WALKERCRIPS

Growing with our clients to make investment rewarding

Annual Report and Accounts 2018

A technology-driven financial services company, founded on traditional values of honesty, fairness and integrity; committed to the clients we serve.

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

Strategic report

Corporate governance

Financial statements

Highlights from our year

Our core business has performed steadily throughout the year with growth in revenue and discretionary and advisory assets under management, as we continue to meet our financial and strategic objectives.

Financial highlights

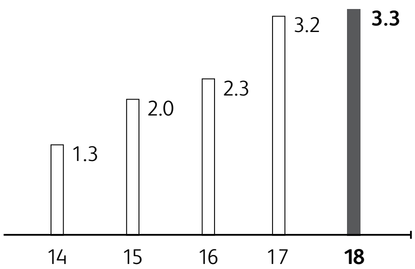
- Group annual revenues increased by 4.4% to £30.5m (2017: £29.2m)
- Underlying operating profit, before tax and exceptional items decreased to £906,000 (2017: £1,102,000 restated)
- Reported profit before tax increased to £924,000 (2017: £764,000 restated)
- Discretionary and advisory assets under management increased by 3.1% to a high of £3.3bn (2017: £3.2bn)

Strategic highlights

- Non-broking income as a percentage of total income has increased to 64.1% (2017: 61.8% restated)
- Proposed final dividend maintained at 1.29 pence per share (2017: 1.29 pence per share), bringing total dividends for the year to 1.87 pence per share (2017: 1.87 pence per share)
- Turnover increased for third year in succession

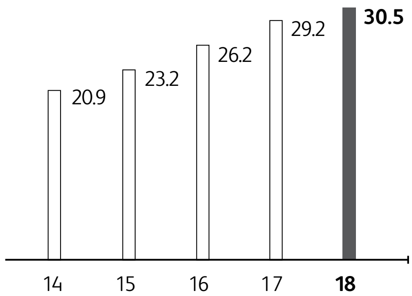
£3.3bn
2017: £3.2bn

Discretionary/Advisory AUM (£bn)



£30.5m
2017: £29.2m

Total Income (£m)



Strategic Report

Walker Crips at a glance

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

Key statistics

104 years
Looking after our clients

32,636
Clients across the uk

£5.0bn
AUMA

£30.5m
Total revenue 2017/18

Where we are

12
UK OFFICES

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

What we believe

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

Awards

Our ALPHA: r^2 Managed Portfolio Service (MPS) has been awarded 5-star defaqto ratings for its services.

defaqto 2017 DFM Bespoke | defaqto 2017 DFM MPS on Platform | defaqto 2017 DFM MPS Direct

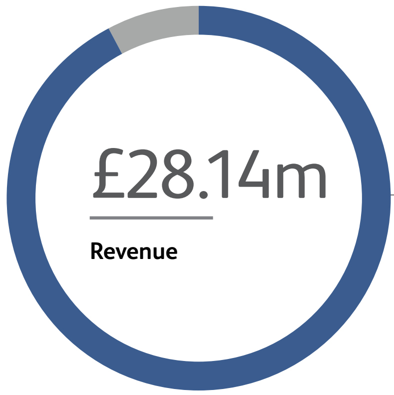
PAM 50 Most Influential 2018

Sean Lam, Chief Executive Officer, was named one of Private Asset Managers (PAM) 2018 50 Most Influential.

PAM Top 40 Under 40 2018

Gary Waite, Walker Crips Investment Manager and Portfolio Manager of ALPHA: r^2, was placed in Private Asset Managers (PAM) Top 40 Under 40.

Our divisions



Investment Management

Our Investment Management division provides Bespoke Discretionary and Advisory Management to private clients, trusts, intermediaries and charities. Walker Crips Investment Management also offers discretionary fund management to intermediaries through ALPHA: r^2, our managed portfolio service.

Stockbrokers

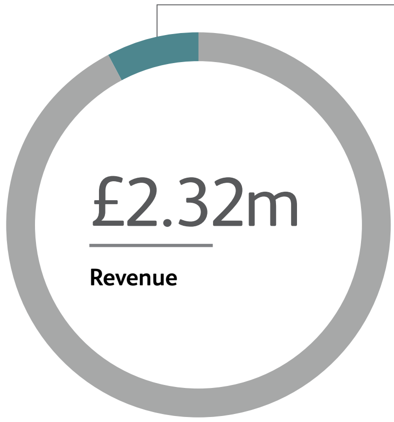
Our Stockbrokers division is a group of highly experienced individuals and teams with whom clients develop an investment relationship. Clients benefit from a direct and personal communication with expert brokers, managers and advisers who have built up specialist skills and knowledge to help clients with their investments. The division offers four investment services so clients may choose how they wish to work with their own stockbroker; Bespoke Discretionary, Advisory Managed, Advisory Dealing or Execution-only.

Structured Investments

Our Structured Investments division presents opportunities to intermediaries and their clients to access pre-packaged (and bespoke) strategies to allow tax-efficient investments for a variety of different risk and return profiles. It arranges and administers structured investments with a prudent and sensible approach.

Alternative Investments

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



Wealth Management

Our integrated offering combines advisory services on investments, pensions protection and financial planning. Quality financial planning and investment management enables clients to plan for their children's education, increase their tax efficiency, ensure they achieve the retirement they want and prepare for inheritance tax. Businesses and business owners also benefit from sound financial planning to encompass pension and employee benefit schemes, corporate protection and investments to ensure future stability and financial wellbeing.

Pensions

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

Chairman's Statement

Our core business has performed steadily in 2017/18, with improvements in our key performance indicators a heartening signal that the cornerstones of the business continue to provide the financial stability we have enjoyed for decades.

Overview of 2017/18

In a year dominated by unexpected political events and by resilience from UK markets, our core business has performed steadily. Revenue and Discretionary and Advisory Assets under Management showed encouraging increases.

The Group has faced two tough years in terms of the overhaul of our regulatory and compliance systems, as I described last year, and the considerable challenges of upgrading our systems to be compliant with the increased regulatory requirements of MiFID II[1], PRIIPs[2], GDPR[3] and SM&CR[4]. In addition, the year also saw the relocation of our operations both in London and in York to new premises. We are very pleased to have completed these important but extremely time and labour consuming exercises and to be able to once again focus first and foremost on the development of our business.

The proportion of non-broking revenue to total income also improved to 64.1% as we continue to make the business less reliant on unpredictable transaction-based income. The Group's profit before tax has increased, although inflation and pressure on our cost base and margins have resulted in a reduced adjusted operating profit when exceptional items are stripped out.

In the year to 31 March 2018 we reported increased revenues of £30.5m (2017: £29.2m[5]) and at the period end, Total Assets under Management and Administration, a key metric of performance, was £5.0bn (2017: £5.2bn) , meeting our target level of £5bn, with discretionary and advisory assets under management increasing to £3.3bn (2017: £3.2bn).

Net Revenue in the year has been stable at £20.5m (2017: £20.4m). In the first six months, we witnessed results buoyed by improved market conditions. However, reduced trade volumes in the second half led to lower than expected revenue from commission income as uncertainty over Brexit terms, and a potential trade war, continued to dampen investor confidence. The reduced commission was mitigated by an increase in managed funds interest margins due to the November 2017 rise in UK Base Rates.

Inclusive of exceptional costs, total administrative expenses in the year were largely flat at £19.6m compared to £19.7m in 2017. However, underlying expenses before exceptional items increased by 1.6% to £19.6m compared to £19.3m in 2017, reflecting inflationary pressures.

Overall our operating profit before tax and exceptional items was £906,000, being 17.8% down on £1,102,000[6] in 2017. Exceptional costs this year are largely offset by exceptional income and therefore the reported profit before tax has increased by 20.9% to £924,000 compared to £764,000[7] in the prior year. As noted in the table (on page 7) and fully explained in Note 33, the 2017 prior year comparatives have been restated following review of the treatment of certain income and expense items. The impact of this was to reduce previously reported 2017 profit before tax by £40,000.

Strategy

The delivery of high quality personal investment advice and strong investment management capability remains at the core of our business. We continue to look for opportunities to attract talented investment managers, either individually or as teams, who share our culture and commitment to client service. However, organic growth, through the expansion of new and improved product offerings, is a priority. We are constantly looking for ways to maintain and enhance the service we provide to clients, delivering a premium personal service. At the same time, we are redoubling our efforts to standardise, where it is appropriate to do so, to use technology to reduce costs and generally to work more efficiently.

In tandem, we are establishing innovative high margin alternative investment products and planning accelerated use of technology to drive the business forward with significant growth in the Group's products and services. The next phase of development is embodied in a three-pronged approach to expand our alternative offering, described more fully in the CEO's Statement. We are confident that implementation of this strategy will provide the springboard for the more consistently higher levels of profitability that we seek. As we move to this phase, the improvements in our key performance indicators is a heartening signal that the cornerstones of the business continue to provide the financial stability we have enjoyed for decades.

Dividend

Acknowledging this reduction in the rate of growth during the year, and also recognising the need for business investment, the Board is recommending the maintenance of the prior year level of final dividend of 1.29 pence per share (2017: 1.29 pence per share). Combined with the interim dividend of 0.58 pence per share (2017: 0.58 pence per share), the total dividend for the year is 1.87 pence per share (2017: 1.87 pence per share). The final dividend will be paid on 14 September 2018 to shareholders on the register at the close of business on 31 August 2018.

Culture, governance and the Board

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

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

Directors, account executives and staff

The recent fit-out of our new offices in the City of London and in York came in under budget and provides staff and associate advisers with a modern working environment and space for expansion.

I would like to thank all my fellow Directors, Investment Managers and Advisers, and members of our operations team for their hard work and diligence in assisting in this process.

The Board and in particular the Executive Directors have undergone another year of structural change in the governance and oversight of the business. Rodney FitzGerald, who

1 Markets in Financial Instruments Directive
2 Packaged retail investment and insurance based products
3 General Data Protection Regulation
4 Senior Managers and Certification Regime
5 2017 net revenue has been restated as explained in Note 33.

Reconciliation of operating profit to operating profit before exceptional items

	2018 £000	2017 £000
Operating profit	**890,000**	742,000*
Exceptional items	**16,000**	360,000
Adjusted operating profit	**906,000**	1,102,000*

**The 2017 operating profit has been restated from £782,000 reported last year to £742,000 as explained in Note 33.*

has been Chief Executive Officer (CEO) and Group Finance Director for the last ten years, playing a pivotal role in the transformation of the Group from private client stockbrokers into an integrated investment and wealth management house, stepped back from his position as CEO and retained the role of Group Finance Director as part of a phased retirement.

Sean Lam succeeded Rodney as CEO with his previous ten years of dual responsibility over Group operations and technology making him the ideal person to lead Walker Crips into the future.

