows:

Risk	Mitigation
Credit risk	Credit risk assessments in respect of banks and custodians are carried out in conjunction with credit ratings set by external agencies.
Counterparty risk	The majority of clients are small. All institutional transactions are cash against delivery. External clearing brokers who hold clients' cash as collateral are limited to one and provide client money protection. Loans to clients are covered by securities controlled by the Company with excess value of 30%.
Conduct risk	Loss arising from any breach of FCA rules. A strong compliance culture and training is augmented by a sound control framework and experienced well-resourced compliance team.
Liquidity risk	
• Bank default and other systemic risk	Several banks are used to hold both clients' and firm's money, with levels being constantly reviewed.
• Settlement failure	Experienced management team monitors settlement performance.
Capital adequacy	Capital adequacy surplus is maintained well in excess of regulatory requirements. Material surplus cash balances are always carried.

OTHER LESS SIGNIFICANT RISKS

MARKET RISK

Interest rate risk is the risk that future cash flows from a financial instrument will fluctuate because of market interest rates.

INTEREST RATE RISK

The Group is exposed to some interest rate risk as it holds excess funds in cash and short-term deposits. If market interest rates had been 100 basis points lower throughout the year, with all other variables held constant, pre-tax profit for the year would have been £51,000 (2013: £51,000) lower.

FOREIGN EXCHANGE RISK

The Group is primarily focused on conducting business in the UK markets and does not hold significant positions other than in Sterling. Foreign exchange transactions are occasionally conducted on an agency basis to aid the settlement of clients' overseas transactions. The Group does not consider itself to have any material exposure to foreign currency risk and, therefore, no sensitivity analysis is presented.

EQUITY RISK

Available-for-sale investments

The Group holds investments in Euroclear plc shares as an available-for-sale investment in non-current assets. The valuation of this investment is based on either the discounted net assets of the underlying entity or the underlying share price and volatility, which may be subject to some fluctuation from year to year. At 31 March 2014, a 5% fall in the net assets or share price and volatility of the underlying entity would result in a post-tax impact on equity of £44,305 (2013: £31,744) in relation to Euroclear plc.

During the year the Group invested a portion of its cash resources as seed capital of £1.28 million into our own regulated Short Term Lending Fund (Fund), the first regulated Fund of its kind in the UK, attracting favourable rates of interest. The fund facilitates lending to specialist lenders in the residential property construction sector. At 31 March 2014 the fair value of the securities are not considered to have been impaired, a nine to twelve month period to liquidation is anticipated if withdrawal is necessary. All loans are secured with a charge against the underlying property, and the Loan to Value average is between 65–70%, keeping risks low.

TRADING INVESTMENTS

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to price risk through its holdings of investment securities, as outlined above, which are reported at their fair value.

The Group manages a relatively small principal book under the overall direction of the Private Client Director, the total permitted maximum value of open positions being set by the Business Risk Panel (BRP). The portfolio is actively managed on a daily basis. The Group designs and distributes structured investments issued by major credit institutions, through intermediary clients to sophisticated investors via the Walker Crips Structured Investments (WCSI) team. To secure advantageous pricing for clients and mitigate risk on group profit margin, WCSI commits to buy various structured investments, as principal, at the time of product launches and periodically within the launch period which typically lasts six weeks. The maximum value of these exposures is determined by the BRP and is monitored on a daily basis. These exposures are in most cases fully mitigated by the sale of WCSI plan units to clients, prior to the plan launch date. The Group, on occasion, holds a small residual principal position in relation to these instruments, where the securities were unsold as plan units during the marketing period. These exposures are subsequently reduced usually within one or two business days or as soon as is expedient.

At 31 March 2014, the fair value of securities recognised on the statement of financial position was £1,670,000 (2013: £634,000).

A 10% fall in global markets would, in isolation, result in a post-tax reduction in the income statement of £227,304 (2013: £48,184).

CAPITAL RISK MANAGEMENT

The Group has an Internal Capital Adequacy Assessment Process (commonly known as the ICAAP), which it uses to manage regulatory capital. The risk profile of the business is assessed and stress-tested in order to determine whether any additional capital is needed. The Group adheres to the Capital Requirement Directive (CRD) which requires the daily monitoring of the excess of capital resources over the capital resources requirement. The Group's capital resources surplus is reported to the board on a monthly basis. The Finance department also provides details of Pillar 1 and 2 requirements in its reports to the Chief Executive Officer, any major variations being highlighted. Significant business initiatives, for instance an acquisition, can then be modelled through the ICAAP process to determine the impact on the level of regulatory capital. The Group uses the basic indicator approach for operational risk to calculate its Pillar 1 requirements. Compliance with FCA regulatory requirements was maintained throughout the year. As at 31 March 2014, the Group had total equity capital of £21,471,000 (2013 : £19,505,000), available for use within its operations and to meet its regulatory capital requirements as laid down by the FCA.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

Corporate social responsibility

CORPORATE SOCIAL RESPONSIBILITY

The Social Responsibility and Safety Committee consists of two subsidiary company directors and other senior managers, making recommendations to the board on social, environmental and community issues. Whilst recognising that the Group is a financial services organisation whose primary responsibility is to maximise investment returns to clients in accordance with their contractual relationship and stated risk profile and investment objectives, there are non-financial considerations which may affect the long-term value of the subsidiary companies and close attention is paid to minimising their environmental impact.

General policies to improve the environment and staff welfare are:

- staff are encouraged to travel on public transport through the availability of interest-free season ticket loans;
- secure parking spaces are provided to employees for bicycles;
- video and telephone conferencing facilities reduce the necessity of travelling to attend internal meetings;
- increasing electronic storage of documents rather than retention of paper versions;
- electronic distribution of reports, contract notes, etc., to reduce paper consumption;
- recycling of waste wherever possible;
- all portable electronic appliances are safety tested every two years;
- old fluorescent light tubes are disposed of in the appropriate manner, as is all computer and other electrical equipment;
- measures to increase security and staff safety have been implemented;
- a cycle to work scheme has been introduced making cycling more affordable and a healthy commuting option for staff;
- a payroll giving scheme is in operation allowing staff to donate to their chosen registered charity direct from their earnings; and
- a childcare vouchers scheme is provided allowing staff to benefit from tax savings on childcare costs, recognising their work-life balance requirements.

GOING CONCERN

Having conducted detailed forecasts and appropriate stress-testing, taking account of possible adverse changes in trading performance, the board has sufficient grounds to believe the Group is well placed to manage its business risks adequately and that it will be able to operate within the level of its current financing arrangements. Accordingly, the board continues to adopt the going concern basis for the preparation of the financial statements.

In reaching this conclusion several factors have been taken into account:

- there are significant cash resources available to the Group;
- the regulatory capital surplus of the Group demonstrates substantial headroom in the event of unexpected adverse events;
- the implementation of the revised strategy described above has led to a return to profitability;
- the current trading environment in financial services markets is healthy; and
- the control framework of the Group is considered robust with outsourced internal auditors, in-house compliance department, adequate resources for investment in technology and a rigorous risk management process reporting to the board.

R. A. FitzGerald FCA
Chief Executive Officer
20 June 2014

Board of directors

Executive directors

RODNEY FITZGERALD FCA
CHIEF EXECUTIVE OFFICER

Mr. Rodney FitzGerald serves as Chief Executive Officer of Walker Crips Group plc. He is a 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 Fortis Bank Global Clearing, before joining Walker Crips Group as Finance Director in 1999. He was appointed Chief Executive Officer in January 2007.

SEAN LAM FCPA (AUST.) CHARTERED FCSI
GROUP MANAGING DIRECTOR

Mr. Sean Lam graduated in 1991 with a bachelor of commerce degree from the University of Western Australia majoring in accounting and finance. He commenced his career as an internal auditor with Phillip Securities in Singapore and progressed to become the head of internal audit. In 1995, he was appointed head of operations and in the same year he attained his professional qualification as a CPA. In 1999, Walker Crips Group appointed Sean to the board as Development Director, with overall responsibility for systems development and information technology. In 2004, he was made Chief Operating Officer, and in 2007, Group Managing Director. Sean is a Fellow of CPA Australia, sat on its European Council since 2010 and was President of its European Region in 2012 and 2013. He is also a Chartered Fellow of the Chartered Institute for Securities & Investment.

MARK RUSHTON
CHIEF INVESTMENT OFFICER

Mr. Mark Rushton graduated in 1984 with a master's in law from Downing College, Cambridge University. Mark's most recent previous role was at BNP Paribas where he was head of offering for UK Wealth Management before which he lead corporate development at Fortis having previously held senior roles at Cazenove Capital Management, UBS and Mitsubishi UFJ Trust International.

DAVID HETHERTON
WEALTH MANAGEMENT DIRECTOR

Mr. David Hetherton serves as Wealth Management Director of Walker Crips Group plc. David began his financial services career in 1982 as a Consultant with Denison Investments Ltd. Upon this Company's takeover by Minet Consultancy Services in 1990 David was appointed a divisional director and was instrumental in developing the business from loss-making into a profitable entity. In January 1998 he took up the post of group managing director of the London York Group, which was subsequently acquired by Walker Crips Group plc in 2005. Since then, he has integrated the wealth management and pension product divisions, bringing diversity of revenue to the Group, including the launch of an in-house SIPP.

Non-executive directors

DAVID GELBER
CHAIRMAN

Mr. David Gelber serves as non-executive independent Chairman of the Board of Walker Crips Group plc. 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 the Intercapital group, he also held senior trading positions with Citibank Finance (UK) Limited, Giraffe Concepts Limited,The Money Gaming Corporation Limited, Dawnay Day International Ltd, Dawnay Day Capital Limited, Exotix Limited, TFS-ICAP Limited and eSeclinding Inc. He joined Walker Crips Group as a non-executive director in January 2007 and was appointed Chairman in May 2007.

MARTIN WRIGHT
SENIOR INDEPENDENT DIRECTOR, NON-EXECUTIVE

Mr. Martin Wright was appointed to the board in July 1996 as a non-executive director. He is a partner of Speechly Bircham LLP (Solicitors) and is a member of the Law Society. He is also a non-executive director of a number of private companies.

ROBERT ELLIOTT FCA CERT PFS
NON-EXECUTIVE DIRECTOR

Mr. Robert Elliott is a retired chartered accountant, having joined Garbutt & Elliott in 1957, qualifying in 1963. After being appointed as partner in 1964, he developed specialist skills in negotiating corporate finance acquisitions, disposals and mergers. He co-founded both G&E Investment Services Ltd and the London York group of companies. In May 2008 he was appointed Chairman of the Audit Committee.

HUA MIN LIM
NON-EXECUTIVE DIRECTOR

Mr. Hua Min Lim is the Executive chairman of PhillipCapital Group of companies and was also appointed chairman of IFS Capital Limited on 20 May 2003. He began his career holding senior positions in the Stock Exchange of Singapore (SES) and the Securities Research Institute. He has served on a number of committees and sub-committees of the SES. In 1997, he was appointed chairman of the 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. 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.

Directors' report

for the year ended 31 March 2014

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 2014.

RESULTS AND DIVIDENDS

Results, distributions and retained profits are as follows:

	2014 £'000	2013 £'000
Retained earnings at 1 April	**10,430**	4,498
Profit for the year after taxation	**2,034**	9,153
Dividends paid	**(522)**	(3,221)
Credit re Long Term Incentive Plan	**13**	—
Retained earnings at 31 March	**11,955**	10,430

The directors recommend a final dividend of 1.06 pence per ordinary share and a special dividend of 1.0 pence per ordinary share to be paid on 25 July 2014 to ordinary shareholders on the register on 11 July 2014.

CAPITAL STRUCTURE

Details of the Company's share capital are shown in note 28. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

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

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

With regard to the appointment and replacement of directors, the company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The articles themselves may be amended by special resolution of the shareholders.

The figures above include share holdings within the Group's Share Incentive Plan.

Brief biographies of the directors eligible and standing for election at the Annual General Meeting are set out on pages 16 and 17.

ETHICAL RESPONSIBILITY

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

EMPLOYMENT POLICY

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

HEALTH AND SAFETY POLICY

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

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

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

ORDINARY AND SPECIAL BUSINESS

Resolutions will be placed before the Annual General Meeting to confer authority on the Company to allot equity securities of up to an aggregate nominal amount of £822,137 and to authorise and empower the Company to allot equity securities.

The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The directors believe that the Company should be authorised to take advantage of these provisions and therefore, pursuant to the power contained in the Company's Articles of Association, it is intended to propose a special resolution at the forthcoming Annual General Meeting to confer authority on the Company to purchase up to a maximum in aggregate of 10% of the ordinary shares of 6⅔ pence each in the share capital of the Company at a price or prices which will not be less than 6⅔ 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.

They may further note that the total number of warrants and options to subscribe for equity shares in the Company that are outstanding as at 31 March 2014 is 611,250 share options (for further information refer to note 29 of the financial statements). The proportion of issued share capital of the Company that this represents as at 31 March 2014 is 1.7%. If the Company used the full authority to buy back the shares under resolution 16 they would then represent 2.1% of the issued share capital of the Company.

SUBSTANTIAL SHAREHOLDINGS

As at 31 March 2014, the following interests, excluding those of directors, in excess of 3% of the ordinary share capital of the Company were held:

	Number	Percentage
Harwood Capital Limited	3,500,000	9.5
L. W. S. Lim	2,512,176	6.8
L. W. Y. Lim	2,512,176	6.8
L. W. J. Lim	2,512,173	6.8
M. J. Sunderland	1,614,100	4.4
W. H. Saunders	1,156,366	3.1

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

GHG emissions data for the year ended 31 March 2014:

	tCO_2e
Scope 1 – combustion of fuel	9
Scope 2 – purchased electricity	265
Total	**274**
Total emissions per employee	**1.64**

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

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

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

– vehicle use; and

– air conditioning.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors of the Company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board

R. A. FitzGerald FCA
Director
20 June 2014

Report by the directors on corporate governance matters

year ended 31 March 2014

The Company is committed to the Principles of Good Governance set out in Section 1 of the June 2006 FRC Combined Code on Corporate Governance by complying with the Code of Best Practice. Further explanation of how the principles have been applied is also set out below and, in connection with directors' remuneration, in the report by the board on directors' remuneration.