Mark Rushton, Chief Investment Officer, assumed responsibility of the investment management and stockbroking subsidiary, Walker Crips Stockbrokers Limited, as CEO. Mark has been instrumental in our recent growth, attracting a series of new teams of advisers to the Group since joining in 2012, which has changed the quality of our revenue streams and enhanced the processes and culture throughout the organisation.

We are sorry to report that our Group Compliance Director, Guy Jackson, has decided to move on after making a highly effective contribution to the compliance department. After joining in May 2016, he restructured his team and brought in new resources in a short space of time to leave the Group with a much healthier framework to tackle the increasingly complex burden of regulation.

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

The loyal members of our York operations are now rejuvenated under a new leadership team, proud of their new offices and already embarking on new initiatives for growth.

Annual General Meeting

This year's Annual General Meeting will be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 5 September 2018, at 11.00 a.m.

Outlook

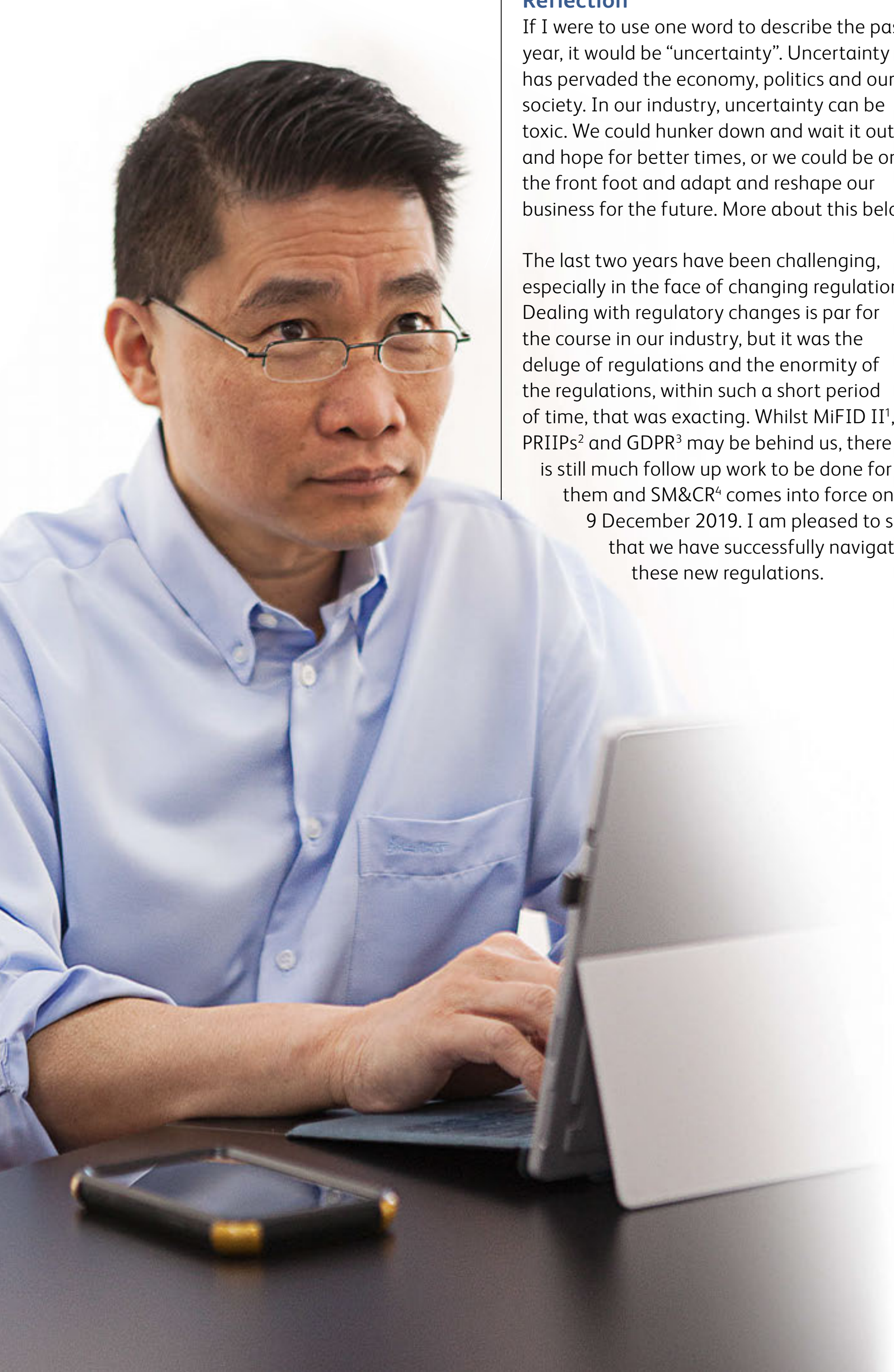
After a period of considerable challenges across the Investment and Wealth Management industry and many regulatory developments and accomplishments, we are now set for long-term growth, whilst having maintained our sound financial footing. As the industry continues to change and investors absorb global issues in the form of Brexit, varying economic activity, threatened and actual trade tariffs and pockets of geo-political instability, there remains a lingering uncertainty over markets. We believe we are well positioned to provide the flexibility and the advice that clients need at such times; and to manage their assets in line with their specific requirements, in the context of improving technology, further regulation, differing peer business models and shifting demographics. We approach the future with firm self-belief as we look cautiously to the growth of our business over the medium term, driven by our renewed strategy to create increased shareholder value as we deliver good customer outcomes.

D. M. Gelber
Chairman
31 July 2018

6 2017 pre exceptional profit has been restated as explained in Note 33.
7 2017 profit before tax has been restated as explained in Note 33.

CEO's Statement

In 2018 we will be driving ahead with a three-pronged strategy to solidify Walker Crips as a technology-driven financial services firm.



Reflection

If I were to use one word to describe the past year, it would be "uncertainty". Uncertainty has pervaded the economy, politics and our society. In our industry, uncertainty can be toxic. We could hunker down and wait it out, and hope for better times, or we could be on the front foot and adapt and reshape our business for the future. More about this below.

The last two years have been challenging, especially in the face of changing regulations. Dealing with regulatory changes is par for the course in our industry, but it was the deluge of regulations and the enormity of the regulations, within such a short period of time, that was exacting. Whilst MiFID II[1], PRIIPs[2] and GDPR[3] may be behind us, there is still much follow up work to be done for them and SM&CR[4] comes into force on 9 December 2019. I am pleased to say that we have successfully navigated these new regulations.

In the midst of all these changes, substantial resources were devoted to acquiring new leases for our Group head office in London and our office in York which were both expiring.

While dealing with the new regulations, we invested heavily in staffing, in systems and in management time toward compliance with these. Now that they are embedded into the business, we are focussing on managing our administrative cost base, continuing building funds under management, revenue growth and innovation to improve our profitability.

Three-pronged strategy

We have re-aligned our business growth strategy into a three-pronged approach:

1. Core Investment Management Business

This is our largest revenue generating division, providing clients with investment, wealth, pensions, collectives advice and the creation of structured investments and structured deposits for clients, IFAs and counterparties

We will continue to:

- invest in our core business, building innovative systems that will support our Investment Managers and Advisers in providing high quality personal investment advice
- make this division more robust and more efficient, increasing revenues and managing costs thereby improving margins
- seek more good quality investment and wealth managers, either individually or as teams

1 Markets in Financial Instruments Directive
2 Packaged retail investment and insurance-based products
3 General Data Protection Regulation
4 Senior Managers and Certification Regime

2. Alternative Investments
This subset of our core investment management division is where we create innovative and higher margin new business lines.

Our objective is to repurpose the systems and technology that we have, to support new business initiatives without incurring significant capital or staffing expenditure.

3. Software as a Service (SaaS)
This is our new driver. Our systems development core competency means we create and own much of our technology, allowing us to build and integrate many of our systems into one central platform.

We will be translating some of these systems into the cloud and from there, commercialising and providing them to industry participants who are looking to systematise core processes such as suitability management and monitoring.

We plan to offer these services on an OpEx basis, e.g. per user per month, removing cost barriers to entry.

Driving Forwards

We are now in an era of dramatic warp-speed technological change, of digital disruption. Over the next few years, we will witness the coming of age of Artificial Intelligence, Machine Learning, Robo-Advice and other Cognitive Technologies. We will also witness the prevalence of Blockchain Technology disrupting the business of intermediaries, e.g. banks, brokers and financial advisers. How we respond as a business will be crucial.

We have always provided high-touch service to our clients, but in recent years we have moved toward both high-tech and high-touch, with technology supporting our ability to provide services to our clients and to enable us to build and maintain trust with them. Our vision is to cement Walker Crips as a technology-driven financial services firm.

At our core, our desire is to serve our clients, to deliver good customer outcomes and to make investment rewarding for them, our shareholders and our staff. We have served clients for 104 years, and attribute our longevity to the dedication and commitment of our Investment Managers, Wealth and Pensions Advisors and our staff. But we cannot continue operating like in years past, we must Create > Innovate > Rejuvenate > Eliminate > Repeat.

I am grateful to be working with such good and committed people, and thank them all for their service and fortitude. I look forward to their continued contribution as we innovate in the interests of our clients and prosper together.

Sean Lam
Chief Executive Officer
31 July 2018

Our three-pronged strategy for growth

1 Core Investment/Wealth Management

- Investment Management
  - Discretionary Advisory Managed, Advisory, Execution Only
  - Discretionary - Bespoke Portfolio Models (Alpha: r^2)
- Wealth Management
- Pensions Management
- BPAM Collectives Investment Management
- Structured Products

2 Alternative Investments

- Tier 1 (Investor) Visa
- Short Term Lending
- International Equity Arbitrage

3 Technology Services (SaaS) and Back Office/Admin Services

- To commercialise our platforms, and provide them as SaaS to external parties

Our business model

Walker Crips provides retail clients with a flexible proposition of core investment services, delivered by Investment Managers and Advisers focused on achieving good customer outcomes. It also offers select alternative investment assets and develops technology-driven services and controls.

We draw on our strengths

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

Our people
Our aim is to motivate and reward our employees and self-employed associates appropriately, encouraging individual development and good customer outcomes while empowering employees to serve clients and realise their potential.

Strong culture of integrity
Our culture promotes the traditional values of honesty, fairness and integrity while striving to do the right thing. We treat our clients in the way they wish to be served, and in the way we ourselves would expect to be treated.

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

to power our business

Investment and Wealth Management
Our Investment Managers, Wealth Managers and Stockbrokers work together for clients. We recognise that understanding each and every client's knowledge and experience is vital to achieve a good outcome. Investment advisers retain their independence to invest for their customers without the need for a specific top-down investment policy.