COMPLIANCE

With one exception, the Company has been in compliance with the code provisions set out in the Combined Code on Corporate Governance issued by the Financial Conduct Authority. The exception is in regard to the period of appointment within non-executive directors' service contracts which are not for fixed periods as stated in code A7.2.

THE BOARD OF DIRECTORS

The board of directors currently consists of four executive and four non-executive directors. The full board meets regularly throughout the year, usually every alternate month and a minimum of five times a year.

The board is provided with appropriate information on a timely basis 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 limited to £50,000 in value where financial commitments are necessary in the daily course of business and £100,000 in value for investment and capital projects. All subsidiary boards of directors include at least one main board executive director who serve as the link between operational decision making by both the board directors and management.

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

The board has three established committees: the Audit Committee, the Nomination Committee and the Remuneration Committee, all comprised entirely of non-executive directors.

Non-executive directors of the plc company are also directors of the boards of the three main operating subsidiary companies which conduct regulated investment business.

During the year, the directors, in their capacity as members of the board/appropriate committee, attended the following number of meetings:

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	7	2	3	1
D. M. Gelber (Non-executive Chairman)	7	2	3	1
R. A. FitzGerald (Chief Executive)	7	n/a	n/a	n/a
S. K. W. Lam	7	n/a	n/a	n/a
H. M. Lim	—	2	n/a	1
M. J. Wright	7	2	3	1
R. A. Elliott	7	n/a	3	1
D. Hetherton	7	n/a	n/a	n/a
M. J. W. Rushton	7	n/a	n/a	n/a

The non-executive directors also serve and attend board meetings as directors of the main regulated subsidiary companies, thereby playing an active part in decision-making and control at an operating level.

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

A satisfactory evaluation of the effectiveness of the board, its directors and committees has been conducted and reviewed. This entailed an evaluation of the summarised results of a widely used questionnaire being benchmarked against the published results of a cross-section of quoted companies.

M. J. Wright, the senior independent director, has served on the board for 15 years since the Company's full listing on the London Stock Exchange. The firm of solicitors, Speechly Bircham LLP, of which he is a partner, provided legal services to the Group during the year totalling £93,000 (2013: £284,000). The board values his continuing contribution, particularly on legal matters, and has also determined that he is independent and would like him to continue. He will, therefore, be put forward for re-election to the board at each Annual General Meeting henceforth, in accordance with the recommendations of the Higgs Report.

NOMINATION COMMITTEE

The committee consists of D. M. Gelber, M. J. Wright, R. A Elliott and H. M. Lim. It considers and makes recommendations to the board for the appointment of directors. When considering possible candidates, the committee evaluates their skill, knowledge, experience and in the case of non-executives, their independence and other commitments. The structure of the board and their collective experience and skill set are assessed on the appointment or departure of any director.

A Nomination Committee meeting was held during the year to discuss succession planning for the main board and key senior positions at operating subsidiary level.

AUDIT COMMITTEE

During the year, the Audit Committee consisted of M. J. Wright, D. M. Gelber and R. A. Elliott FCA who is the Committee Chairman. The Committee's terms of reference include reviewing the scope and findings of the external audit, reviewing the plan and findings of the Internal Audit function, assessing the effectiveness of the Company's internal control procedures and the reporting of results. The Company's internal and external auditors and the executive directors may attend committee meetings by invitation. The Committee has a discussion with the external auditor at least once a year without executive directors being present, to ensure that there are no unresolved issues of concern. The Audit Committee met three times during the course of the year and was fully attended. During the year, the Audit Committee reviewed the cost effectiveness, objectivity and independence of the auditor. The auditor disclosed the level of fees received in respect of the various services provided by their firm in addition to the audit during the year. They confirmed to the Audit Committee that they did not believe that the level of non-audit fees had affected their independence. The Audit Committee's policy is to use the most appropriate advisers for non-audit work, taking account of the need to maintain independence.

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

REMUNERATION COMMITTEE

The Remuneration Committee consists of M. J. Wright, H. M. Lim and its Chairman, D. M. Gelber. The Committee is responsible for agreeing the remuneration of the executive directors and other key personnel of the Company. The full board is responsible for agreeing the remuneration of the non-executive directors. The Chief Executive attends certain parts of meetings of the Remuneration Committee by invitation. Further details of the Company's policies on directors' remuneration, service contracts and share options are given in the report by the board on directors' remuneration.

A staff profit share scheme which enables all employees to share directly in the future prosperity of the Group has been in operation for several years. Profit before tax for the current year eligible for this bonus calculation have fallen below the minimum threshold and accordingly, an amount of £nil (2013: £nil) has been allocated to the scheme for the year being reported. An employee Share Incentive Plan incentivises employees to join with the Company in making regular joint purchases of shares in the Company to be held in trust for a minimum of three years. The Share Incentive Plan replaces the employee share option schemes previously in operation. Existing share options will remain exercisable over their life, up to ten years from the date of grant.

Report by the directors on corporate governance matters continued

year ended 31 March 2014

NON-EXECUTIVE DIRECTORS

Contrary to the recommendations of the Combined Code, non-executive directors' contracts do not cover their appointment for a specified period, because under the Articles of Association all directors are required to retire by rotation and one third of the board is required to seek re-election each year. Re-election is subject to shareholders' approval. The terms and conditions of appointment of non-executive directors, as well as the Audit, Remuneration and Nomination Committees, are available for inspection by any person at the Company's registered office during normal business hours and at the Annual General Meeting.

EXECUTIVE DIRECTORS

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

Directors' emoluments are disclosed in the report by the board on directors' remuneration.

THE MANAGEMENT COMMITTEE AND BUSINESS RISK PANEL

The board has appointed a Management Committee to assist in the day-to-day management of the Group. The committee is, inter-alia, responsible for developing plans for implementing the strategy of the Group, advising on the allocation of personnel and capital resources. The Business Risk Panel ensures that all new initiatives, projects and products are formally assessed and evaluated for the degree of risk exposure and regulatory capital impact to the Group so enabling risk strategies of elimination, mitigation or avoidance to be formulated.

RELATIONS WITH SHAREHOLDERS

The board recognises the importance of communications with shareholders. The Chairman's Statement and Chief Executive's Report in this report and accounts include a detailed review of the business and future developments.

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

INTERNAL CONTROL

The board acknowledges its responsibility for the Group's system of internal control and has formalised the process for its review of internal control (including financial, operational and compliance controls as well as risk management) and defining the scope and frequency of reports to be received, both by the board and the Audit Committee. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process has been in operation throughout the year ended 31 March 2014 and up to the date of approval of the annual report and accounts and is regularly reviewed by the board and the board is satisfied it accords with the Turnbull guidance. Due to the size of the Company and Group there is a simple organisational and reporting structure. Financial results and other information are regularly reported to the board throughout the year. Operations are monitored closely.

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

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

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

Statement of directors' responsibilities

year ended 31 March 2014

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 Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the board confirms 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 performance, strategy and business model of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the board

R. A. FitzGerald FCA
Director
20 June 2014

Remuneration Committee report

year ended 31 March 2014

REMUNERATION REPORT – INTRODUCTION

This is the Remuneration Committee report for the year ended 31 March 2014. It sets out the remuneration policy and remuneration details for both the executive and non-executive directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8). This is the first time the Group has prepared the report in accordance with the amended Regulations.

The report is split into three main areas:

- the statement by the Chairman of the Remuneration Committee set out below;
- the annual report; and
- the Policy Report.

The annual report provides details on remuneration in the period and some other information required by Schedule 8. It will be subject to an advisory shareholder vote at the 2014 Annual General Meeting.

The Policy Report will be subject to a binding shareholder vote at the 2014 Annual General Meeting. The policy will have effect for the financial year beginning 1 April 2015.

The Companies Act 2006 requires the auditors 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 that are subject to audit are indicated in that report. The statement by the chairman of the Remuneration Committee and the Policy Report are not subject to audit.

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

After the fundamental changes for Walker Crips that followed the disposal of Walker Crips Asset Managers, this has been a year of consolidation for the Group, with our focus upon the implementation of the strategy to create a full service investment and wealth management group. Our senior management team has remained stable and basic salaries were not increased. Overall, modest directors' bonuses have been paid, as set out below.

Although various existing practices have been codified, no material remuneration policy changes were made in the year to 31 March 2014. Now that significant progress has been made in implementing group strategy to restore profitability and refocus the Group, the Remuneration Committee will review the Company's remuneration arrangements to ensure that it maintains appropriate measures and processes for annual and long-term incentives. The review will focus particularly on the Chief Executive and Group Managing Director. Arrangements for the Chief Investment Officer, Mark Rushton, and the Wealth Management Director, David Hetherton, are already in place, each receiving a performance bonus linked to the profitability of the divisions under their responsibility. The CIO also benefits through the Long Term Incentive Plan already put in place, summarised in the "Future Policy" table in the Policy Report and tabled in previous annual financial statements.

As the Group's financial year ended on 31 March 2014, the Company is not technically required to put the directors' remuneration policy to a binding shareholder vote until the AGM in July 2015. However, the Committee has decided that it would not be right to delay shareholder approval, and instead has elected to put the Policy Report to the vote at the AGM in July 2014. This means that the directors' remuneration policy set out in the Policy Report will be binding on the Company from the 2014 AGM. The Annual Report set out below will be subject to an advisory vote at the 2014 AGM, in accordance with the regulations in Schedule 8.

D. M. Gelber
Remuneration Committee Chairman
20 June 2014

ANNUAL REPORT ON REMUNERATION – SUBJECT TO ADVISORY VOTE BY SHAREHOLDERS AT THE 2014 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 2014 AGM.

REMUNERATION FOR THE YEAR ENDED 31 MARCH 2014 (AUDITED INFORMATION)

The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2014 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each director is disclosed.

Name of director		Fees/ basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Bonus taken as pension contribution £	Total bonus £	Long Term Incentive Plan £	Share incentive plan matching share contribution £	Total £
Executive										
R. A. FitzGerald	**2014**	**162,872**	**3,110**	**16,287**	**3,000**	**—**	**3,000**	**—**	**1,500**	**186,769**
	2013	162,872	2,943	17,411	65,000	18,208	83,208	—	1,500	267,934
S. K. W. Lam	**2014**	**150,872**	**1,931**	**25,057**	**3,000**	**—**	**3,000**	**—**	**1,500**	**182,360**
	2013	162,872	1,971	11,401	81,000	—	81,000	—	1,500	258,744
D. Hetherton	**2014**	**98,496**	**1,718**	**46,556**	**4,800**	**2,070**	**6,870**	**—**	**1,500**	**155,140**
	2013	120,384	1,800	21,647	65,000	—	65,000	—	1,500	210,331
M. J. W. Rushton	**2014**	**150,000**	**2,792**	**10,500**	**40,769**	**—**	**40,769**	**—**	**1,500**	**205,561**
	2013	150,000	3,370	10,500	50,000	—	50,000	—	1,500	215,370
S. J. Bailey	**2014**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2013	5,253	—	368	63,680	—	63,680	—	1,500	70,801
Non-executive										
H. M. Lim	**2014**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2013	—	—	—	—	—	—	—	—	—
M. J. Wright	**2014**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2013	—	—	—	—	—	—	—	—	—
D. M. Gelber	**2014**	**39,193**	**—**	**—**	**—**	**—**	**—**	**—**	**1,500**	**40,693**
	2013	36,772	—	—	—	—	—	—	1,500	38,272
R. A. Elliott	**2014**	**25,128**	**—**	**—**	**—**	**—**	**—**	**—**	**1,500**	**26,628**
	2013	21,013	—	—	—	—	—	—	1,500	22,513
Total	**2014**	**626,561**	**9,551**	**98,400**	**51,569**	**2,070**	**53,639**	**—**	**9,000**	**797,151**
	2013	659,166	10,084	61,327	324,680	18,208	342,888	—	10,500	1,083,965

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

There are no long-term incentives vesting to executive directors during the relevant period.

Remuneration Committee report continued

year ended 31 March 2014

ANNUAL BONUS FOR THE YEAR ENDED 31 MARCH 2014

The group operates a profit sharing pool from which the executive directors may receive a discretionary bonus linked to performance. In addition, the Chief Investment Officer, Mark Rushton, and the Wealth Management Director, David Hetherton, each receive a performance bonus linked to the profitability of the divisions under their responsibility. All bonuses are paid in cash with no deferred component.

Based on the Group's results and divisional profitability the Committee has awarded the following annual bonuses payable in cash to executive directors, as indicated in the table below:

Name	Role	Total £
Rodney FitzGerald	Chief Executive	3,000
Sean Lam	Group Managing Director	3,000
Mark Rushton	Chief Investment Officer	40,769
David Hetherton	Wealth Management Director	6,870

OUTSTANDING SHARE AWARDS

There were no share options outstanding and not vested at 31 March 2014.

DEFERRED BONUS

There are no deferred bonus arrangements in place.

SHARE INCENTIVE PLAN (SIP)

All employees of the Group are eligible to participate in the SIP following six months of service. Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire ordinary shares in the Company (Partnership Shares). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one matching share. All shares to date awarded under this scheme have been purchased in the market by the Trustees and it is the intention of the board to continue this policy in the year to March 2015.

SHARE SCHEMES UNDER WHICH NO AWARDS WERE MADE IN 2014

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

DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED INFORMATION)

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

Director	Beneficially owned at 31 March 2013	**Beneficially owned at 31 March 2014**
R. A. FitzGerald	230,870	**240,610**
S. K. W. Lam	157,399	**168,309**
M. J. W. Rushton	58,778	**76,960**
R. A. Elliott	388,702	**398,185**
D. Hetherton	664,221	**675,512**
D. M. Gelber	78,478	**88,084**
M. J. Wright	4,500	**4,500**

DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED INFORMATION) CONTINUED

Matching shares awarded to Directors under the Share Incentive Plan are as follows:

Director	31 March 2013	**31 March 2014**
R. A. FitzGerald	23,957	**27,871**
S. K. W. Lam	22,112	**26,535**
M. J. W. Rushton	4,389	**8,866**
D. Hetherton	20,178	**24,842**
D. M. Gelber	22,323	**26,237**
M. J. Wright	—	**—**
R. A. Elliott	20,723	**24,638**

MATERIAL CONTRACTS WITH DIRECTORS

Other related parties include Speechly Bircham LLP, in which M. J. Wright, non-executive director, is a partner. Speechly Bircham LLP provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £93,000.