Alternative Investment
Our Investor Visa programme, Short Term Lending and International Equity Arbitrage offerings provide an alternative revenue stream for the business.

Technology
In-house IT systems continue to be developed, working alongside external provider relationships, to drive efficiency, contain costs and secure clients' data. Our Software as a Service (SaaS) offering is a key part of our strategy moving forward.

and make investment rewarding for our shareholders

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

- Core revenue is derived from the fees charged for investment and wealth management from the services our teams provide
- Additional revenue is produced through transactional activity and custody charges
- Stability for our investors comes from our aim of maintaining a strong balance sheet
- We strive to create shareholder value by increasing our recurring revenues and containing costs to drive profitability

Our clients
Our clients benefit from:

- our expert investment management and wealth management knowledge
- close investment relationships with dedicated investment professionals
- ongoing and active decision making and advice on investment addressing prevailing markets
- service to support the trusted relationship with their investment manager or adviser

Our people
- Our personnel are encouraged to achieve success through opportunities, contribution and empowerment
- Responsibility and training is given to grow their knowledge, experience and business
- Decisions are made by individuals for direct management and advice on clients' investments
- Controlled oversight is given for investment parameters of portfolios

1.87p
Total dividend per share

1.77p
Total earnings per share

£30.5m
Revenue

32,636
Total number of clients

£5bn
Total funds we manage

75
Employees with over 10 years of service

31
Employees with over 20 years of service

Our strategy

To develop a technology-driven financial services company through our three-pronged strategy for growth: the core Investment and Wealth Management business, Alternative Investments, and Software as a Service.

Our objectives	How it will be achieved and our priorities for 2018/19	What we did in 2017/18	Metric
Grow the core Investment Management and Wealth Management business	→ Continue opportunistic growth of Investment Management, leveraging our flexible and appealing client offering → Maintain target growth in order to achieve £10bn AUM by 2026 → Grow Wealth Management through hires and increase profitability with efficiencies → Continue reviewing compliance within the changed regulatory environment (Markets in Financial Instruments Directive (MiFID II), General Data Protection Regulation (GDPR), Senior Managers and Certification Regime (SM&CR)) → Ensure support of our broad range of services through robust systems for internal client management and external client communication and reporting → Extend the use of the individual Investment Manager models → Develop the SIPP and SSAS offering of our Pensions division → Maintain the focused and clear offering to grow profitability of our Barker Poland offering organically → Enhance the systems supporting our Structured Investments division for future growth → Maintain Structured Investments market share → Launch Structured Deposit offering → Maintain cash and cash equivalents	→ Transferred in clients from two new Investment Managers → Added Newbury office to the regional stable of Investment Managers → Sustained the original £5bn AUMA target whilst addressing the retirement of Investment Managers and the handover of their clients → Hired two new Wealth Managers in York → Successful reorganisation of the Wealth Management senior management team → Added to the functionality of the suitability, risk and control technology used to communicate with and advise clients to support Investment Managers → Maintained cash and cash equivalents at £8.4m	**4** New revenue generators **£3.3bn** Discretionary and Advisory AUM
Increase non-broking revenues and Alternative Investments	→ Grow assets under management from existing Investor Immigration Programme → Increase clientele of Investor Immigration Programme through referrals → Launch new Short Term Lending product into the market → Continue the closely controlled and low risk activity of the International Equity Arbitrage → Develop technology to offer existing expertise via efficient channels → Continue to grow fees versus commission related revenue → Review fees, charges and tariffs in line with added value for clients → Prepare for segmented service offering for Discretionary, Advisory Managed and Advisory Dealing services → Develop the Discretionary service per Investment Manager alongside the Bespoke service, for suitable client segments	→ Discretionary AUM increased by £163m to £1.5bn → Non-broking revenues increased from £18.0m to £19.5m → Alternative Investments continued to perform after a record previous year → Reviewed the service offering and charges to address the smaller AUM segment of clients using individual Investment Management model portfolios → Portfolio service for individual Investment Manager models developed for initial roll-out aimed at smaller AUM client segment (and other suitable clients)	**£19.5m** Non-broking revenue
Create technology efficiencies and develop Software as a Service offerings	→ Capture the commercial value of selling existing system capability to peer businesses in the industry → Grow our in-house team of Developers and System Analysts → Enhance and embed the cycle of the Client Suitability Review programme → Develop existing technology that can be commercialised as Software as a Service products → Further develop the 'Portfolio' technology for the discretionary service per Investment Manager → Expand our range of flexible, transparent and impartial services using our capability in technology to develop: client offering, services, documents, online access and communication → Use technology to drive further MiFID II system, control and reporting requirements → Develop compliance monitoring and oversight through technological advances → Aim to streamline, derisk where appropriate and simplify the overall offering for efficiency	→ Further improved the Client Suitability Reviews through additional information requirements → Delivered our new Annual Management Charge system to accrue fees daily → Improved and focused the Compliance monitoring function → Met the MiFID II and GDPR challenges by adapting and developing our internal processes and monitoring (including Client Suitability Review and Memorandum of Advice) → Approved new roles for System Analysts and Developers → Made add-ons to our proprietary system to support the delivery of MiFID II, ranging from suitability to trade reporting, and including provision of research from selected providers → Further simplified processes through each incremental addition to the system	**2** New Developer roles approved **7,750** Clients using our portal

Principal risks

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

Risk	How it arises	Mitigation	
Client risk/Counterparty risk			
Client failure to settle transaction **Risk appetite** Low/Medium	**The risk that a client or market counterparty will not meet its obligations to the Group in accordance with agreed terms resulting in losses.** This risk can arise when a client fails to pay for a purchase of shares or to deliver a certificate of ownership of a stock which has been sold. Also a similar exposure arises if a market maker fails to complete the same trade through corresponding payment or stock delivery.	Daily monitoring of clients' positions and counterparty exposures and individual trade limits. Credit assessments of counterparties and treasury policy to avoid concentration risk. Credit risk assessments of banks and custodians, active monitoring of exposures and use of credit ratings. Using several banks to hold both clients' and the firm's money, with levels being constantly reviewed.	Unchanged ↔
Conduct risk			
Customer outcomes **Risk appetite** Zero/Low	**The risk that clients or the wider market suffer detriment as a result of inappropriate behaviour or actions by staff or business partners.** This risk can arise when representatives of the Group are not given sufficient training or awareness of the highest standards of behaviour central to the core services of the Company, being honesty, integrity and fairness.	Clear and balanced financial promotions, suitable investment advice and complaints management. Board oversight, development of staff and training, strong corporate governance with defined roles, ensuring the tone from the top sets a fair, positive and ethical culture.	Unchanged ↔
Regulatory risk **Risk appetite** Zero/Low	**The risk of failure to comply with new or amended regulations incurring fines and causing reputational detriment.** Failure by management to recognise the scope and impact of new or amended regulations on the business model and resources needed to implement change.	Board oversight, development of staff and training, strong corporate governance with defined roles, recovery plan, monitoring the Group's performance relative to competitors, compliance monitoring programme, regulatory development oversight, documented policy and procedures and regular contact with regulators. Peer comparison and communication, increased compliance personnel and early gap analyses conducted.	Unchanged ↔
Liquidity risk			
Liquidity risk **Risk appetite** Zero/Low	**The risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due.** This risk can arise in the stockbroking subsidiary where large amounts of trade values are being settled daily and can lead to a funding requirement due to a delay in market delivery or late settlement by clients.	Contingency funding plan, cash flow forecasting, experienced management team monitoring settlement performance, maintenance of cash surplus buffer, ability to raise an overdraft facility and liquid financial trading book can be realised. Group entities settle intercompany balances regularly and are not reliant on intra Group funding.	Unchanged ↔
Market Risk			
Market Risk **Risk appetite** Zero/Low	**The risk of losses arising as a result of exposure to market movements in the price of financial instruments, including foreign exchange.** This risk can arise when the Group's proprietary trading book positions incur losses on negative price movements.	Portfolio size and transaction limits are low and monitored. Speculative investments are not permitted.	Unchanged ↔
Capital adequacy			
Capital adequacy **Risk appetite** Zero/Low	**The risk that the Group's business strategy and plans for growth are not sustainable on the existing regulatory capital base.** This risk can arise when new acquisitions, products or initiatives are embarked upon without sufficient reference to impact on regulatory capital adequacy.	Capital adequacy surplus is maintained well in excess of regulatory requirements. Material surplus cash balances are always carried. Ongoing review of regulatory capital through an Individual Capital Adequacy Assessment Process. New initiatives are examined and stress tested prior to implementation.	Unchanged ↔
Operational risk			
Business disruption **Risk appetite** Low/Medium	**The risk that an internal or external event causes failure of the core business activities or IT systems supporting them.** This risk can arise when the business fails to effectively control or administer the operating systems at the heart of the business, fails to manage its resource requirements properly or maintains inadequate security arrangements.	Business and information system recovery plans are approved, tested and maintained. Data incident log records and analyses all unforeseen events to prevent recurrence. Insurance cover in place for certain causations e.g. financial crime and consequential loss.	Unchanged ↔
Cyber fraud **Risk appetite** Low/Medium	**The risk of fraudulent action by external parties maliciously breaching the Group's internal systems.** This risk can arise from failure to implement sufficient controls over security access to all IT systems.	Senior management oversight, encryption and protection software installed, prevention procedures, segregation of duties between front and back office, system authority and payment limits and system access controls and heightened employee awareness based on experience to match the greater risk presented by recent threats reported in the sector.	Increased ↑
Personnel **Risk appetite** Zero/Low	**The risk of losing key staff who are the drivers of significant components of the business.** This risk can arise on the failure to reward individuals with challenging performance targets and competitive levels of financial compensation.	Succession and contingency planning, appropriate compensation levels and share incentive schemes to reward and retain staff. Investment in staff through training, key man insurance cover and contractual restrictive covenants.	Unchanged ↔

Our people and culture

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

People and culture

In 2017/18 we invested in new premises for our London and York offices, providing an environment conducive for client engagements and fit for modern purpose. The offices were designed to improve workflow and maximise collegiate collaborations, to promote ideas generation and innovation.

We understand the importance of giving back to the communities who support us throughout the UK. Walker Crips employees take part in and sponsor charity sporting events throughout the year, including the London Marathon, Great City Race, Merlin MS Centre fun run and Invesco Perpetual Challenge. Over the year, several Walker Crips offices undertook new community sponsorships of local sporting teams.

Walker Crips is proud to have 75 employees who have worked with us for over ten years, and 31 employees who have been with us for more than 20 years. The experience and the deep understanding of our business these staff members provide is invaluable.