In addition, commission of £2,000 (2013: £5,000) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a director) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a director) again all on standard commercial terms.

TOTAL PENSION ENTITLEMENTS

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

DEATH-IN-SERVICE BENEFITS

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

PAYMENTS WITHIN THE YEAR TO PAST DIRECTORS

There have been no disclosable payments made to directors after they have left office during the year.

LOSS OF OFFICE PAYMENTS

There were no loss-of-office payments made in the years ended 31 March 2014 and 31 March 2013.

PERCENTAGE INCREASE IN THE REMUNERATION OF THE CHIEF EXECUTIVE

	2013 £	**2014 £**	Change
Chief Executive			
– salary	162,872	**162,872**	—
– bonus	83,208	**3,000**	(96.4%)
Average per employee (£)			
– salary	37,638	**36,429**	(3.2%)
– bonus	10,649	**4,818**	(54.8%)

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

Remuneration Committee report continued

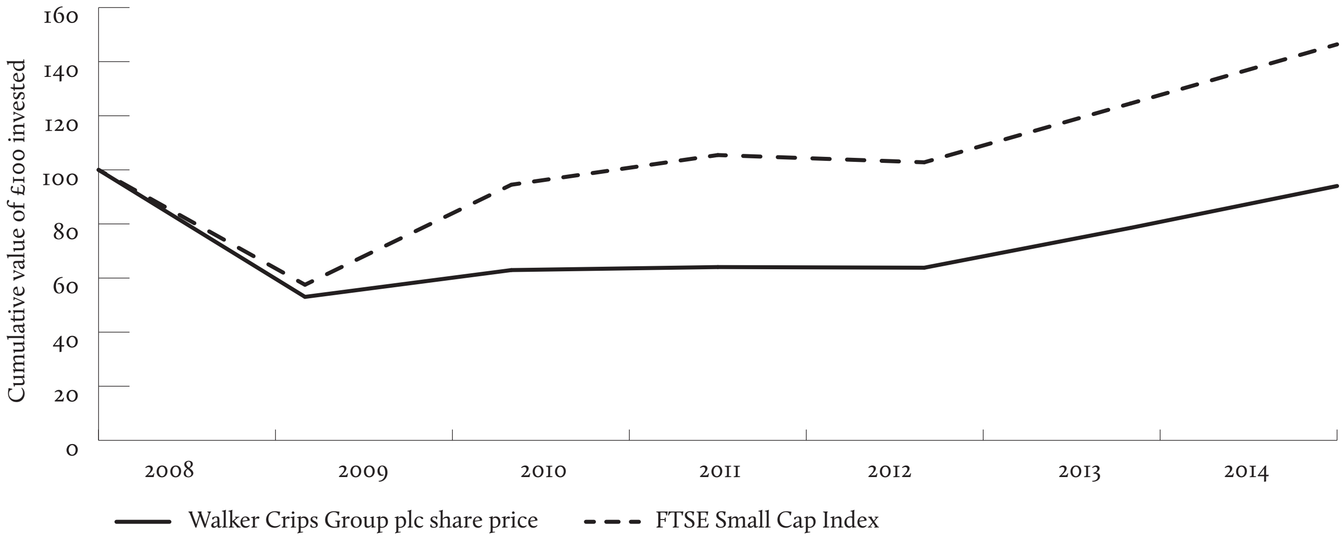
year ended 31 March 2014

PERFORMANCE GRAPH

The graph below shows a comparison between the Company's total shareholder return (TSR) performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2014, of £100 invested in Walker Crips Group plc on 31 March 2009 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

After the sale of our asset management and corporate finance subsidiaries, the Group has gradually expanded and has reshaped the business model into a more profitable one. The lack of liquidity has previously had a disproportionate impact on the share price but this has been addressed during the year and recent movements in the share price reflect this.

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 the highest paid executive director during the period.

	Year ended 31 March				
	2010	2011	2012	2013	**2014**
Total remuneration	£193,807	£199,592	£174,512	£267,934	**£186,769**

RELATIVE IMPORTANCE OF THE SPEND ON PAY

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

	2013 £'000	**2014 £'000**	Increase
Staff costs	7,673	**8,539**	11.3%
Dividends paid*	498	**522**	4.8%

* Excludes special dividends.

REMUNERATION COMMITTEE GOVERNANCE

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

The members of the Committee during the last financial year and their attendance at the meetings of the Committee are shown in the Corporate Governance Report on page 20.

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

The Committee reviews the remuneration policy for senior employees below the board as well as the policy on pay and conditions of employees throughout the Group. These are considered when determining executive directors' remuneration.

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

- remuneration policy for executive directors, including structure and performance criteria for the annual divisional and bonus pool arrangements and the introduction of a new Long Term Incentive Plan for the Chief Investment Officer;
- determination of remuneration;
- approval of compensation arrangements;
- determination of annual incentive payable to executive directors in respect of the year to 31 March 2014;
- oversight of remuneration arrangements for senior executives;
- review of the Company's Pillar 3 remuneration disclosures; and
- review of the Committee's terms of reference.

EXTERNAL DIRECTORSHIPS

None of the executive directors held external directorships in respect of their services during the current and prior year.

HOW THE REMUNERATION POLICY WILL BE APPLIED FOR THE YEAR FROM 1 APRIL 2014 ONWARDS

The base salary review in 2014 resulted in a decision to freeze the salaries of the Executives until the Group returned to operating profitability. The salary review for 2014/15 will take this and other factors such as performance into account.

31 March	Salary as at 31 March 2013	**Salary as at 31 March 2014**
R. A. FitzGerald	£162,872	**£162,872**
S. K. W. Lam	£162,872	**£162,872**
M. J. W. Rushton	£150,000	**£150,000**
D. Hetherton*	£131,328	**£131,328**

* Includes salary taken as pension.

Remuneration Committee report continued

year ended 31 March 2014

FEES FOR THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The Company's approach to setting non-executive directors' fees is detailed in the Policy Report. These fees are reviewed periodically by the board. A summary of current fees for non-executive directors' is as follows:

	Year ended 31 March 2014
Chairman	**£39,193**
Senior Independent Director	**£24,750**
Audit Committee Chairman	**£25,128**

D. M. Gelber was appointed as non-executive Chairman of the Company by a letter agreement dated 11 May 2007 for a term commencing on 11 May 2007 of not less than two years and thereafter terminable by either party on at least six months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is now a fee of £39,193 per annum plus reimbursement of other specific expenses incurred on behalf of the Company.

M. J. Wright, senior independent director, has a letter of appointment dated 9 July 2000 and accepted on 10 July 2000 for a term of not less than two years commencing on 9 July 2000 and terminable by either party on not less than three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His fees are now £24,750 plus VAT per annum plus expenses. His fees are payable to Speechly Bircham LLP quarterly in arrears.

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

R. A. Elliott, Chairman of the Audit Committee, was appointed as a non-executive director on 11 April 2005 by a letter agreement with a right for him to resign immediately in accordance with the Company's Articles of Association. The agreement also provides for Mr Elliott's re-election each year at the Company's Annual General Meeting. His remuneration is now £25,128 per annum plus expenses.

LTIP FOR THE CHIEF INVESTMENT OFFICER

The Company has presented details of the LTIP arrangements for the Chief Investment Officer. These were set out in the financial statements for the year to 31 March 2012 and updated in the statements for the year to 31 March 2013. They are summarised briefly in the Policy Report below.

STATEMENT OF SHAREHOLDER VOTING

At last year's AGM, the Directors' Remuneration Report received the following votes from shareholders:

2013 AGM		
Votes in favour	16,155,803	99.8%
Votes cast against	32,047	0.2%
Abstentions	3,577	—

POLICY REPORT – SUBJECT TO BINDING VOTE BY SHAREHOLDERS AT THE 2014 AGM

This section of the Remuneration Report is the "Policy Report". It has been prepared in accordance with Part 4 of Schedule 8. It sets out the directors' remuneration policy for the Group. The policy has been developed taking into account the principles of the UK Corporate Governance Code, executive remuneration guidelines produced by shareholder organisations, and the remuneration principles of the Financial Conduct Authority's (FCA) Remuneration Code so far as they apply to the Group.

OVERVIEW/SCOPE

The Remuneration Committee determines the Group's policy on remuneration of the executive directors and provides an independent view on the remuneration decisions and recommendations for executive management within the Group. The Committee's terms of reference are available on the Group's website.

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

- fundamentally, to support the delivery of Walker Crips Group business objectives and corporate values, by attracting, retaining and motivating talented Directors and senior executives of the calibre to manage the business successfully;
- accordingly, to reward and motivate good performance consistent with those objectives; and
- to meet the requirements of the FCA Remuneration Code.

The Committee accordingly is guided by the following key principles. Directors' remuneration should:

- avoid creating incentives for excessive risk taking, i.e. that exceed tolerated risk levels of Walker Crips Group or its risk appetite; and
- align all incentive plans with achievement of the adopted business strategy.

The Remuneration Committee will ensure that all types of remuneration arrangement operated by Walker Crips Group for Walker Crips Group directors and executive management are regularly reviewed and consistent with the general remuneration culture prevalent throughout the Group.

HOW THE VIEWS OF SHAREHOLDERS ARE TAKEN INTO ACCOUNT

The Committee will regularly compare the Group's directors' remuneration policy with shareholder guidelines and takes account of the results of shareholder votes on remuneration. If any material changes to the remuneration policy are contemplated, the Chairman will consult with major shareholders about these in advance.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

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

The Committee takes account of the aggregate rate of base salary increase for all employees when determining increases in fixed pay for Directors.

All employees are eligible for performance-related annual bonus.

FUTURE POLICY TABLE

The following table summarises the key aspects of the Group's remuneration policy for executive directors:

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity
Total fixed pay	Provides a level of fixed remuneration sufficient and appropriate to recruit and retain necessary talent and (with the balance of the remuneration package) properly to reward the executive.	Rather than having separate base salary, pension and benefits components. Executive directors receive a total fixed pay sum, which they can receive all in cash, or may choose to "sacrifice" part of the cash and instead receive part as a pension contribution and/or fringe benefits such as a car benefit, private medical insurance, or long-term illness/disability insurance. Executive directors can also benefit from life insurance at a level of four times annual salary. Individual levels of total fixed pay are reviewed annually, with any increases normally taking from July, unless there are exceptional reasons for an increase at another time of the year. Any increases are generally targeted at around the general level of salary inflation of the Group, but may vary from this for exceptional reasons such as a change in the individual's role or responsibilities, or a need to bring an individual's remuneration to a market competitive level.	Total fixed pay is benchmarked against relevant market levels of aggregate fixed pay and is targeted to be at or below the median of comparable competitors.
Annual variable pay (Discretionary)	Rewards annual Group and personal performance.	Executive Directors are considered each year for a discretionary annual variable pay award, which takes into account of both Group and personal performance. The main weighting is on Group financial performance. Group performance is assessed primarily by reference to audited profit before tax after adjusting for one off items for which credit cannot be allocated to a Director.	No maximum has been set but the Committee will exercise its discretion responsibly having regard to the interests of shareholders.
Long Term Incentive Plan (LTIP)	Agreed as part of the recruitment of the CIO. Rewards achievement of the long-term performance objectives.	Under the terms agreed with him as part of his recruitment, the Group's Chief Investment Officer Mark Rushton (MR) was given the right to participate in a long term incentive plan (LTIP). The terms of the LTIP, under which MR holds shares representing five per cent of the growth in the value of the core businesses of Walker Crips Stockbrokers Limited, were disclosed in the annual accounts for the years to 31 March 2012 and 2013.	

Remuneration Committee report continued

year ended 31 March 2014

DIFFERENCES IN REMUNERATION FOR EXECUTIVE DIRECTORS COMPARED TO OTHER EMPLOYEES

The approach to remuneration for the executive directors is generally consistent with that for employees across the Company as a whole. However, there are some differences which the Committee believes are necessary to reflect the different responsibilities of employees across the Company, and the need to recruit, retain and motivate employees in a variety of roles.

APPROACH TO REMUNERATION FOR NEW EXECUTIVE DIRECTOR APPOINTMENTS

The remuneration package for a new Executive Director would be set in accordance with the terms and any maximum levels of the Group's approved remuneration policy in force at the time of appointment.

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

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

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

SERVICE CONTRACTS, LETTERS OF APPOINTMENT AND LOSS OF OFFICE PAYMENTS

Service contracts normally continue until the director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination.

A summary of contractual commitments in Directors' service contracts is as follows:

Provision	Detailed terms
Notice period	Six months or twelve months in the case of R. A. FitzGerald.
Termination payment in the event of termination by the Company without due notice	Contractual entitlement based upon total fixed pay due in respect of the unexpired period of contractual notice. In certain cases of "good leavers", the Committee may also consider a discretionary award of annual variable pay, subject to performance, in respect of the portion of any financial year that the individual has been working with the Company, although not for the same period of any payment in lieu of notice or "garden leave".
Change of control	Same terms as above on termination.

Any outstanding share-based entitlements granted to the Chief Investment Officer under the Company's LTIP or to other Directors under other share plans will be determined based on the relevant plan rules.

LEGACY ARRANGEMENTS

For the avoidance of doubt, the Directors' remuneration policy includes authority for the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Remuneration Reports. Details of any payments to former directors will be set out in the implementation section of this report as they arise.