We are committed to the principle of equality and equal opportunities in employment. We are opposed to any form of less favourable treatment or financial reward through direct or indirect discrimination, harassment, victimisation to employees or job applicants on the grounds of age, race, religion or belief, marriage or civil partnership, pregnancy or maternity, sex, sexual orientation, gender reassignment or disability. Walker Crips supports women in their career progression, with three women being promoted to senior roles over the year.

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

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

Group statistics

278
Number of personnel

33%
Percentage of female personnel

2,304
Total number of years' service

Market opportunity

We maintain our position as an integrated Investment Management and Wealth Management business for high net worth and mass affluent clients. With our own culture of individual client service and our appeal of independence, flexibility and integrity, we continue to focus on achieving the right customer outcomes across our service offering.

Mark Rushton, Chief Investment Officer

2017/18 year in review

During the first nine months of the period, volatility had declined despite challenging global events; however it reared its head in the first quarter of 2018. Global equities were shaken by higher than expected inflation data and rising market interest rates in the US debt markets, which touched 2.95% on the 10 Year Treasury for the first time since 2014. After a relatively straight rise in markets, with low volatility, many investors had become complacent and as this unwound the market correction was rapid, although in reality overdue. It was blamed on quantitative trading algorithms and a realisation that interest rates were likely to rise.

Market volatility returned during short-lived periods of equity market correction on the back of nervousness and uncertainty across global macro and geopolitical backdrops, as the realities of fresh UK and world orders emerged. The market retreated from a mid-January peak of 7,778.64 by almost 9% to 7,092.43 in early February, and dropped a further 2.5% to 6,888.69 in the last week of March 2018.

In the US, employment and wage growth figures were stronger than anticipated, raising concerns that inflation could be about to rise. The 'Goldilocks' inflation of not too much and not too little appears to have been holding sway, but there is still a likelihood of a drift to higher interest rates. Political tensions in global trade rose during the year, partly as a result of Donald Trump's stated policy to "make America great again".

The UK equity market seemed to ride the result of the snap UK General Election on 8 June 2017 with relative ease after a period of dampened market activity. This was sustained until the reality of a Conservative government propped up by the Democratic Unionist Party emerged after a resurgent Labour party made significant gains, leaving the Conservatives in a far weaker position going into Brexit negotiations. Brexit induced uncertainty remains, and the UK must adjust the way it trades with both the EU and the rest of the world. It is likely that this will translate into periods of market volatility and potential declines in investment assets. Whilst transaction activity may be affected positively or negatively, as might commission income, the system for daily accruing of annual management charges, introduced in January 2018, will smooth the potential volatility of these charges.

UK inflation (CPIH) rose from 2.3% in March 2017 to a recent high of 2.8% for September, October and November 2017, sparking talk of potential small interest rate hikes to come, but has since retreated to 2.3% for March 2018. Gilts have been reflecting these inflation shifts as well as political and economic changes. This has accompanied the perception of an increased likelihood of a normalisation of rates, with the UK 10 year Gilt yield having moved in a range from lows of 0.98% in March 2017 and just below 1% in September 2017, to a high of 1.68% in February 2018 and finishing the period at 1.41%. Sterling followed suit from lows of USD 1.25 in April 2017 strengthening in 2017 before rising further in early 2018 to just over USD 1.40 in March 2018. (Source: Bloomberg.)

The MSCI IMI UK Liquid Real Estate Index has returned approximately 3.84% during the year, reflecting the uncertainty emanating from the Brexit vote. Although there are many participants who believe the market is high, property remains a relatively low return asset for portfolio diversification and income production over the long term.

Our position in the market

We continue to forge an integrated Investment Management and Wealth Management business for high net worth and mass affluent clients from bases in London, York, Birmingham and our regional offices, including the most recent addition in Newbury.

Discretionary and Advisory Assets Under Management (AUM) in 2017/18 have remained stable. Whilst there are clear demographic pressures on the traditional private client groupings, we see continued AUM growth opportunities from the more recent changes of pensions legislation, and from ongoing referrals and introductions from clients and intermediaries. According to surveyed firms within a recent Compeer Survey, the Wealth Management industry has reached an all time high of £957bn as at the end of 2017. The key will be providing a scalable offering while maintaining a high level of service.

We maintain our culture and the appeal of independence, flexibility and integrity, alongside our Associate model, with a focus on achieving the right customer outcomes. We compete with our peers and larger institutions, by continuing to provide Advisory services alongside Discretionary and Managed services. Larger competitors limit the service they offer to clients in order to simplify their offering, at the expense of client choice. Demand for advice is increasing as clients are challenged by the vagaries of UK tax, the changing regulatory environment and economic circumstances that are difficult to chart; and many wish to save time through a holistic service. Whilst addressing continuing regulatory pressures, we also continue to develop our in-house IT and systems and seek to develop revenue streams that constitute an increasing percentage of fees, adding complementary businesses without detracting from our investment management and wealth management offerings.

The year ahead

The degree of uncertainty in 2017 continues to pervade the economic, geopolitical and UK/EU political stability in 2018. UK Brexit negotiators continue to address a challenging future, with negotiations destined to be extended. The future is likely to present further volatility and the potential for specific market declines.

With significant political, economic and regional conflict risk in the future, a suitably constructed investment stance makes good sense, with income generating assets and compounding helping to outperform inflation over the medium term.

Challenges and concerns across the industry include: rising cost/income pressures; increasing and costly regulation; costs of technology, innovation and defending against the threat of cyber attack; reputational threats; market volatility; and changing client demand from demographic shifts and generational asset transfers. With all these forces in play, the industry's period of change and modernisation in recent years is likely to continue, having already accelerated over the last five years.

With the achievement of MiFID II and its ongoing obligations, and the additional controls and oversight regarding GDPR and other regulatory changes to come (e.g. the Senior Managers and Certification Regime), the barriers to entry are ever tougher.
In the traditional broad wealth management industry, we expect further consolidation as a result of the need for scalability and the high quantum of regulatory and technology development costs. Although robo-advice and challenger entrants with apparently simple and focused business lines have been encouraged, they have not gained as much traction in UK as predicted and they are finding the challenge of meeting the suitability requirements both expensive and inhibitive for their potential growth in market share.

Geo-political change, continuing regulatory requirements, technological developments and a challenging investment environment will be amongst the key challenges during the year ahead.

UK Wealth Management industry in 2017

£6.78bn

UK Wealth Management Industry Revenue

£549bn

Discretionary assets under management

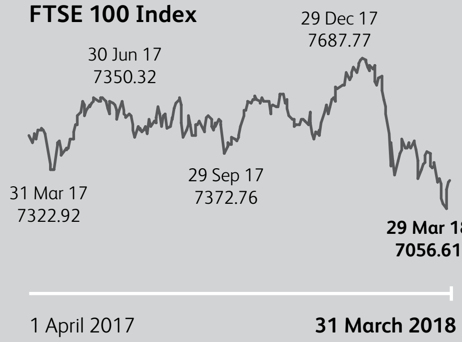
£957bn

UK Wealth Management Industry Investment Assets

Source: Compeer Survey June 2018

GBP/USD

FTSE 100 Index



UK 10 YEAR GILTS (YIELD%)

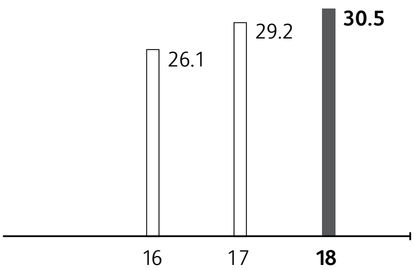
Key performance indicators

The Group's strategy continues to deliver results and progress. Performance in 2018 is set out below with data from preceding years. Year-on-year data is presented on a consistent basis providing measurable indicators. The Board will continue to monitor these KPIs regularly.

£30.5m

2017: £29.2m

Revenue (£m)

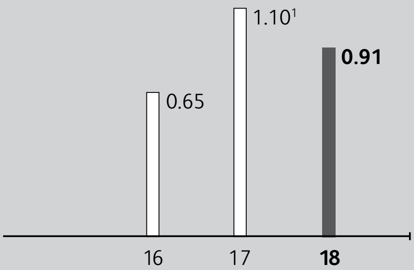


Growth in Discretionary and Advisory AUMA has led to an increase in Revenue of 4.5% as a result of increased fees and commission income.

£0.91m

2017: £1.10m[1]

Operating profit before exceptional items (£m)

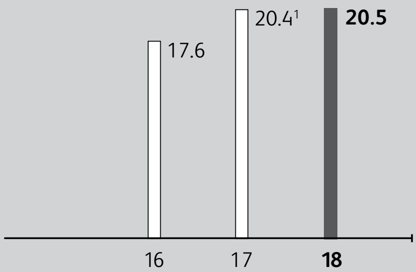


A decrease of 17.8% in Operating Profit before Exceptional Items has come despite record revenues, which have been outpaced by the growth in commission payable and higher administrative expenses.

£20.5m

2017: £20.4m[1]

Gross profit (£m)

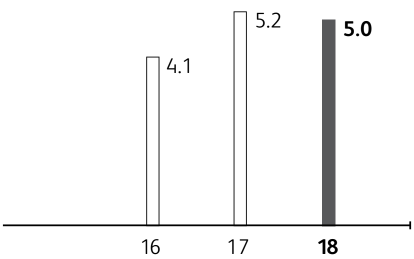


Gross profit has remained stable.

£5.0bn

2017: £5.2bn

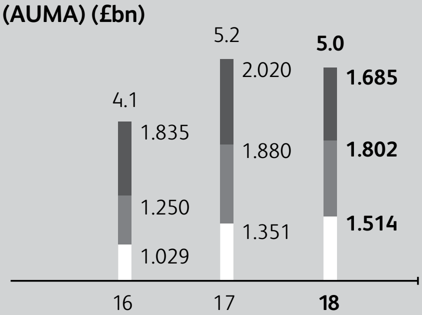
Growth in total assets (AUMA) (£bn)



Decrease of 4% in Total Assets has come from outflows of execution only assets, market decreases in asset values, offset by growth in discretionary AUM from new hires.

■ Administration
■ Advisory
■ Discretionary

Breakdown of total assets (AUMA) (£bn)

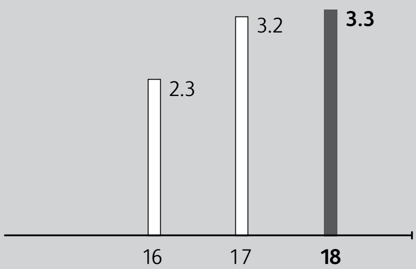


The AUMA decrease has derived from: Administration down 17%; Advisory down 4%; and Discretionary up 12%. Non-Discretionary (i.e. Administration and Advisory AUM) taken together, decreased by 11%.