FEES POLICY FOR THE CHAIRMAN AND OTHER NON-EXECUTIVE DIRECTORS

The following table provides a summary of the key elements of the remuneration for the Board Chairman and other Non-executive Directors:

Element	Purpose and link to strategy	Operation
Chairman fee	To pay the market competitive all-inclusive fee that takes account of the role and responsibilities.	The board Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the board (without the Chairman being present).
Non-Executive Director fees	To pay a market competitive basic fee and supplement for significant additional responsibilities such as Committee Chairmanships.	The non-executives are paid a basic fee. There are also supplements for Committee Chairmanships and the SID. The fee levels are reviewed periodically by the Chairman and executive directors.

Non-executive directors are engaged under letters of appointment as described above; they do not have contracts of service and are not entitled to compensation on early termination of their appointment other than by reference to their notice period. M. J. Wright's fees for his services as a Director are paid to Speechly Bircham LLP where he is a partner.

COMPLIANCE WITH THE FCA REMUNERATION CODE

The Committee regularly reviews its remuneration policy's compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to the Group. The remuneration policy is designed to be consistent with the prudent management of risk and the sustained, long-term performance of the Group.

REVIEW

Responsibility for the regular review and updating of the Group's remuneration policy lies with the Chief Executive, subject to sign-off of any changes by the Remuneration Committee. This will be done at least annually or more frequently where material changes occur. Walker Crips Group will take into account best practice standards and UK and, where relevant, non-UK regulation and legislation covering:

- applicable employment and equality law;
- FCA Code of Practice;
- tax legislation;
- pensions legislation; and
- all other regulation that arises.

This document summarises the governance and structure of remuneration arrangements at Walker Crips Group plc, is intended to provide staff and external regulators with information on these arrangements and does not constitute a contractual document. Existing employment contracts will, as far as legally possible, be amended to align to this remuneration policy and contracts with new hires will be developed to align to the provisions. Separate operating documents held for select elements of policy are owned and maintained by Walker Crips Group HR and queries on the remuneration policies contained within this document should be directed to this function.

The terms of reference for the Remuneration Committee are available on request.

APPROVAL

This Directors' Remuneration Report, including both the policy and annual remuneration report has been approved by the Board of Directors.

Signed on behalf of the Remuneration Committee

D. M. Gelber
Remuneration Committee Chairman
20 June 2014

Audit Committee report

year ended 31 March 2014

AUDIT COMMITTEE CHAIRMAN'S STATEMENT

This Committee met three times during 2013/14. Much of its time was spent on regular activities as set out in this report. In addition to these matters, the Committee's areas of focus included the instigation of a review of the Group's Information Technology framework, and the establishment of an Internal Audit Charter. The Committee reviewed reports from Internal Audit on a wide range of issues, including management responses and agreed actions. These, together with risk management procedures, will continue to be the areas of focus for 2014/15.

COMMITTEE MEMBERS

The current members of the Audit Committee are the Independent Non-executive directors, Robert Elliott (Chairman), David Gelber and Martin Wright. The composition of the Committee is reviewed by the board through its Nomination Committee.

Robert Elliott has acted as Chairman of the Audit Committee since 2006. David Gelber and Martin Wright were members of the Committee throughout the period.

The board is satisfied that at least one member of the Committee, Robert Elliott, being a Chartered Accountant, has recent and relevant financial experience and the other members of the Committee are financially literate.

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is a formally constituted Committee of the board whose terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code ("the Code"). The terms of reference are considered annually by the Audit Committee and subsequently referred to the board for approval.

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial performance and reviewing significant financial reporting judgements contained therein, prior to their submission to the board;
- reviewing the Group's internal financial controls and the Group's informal control systems;
- monitoring the work of the Group's Internal Audit function and reviewing its effectiveness;
- reviewing the Group's procedures for handling allegations from whistleblowers and for detecting fraud;
- making recommendations to the board on the appointment or reappointment of the external auditor and on the approval of its remuneration and terms of engagement;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process; and
- maintaining and reviewing the policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

The Audit Committee is required to report its findings to the board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations on the steps to be taken.

MEETINGS

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

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

The number of meetings and attendance for the year are on page 20 of the Corporate Governance Report.

OVERVIEW OF THE WORK UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

During the year the Audit Committee discharged its responsibilities as set out in its terms of reference, through undertaking the following activities:

- review of the annual report and financial statements, half-yearly financial report and interim management statements. In doing so, the Committee received reports from the external auditor on its audit of the annual report and financial statements. Further explanation of the significant issues that the Committee considered in relation to the financial statements and how these were addressed is set out below;
- review of the effectiveness of the external audit process, the external auditor's strategy and plan for the audit and the qualifications, expertise, resources and independence of the external auditor;
- consideration of the appropriate timing for an external tender of audit services;
- review and approval of the internal audit annual plan, review of reports from Internal Audit, including management responses to the findings of the reports and their proposals. Satisfactory completion of management undertakings arising from these reports is monitored;
- evaluation of the effectiveness of internal audit;
- review of the Company's procedures for handling allegations from whistleblowers and for detecting "fraud";
- consideration of regular reports from the Group Financial Controller;
- consideration of reports on other areas of focus during the year such as the information technology framework;
- consideration of a report from the external auditors on its review of the effectiveness of controls across the Group and review of a report on management action taken in response to the report;
- review of the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- review and agreement of the scope of the audit work to be undertaken by the external auditor and the fees to be paid to the external auditor;
- review of the Audit Committee's own terms of reference; and
- review and assessment of its own effectiveness.

The Audit Committee reports its findings to the board, identifying any matter on which it considers that action or improvement is needed and makes recommendations on the steps to be taken accordingly.

Audit Committee report continued

year ended 31 March 2014

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

The Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements, obtaining support from the external auditor in making these assessments.

The Committee reviewed the following significant financial judgements made by management for the year ended 31 March 2014, including consideration of the external auditor's view and challenges made by it during its audit, and concluded that the judgements were reasonable and appropriate:

- the value, including impairment, of intangible assets – goodwill and client lists;
- the appropriateness of valuation methodologies used to support the valuation of investments, particularly that of the Group's investment in Euroclear; and
- estimates of provisions in relation to outstanding legal cases or claims.

After consideration the Committee concluded that the annual report, taken as a whole, is fair, balanced and understandable and that it provides the necessary information for shareholders to assess the Group's performance, business model and strategy.

EXTERNAL AUDITOR

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit.

The board generally only uses the auditors for audit and related activities. If there is a business case to use the external auditors for the provision of non-audit services, prior permission is required from the Audit Committee which will review the proposal to ensure that it will not impact on the auditor's objectivity and independence. The majority of tax advisory and similar work is carried out by another major accountancy firm. An analysis of the auditor's remuneration is provided in note 12 to the financial statements.

As part of its evaluation of the independence of the external auditor, the Audit Committee reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff. The 2013/14 audit was the third year of the cycle for the current audit partner;
- the arrangements for day-to-day management of the audit relationship;
- a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest;
- the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the provision of non-audit services by the external auditor; and
- the performance of the auditor, who was first appointed in 2002.

The Committee has considered using the existing UK Corporate Governance Code provision for companies to put the external audit contract out to tender at least every ten years and also the FRC's guidance on aligning the timing of such re-tenders with audit engagement partner rotation. It has also noted the recently published final decision of the Competition Commission, likely to be effective 1 October 2014, including transitional arrangements. The Committee's current intention is that it will initiate a re-tendering process before the end of the current audit partner's rotation (2015/16). This will be kept under review and the Committee will use its regular reviews of auditor effectiveness to assess the most appropriate time for such a re-tender during that period.

The external auditor meets privately with the Audit Committee at least once a year without senior management being present.

An annual review of the effectiveness of the external auditor is carried out by the Audit Committee, taking into consideration:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the external auditor fulfilment of the agreed audit plan;
- the robustness and perceptiveness of the auditor in its handling of the key accounting and audit judgements; and
- the quality of the external auditor's reporting on internal controls.

Following the annual review of effectiveness, the Audit Committee recommended to the board that reappointment of the auditors be proposed to shareholders at the 2014 AGM.

INTERNAL AUDIT

The internal audit function was conducted for the period by an external firm of chartered accountants, Smith & Williamson LLP. The Audit Committee assists the board to fulfil its responsibilities relating to the adequacy of the resourcing and plans of the internal audit function. To fulfil those duties the Audit Committee reviewed:

- internal audit's methodology, reporting lines and access to the Audit Committee and all members of the board;
- internal audit's plans and its achievement of the planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and the timeliness of resolution; and
- the timeliness of reporting.

OVERVIEW

As a result of the work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor. The Chairman of the Audit Committee will be available at the AGM to answer any questions about the work of the Committee.

R A Elliott.

R. A. Elliott
Audit Committee Chairman
20 June 2014

Independent auditor's report

to the members of Walker Crips Group plc

OPINION ON FINANCIAL STATEMENTS OF WALKER CRIPS GROUP PLC

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 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with 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.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet and the related notes 1 to 46. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

SEPARATE OPINION IN RELATION TO IFRSs AS ISSUED BY THE IASB

As explained in note 1 to the financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

GOING CONCERN

As required by the Listing Rules we have reviewed the directors' statement on page 15 that the group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

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

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Carrying value and impairment of goodwill Goodwill relates to the group's Wealth Management division. The assessment of the carrying value of this goodwill is a judgemental exercise which requires estimates concerning the future cash flows, growth rate and discount rate based on management's assessment of the prospects of this division.	In considering management's assumptions regarding their goodwill impairment assessment, we assessed whether the projections were consistent with actual historic results achieved and that the business growth rate was consistent with external data. We used internal valuation experts to develop our own estimate of the cost of capital. We benchmarked management's assumptions against published peer group data.
Recognition and impairment of client lists intangibles Acquired client lists are capitalised on the basis of the expected net discounted future cash flows over the life of the client list. This requires an assessment of whether acquisition consideration represents payment for a client list to be capitalised or payment for ongoing services to be expensed, the revenue generating potential of these clients and their retention. Client lists are amortised over their expected future lives which requires the exercise of judgment in determining an appropriate period.	In respect of acquisitions in the year we examined contractual arrangements and challenged management's assessment that payments represented an intangible. In considering the adequacy of the impairment assessment performed by the Group we obtained and tested data on the revenue generated from these clients. In respect of our consideration of the useful economic life of the client lists and their amortisation, we analysed historic information concerning the retention of clients.
Adequacy of provisions for client claims The group makes provision for client claims based on management's assessment of individual cases and taking into account factors such as the group's insurance cover and the progress of any claims referred to the Financial Ombudsman Service.	Our work in respect of this provision included agreeing management's analysis of claims to relevant correspondence and complaints registers. We obtained confirmations from the group's legal advisers and examined the contractual arrangements for insurance cover. We considered the accuracy of previous historical estimates against actual case outcomes.
Valuation of investments in available for sale assets The group holds at fair value an investment in Euroclear plc which is an illiquid security. The estimation of fair value is based on a range of factors including the results of a share buyback initiated by Euroclear during the year.	We challenged management's assessment of fair value by reference to prices achieved in the share buyback, other potential valuation bases and by reviewing Euroclear plc company information up until the group's year end.

The Audit Committee's consideration of these risks is set out on page 36.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent auditor's report continued

to the members of Walker Crips Group plc

Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the group to be £126,000, which is 5% of pre-tax profit, and below 1% of equity. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £6,300, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.
An overview of the scope of our audit	Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. We focused our group audit scope primarily on the audit work at the group's three main locations, London, Romford and York, which were subject to a full scope audit. These locations represent the principal business units and account for all of the group's net assets, revenues and profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the three locations was executed at levels of materiality applicable to each location which were lower than group materiality. The group audit team is responsible for the entire audit and there are no components audited by other teams.
Opinion 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; and • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • 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 are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Oliver Grundy FCA
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
20 June 2014

Consolidated income statement

year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Continuing operations			
Revenue	4	**20,688**	20,372
Commission payable	6	**(6,584)**	(8,562)
Gross profit		**14,104**	11,810
Share of after tax profits of joint ventures	20	**17**	7
Administrative expenses – other		**(13,651)**	(12,841)
Administrative expenses – exceptional item	7	**—**	(1,299)
Total administrative expenses		**(13,651)**	(14,140)
Operating profit/(loss)		**470**	(2,323)
Analysed as:			
Profit/(loss) before tax and exceptional item		**470**	(1,024)
Administrative expenses – exceptional item	7	**—**	(1,299)
Operating profit/(loss)		**470**	(2,323)
Gains and losses on disposal of investments	8,21	**1,836**	(189)
(Loss)/gain on disposal of subsidiary undertaking	9	**(13)**	11,700
Unrealised gain on revaluation of investments	21	**—**	828
Goodwill impairment charges	10	**—**	(1,221)
Investment revenues	11	**240**	313
Finance costs	11	**(4)**	(5)
Profit before tax		**2,529**	9,103
Taxation	14	**(495)**	50
Profit for the year attributable to equity holders of the company		**2,034**	9,153
Earnings per share			
Basic	16	**5.50**	25.21
Diluted	16	**5.39**	24.39

Consolidated statement of comprehensive income

year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Profit on revaluation of available-for-sale investments taken to equity	21	**243**	180
Deferred tax on profit on available-for-sale investments		**(35)**	(35)
Deferred tax on share options		—	(2)
Long Term Incentive Plan (LTIP) credit to equity		**13**	—
Net profit recognised directly in equity		**221**	143
Profit for the year		**2,034**	9,153
Total comprehensive income for the year attributable to equity holders of the company		**2,255**	9,296

Consolidated statement of financial position

31 March 2014

	Notes	**Group 2014 £'000**	Group 2013 £'000
Non-current assets			
Goodwill	17	**2,901**	2,901
Other intangible assets	18	**1,168**	1,249
Property, plant and equipment	19	**872**	636
Interest in joint ventures	20	**38**	31
Available-for-sale investments	21	**2,404**	5,792
		7,383	10,609
Current assets			
Trade and other receivables	22	**46,648**	36,409
Trading investments	21	**1,670**	634
Deferred tax asset	24	**—**	182
Cash and cash equivalents	23	**8,173**	7,848
		56,491	45,073
Total assets		**63,874**	55,682
Current liabilities			
Trade and other payables	27	**(41,801)**	(35,776)
Current tax liabilities		**(330)**	(175)
Deferred tax liabilities	24	**(202)**	—
Bank overdrafts	25	**(70)**	—
Shares to be issued		**—**	(226)
		(42,403)	(36,177)
Net current assets		**14,088**	8,896
Net assets		**21,471**	19,505
Equity			
Share capital	28	**2,515**	2,470
Share premium account		**1,818**	1,630
Own shares	28	**(312)**	(312)
Retained earnings		**11,955**	10,430
Revaluation reserve		**827**	619
Other reserves		**4,668**	4,668
Equity attributable to equity holders of the company		**21,471**	19,505

The financial statements of Walker Crips Group plc (Company Registration No: 01432059) were approved by the board of directors and authorised for issue on 20 June 2014.

Signed on behalf of the board of directors

R. A. FitzGerald FCA
Director
20 June 2014

Consolidated statement of cash flows

year ended 31 March 2014

	Note	**2014 £'000**	2013 £'000
Operating activities			
Cash (used)/generated by operations	30	**(3,074)**	2,413
Interest received		**229**	231
Interest paid		**(4)**	(5)
Tax paid		**—**	(23)
Net cash (used)/generated by operating activities		**(2,849)**	2,616
Investing activities			
Purchase of property, plant and equipment		**(542)**	(490)
Net purchase of investments held for trading		**(1,036)**	(250)
Net sale proceeds/cost of available for sale investments		**5,466**	3,236
Net proceeds on sale of subsidiary		**292**	5,451
Acquisition of businesses		**(602)**	(453)
Dividends received		**42**	27
Net cash generated by investing activities		**3,620**	7,521
Financing activities			
Issue of new shares		**6**	4
Dividends paid		**(522)**	(3,221)
Net cash used in financing activities		**(516)**	(3,217)
Net increase in cash and cash equivalents		**255**	6,920
Net cash and cash equivalents at beginning of year		**7,848**	928
Net cash and cash equivalents at end of year		**8,103**	7,848
Cash and cash equivalents		**8,173**	7,848
Bank overdrafts		**(70)**	—
		8,103	7,848

Consolidated statement of changes in equity

year ended 31 March 2014

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption £'000	Other £'000	Revaluation £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2012	2,470	1,626	(312)	111	4,559	474	4,498	13,426
Revaluation of investment at fair value	—	—	—	—	—	180	—	180
Deferred tax charge to equity	—	—	—	—	—	(35)	—	(35)
Movement on deferred tax on share options	—	—	—	—	(2)	—	—	(2)
Profit for the year	—	—	—	—	—	—	9,153	9,153
Dividends paid	—	—	—	—	—	—	(3,221)	(3,221)
Issue of shares on exercise of options	—	4	—	—	—	—	—	4
Equity as at 31 March 2013	2,470	1,630	(312)	111	4,557	619	10,430	19,505
Revaluation of investment at fair value	—	—	—	—	—	243	—	243
Deferred tax charge to equity	—	—	—	—	—	(35)	—	(35)
Long Term Incentive Plan (LTIP) credit to equity	—	—	—	—	—	—	13	13
Profit for the year	—	—	—	—	—	—	2,034	2,034
Dividends paid	—	—	—	—	—	—	(522)	(522)
Issue of shares on exercise of options	1	5	—	—	—	—	—	6
Issue of shares on acquisition of intangible asset	44	183	—	—	—	—	—	227
Equity as at 31 March 2014	**2,515**	**1,818**	**(312)**	**111**	**4,557**	**827**	**11,955**	**21,471**

Notes to the accounts

year ended 31 March 2014

1. GENERAL INFORMATION

BASIS OF PREPARATION

The consolidated and company financial statements have been prepared in accordance with IFRS as adopted by the EU. The company financial statements are presented on pages 69 to 75.

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

STANDARDS NOT AFFECTING THE REPORTED RESULTS OR THE FINANCIAL POSITION

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements';
- IFRS 12 'Disclosure of Interests in Other Entities'; and
- IFRS 13 'Fair Value Measurements'.

NEW STANDARDS AND INTERPRETATIONS

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 9 'Financial Instruments' and IFRIC 21 'Levies'. The effective date for IFRS 9 is yet to be confirmed and the effective date for IFRIC 21 is for accounting periods beginning after 1 January 2014. The Group decided not to adopt these standards early.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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, plus any costs directly attributable to the business combination.

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.

Income from the sale or use of the Group's share of output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured accurately.

GOODWILL

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

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

Notes to the accounts continued

year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

INTANGIBLE ASSETS

(A) CLIENT LISTS

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

(B) UNIT TRUST MANAGEMENT CONTRACTS

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

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.

SHARES TO BE ISSUED

The company had recognised as a liability the sum which has been issued and allotted just after the prior period end to personnel associated with the company in order to meet contractual commitments given as part of the recent expansion of its client base.

REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received or receivable and represents gross commissions, interest receivable and fees in the course of ordinary investment business, net of discounts, VAT and sales-related taxes. Gross commissions on stockbroking activities are recognised on those transactions whose bargain date falls within the financial year. Interest is recognised as it accrues in respect of the financial year. Fees earned from managing client deposits and administering ISAs are accrued evenly over the period to which they relate. Fees in respect of financial services activities are accrued evenly over the period to which they relate. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

FOREIGN CURRENCIES

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period that the liability is settled or the asset is realised. Deferred tax is charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

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

FINANCIAL ASSETS AND LIABILITIES

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

TRADE RECEIVABLES

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

INVESTMENTS

Investments are recognised and de-recognised 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.

Investments are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. Depending on the nature of the instrument held, gains and losses arising from changes in fair value of available-for -sale investments are recognised either in net profit or loss or directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

CASH AND CASH EQUIVALENTS

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

FINANCIAL LIABILITIES AND EQUITY

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

TRADE PAYABLES

Trade payables are recognised at fair value.

Notes to the accounts continued

year ended 31 March 2014

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FINANCIAL ASSETS AND LIABILITIES CONTINUED

BANK OVERDRAFTS

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

EQUITY INSTRUMENTS

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

PROVISIONS

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

SHARE-BASED PAYMENTS

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

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

PENSION COSTS

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

GOING CONCERN

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 15.

In addition, note 26 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, well proven and tested business model. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current difficult climate.

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate of 12% has been adopted in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £2.9 million (2013: £2.9 million).

OTHER INTANGIBLE ASSETS

Acquired client lists are capitalised on the basis of net discounted expected future cash flow over the life of the client list. On acquisition of the London York group on 11 April 2005, the directors estimated such a useful life to be 10 years, based on historical rates of client retention and revenue generation of the acquired group in relation to the client base. Additionally, unit trust management contracts were acquired at the same time, valued at £240,000 being 2% of the net asset value of the unit trust funds under management for which a useful life of up to 10 years has also been estimated.

During the year the group acquired several investment managers and the business of their clients. By assessing the historic rates of client retention, the ages and succession plans of the investment managers who manage the clients and the contractual incentives of the investment managers, the Directors consider a life of up to 10 years to be both appropriate and in line with peers.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

VALUATION OF INVESTMENTS IN AVAILABLE FOR SALE ASSETS

The fair valuation of the company's investment in Euroclear plc is based upon the company's share of net assets (discounted for market factors) or the underlying share price and volatility which may be subject to fluctuation from year to year.

During the year the Group invested a portion of its cash resources as seed capital of £1.28 million into our own regulated Short Term Lending Fund (Fund), the first regulated Fund of its kind in the UK, attracting favourable rates of interest. The fund facilitates lending to specialist lenders in the residential property construction sector. At 31 March 2014 the fair value of the securities are not considered to have been impaired. A nine to twelve month period to liquidation is anticipated if withdrawal is necessary. All loans are secured with a charge against the underlying property, and the Loan to Value average is between 65-70%, keeping risks low.

4. REVENUE

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

	2014 Broking income £'000	**2014 Non-broking income £'000**	**2014 Total £'000**	2013 Broking income £'000	2013 Non-broking income £'000	2013 Total £'000
Stockbroking commission	**9,904**	**—**	**9,904**	7,832	—	7,832
Fees and other revenue	**—**	**8,386**	**8,386**	—	9,950	9,950
Investment Management	**9,904**	**8,386**	**18,290**	7,832	9,950	17,782
Wealth Management	**—**	**2,398**	**2,398**	—	2,590	2,590
Revenue	**9,904**	**10,784**	**20,688**	7,832	12,540	20,372
Net investment revenue	**—**	**236**	**236**	—	308	308
Total income	**9,904**	**11,020**	**20,924**	7,832	12,848	20,680
% of total income	**47.3**	**52.7**	**100.0**	37.9	62.1	100.0
Like-for-like non-broking income as % of total income*		**52.7**			52.3	

* Re-presented to show the impact of the Retail Distribution Review described below.

The introduction of the Retail Distribution Review (RDR) on 1 January 2013, and resultant new fee arrangements, has affected how the Group's revenue is recorded. In particular, prior to RDR, fees received for the design and distribution of structured investments were disclosed gross and introducing commission paid to intermediaries was shown separately in commission payable. Post RDR, the net amount of these fees and commissions is included as revenue. This has the effect of reducing both revenue and commissions payable by the same amount (on a pre-RDR basis), but does not impact gross profit (net revenue).

Revenue and commission payable in the prior Period had such gross values of £4.3 million distorting the comparison which after adjustment produce a corresponding comparative, i.e. like-for-like, being the amount of 52.3% for the previous year.

5. SEGMENTAL ANALYSIS

For management purposes the Group is currently organised into two operating divisions – Investment Management and Wealth Management. These divisions, all of which conduct business in the United Kingdom only, are the basis on which the Group reports its primary segment information.

Subsequent to the sale of subsidiary Keith Bayley Rogers & Co Ltd, the Directors have determined that Corporate Finance is no longer a segment of continuing significance. The Directors have also determined that the activities previously reported under Fund Management segment should be reported under the Investment Management segment to better describe the business conducted and to align with the Group's dual division strategic focus. The Corporate Finance and Fund Management segments have therefore been omitted from current and prior periods which have been restated. The immaterial amounts involved have been included within the Investment Management segment for both periods.

Notes to the accounts continued

year ended 31 March 2014

5. SEGMENTAL ANALYSIS CONTINUED

2014	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2014 £'000
Revenue			
External sales	**18,290**	**2,398**	**20,688**
Result			
Segment result	**1,150**	**221**	**1,371**
Unallocated corporate expenses			**(901)**
Operating profit			**470**
Gains on disposal of investments			**1,836**
Loss on disposal of subsidiary undertaking			**(13)**
Investment revenues			**240**
Finance costs			**(4)**
Profit before tax			**2,529**
Tax			**(495)**
Profit after tax			**2,034**

2014	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2014 £'000
Other information			
Capital additions	**508**	**34**	**542**
Depreciation	**292**	**14**	**306**
Statement of financial position			
Assets			
Segment assets	**48,377**	**1,724**	**50,101**
Unallocated corporate assets			**13,773**
Consolidated total assets			**63,874**
Liabilities			
Segment liabilities	**41,348**	**542**	**41,890**
Unallocated corporate liabilities			**513**
Consolidated total liabilities			**42,403**

5. SEGMENTAL ANALYSIS CONTINUED

2013	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2013 £'000
Revenue			
External sales	17,782	2,590	20,372
Result			
Segment result	(1,231)	444	(787)
Unallocated corporate expenses			(1,536)
Operating loss			(2,323)
Gains and losses on disposal of investments			(189)
Gain on disposal of subsidiary undertaking			11,700
Unrealised gain on revaluation of investments			828
Goodwill impairment charges			(1,221)
Investment revenues			313
Finance costs			(5)
Profit before tax			9,103
Tax			50
Profit after tax			9,153

2013	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2013 £'000
Other information			
Capital additions	490	27	517
Depreciation	532	9	541
Statement of financial position			
Assets			
Segment assets	39,924	1,591	41,515
Unallocated corporate assets			14,167
Consolidated total assets			55,682
Liabilities			
Segment liabilities	34,493	517	35,010
Unallocated corporate liabilities			1,167
Consolidated total liabilities			36,177

Notes to the accounts continued

year ended 31 March 2014

6. COMMISSION PAYABLE

Commission payable comprises:

	2014 £'000	2013 £'000
To authorised external agents	**50**	62
To approved persons	**6,534**	8,500
	6,584	8,562

7. ADMINISTRATIVE EXPENSES – EXCEPTIONAL ITEM

As a result of its materiality the directors decided to disclose certain amounts separately in order to present results which are not distorted by significant non-recurring events.

	2014 £'000	2013 £'000
Leasehold improvements written off	—	228
Discretionary bonuses	—	486
Legal and professional costs on one-off transactions	—	585
	—	1,299

There were no exceptional items in the twelve months to 31 March 2014.

In the prior period up to 31 March 2013, the Group located a large part of its operations to more cost effective premises. Leasehold improvement costs incurred for the old lease premises were therefore written down during the prior period to a level more accurately reflecting their value in use. These costs amounted to £228,000 during the prior period.

In addition, in the prior period up to 31 March 2013, in recognition of their efforts in helping to create and support the asset management subsidiary (WCAM), which was sold realising a profit of £11.7 million, a special bonus of £486,000 in total was awarded for the year to specific staff members and executive directors who played a part in helping to create the value of that asset.

In the prior period up to 31 March 2013, significant legal and professional fees were incurred in the transfer of a number of investment managers and their clients as well as receiving advice on several other potential corporate transactions. These amounted to £585,000 in the prior period and due to their size and one-off nature, the Board decided to disclose them separately.

8. GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS

Net gains and losses comprise:

	2014 £'000	2013 £'000
Loss on sale of investment in Liontrust ordinary shares	—	(579)
Gain on disposal of investment in Liontrust CULS	**1,836**	390
	1,836	(189)

During the period to 31 March 2014, conversion and disposal of Liontrust Convertible Unsecured Loan Stock (CULS) with a nominal value of £3.03 million and the redemption of the remaining holding with a nominal value of £0.07 million, yielded a profit of £1,836,000.