£3.3bn

2017: £3.2bn

Discretionary/ advisory AUM (£bn)



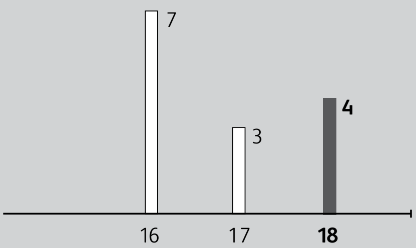
Discretionary and Advisory AUM, taken together, grew by 3% from inflows of new discretionary assets offset by market decreases in asset values.

1 Amounts have been restated and are explained further in Note 33.

4

2017: 3

New revenue generators (number)

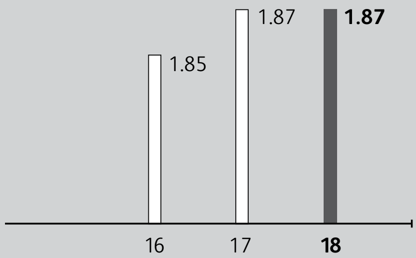


Two new revenue generators were hired in the Investment Management division contributing to the increase in Discretionary AUM. A further two revenues generators were hired as part of an expansion in the Wealth Management division.

1.87p

2017: 1.87p

Total dividends (Pence per share)

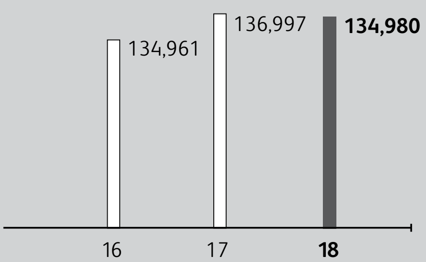


The maintenance of Total Dividend reflects the reduction in this year's rate of growth and prudent use of available reserves.

134,980

2017: 136,997

Transaction volume (number)

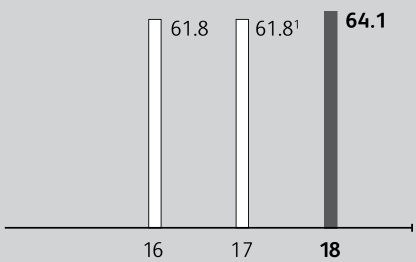


In the first half, transaction volume continued along the same more favourable trajectory as in the second half of 2017, but has been more muted in the second half of 2018, checked at various times by the implementation of MiFID II and bouts of Brexit driven uncertainty, and consequently finishing lower than last year.

64.1%

2017: 61.8%[1]

Non-broking income proportion (%)



The non-broking income percentage increased strongly during the year driven by Discretionary asset inflow, with Management fees growing by 12%.

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

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

Sean Lam
Chief Executive Officer
31 July 2018

David Gelber
Chairman
31 July 2018

1 Amounts have been restated and are explained further in Note 33.

Corporate Governance

Board of Directors

1 2 3

EXECUTIVE DIRECTORS

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

M

Sean is a passionate technologist and innovator and has made it his quest to 'engineer out complexities'. He graduated in 1991 with a Bachelor of Commerce from the University of Western Australia majoring in accounting and finance. He was Head of Internal Audit with Phillip Securities in Singapore. 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 technology. In 2004, he was made Chief Operating Officer, and in 2007, Group Managing Director and Chief Technology Officer. Sean is a Fellow of CPA Australia, a member of its European Council from 2010 - 2015, and President of its European Region in 2012 and 2013. He is also a Chartered Fellow of the Chartered Institute for Securities & Investment. Sean was appointed Group Chief Executive Officer in September 2017.

2 | Rodney FitzGerald FCA
Group Finance Director

C M Ri

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

3 | Mark Rushton
Chief Investment Officer

M

Mark Rushton graduated in 1984 with an MA in Law from Downing College, Cambridge University. Before joining the Walker Crips Group Board in 2012, Mark's previous role had been at BNP Paribas where he was Head of Offering for UK Wealth Management, before which he lead corporate development at Fortis. Prior to 2007, he held senior roles at Cazenove Capital Management, UBS and Mitsubishi UFJ Trust International. Mark was appointed CEO of Walker Crips Stockbrokers in September 2017 which he combines with his current Chief Investment Officer role.

NON-EXECUTIVE DIRECTORS

4 | David Gelber
Chairman

A N R

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

5 | Martin Wright
Senior Independent Director, Non-Executive

A N R

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

6 | Clive Bouch FCA
Non-Executive Director

A N R

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

7 | Hua Min Lim
Non-Executive Director

N R

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

KEY | BOARD COMMITTEES

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

Introduction to governance

Dear shareholder,

The Board is committed to setting and achieving the highest standards of good corporate governance which is critical to the delivery of our business strategy to provide value to the Group's stakeholders. Walker Crips is governed and managed in the context of the principles of the 2016 UK Corporate Governance Code, available to view at www.frc.org.uk.

The Board is responsible to shareholders for the overall management and oversight of the Group and for its long-term success. In particular, the Board is responsible for agreeing the Group's strategy, monitoring financial performance, setting and monitoring the Group's risk appetite and maintaining an effective system of internal controls.

There have been several critical Regulatory projects during the last financial year with the implementation of the The Markets in Financial Instrument Directive (MiFID II), General Data Protection Regulations (GDPR) and commencement of the Senior Management and Certification Regime (SM&CR). MiFID II will ensure improved transparency, particularly on costs and charges and client reporting.

A major systems upgrade has been completed during the year and will enable us to better serve our clients in a transparent and professional manner appropriate to their needs and investment objectives.
We continue our focus on culture and behaviour in line with good principles of conduct. The Financial Conduct Authority (FCA) Principles for Businesses remain our most important benchmarks and we strive to conduct our business with integrity and put client interests at the heart of everything we do.

An ongoing evaluation of the effectiveness of the Board and Audit Committee has been conducted as well as its structure, competencies and experience. We have arranged training for those areas where we need to improve, and by working together we are already dealing with the challenges. With a focus on strategy planning and improving Management Information we are developing our culture throughout the organisation.

I can confirm that all Non-Executive Directors being proposed for re-election at the Annual General Meeting continue to be effective and demonstrate commitment to their role.

The Audit Committee, now Chaired by Clive Bouch, has met six times during the year to discuss and review our published results and oversee the results and reports of the compliance function as well as the internal and external audit functions.

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

D. M. Gelber
Chairman
31 July 2018

Report by the Directors on corporate governance matters

year ended 31 March 2018

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

Compliance

The Company has been in compliance with the Code's principles and provisions throughout the year ended 31 March 2018 except as follows:

- Contrary to code B.1.1 the Chairman, David Gelber, Senior Independent Director, Martin Wright and our Singapore-based Non-Executive Director, Lim Hua Min, who is also a significant shareholder, have all served on the Board for more than nine years. The Board reviews their contribution every year and is satisfied that they remain independent. This is evidenced by the objectivity and critical detachment that underpin their continued provision of constructive challenge and support to Executive Directors and management. David Gelber, Martin Wright and Lim Hua Min will, therefore, be put forward for re-election at the Annual General Meeting on 5 September 2018. Robert Elliott retired from the Board on 6 September 2017.

- Contrary to code D1.1, the Group did not, during the year, have malus and clawback provisions in place to be able to recover or withhold variable pay from/to the Executive Directors. This has been addressed since the year end and relevant documentation is now in place for all Executive Directors except Guy Jackson who has now left.

- Contrary to code D.2.1, the Company Chairman (D. M. Gelber) chaired the Remuneration Committee during the year because he is considered to be independent by the Board for the reasons stated above. Since the end of the year our Senior Independent Director, M. J. Wright, has assumed the role of Chairman of this committee.

The Board of Directors

At year end, the Board of Directors consisted of four Executive and four Non-Executive Directors. The full Board meets regularly throughout the year.

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

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

The roles of Chairman and Chief Executive, currently occupied by D. M. Gelber and S. K. W. Lam (from 6 September 2017 following R. A. FitzGerald's retirement from the post of Chief Executive Officer) respectively, are separated and the Board includes Non-Executive Directors, of whom D. M. Gelber, R. A. Elliott FCA (retired on 6 September 2017), C. Bouch FCA and M. J. Wright are regarded as independent, and the remaining Directors believe they provide an objective viewpoint.

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

All Non-Executive Directors are being offered for re-election at the Annual General Meeting where appropriate.

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

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

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	6	2	6	1
D. M. Gelber (Non-Executive Chairman, Remuneration Committee Chair)	6	2	6	1
R. A. FitzGerald (Chief Executive until 6 September 2017)	6	2[1]	6[1]	n/a
S. K. W. Lam (Chief Executive from 6 September 2017)	6	n/a	3[1]	n/a
H. M. Lim	0	2	n/a	1
M. J. Wright (Non-Executive Senior Independent Director)	6	2	6	1
R. A. Elliott (Non-Executive Audit Committee Joint Chair from 18 May to 6 September 2017)	3	n/a	3	1
M. J. W. Rushton	6	n/a	n/a	n/a
C. Bouch (Non-Executive Audit Committee Joint Chair, appointed 18 May 2017 until 6 September 2017 and Chair from 6 September 2017 onwards)	6	2	6	1
G. J. B. Jackson (resigned 23 July 2018)	6	n/a	6[2]	n/a

1 By invitation.

2 As Company Secretary.

Report by the Directors on corporate governance matters continued
year ended 31 March 2018

Diversity and inclusion
In support of Lord Davies's recommendations on Board diversity, including the key issue of gender diversity, particularly given our present Group Board composition, I am pleased to announce that during the financial year we were able to promote internally two females to the subsidiary boards. Wendy Eastwood was promoted to Managing Director of Ebor Trustees Limited and Valentina Kang was promoted to Head of Compliance and a board director of Walker Crips Stockbrokers Limited. The Board recognises the governance benefits that breadth of perspective and diverse traits deliver. We remain committed to promote talented individuals as executives both internally and through recruitment with our whole-hearted encouragement supported by accessible training and regular open communication between Directors and staff.

Nomination Committee
The Committee consists of D. M. Gelber, M. J. Wright, R. A. Elliott (retired on 6 September 2017), C.Bouch and H. M. Lim. It considers and makes recommendations to the Board for the appointment of Directors. The Chairman, D. M. Gelber, has no other significant commitments which affect his ability to carry out his role effectively. When considering possible candidates, the Committee evaluates their skill, knowledge, experience and, in the case of Non-Executives, their independence and other commitments. The structure of the Board and its collective experience and skill set are assessed on the appointment or departure of any Director.

The Nomination Committee met several times during the year to discuss the succession arrangements following Rodney FitzGerald's decision to retire as the Group Chief Executive and to consider and make arrangements for Sean Lam's appointment as his successor.