During the period to 31 March 2013, the Group disposed of its entire holding of 1,851,967 Liontrust ordinary shares (received as part consideration on the disposal of WCAM), incurring a loss on disposal of £579,000. In addition, conversion and disposal of a part of the holding of Liontrust Convertible Unsecured Loan Stock yielded a profit of £390,000.

Due to its level of materiality and one-off nature, the Board has decided to disclose these items separately.

9. LOSS/(GAIN) ON DISPOSAL OF SUBSIDIARY UNDERTAKING

On 31 May 2013 the Group completed the disposal of its subsidiary Keith Bayley Rogers & Co Limited (following FCA approval), realising a loss of £13,000.

In the period to 31 March 2013, the Group completed the disposal of its subsidiary WCAM to Liontrust Asset Management plc (following FCA and shareholder approval), realising a gain of £11,700,000.

10. GOODWILL IMPAIRMENT CHARGES

There were no impairment charges in the period to 31 March 2014.

In the period to 31 March 2013, given the difficulties experienced generally in global markets, and the continuing negative impact on the trading performance of some of the Group's business units, the Board decided to write down the Goodwill associated with the reduction in the cash generative performance of the stockbroking and corporate finance businesses, the latter having been sold on 31 May 2013.

11. INVESTMENT REVENUES AND FINANCE COSTS

Net investment revenue comprises:

	2014 £'000	2013 £'000
Investment revenue		
Interest on bank deposits/fixed income securities	**198**	286
Dividends from equity investment	**42**	27
	240	313
Finance costs		
Interest on bank overdrafts	**(4)**	(5)
Net investment revenue (note 4)	**236**	308

12. PROFIT FOR THE YEAR

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

	2014 £'000	2013 £'000
Depreciation of property, plant and equipment (see note 19)	**306**	541
Amortisation of intangibles (see note 18)	**268**	197
Staff costs (see note 13)	**8,539**	7,673
Auditor's remuneration	**183**	164
Lease payment	**566**	1,215

12. PROFIT FOR THE YEAR CONTINUED

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

	2014 £'000	%	2013 £'000	%
Audit services				
Fees payable to the company's auditor for the audit of the company's annual accounts	**12**	**7**	11	7
The audit of the company's subsidiaries pursuant to legislation	**150**	**82**	119	73
Non-audit services				
Reported under AAF 01/06	—	—	12	7
Fees payable for interim profits review in April 2012 pursuant to regulatory requirements	—	—	10	6
FCA client assets reporting	**11**	**6**	12	7
Qualifying intermediary tax assurance reporting	**10**	**5**	—	—
	183	**100**	164	100

A description of the work of the Audit Committee is set out on pages 34 to 37 and includes an explanation on how the auditor's objectivity and independence is safeguarded when non-audit services are provided by the auditor.

13. STAFF COSTS

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

	2014 £'000	2013 £'000
Employee costs during the year amounted to:		
Wages and salaries	**7,114**	6,263
Social security costs	**791**	752
Other costs	**634**	658
	8,539	7,673

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 59 self-employed account executives who were approved persons of the Group (2013: 57).

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

	2014 Number	2013 Number
Executive directors	**4**	4
Approved persons	**50**	46
Other staff	**113**	92
	167	142

14. TAXATION

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

	2014 £'000	2013 £'000
UK Corporation tax at 23% (2013: 24%)	**330**	176
Deferred tax	**272**	(229)
Overseas tax	**6**	4
Adjustment in respect of prior years	**(113)**	(1)
	495	(50)

Corporation tax is calculated at 23% (2013: 24%) 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:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	**2,529**	9,103
Tax on profit on ordinary activities at the standard rate UK Corporation tax rate of 23% (2013: 24%)	**582**	2,185
Effects of:		
Small company rate differences	**(10)**	(1)
Expenses not deductible for tax purposes	**46**	207
Exempt chargeable gains	**—**	(2,757)
Prior year adjustment	**(95)**	(2)
Amortisation of intangible assets	**26**	321
Overseas tax	**6**	4
Non-taxable income	**(59)**	—
Other	**(1)**	(7)
	495	(50)

15. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

	2014 £'000	2013 £'000
Final dividend for the year ended 31 March 2013 of 0.9 pence (2012: 0.9 pence) per share	**333**	327
Interim dividend for the year ended 31 March 2014 of 0.51 pence (2013: 0.47 pence) per share	**189**	171
Special interim dividend for the year ended 31 March 2013 of 4.5 pence per share	**—**	1,634
Further special interim dividend for the year ended 31 March 2013 of 3 pence per share	**—**	1,089
	522	3,221
Proposed final dividend for the year ended 31 March 2014 of 1.06 pence (2013: 0.9 pence) per share	**392**	333
Proposed final special dividend for the year ended 31 March 2014 of 1.0 pence (2013: nil)	**370**	—
	762	333

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.

Notes to the accounts continued

year ended 31 March 2014

16. 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 £2,034,000 (2013: £9,153,000) and on 36,967,116 (2013: 36,305,572) ordinary shares of $6^2/_3$ pence, being the weighted average number of ordinary shares in issue during the year.

The effect of options granted would be to reduce the reported earnings per share. The calculation of diluted earnings per share is based on 37,717,319 (2013: 37,525,275) ordinary shares, being the weighted average number of ordinary shares in issue during the period adjusted for the dilutive effect of potential ordinary shares.

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

Earnings	**2014 £'000**	2013 £'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**2,034**	9,153
Earnings for the purposes of diluted earnings per share	**2,034**	9,153

Number of shares	**2014**	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	**36,967,116**	36,305,572
Effect of dilutive potential ordinary shares:		
– Share option schemes	**750,203**	1,219,703
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**37,717,319**	37,525,275

This produced unadjusted basic earnings per share of 5.50 pence (2013: 25.21 pence) and diluted unadjusted earnings per share of 5.39 pence (2013: 24.39 pence).

17. GOODWILL

	£'000
Cost	
At 1 April 2012	5,569
At 1 April 2013	5,569
At 31 March 2014	**5,569**
Accumulated impairment losses	
At 1 April 2012	448
At 1 April 2013	2,668
Impaired during the year	—
At 31 March 2014	**2,668**
Carrying amount	
At 31 March 2014	**2,901**
At 31 March 2013	2,901

17. GOODWILL CONTINUED

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2014 £'000	2013 £'000
London York CGUs	**2,901**	2,901
	2,901	2,901

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

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates of 12%, growth rates of 3% and expected changes to revenues and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

In addition, valuations of comparable businesses listed on public markets are also a useful guide in forming a judgement on the carrying value of investments and related goodwill. Underlying tangible net worth is also considered when assessing the carrying value of investments. Under both methods of evaluation there is headroom above the level needed to make an impairment charge.

18. OTHER INTANGIBLE ASSETS

	Unit Trust Management Contracts £'000	Client lists £'000	Total £'000
Cost			
At 1 April 2012	240	911	1,151
At 1 April 2013	240	2,011	2,251
Additions in the year	—	187	187
At 31 March 2014	**240**	**2,198**	**2,438**
Amortisation			
At 1 April 2012	168	637	805
Charge for the year	24	173	197
At 1 April 2013	192	810	1,002
Charge for the year	24	244	268
At 31 March 2014	**216**	**1,054**	**1,270**
Carrying amount			
At 31 March 2014	**24**	**1,144**	**1,168**
At 31 March 2013	48	1,201	1,249

The intangible assets are both amortised over their estimated useful lives. 'Unit trust management contracts' are amortised over 10 years and 'Client lists' are amortised over three to ten years.

Notes to the accounts continued

year ended 31 March 2014

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
At 1 April 2012	1,746	2,074	1,671	5,491
Write down	(56)	—	—	(56)
Additions	368	92	57	517
At 1 April 2013	2,058	2,166	1,728	5,952
Write down	(1,403)	(573)	(1,255)	(3,231)
Additions	349	77	116	542
At 31 March 2014	**1,004**	**1,670**	**589**	**3,263**
Accumulated depreciation				
At 1 April 2012	1,384	1,851	1,596	4,831
Eliminated on write down of assets	(56)	—	—	(56)
Charge for the year	379	103	59	541
At 1 April 2013	1,707	1,954	1,655	5,316
Eliminated on write down of assets	(1,403)	(573)	(1,255)	(3,231)
Charge for the year	156	80	70	306
At 31 March 2014	**460**	**1,461**	**470**	**2,391**
Carrying amount				
At 31 March 2014	**544**	**209**	**119**	**872**
At 31 March 2013	351	212	73	636

20. INTEREST IN JOINT VENTURES

	2014 £'000	2013 £'000
Aggregated amounts relating to joint ventures		
Total assets	**92**	66
Total liabilities	**(16)**	(4)
Net assets	**76**	62
Group's share of joint venture's net assets	**38**	31
Group's share of:		
Revenue	**41**	55
Profit for the period	**17**	7

21. INVESTMENTS

Available for sale investments

	Equity investments £'000	Convertible unsecured loan stock £'000	Qualifying Collective Investment scheme £'000	Total £'000
Fair value				
At 1 April 2012	699	—	—	699
Additions in the year	—	5,270	—	5,270
Disposals in the year	—	(1,185)	—	(1,185)
Movement on revaluation:				
Recognised in comprehensive income	125	55	—	180
Recognised in the income statement	—	828	—	828
At 1 April 2013	824	4,968	—	5,792
Additions in the year	—	—	1,282	1,282
Disposals in the year	—	(4,913)	—	(4,913)
Movement on revaluation:				
Recognised in comprehensive income	298	(55)	—	243
At 31 March 2014	**1,122**	**—**	**1,282**	**2,404**

Equity investments comprise the company's investment in Euroclear plc. The fair value is based upon the company's share of net assets (discounted for market factors) or the underlying share price and volatility which may be subject to some fluctuation from year to year. The gain on revaluation of £298,000 is recognised in equity.

During the year the Group invested a portion of its cash resources of £1.28 million as seed capital into our own regulated Short Term Lending Fund (STLF), the first regulated fund of its kind in the UK, attracting favourable rates on interest. The fund facilitates lending to specialist lenders in the residential property construction sector. All loans are secured with a charge against the underlying property and the Loan to Value average is between 65–70%, keeping risks low. The fair value of the investment is based on the market price as at 31 March 2014.

During the period to 31 March 2014, conversion and disposal of Liontrust Convertible Unsecured Loan Stock (CULS) with a nominal value of £3.3 million and the redemption of the remaining holding with a nominal value of £0.07 million, yielded a profit of £1,836,000. The CULS had a fair value of £4,968,000 at the disposal date.

	2014 £'000	2013 £'000
Trading investments		
Fair value	**1,670**	634

Trading investments represent investments in equity securities and bonds 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.

Notes to the accounts continued

year ended 31 March 2014

21. INVESTMENTS CONTINUED

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

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

The opening fair value of Available-for-sale investments which are Level 3 financial assets is reconciled to its closing balance by a fair value adjustment of £242,720 (2013: £180,316) recognised in comprehensive income.

22. OTHER FINANCIAL ASSETS

Trade and other receivables	**2014 £'000**	2013 £'000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges	**40,737**	32,353
Loans due from client	**1,618**	—
Other debtors	**951**	1,661
Prepayments and accrued income	**3,342**	2,395
	46,648	36,409

23. CASH AND CASH EQUIVALENTS

	2014 £'000	2013 £'000
Short term cash deposits held at bank, repayable on demand with penalty	**5,443**	6,175
Cash deposits held at bank, repayable on demand without penalty	**2,730**	1,673
	8,173	7,848

Cash and cash equivalents does 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 2014 was £178,000,000 (2013: £157,000,000).

24. DEFERRED TAX ASSET/(LIABILITY)

	Revaluation £'000	Capital allowances £'000	Short-term timing differences and other £'000	Total £'000
At 1 April 2013	(185)	61	306	182
Use of loss brought forward	—	—	(64)	(64)
Charge to the income statement	—	(41)	(231)	(272)
Charge to the income statement – KBRL disposal loss	—	—	(8)	(8)
Transfer to receivables	—	—	(5)	(5)
Charge to the Statement of Comprehensive Income	(35)	—	—	(35)
At 31 March 2014	**(220)**	**20**	**(2)**	**(202)**

In accordance with IAS 12, at the year end date, deferred tax on share options of £nil (2013: £nil) has been recognised and included in 'short term timing differences and other' above.

25. BANK OVERDRAFTS

	2014 £'000	2013 £'000
Bank overdrafts	**70**	—

The borrowings are repayable on demand and are all denominated in Sterling.

26. 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 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.

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

Notes to the accounts continued

year ended 31 March 2014

26. FINANCIAL INSTRUMENTS AND RISK PROFILE CONTINUED

FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK

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

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

TRADE RECEIVABLES (INCLUDES SETTLEMENT BALANCES)

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

In the vast majority of cases, control of the stock purchased will remain with the Group until client monetary balances are fully settled. Loans to the estates of deceased clients for the purpose of facilitating payment of inheritance tax liabilities have been made during the year collateralised by equity securities to a minimum value of 130% of market value. Free deliveries, in the limited circumstances where they arise are carefully monitored.

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:

	2014 £'000	2013 £'000
Cash	**8,173**	7,848
Trade receivables	**40,737**	32,353
Loans due from clients	**1,618**	—
	50,528	40,201

Analysis of trade receivables/loans due from clients:

		2014 £'000	2013 £'000
Neither past due nor impaired		**40,824**	28,805
Past due but not impaired	< 30 Days	**1,337**	2,886
	> 30 Days	**55**	376
	> 3 Months	**139**	286
		42,355	32,353

The tables above represents a worst case scenario of credit risk exposure to the Group at 31 March 2014 and 2013 without taking account of any collateral held which acts as a credit mitigant. The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

26. FINANCIAL INSTRUMENTS AND RISK PROFILE CONTINUED

FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

CONCENTRATION OF CREDIT RISK

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

(II) LIQUIDITY RISK

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

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

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

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

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

All the regulated Group subsidiaries are subject to the provisions of FCA Liquidity standards if they are within the scope of the rules in the FCA Handbook chapter BIPRU 12.

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

2014	**Less than 1 year £'000**	**Total £'000**
Bank overdrafts	**70**	**70**
Trade and other payables	**41,801**	**41,801**
	41,871	**41,871**

2013	Less than 1 year £'000	Total £'000
Bank overdrafts	—	—
Trade and other payables	35,776	35,776
	35,776	35,776

(III) OTHER RISKS

These are described in the Strategic Report on pages 12 to 13.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

27. OTHER FINANCIAL LIABILITIES

TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Amounts owed to clients, brokers and recognised stock exchanges	**37,115**	30,153
Other creditors	**2,771**	2,766
Accruals and deferred income	**1,915**	2,857
	41,801	35,776

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 23 days (2013: 23 days).

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

28. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Called up, allotted and fully paid		
37,746,187 (2013: 37,063,187) ordinary shares of $6^2/_3$ pence each	**2,515**	2,470

During the year the company allotted 15,000 ordinary shares (2013: 12,000 ordinary shares) in connection with the exercise of share options. The Company received £6,325 consideration during the year in respect of the exercise of share options (2013: £5,060).

In April 2013 an aggregate of 668,000 new ordinary shares were issued and allotted to personnel associated with the Group in order to meet contractual commitments given as a part of a transaction to expand the Group's client base.

The company holds 750,000 of its own shares, purchased for total cash consideration of £312,000. In line with the principles of IAS 32 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 Company has granted options to certain directors, employees and account executives in respect of the following shares:

	Number of shares subject to option	Exercisable period of option	Exercise price £
Ordinary shares of $6^2/_3$ pence each	611,250	June 2008 to June 2015	0.780
	611,250		

29. SHARE-BASED PAYMENTS

SHARE OPTIONS

The company has granted market-priced share options to directors, employees and other approved persons. The vesting period is generally three years subject to the satisfaction of performance conditions relating to real EPS growth. Further details of the options and performance conditions are set out in the Report by the board on Directors' Remuneration on pages 24 to 33. The options expire if they remain unexercised after the exercise period has expired. Furthermore, options are forfeited if the option holder leaves the company before the options vest. The options are equity settled.

	2014		2013	
	Options	**Weighted average exercise price (in £)**	Options	Weighted average exercise price (in £)
Outstanding at beginning of year	**1,215,750**	**0.61**	1,254,750	0.61
Forfeited/lapsed during the year	**(589,500)**	**0.44**	(27,000)	0.78
Exercised during the year	**(15,000)**	**0.42**	(12,000)	0.42
Outstanding at the end of the year	**611,250**	**0.72**	1,215,750	0.61
Exercisable at the end of the year	**611,250**	**0.72**	1,215,750	0.61

The options outstanding at 31 March 2014 had a weighted average remaining contractual life of 1.0 years (2013: 1.0 years). A complete listing of all options series outstanding as at 31 March 2014 is included in note 28.

LTIP

The Company recognised total expenses of £13,000 and £nil related to equity-settled share-based payment transactions in 2014 and 2013 respectively.

30. CASH (USED)/GENERATED FROM OPERATIONS

	2014 £'000	2013 £'000
Operating profit/(loss) for the year	**470**	(2,323)
Adjustments for:		
Amortisation of intangibles	**268**	197
Share of joint venture income	**(17)**	(7)
Adjustment for Long Term Incentive Plan	**13**	—
Depreciation	**306**	541
(Increase)/decrease in debtors	**(10,535)**	20,907
Increase/(decrease) in creditors	**6,421**	(16,902)
Net cash (outflow)/inflow	**(3,074)**	2,413

31. FINANCIAL COMMITMENTS

CAPITAL COMMITMENTS

At the end of the year, there were capital commitments of £13,000 (2013: £249,000) contracted but not provided for and £nil (2013: £nil) capital commitments authorised but not contracted for.

LEASE COMMITMENTS

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

	2014 £'000	2013 £'000
Within 1 year	**496**	508
Within 2–5 years	**1,254**	1,357

Notes to the accounts continued

year ended 31 March 2014

32. RELATED PARTIES

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

	2014 £'000	2013 £'000
Commissions received from directors, employees, approved persons and their spouses	**221**	122

Other related parties include Speechly Bircham LLP of which M J Wright, non-executive director is a partner. Speechly Bircham LLP provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £93,000 (2013: £284,000).

In addition, commission of £2,000 (2013: £5,000) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H M Lim is a director) 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.

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

Remuneration of the directors who are the key management personnel of the Group are disclosed fully in the Report by the board on Directors' Remuneration.

33. SUBSIDIARIES AND ASSOCIATES

Group	Country of incorporation	Principal activity	Class and percentage of shares held
Trading subsidiaries			
Walker Crips Stockbrokers Limited	United Kingdom	Investment management	Ordinary shares 100%
London York Fund Managers Limited	United Kingdom	Management services	Ordinary shares 100%
Walker Crips Wealth Management Limited	United Kingdom	Financial services advice	Ordinary shares 100%
Ebor Trustees Limited	United Kingdom	Pensions management	Ordinary shares 100%
Non-trading subsidiaries			
Walker Crips Financial Services Limited	United Kingdom	Financial services	Ordinary shares 100%
G & E Investment Services Limited	United Kingdom	Holding company	Ordinary shares 100%
Ebor Pensions Management Limited	United Kingdom	Dormant company	Ordinary shares 100%
Monkgate Nominees Limited	United Kingdom	Dormant company	Ordinary shares 100%
Investorlink Limited	United Kingdom	Agency stockbroking	Ordinary shares 100%
Walker Cambria Limited	United Kingdom	Dormant company	Ordinary shares 100%
W.B. Nominees Limited	United Kingdom	Nominee company	Ordinary shares 100%
WCWB (PEP) Nominees Limited	United Kingdom	Nominee company	Ordinary shares 100%
WCWB (ISA) Nominees Limited	United Kingdom	Nominee company	Ordinary shares 100%
WCWB Nominees Limited	United Kingdom	Nominee company	Ordinary shares 100%
Walker Crips Investment Management Limited (formerly Walker Crips Asset Management Limited)	United Kingdom	Dormant company	Ordinary shares 100%
Jointly controlled entities			
JWPCreers Wealth Management Limited	United Kingdom	Financial services advice	Ordinary shares 50%

Company balance sheet

31 March 2014

	Notes	**2014 £'000**	2013 £'000
Fixed assets			
Tangible	36	**392**	266
Intangible		**838**	921
Investments	37	**15,299**	19,313
		16,529	20,500
Current assets			
Debtors	38	**128**	88
Trading investments		**952**	—
Cash at bank and in hand		**5,828**	4,011
		6,908	4,099
Creditors: amounts falling due within one year			
Other creditors	40	**(515)**	(1,570)
Shares to be issued	41	—	(226)
		(515)	(1,796)
Net current assets		**6,393**	2,303
Total assets less current liabilities		**22,922**	22,803
Net assets		**22,922**	22,803
Capital and reserves			
Called up share capital	45	**2,515**	2,470
Share premium account	46	**1,818**	1,630
Own shares held	45, 46	**(312)**	(312)
Profit and loss account	46	**13,406**	13,728
Revaluation reserve	46	**827**	619
Other reserves	46	**4,668**	4,668
Equity shareholders' funds	46	**22,922**	22,803

The financial statements of Walker Crips Group plc (Company Registration No: 01432059) were approved by the board of directors and authorised for issue on 20 June 2014.

Signed on behalf of the board of directors

R. A. FitzGerald FCA
Director
20 June 2014

Notes to the company accounts

year ended 31 March 2014

34. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention modified for the revaluation of certain investments and in accordance with applicable United Kingdom Accounting Standards and laws.

The principal accounting policies have been summarised below. They have all been applied consistently throughout the year and the preceding year.

TANGIBLE FIXED ASSETS

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

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

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

INTANGIBLES

(A) CLIENT LISTS

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

(B) UNIT TRUST MANAGEMENT CONTRACTS

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

At each statement of financial position date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

TAXATION

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 total recognised gains and losses 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 is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax assets and liabilities are not discounted.

34. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

INVESTMENTS – AVAILABLE-FOR-SALE

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.

Investments are classified as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. Depending on the nature of the instrument held, gains and losses arising from changes in fair value of available-for-sale investments are recognised either in net profit and loss or directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

INVESTMENTS IN SUBSIDIARIES

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

CASH AND CASH EQUIVALENTS

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

FINANCIAL LIABILITIES AND EQUITY

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

EQUITY INSTRUMENTS

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

SHARE-BASED PAYMENTS

The company issues equity-settled share-based payments to certain Group employees and other personnel. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant.

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

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

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 to the first available break clause.

VALUATION OF AVAILABLE FOR SALE INVESTMENTS

The fair valuation of the company's available-for-sale investments is based upon either the company's share of net assets (discounted for market factors) or the underlying market price and volatility which may be subject to fluctuation from year to year.

SHARES TO BE ISSUED

The Company had recognised as a liability the sum which has been issued and allotted just after the prior period end to personnel associated with the company in order to meet contractual commitments given as part of the recent expansion of its client base.

FINANCIAL INSTRUMENTS

The Company has adopted FRS 25: Financial Instruments: Presentation and FRS 26: Financial Instruments: Recognition and Measurement. Disclosures equivalent to that required under FRS 29 are given in the consolidated Group accounts which are publicly available the company is exempt from the disclosures required by FRS 29 in its own accounts.

GOING CONCERN

After conducting enquiries, the directors believe that the company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 15.

Notes to the company accounts continued

year ended 31 March 2014

35. PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported a profit for the financial year of £200,000 (2013: profit of £11,549,000).

An amount of £12,000 (2013: £11,000) related to the auditor's remuneration for audit services to the company.

36. TANGIBLE FIXED ASSETS

	Leasehold improvements, furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
At 1 April 2013	1,663	1,218	1,097	3,978
Write down	(1,253)	(371)	(1,097)	(2,721)
Additions	225	—	—	225
At 31 March 2014	**635**	**847**	**—**	**1,482**
Accumulated depreciation				
At 1 April 2013	1,397	1,218	1,097	3,712
Eliminated on write down of assets	(1,253)	(371)	(1,097)	(2,721)
Charge for the year	99	—	—	99
At 31 March 2014	**243**	**847**	**—**	**1,090**
Carrying amount				
At 31 March 2014	**392**	**—**	**—**	**392**
At 31 March 2013	266	—	—	266

37. FIXED ASSET INVESTMENTS

	2014 £'000	2013 £'000
Subsidiary undertakings	**12,895**	13,521
Available-for-sale investments, at fair value	**2,404**	5,792
	15,299	19,313

A complete list of subsidiary undertakings can be found in note 33 to the Group accounts.

Available-for-sale investments consists of two investments. The first one is of 1,809 shares in Euroclear plc. In the prior year, the directors estimated the value of the holding based on Group's share of net asset, discounted by reference to the discount to book value amongst comparable financial institutions. In the year to 31 March 2014 the holding was valued based on the underlying share price and volatility.

The second investment is one of 1.282 million units in the Short Term Lending Fund (STLF) a qualifying collective investment scheme (QCIS). During the year the Group invested a portion of its cash resources as seed capital into the fund. The fund facilitates lending to specialist lenders in the residential property construction sector. All loans are secured with a charge against the underlying property and the Loan to Value average is between 65–70%, keeping risks low. The investment is valued at the market price as at 31 March 2014.

38. DEBTORS

	2014 £'000	2013 £'000
Amounts due from subsidiary undertakings	**9**	—
Prepayments and accrued income	**102**	83
Other debtors	**17**	5
	128	88

39. DEFERRED TAX LIABILITY

	2014 £'000	2013 £'000
At 1 April	**(150)**	18
Tax losses utilised as group relief	—	(170)
Deferred tax credit to equity	**(35)**	(35)
(Charge)/credit to the income statement	**(46)**	37
At 31 March	**(231)**	(150)

40. CREDITORS

	2014 £'000	2013 £'000
Accruals and deferred income	**40**	623
Amounts due to subsidiary undertakings	—	478
Amount due to personnel under recruitment contracts	—	205
Deferred tax liability (see note 39)	**231**	150
Current tax liability	**244**	114
	515	1,570

41. SHARES TO BE ISSUED

	2014 £'000	2013 £'000
Amount due to personnel under recruitment contracts	—	226
	—	226

42. FAIR VALUE DISCLOSURES

The fair value of the company's financial assets and liabilities is not materially different to their carrying value in the balance sheet.

The fair value of available-for-sale investments, which comprises 1,809 shares in unlisted Euroclear plc and 1.282 million units in the Short Term Lending Fund (STLF) was determined respectively with relevance to issuing entity's market price and volatility and the market price as at 31 March 2014.

The fair value of the company's investment in the Short Term Loan Fund is considered to approximate its cost as the majority of the investment took place in the second half of the year and there is no reason to believe the investment is impaired, the residential market being currently fairly buoyant.

Notes to the company accounts continued

year ended 31 March 2014

43. FINANCIAL COMMITMENTS

CAPITAL COMMITMENTS

At the end of the year, there were capital commitments of £nil (2013: £234,000) contracted but not provided for and £nil (2013: £nil) capital commitments authorised but not contracted for.

LEASE COMMITMENTS

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

	2014 £'000	2013 £'000
Within 1 year	—	113
Within 2–5 years	**375**	372

44. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption given by paragraph 3 of FRS 8 not to disclose transactions and balances with its subsidiaries or investees of the group qualifying as related parties.

45. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Called up, allotted and fully paid		
37,746,187 (2013: 37,063,187) ordinary shares of $6^2/_3$ pence each	**2,515**	2,470

During the year the company allotted 15,000 ordinary shares (2013: 12,000 ordinary shares) in connection with the exercise of share options. The Company received £6,325 cash consideration during the year in respect of the exercise of share options (2013: £5,060).