Audit Committee
During the year, the Audit Committee consisted of M. J. Wright, D. M. Gelber, C. Bouch and R. A. Elliott. R. A. Elliott chaired the Committee and subsequently joint chaired the Committee with C. Bouch from 18 May 2017 until his retirement from the Plc board on 6 September 2017. C. Bouch was appointed sole chair from 6 September 2017. The Committee's terms of reference include reviewing the annual compliance plan and reports from the risk based compliance monitoring programme, external audit, reviewing the internal audit plan, effectiveness and independence, assessing the effectiveness of the Company's internal control procedures and the reporting of results. The Chief Executive, attends these meetings by invitation as does the Group Finance Director.

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

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

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

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

A staff profit share scheme which enables all employees to share directly in the prosperity of the Group has been in operation for several years. Profit before tax for the current year eligible for this bonus calculation has fallen below the minimum threshold and, accordingly, an amount of £34,000 (2017: £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.

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

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

Directors' emoluments are disclosed in the Remuneration Committee report.

Risk Management Committee
The Risk Management Committee (RMC) was formed on 7 July 2015 and replaced the Business Risk Panel. Attendees are selected based on experience and their skill set which complements other members of the RMC for optimal risk management.

The members of the Group Board and subsidiary boards are responsible for ensuring that adequate systems and controls are in place and that the businesses operate in accordance with all relevant legal and regulatory requirements. The members of the Group and subsidiary boards are responsible for the day to day management of each entity.

The objectives of the RMC is to assist the Group and subsidiary boards in fulfilling its corporate governance oversight responsibilities by evaluating, reviewing and reporting on:
- risk appetite, strategy and tolerance, including integration with the Group's culture, values and behaviour;
- the operation of risk management frameworks in the effective mitigation of strategic, operational and external risks.

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

Each year the Board conducts a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency and liquidity.

Compliance Committee

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

The Committee is also responsible for interpreting new rules, guidance notes and regulations disseminated by the FCA and other European regulatory bodies. In the current financial year, the firm was very busy with the project management and implementation of the MiFID II, GDPR and SM&CR.

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

Relations with shareholders

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

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

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

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

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 2018 and up to the date of approval of the Annual Report and Accounts and is regularly reviewed by the Board and the Board is satisfied that it accords with the relevant guidance. Due to the relatively small size of the Company and Group there is a simple organisational and reporting structure. Financial results and other information are regularly reported to the Board throughout the year.

During the year, reviews of revenue and expense recognition controls identified three incorrect treatments which have resulted in prior year adjustments shown in Note 33 of these financial statements. Our auditors also identified a technical accounting error that has persisted for several years regarding the treatment in the Company only balance sheet of the ownership interest in BPAM, which has been corrected as explained in Note 53. Underlying causes have been reviewed and relevant procedures strengthened to mitigate the risk of recurrence.

The Directors have reviewed the effectiveness of the Company's system of internal control by conducting an annual assessment of control objectives after dialogue with relevant senior managers, control in practice and their effectiveness 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 both the external and internal auditors.

Prospects

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

The renewed strategy is three pronged, building on the existing core businesses of investment management and higher margin alternatives, underpinned by both improved technology and a focus on cost control as well as revenue growth to achieve the desired improvement in margins and profitability. Importantly, drawing on our CEO's core technology competencies and explained further in his report on page 8, the strategy includes the new strategic imperative to develop 'Software as a Service' as a substantive business serving the financial services sector.

Given a period of time is needed to develop and embed the renewed strategic initiatives, current projections anticipate the first significant improvement in profitability emerging later in 2018/19. This also follows a period of consolidation and renewal after the investment in and focus on the substantial regulatory change agenda of recent years.

The Directors have confidence in the longer-term prospects for the Group, as evidenced by the recent commitment to five and ten year leases on our new York and London properties, and use five year projections for business planning cycles, the Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. However, for the purposes of the viability statement the Directors continue to consider the three-year period remains appropriate. This period is aligned with that over which the Directors expect the new strategy to make an impact and also takes into account the unpredictability inherent in the financial sector. In particular, although reducing, volume sensitive commissions remain a material proportion of the Group's income, the Directors do not plan to revise the three-year viability statement period in future but will keep it under review as the new strategy takes effect and income sources evolve.

Viability statement

For the reasons explained above, for the purposes of the viability statement the Directors have assessed the outlook of the Company over three years, a period longer than the 12 months underpinning the 'Going concern' statement in accordance with the 2016 UK Corporate Governance Code.

Report by the Directors on corporate governance matters continued

year ended 31 March 2018

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

As a matter of good practice, and as part of the ICAAP process, the firm performs a variety of stress tests. Two Group stress tests are performed through discussions with senior management, after considering the principal risks and uncertainties faced by the Group. The stress points include the impact on revenues of a severe fall in global markets causing a reduction in commission and fee income of 20% and 15% respectively and the loss of major clients causing a reduction in total revenue of 10%, two exposures prevalent in the financial sector.

The stress tests enable the Board to:

- model a variety of external and internal events that affect financial projections, identifying the potential impact of stress events on income, costs, cash flow and capital; and
- assess the effectiveness of management actions that may be taken to mitigate the impact of the stress events which include reduction of expenditure and, if required, dividends. The current business model of the Group is resilient and there is sufficient regulatory capital to survive a range of severe but plausible scenarios.

A reverse stress test allows the Board to assess scenarios and circumstances that would render its business model unviable, thereby identifying potential business vulnerabilities and ensuring the development of potential mitigating actions and invocation of recovery plans.
During the year the Group has continued to evaluate the potential risks and opportunities of the UK leaving the European Union. Although there is limited clarity to the outcome and implications of negotiations, there is no reason to believe that any potential impact on clients, our business or the wider investment management sector will cause the Group to cease to be viable over the long term. The Board will continue to monitor developments and take necessary action as the risks and implications are more fully disclosed and understood.

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

Going concern

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

Audit Committee report

year ended 31 March 2018

Composition and constitution

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

The Committee will comprise at least two independent Non-Executive Directors with appropriate experience. The current members of the Committee are the independent Non-Executive Directors Clive Bouch, David Gelber and Martin Wright. As reported last year, Robert Elliott stepped down from the Board and Audit Committee at the last Annual General Meeting.

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

David Gelber and Martin Wright have been Non-Executive Directors since 2007 and 1996 respectively. Notwithstanding these tenures, for the reasons explained on page 27, the Board considers them to remain independent. David also chairs the Board, but given the relatively small size of the Group and particularly his extensive broking and financial services experience, the Nomination Committee remains of the view it is appropriate that in accordance with C.3.1 of the 2016 Code he should continue as member of the Audit Committee.

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

Main responsibilities of the Committee

The Committee assists the Board in its oversight of the:

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

Meetings

There were six formal meetings of the Audit Committee during 2017/18. The Committee members' meeting attendances are set out in the Report by the Directors on corporate governance matters on page 27.

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

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

Committee activities

The work of the Committee during the year to 31 March 2018, fell into three main areas:

1. Accounting and financial reporting

The Committee reviewed the:

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

2. Internal controls

The Committee:

a. monitored the integrity and effectiveness of the Company's internal financial controls by reference to summaries of business risk and mitigating controls, and reports and presentations from internal audit, external audit, other subject matter specialists and heads of compliance and risk;
b. assessed the scope and effectiveness of the systems established to identify, manage, and monitor financial and non-financial risk;
c. reviewed the Group's whistleblowing policy and conduct risk framework and policy;
d. monitored and reviewed the plans, work, resources and effectiveness of the internal audit function together with its recommendations and management's responses to its proposals;
e. received progress reports and challenged management on the Group's preparations for MiFID II and GDPR;
f. reviewed actions taken in response to reports on internal controls in order to address any weaknesses identified, with particular focus during the year on data protection, closing the books process and new revenue recognition procedures and controls; and
g. reviewed management's report on the root cause of the failure in financial reporting controls which gave rise to the prior year adjusting items disclosed in Note 33 and 52, and the actions taken to strengthen procedures and the control environment to mitigate risk of recurrence.

3. External audit

The Committee:

a. reviewed BDO LLP's (BDO) audit approach, scope of work to be carried out and audit findings;
b. reviewed the auditor's independence and objectivity;
c. approved a new non-audit services policy:
d. considered the effectiveness of the external audit; and
e. discussed the findings of the FRC's 2017/18 report on its audit quality inspection with the engagement partner.

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

Audit Committee report continued

year ended 31 March 2018

External auditor

BDO was appointed at the AGM held on 3 August 2016 following a competitive tender and the audit of the 31 March 2018 financial statements is their second year as the Group's auditor. The Committee intend to conduct an audit tender process again before the tenth anniversary of BDO's appointment.

BDO reports to the Committee on its actions taken to comply with professional and regulatory requirements to ensure its independence. During the year the Committee updated the policy for the engagement of external auditors to perform non-audit work. The new policy sets out more rigorous controls to ensure the external auditor's independence is not impaired and is published on the Company's website www.wcgplc.co.uk. BDO also conducts a review of the interim half-year statement of the Group, provides reports to the Financial Conduct Authority in respect of client assets and is engaged to undertake an AAF 01/06 review, being an assurance report on internal controls of the Group as a service organisation. The Committee considers BDO is best placed to perform this work in view of their independence, competencies and knowledge acquired through the external audit engagement and resulting efficiencies. No other services have been provided. Details of external audit and non-audit fees are disclosed in Note 9 on page 66 of the notes to the financial statements.

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

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

Internal audit

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

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

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

During the year internal audit conducted reviews addressing the effectiveness of governance and committee structures, data protection, cyber security and integrity of regulatory returns. The focus for internal audit's work in the coming year includes protection of client assets, business continuity risk, suitability and financial crime. To support the effectiveness of assurance coverage across the second and third lines of defence, internal audit now present a three year rolling plan.

The Committee also monitors any other services that S&W provide to ensure the integrity and independence of the Group's third line of defence is not compromised.

The Committee monitors the effectiveness of the internal audit service provided by S&W. The particular focus is on competence and capabilities, subject matter expertise, timely reporting and the quality of communication and recommendations. During the year S&W transitioned partner responsibility for leading their service, which the Committee consider was performed effectively. The Committee is satisfied with the service provided by S&W and will continue with the arrangements.