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

The Company has granted options to certain employees and account executives in respect of the following shares:

	Number of shares subject to option	Exercisable period of option	Exercise price £
Ordinary shares of $6^2/_3$ pence each	611,250	June 2008 to June 2015	0.780
	611,250		

46. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Other £'000	Revaluation £'000	Profit and loss account £'000	Total equity £'000
As at 31 March 2012	2,470	1,626	(312)	4,668	474	5,400	14,326
Revaluation of investment at fair value	—	—	—	—	180	—	180
Deferred tax charge to equity	—	—	—	—	(35)	—	(35)
Profit for the year	—	—	—	—	—	11,549	11,549
Dividends paid	—	—	—	—	—	(3,221)	(3,221)
Issue of shares on exercise of options	—	4	—	—	—	—	4
As at 31 March 2013	2,470	1,630	(312)	4,668	619	13,728	22,803
Revaluation of investment at fair value	—	—	—	—	243	—	243
Deferred tax charge to equity	—	—	—	—	(35)	—	(35)
Profit for the year	—	—	—	—	—	200	200
Dividends paid	—	—	—	—	—	(522)	(522)
Issue of share on exercise of options	1	5	—	—	—	—	6
Issue of shares on acquisition of intangible asset	44	183	—	—	—	—	227
As at 31 March 2014	**2,515**	**1,818**	**(312)**	**4,668**	**827**	**13,406**	**22,922**

Notice of annual general meeting

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

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

Notice is hereby given that the Annual General Meeting of Walker Crips Group Plc ("Walker Crips Group" or the "Company") will be held at South Place Hotel, 3 South Place, London, EC2M 2AF on 18 July 2014 at 11.00 a.m for the following purposes:

AS ORDINARY BUSINESS

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

1. To receive and adopt the Directors' report and audited financial statements for the year ended 31 March 2014.
2. To approve the Directors' remuneration report (excluding the Directors' remuneration policy set out at pages 30 to 33 of the Directors' remuneration report) for the year ended 31 March 2014.
3. To approve the Directors' remuneration policy, the full text of which is set out at pages 30 to 33 of the Directors' remuneration report for the year ended 31 March 2014, which takes effect from 1 April 2015.
4. To declare a final dividend of 1.06 pence per ordinary share for the year ended 31 March 2014.
5. To declare a special dividend of 1.0 pence per ordinary share.
6. To re-elect as a director Mr Rodney FitzGerald.
7. To re-elect as a director Mr David Hetherton.
8. To re-elect as a director Mr Sean Lam.
9. To re-elect as a director Mr Martin Wright.
10. To re-elect as a director Mr Robert Elliott.
11. To re-elect as a director Mr Hua Min Lim.
12. To appoint Deloitte LLP as auditor of the company until the conclusion of the next meeting at which accounts are laid.
13. To authorise the Directors to fix the auditor's remuneration.

AS SPECIAL BUSINESS

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

14. That the authority and power conferred upon the Directors to allot shares or to grant rights to subscribe for or to convert any security into shares in accordance with Article 12 of the company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the company or the date falling 15 months from the date of the passing of this resolution and for that period the Section 551 Amount (as defined in Article 12(B)) shall be £822,137 (equivalent to one third of the company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(B) are revoked, subject to Article 12(D).

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

15. That, subject to the passing of Resolution 14, the authority and power conferred upon the Directors to allot equity securities for cash in accordance with Article 12 of the company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the company or the date falling 15 months from the date of the passing of this resolution and for that period the Section 561 Amount (as defined in Article 12(C)) shall be £251,641 (equivalent to 10% of the issued ordinary share capital of the company as at the date of this notice). All previous authorities pursuant to Article 12(C) are revoked, subject to Article 12(D).

16. That the company be and is hereby granted pursuant to section 701 of the Act 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 $6^{2}/_{3}$ pence each in the capital of the company ("Ordinary Shares") provided that:

    a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to 10% of the company's issued share capital then in issue;

    b) the minimum price which may be paid for any Ordinary Shares is $6^{2}/_{3}$ pence per Ordinary Share;

    c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Shares is not more than 5% above the average of the middle market quotations for the Ordinary Shares (as derived from the London Stock Exchange Daily Official List) for the 10 business days before the purchase is made;

    d) the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting of the company or the date falling 15 months from the date of the passing of this resolution; and

    e) the company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract or contracts. This resolution shall confer on the Directors all rights for the company to make any such market purchase of the company's own shares as are required under the terms of Article 11(B).

By order of the Board

David J. Hall DipPFS FMAAT Chartered MCSI
Secretary
20 June 2014

WALKER CRIPS GROUP PLC
Finsbury Tower, 103–105 Bunhill Row, London EC1Y 8LZ
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").

RESOLUTION 1: RECEIPT OF THE 2014 REPORT AND ACCOUNTS
The Directors of the company must present their report and the annual accounts to the Meeting and shareholders may raise any questions on the report and accounts under this resolution.

RESOLUTION 2: APPROVAL OF THE 2014 DIRECTORS' REMUNERATION COMMITTEE REPORT
The Directors' Remuneration Committee Report for the year ended 31 March 2014 has been prepared and is laid before the Meeting for approval by shareholders in accordance with section 439 of the Companies Act 2006. The vote is advisory and does not affect the actual remuneration paid to any individual Director. You can find the full Directors' remuneration report in the 2014 Report and Accounts.

RESOLUTION 3: APPROVAL OF THE 2014 DIRECTORS' REMUNERATION POLICY
Shareholders are asked to approve the Directors' remuneration policy set out on pages 30 to 33 of the Directors' Remuneration Report for the year ended 31 March 2014. Section 439A of the Companies Act 2006 requires that the Directors' remuneration policy is put to a vote of shareholders at the Meeting. The vote is binding.

If Resolution 3 is passed, the policy will take effect from 1 April 2015. Once in effect, the company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past director, unless that payment is consistent with the policy or has otherwise been approved by a resolution of the shareholders of the company.

The Directors' remuneration policy must be put to shareholders for approval at least every three years, and will be put to shareholders earlier if a change to the policy is proposed or the advisory vote on the Directors' remuneration report is not passed in any year following the approval of the policy.

RESOLUTION 4: FINAL DIVIDEND
Shareholders are being asked in Resolution 4 to approve a final dividend of 1.06 pence per ordinary share for the year ended 31 March 2014. If you approve the recommended final dividend, this will be paid on 25 July 2014 to all ordinary shareholders who were on the register of members at the close of business on 11 July 2014.

RESOLUTION 5: SPECIAL DIVIDEND
In recognition of the company's investment gains, the Board proposes a one-off return to shareholders of £369,961 structured as a special dividend of 1.0 pence per ordinary share. The approval of this resolution is not dependent on Resolution 4 nor vice versa. If approved, the recommended special dividend will be paid on the same basis as the final dividend, i.e. on 25 July 2014 to all ordinary shareholders who were on the register of members at the close of business on 11 July 2014.

RESOLUTIONS 6 TO 11: RE-ELECTION OF DIRECTORS
The Company's Articles of Association require that at each annual general meeting, directors who were in office at the time of the previous two annual general meetings and who have not been elected or re-elected in that period must retire by rotation. A retiring Director is eligible for re-election. This year, Mr Rodney FitzGerald, Mr David Hetherton and Mr Sean Lam are retiring in this manner and are seeking re-election.

In addition, Mr Martin Wright and Mr Hua Min Lim are retiring because each of them have been Non-executive Directors for more than nine years and Mr Robert Elliott is retiring as it is a condition of his letter of appointment as a Non-executive Director that he retires at each annual general meeting. Mr Wright, Mr Lim and Mr Elliott are seeking re-election.

The biographies of the Directors eligible and standing for re-election at the Meeting are set out on pages 16 and 17 in the 2014 Report and Accounts.

RESOLUTION 12: APPOINTMENT OF AUDITOR
The Company is required to appoint its auditor at each general meeting at which accounts are laid before the shareholders and is usually appointed to hold office from the conclusion of an annual general meeting until the conclusion of the next annual general meeting. This resolution on the Audit Committee's recommendation, proposes the appointment of Deloitte LLP as auditor of the company.

RESOLUTION 13: REMUNERATION OF THE AUDITOR
The resolution also authorises the Directors, in accordance with standard practice, to set the remuneration of the auditor. In accordance with its terms of reference, the Audit Committee will approve the terms of engagement and the level of audit fees payable by the company to the auditor and recommend them to the Board.

NOTES ON RESOLUTIONS CONTINUED

RESOLUTION 14: RENEWAL OF THE DIRECTORS' AUTHORITY TO ALLOT SHARES

Resolution will be proposed before the Meeting to confer authority on the Directors to allot equity securities of up to an aggregate nominal amount of £822,137 (being one third of the company's issued share capital, excluding treasury shares, as at 20 June 2014). This resolution, which is an ordinary resolution, will replace the authority given to the Directors at the last annual general meeting on 19 July 2013.

750,000 shares are held in treasury as at 20 June 2014 (representing approximately 2.03% of the company's issued share capital (excluding treasury shares) on that date).

The Directors have no present intention to issue new ordinary shares. However, the Directors consider it prudent to maintain the flexibility to take advantage of business opportunities that this authority provides.

This authority will expire on the next annual general meeting of the company or the date falling 15 months from the date of the passing of the resolution, whichever is the earlier.

RESOLUTION 15: RENEWAL OF THE DIRECTORS' AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS

Resolution will be proposed before the Meeting to confer authority on the Directors to allot equity securities for cash up to an aggregate nominal amount of £251,641 (being 10% of the company's issued share capital, including treasury shares, as at 20 June 2014) 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 19 July 2013.

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

This authority will expire on the next annual general meeting of the company or the date falling 15 months from the date of the passing of the resolution, whichever is the earlier.

RESOLUTION 16: AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the company should be authorised to take advantage of these provisions and therefore, pursuant to the power contained in the company's Articles of Association, it is intended to propose a special resolution at the Meeting to confer authority on the company to purchase up to a maximum in aggregate of 10% of the ordinary shares of 62/3 pence each in the share capital of the company at a price or prices which will not be less than 62/3 pence and not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

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

They may further note that the total number of warrants and options to subscribe for equity shares in the company that are outstanding as at 20 June 2014 is 611,250 share options. The proportion of issued share capital of the company (excluding treasury shares) that this represents as at that date is 1.7%. If the company used the full authority (both existing and being sought) to buy back the shares under Resolution 16 and all such shares were cancelled, they would then represent 2.1% of the issued share capital of the company.

This authority will expire on the next annual general meeting of the company or the date falling 15 months from the date of the passing of the resolution, whichever is the earlier.

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 16 July 2014; or
   - if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting,

   shall be entitled to attend and vote at the Meeting.

APPOINTMENT OF PROXIES

2. If you are a member of the company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars 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, Laurel Lane, Halesowen, West Midlands, B63 3DA; and
   - received by Neville Registrars no later than 11.00 a.m. on 16 July 2014.

   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.

SHAREHOLDER NOTES CONTINUED

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://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 7RA11) by 11.00 a.m. on 16 July 2014. 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.

   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, Laurel Lane, Halesowen, West Midlands, B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars no later than 11.00 a.m. on 16 July 2014.

    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.

Notice of annual general meeting continued

SHAREHOLDER NOTES CONTINUED

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 6.00 p.m. on 20 June 2014, the company's issued share capital comprised 37,746,187 ordinary shares of $6^{2}/_{3}$ pence each. Each ordinary share carries the right to one vote at a general meeting of the company. The Company held 750,000 ordinary shares in treasury on 20 June 2014 and, therefore, the total number of voting rights in the company as at 6.00 p.m. on 20 June 2014 is 36,996,187.

COMMUNICATION

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

WEBSITE GIVING INFORMATION REGARDING THE MEETING

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

QUESTIONS AT THE MEETING

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

WEBSITE PUBLICATION OF AUDIT CONCERNS

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

    Where the company is required to publish such a statement on its website:

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

NOMINATED PERSON

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

Form of proxy

For use at the Annual General Meeting (the "Meeting") of Walker Crips Group plc (the "Company") to be held at the South Place Hotel, 3 South Place, London, EC2M 2AF on 18 July 2014 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. ☐

Please also mark this box if you are appointing more than one proxy. ☐

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

	For	Against	Vote withheld
1) To receive and adopt the Directors' report and audited financial statements			
2) To approve the Directors' remuneration report			
3) To approve the Directors' remuneration policy			
4) To declare a final dividend of 1.06 pence per ordinary share			
5) To declare a special dividend of 1.0 pence per ordinary share			
6) To re-elect Rodney FitzGerald as a director			
7) To re-elect David Hetherton as a director			
8) To re-elect Sean Lam as a director			
9) To re-elect Martin Wright as a director			
10) To re-elect Robert Elliott as a director			
11) To re-elect Hua Min Lim as a director			
12) To appoint Deloitte LLP as auditor			
13) To authorise the Directors to fix the remuneration of the auditor			
14) To authorise and empower the Directors to allot equity securities			
15) To authorise and empower the Directors to allot equity securities for cash as if section 561(1) of the Companies Act 2006 did not apply*			
16) To authorise the company to make market purchases of the company's shares*			

Signed: .... Dated: ....

(for a company see note 8 to this form of proxy)

* Special resolution.

Form of proxy continued

NOTES:

1. As a member of the company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space above. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. If the proxy is being appointed in relation to less than your full voting entitlement, please indicate the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or, if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited on 0121 585 1131 to obtain an extra proxy card. Please indicate the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).
6. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, Laurel Lane, Halesowen, West Midlands, B63 3DA; and
   - received by Neville Registrars no later than 11.00 a.m on 16 July 2014.
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, Laurel Lane, Halesowen, West Midlands, B63 3DA, CREST ID (7RA11) by 11.00 a.m on 16 July 2014. 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

R. A. FitzGerald FCA	– Chief Executive Officer
S. K. W. Lam FCPA (Aust.), Chartered FCSI	– Group Managing Director
D. Hetherton	– Wealth Management Director
M. J. W. Rushton	– Chief Investment Officer

NON-EXECUTIVE DIRECTORS

D. M. Gelber	– Chairman
R. A. Elliott FCA Cert PFS	– Audit Committee Chairman
H. M. Lim	
M. J. Wright	– Senior Independent Director

SECRETARY

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