Going concern and longer-term viability statement

Disclosures regarding the adoption of the going concern basis of financial statement preparation and the Directors' viability statement are found on pages 29 and 62. In considering these disclosures the Committee reviewed the Group's strategic priorities, projections for the forthcoming year and medium term, current business performance against those projections, the stress scenarios set out in the Group's ICAAP, current financial resources and capital expenditure plans. The Committee sought improvements in the disclosures regarding prospects for the Group and the linkage to the period selected for the Viability Statement. The Committee challenged the reasons for the period adopted and the consideration given to any key assumptions and dependencies. The Committee noted in particular that:

- the Group is embarking on a renewed strategy as described in the Chairman's and CEO's Reports;
- the projections include provisions for additional expenditure by management for planned initiatives to support the renewed strategy;
- the payment of an interim and final dividend from the Group's surplus cash resources and distributable reserves has been and continues to be a key financial objective of the Board;
- 92% of the Group's regulatory financial resources at 31 March 2018 are held in cash or cash equivalents and there are no material restrictions on accessing or utilising required liquidity throughout the Group, including for the proposed final dividend in respect of the year;
- the Group's regulatory capital at 31 March 2018 was 188% of its regulatory capital requirement and all regulated entities within the Group held capital in excess of their solo regulatory requirements;
- the Group has entered into two new 10 year property leases;
- the Group had no structural debt obligations or critical dependencies on overdraft working capital funding;
- an intraday credit line is made available by our principal bankers to enable daily net settlement of market transactions in an orderly fashion;
- ICAAP stress scenarios demonstrate management actions to mitigate the impact of significant sensitivities such as the loss of key revenue producers, significant falls in markets, a large rogue trade, an operational failure, losses from fraud or cyber attack. In certain cases a key impact in such stress situations is the potential reduction or elimination of dividend payments;
- management continue to have reasonable basis to conclude any obligation to HMRC as provided for and disclosed in Note 24 on page 75 will be recovered in full from Liontrust Asset Management plc;
- financial commitment and estimated future cash consideration obligations as disclosed in Notes 29 and 34 on pages 76 and 77 are planned for; and
- management's assessment of the contingent liabilities disclosed in Note 31 is that no obligation will arise.

Financial reporting and significant financial judgements

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

Matter considered	Action
Impairment of goodwill and intangible assets The Consolidated Statement of Financial Position includes goodwill of £4.4m and client lists of £7.8m. These balances arise on business combinations or hiring of individuals or teams of investment managers. The goodwill arose on, and has been allocated to, the acquisitions of London York £2.9m and Barker Poland Asset Management £1.49m, which continue as identifiable cash-generating units (CGUs). The year-end unamortised value of client lists attributed to these CGUs are £nil and £2.8m respectively, with the remaining balance being attributable to individuals or teams of investment managers hired.	Management assess any impairment of goodwill by comparing the book value of assets attributable to the CGUs to the higher of their fair value less cost to sell or value-in-use. The Committee reviewed management's papers supporting the conclusion there was no impairment, with particular challenge regarding the assumptions used and adequacy of the disclosures (see Note 14). The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 50). The values attributed to client lists are amortised over their estimated useful lives, being periods between 3 and 20 years. Management assess any further indicators of impairment by reference to the continuing value of Assets Under Management and Administration, peer comparisons, the loss of senior investment managers, the loss rate of clients, and other causes of possible outflows. The Committee reviewed management's supporting papers in respect of indicators of impairment and amortisation periods and as there have been no impairment triggers identified, no impairment review of these intangible assets is required. The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 49).
HMRC liability re: payments to former fund managers As disclosed in previous interim and annual reports, HMRC assessed the Company as liable for Income Tax, National Insurance and interest in respect of payments made by the purchaser of Walker Crips Asset Managers Limited following its sale in 2012. Under the Sale and Purchase Agreement the purchaser and/or fund managers were considered liable for any such obligations. In these financial statements full provision for the total estimated amounts due to HMRC of £2.0m has been made (see Note 24), together with recognition of an asset for the recovery the same amount from the purchaser included in other debtors as this recovery is considered virtually certain.	The Committee reviewed the paper prepared by management in support of the accounting treatment. This included the rationale for the quantum of the liability and the reasons why the recovery from the purchaser is assessed as virtually certain, the latter also reflecting written confirmation from the purchaser that they will meet the liability that falls due in full and assessment of their credit standing. The Committee noted that the obligation and recovery are netted within administrative expenses rather than being recorded gross as expenditure and income respectively and challenged whether this is appropriate. Management considered that such grossing up would not provide meaningful information and that the matter is adequately disclosed in the financial statements. This explanation was accepted.
Provisions The financial statements include provisions and liabilities in respect of dilapidations (£0.65m), old outstanding legal cases, customer complaints or claims (£0.46m). These amounts are estimated with varying degrees of certainty.	The Committee considered management's determination of the amounts provided and concluded they were reasonable based upon the information available. The Committee also considered the procedures followed by the external auditors and their findings, including those in respect of provisions for client claims (see independent auditor's report on page 49).
Exceptional items The Group classifies certain material items as exceptional to allow a clearer understanding of the underlying trading performance of the business. In 2017/18 these amounted to charges of £0.016m and in 2016/17 they were £0.36m (see Note 7 on page 65).	The Committee requested, received and considered explanations from management setting out the description of items that would fall to be exceptional (see page 65), the reasons for the treatment of each item classified as exceptional in the year, and the proposed disclosures, including the reconciliations provided in the Chairman's Statement, challenging these to ensure clarity.
New accounting standards New accounting standards IFRS 9 and IFRS 15 will apply to the Group's results for the year end 31 March 2019. IFRS 16 will apply to the Group's financial statements for the year end 31 March 2020.	The Committee reviewed with management the approach to determine the impact and application of these standards including disclosures made in these financial statements. The Committee also considered the work of external auditors and was satisfied with the conclusions and related disclosures.

Audit Committee report continued

year ended 31 March 2018

Performance evaluation

Since the last report, Committee members have maintained and developed their knowledge and awareness through a combination of self-reading, practical experience, receiving presentations and/or undertaking formal CISI modules on technical accounting matters including IFRS 9, 15 and 16 as well as important industry developments and regulation including MiFID II, GDPR and SM&CR. The Committee monitors its competencies and performance throughout the year and has continued to operate effectively. The next formal evaluation will be undertaken this autumn based on feedback to a questionnaire distributed to the Committee members and others who regularly attend the Committee meetings.

Approval

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

C. Bouch FCA
Chairman
31 July 2018

Remuneration Committee report

year ended 31 March 2018

Remuneration report – introduction

This is the Remuneration Committee report for the year ended 31 March 2018. It sets out the remuneration policy and remuneration details for both the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8).

The report is split into two main areas:

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

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

A resolution to approve the Annual report on remuneration will be put to this year's Annual General Meeting to be held on 5 September 2018.

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

Annual statement from the Chairman of the Remuneration Committee

This has been a further year of consolidation for the Group, as we continued to overall our regulatory and compliance systems. Our senior management team has remained stable and basic salaries were increased marginally. Directors' bonuses have been paid to certain Directors based on Group or divisional profitability, as set out on page 36.

On 6 September 2017, our Chief Executive Officer, Rodney Fitzgerald, entered a period of phased retirement set to conclude in September 2019. His successor, Sean Lam, assumed his new responsibilities the same day. The Committee took the opportunity to make several amendments to his service contract, including an increase in basic salary from £168,000 to £220,000 p.a. at a level of remuneration in line with relevant market comparators. A revised bonus scheme was also introduced to give Mr Lam the opportunity to earn a bonus up to a maximum of 100% basic salary, subject to achievement of performance targets, linked growth in profitability, efficient use of capital, growth in the share price, and achievement of strategic objectives of the Group, with 40% of the bonus as a minimum being deferred for a period of three to seven years.

Since the year end date, the Group has also introduced further amendments to all Executive Directors' contracts (except Compliance Director Guy Jackson, who has resigned) to ensure full compliance with malus and clawback requirements, as described in the 2016 UK Corporate Governance Code D1.1, enabling the Company to recover or withhold variable pay from/to the Executive Directors.

No material remuneration policy changes were made in the year to 31 March 2018. As noted last year, having made further progress in implementing Group strategy and enhancing our systems, the Remuneration Committee continues to monitor the Company's remuneration arrangements to ensure that it maintains appropriate measures and processes for annual and long-term incentives.

M. J. Wright
Remuneration Committee Chairman
31 July 2018

Remuneration Committee report continued
year ended 31 March 2018

Annual report on remuneration – subject to advisory vote by shareholders at the 2018 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 2018 AGM.

Remuneration for the year ended 31 March 2018 (audited information)

The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2018 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each Director is disclosed.

Name of Director	Year	Fees/basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Bonus taken as pension contribution £	Total bonus £	Long Term Incentive Plan £	Share incentive plan matching share contribution £	Total £
Executive										
R. A. FitzGerald	**2018**	**134,311**	**3,108**	**13,431**	**8,000**	**–**	**8,000**	**–**	**1,800**	**160,650**
	2017	168,621	3,126	16,862	5,710	–	5,710	–	1,800	196,119
S. K. W. Lam	**2018**	**197,867**	**1,664**	**19,787**	**15,120**	**–**	**15,120**	**–**	**1,800**	**236,238**
	2017	168,621	1,819	16,862	5,710	–	5,710	–	1,800	194,812
G. J. B. Jackson[1]	**2018**	**100,000**	**2,988**	**49,800**	**–**	**–**	**–**	**–**	**1,650**	**154,438**
	2017	91,307	2,711	45,625	–	10,000	10,000	–	1,800	151,443
M. J. W. Rushton	**2018**	**155,295**	**2,276**	**10,870**	**59,852**	**–**	**59,852**	**12,287**	**1,800**	**242,380**
	2017	155,295	2,486	10,870	86,657	–	86,657	–	1,800	257,108
Non-Executive										
H. M. Lim	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	–	–	–	–	–	–	–	–	–
C. Bouch[2]	**2018**	**38,570**	**–**	**–**	**–**	**–**	**–**	**–**	**1,350**	**39,920**
	2017	146	–	–	–	–	–	–	–	146
M. J. Wright[3]	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	–	–	–	–	–	–	–	–	–
D. M. Gelber	**2018**	**42,559**	**–**	**–**	**–**	**–**	**–**	**–**	**1,800**	**44,359**
	2017	41,930	–	–	–	–	–	–	1,800	43,730
R. A. Elliott[4]	**2018**	**9,549**	**–**	**–**	**–**	**–**	**–**	**–**	**900**	**10,449**
	2017	27,778	–	–	–	–	–	–	1,800	29,578
Total	**2018**	**678,151**	**10,036**	**93,888**	**82,972**	**–**	**82,972**	**12,287**	**11,100**	**888,434**
	2017	653,698	10,142	90,219	98,077	10,000	108,077	–	10,800	872,936

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

1 G. J. B. Jackson resigned on 23 July 2018.
2 C. Bouch appointed 31 March 2017.
3 Charles Russell Speechlys LLP received fees of £27,255 for the services of M. J. Wright who is a Partner.
4 R. A. Elliott retired 6 September 2017.

Annual bonus for the year ended 31 March 2018

The Group operates a profit sharing pool from which the Executive Directors may receive a discretionary bonus linked to performance which is described on page 38. The Chief Executive Officer's new bonus arrangements have been described in the Committee Chairman's opening statement to this report. In addition, the Chief Investment Officer, Mark Rushton, received a performance bonus linked to the profitability of the divisions under his responsibility at a rate between 10-20% of divisional profit before tax. All bonuses are paid in cash with no deferred component, although arrangements are now in place for future bonuses payable to the Chief Executive and the Chief Investment Officer to be awarded partly in shares deferred from sale for three years.

Based on the Group's results and profitability, the Committee has awarded modest discretionary annual bonuses payable in cash to the Executive Directors.

Outstanding share awards

There were no share options outstanding and not vested at 31 March 2018 and 31 March 2017.

Deferred bonus

Deferred bonus arrangements have been put in place for Sean Lam upon becoming CEO. No awards have been made during the year.

Directors' shareholding and share interests (audited information)

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

Director	Beneficially owned at 31 March 2017	**Beneficially owned at 31 March 2018**	**Beneficially owned at 30 June 2018**
R. A. FitzGerald	295,617	**306,491**	**308,959**
S. K. W. Lam	444,727	**485,319**	**487,787**
M. J. W. Rushton	118,480	**128,913**	**131,383**
G. J. B. Jackson (resigned 23 July 2018)	8,790	**16,961**	**16,961**
D. M. Gelber	143,898	**155,935**	**158,405**
C. Bouch	10,500	**16,733**	**19,201**
M. J. Wright	16,129	**16,129**	**16,129**

Share Incentive Plan (SIP)

All employees of the Group are eligible to participate in the SIP following three months of service. Employees may 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 2019.

A total of 754,838 (2017: 718,920) new Ordinary Shares were issued to the 118 employees who participated in the SIP during the year. At 31 March 2018, 3,277,993 shares were held in the SIP on their behalf. There were no forfeited shares not allocated to any specific employee.

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

Director	31 March 2017	**31 March 2018**
R. A. FitzGerald	23,723	**27,943**
S. K. W. Lam	37,915	**20,023**
M. J. W. Rushton	20,244	**24,464**
G. J. B Jackson (resigned 23 July 2018)	4,395	**8,225**
D. M. Gelber	38,152	**42,372**
M. J. Wright	–	**–**
C. Bouch	–	**3,086**

Material contracts with Directors

Other related parties include Charles Russell Speechlys, in which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £195,000 (2017: £324,000).

In addition, commission of £7,169 (2017: £8,562) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a Director), again all on standard commercial terms.

Total pension entitlements

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

Remuneration Committee report continued

year ended 31 March 2018

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 year ended 31 March 2018 (2017: £58,000). The prior period payments were made to David Hetherton in relation to his retirement in November 2016.

Percentage increase in the remuneration of the Chief Executive

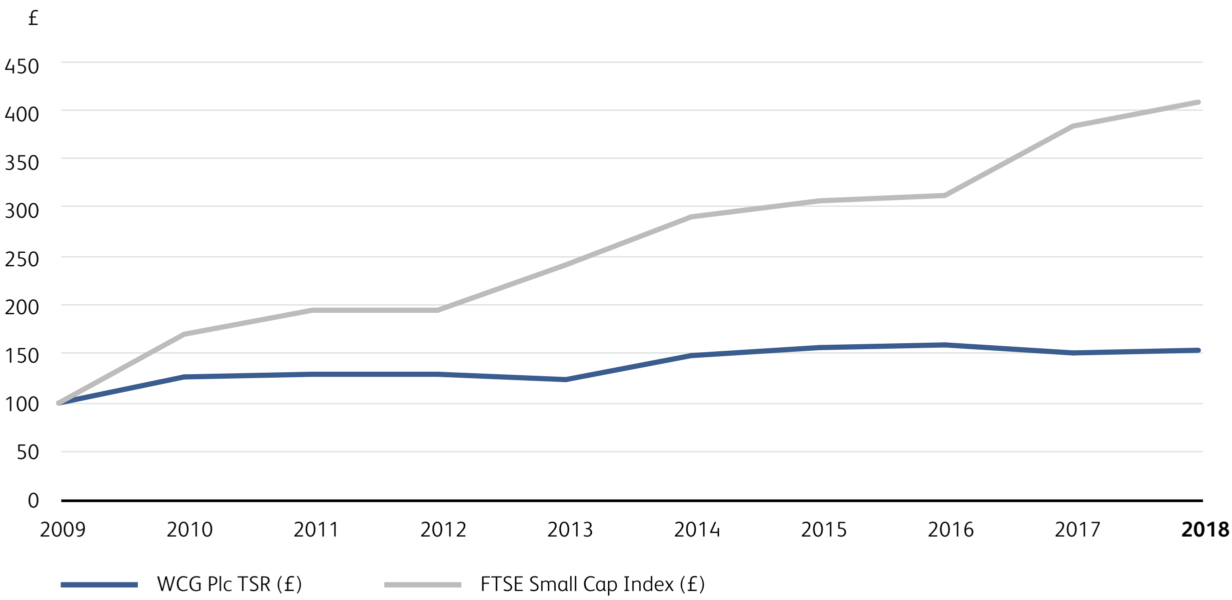
	2017 £	**2018 £**	Change
Chief Executive			
– salary of Rodney FitzGerald until 6 September 2017	72,992	**72,992**	nil
– salary of Sean Lam from 6 September 2017	95,628	**124,767**	30.5%
– bonus of Rodney FitzGerald	5,710	**8,000**	40.1%
– bonus of Sean Lam	5,710	**15,120**	164.8%
Average per employee (£)			
– salary	35,074	**36,770**	4.8%
– bonus	5,234	**6,104**	16.6%

The table above shows the movement in salary and annual bonus for the Chief Executive between the current and previous financial year, with both years time-apportioned to enable proper comparison, compared to that of the average employee. During the year Sean Lam replaced Rodney FitzGerald as Chief Executive effective 6 September 2017. The Committee has chosen this comparator and it feels that the comparison of basic salary provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by movements in the number of employees. More junior staff receive a base salary and, in some cases, pension contributions. As such a comparison of the movement in benefits for the Chief Executive and the average employee was not considered to be meaningful and has not been included.

Performance graph

The graph below shows a comparison between the Company's total shareholder return (TSR) performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2018, of £100 invested in Walker Crips Group plc on 31 March 2009 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

Total shareholder return compared to FTSE Small Cap Index



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

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

Relative importance of the spend on pay

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

	2017 £000	**2018 £000**	Increase
Staff costs[1]	12,108	**12,236**	1.1%
Dividends paid	716	**786**	9.8%

1 Amounts have been restated and are explained further in Note 33.

Remuneration Committee governance

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

The members of the Committee during the last financial year and their attendance at the meetings of the Committee are shown in the Report by the Directors on corporate governance matters. The Remuneration Committee consists of three non-Executive Directors, David Gelber (Chairman), Martin Wright (Senior Independent Director) and Clive Bouch (Chair of Audit Committee).

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 (Sean Lam and previously Rodney Fitzgerald) attends meetings by invitation and assists the Committee in its deliberations, except when issues relating to his own remuneration are discussed. No Directors are involved in deciding their own remuneration. The Committee can call for external reports and assistance (from current advisors PricewaterhouseCoopers). 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 formally twice and a number of issues were considered and discussed, including but not limited to:

- remuneration policy for Executive Directors, including structure and performance criteria for the annual divisional and bonus pool arrangements;
- determination of remuneration, in particular for the new Chief Executive Officer from 6 September 2017;
- approval of compensation arrangements;
- determination of annual incentive payable to Executive Directors in respect of the year to 31 March 2018;
- oversight of remuneration arrangements for senior Executives;
- review of the Company's Pillar 3 remuneration disclosures; and
- review of the Committee's terms of reference.

External directorships

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

How the remuneration policy will be applied for the year from 1 April 2018 onwards

The base salary review in 2018 resulted in a decision to award no increase to the salaries of the Executives. The salaries of Sean Lam and Rodney FitzGerald were adjusted to reflect their new roles from 6 September 2017.

	Salary as at 31 March 2017	**Salary as at 31 March 2018**
S. K. W. Lam	£168,621	**£220,000**
R. A. FitzGerald	£168,621	**£100,000**
M. J. W. Rushton	£155,295	**£155,295**
G. J. B Jackson[1] (resigned 23 July 2018)	£91,307	**£100,000**

1 Excludes salary taken as pension.

Remuneration Committee report continued

year ended 31 March 2018

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 2018
Chairman	**£42,559**
Senior Independent Director	**£27,255**
Audit Committee Chairman (C. Bouch)	**£38,570**

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 £42,559 p.a. plus reimbursement of expenses incurred on behalf of the Company, plus a contribution by the Company to his share incentive plan.

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

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

R. A. Elliott, Co-Chairman of the Audit Committee, was appointed as a Non-Executive Director on 11 April 2005 by a letter agreement with a right for him to resign immediately in accordance with the Company's Articles of Association. Mr Elliott retired from the Board on 6 September 2017.

C. Bouch was appointed as a Non-Executive Director and later as Joint Chairman of the Audit Committee by a letter agreement dated 24 March 2017 for a term commencing on 31 March 2017 of not less than three years, save that the appointment is terminable by either party on at least three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is a fee of £38,570 p.a. plus reimbursement of other specific expenses incurred on behalf of the Company.

The fees were reviewed by the Board and an increase of 2.0% was agreed effective 1 April 2018.

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

LTIP for the Chief Investment Officer

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

Statement of shareholder voting

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

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

The Directors' remuneration policy was approved by shareholders at the Annual General Meeting on 6 September 2017. The policy is available for inspection on pages 40 to 44 of the Annual Report for 2017 on the Company's website at www.wcgplc.co.uk.

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

Scope

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

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

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

The Committee takes into account the following objectives in determining the Directors' remuneration policy:
- This policy has been designed to support the delivery of WCG strategic business objectives and corporate values, by attracting, retaining and motivating talented Directors and senior management of the calibre to manage the business successfully
- To reward and motivate good and above average performance
- To comply with the requirements of the FCA Remuneration Code after taking account of disapplication of parts of the Code determined by proportionality guidelines set by the FCA

Key principles

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

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

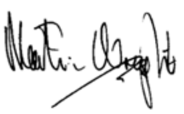
Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
SALARY	Reflect the value of the individual and their role. Reflect skills, experience over time. Provide an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.	Reviewed annually, effective 1 July. Agreed when results for the previous year have been finalized.	Annual increases are normally in line with those provided to the wider employee population unless there is a change in the Director's role or responsibility or there is a significant divergence from market comparatives of similar executive directorship roles	N/A.
BONUS	Incentivise annual delivery of financial and operational goals. Relatively high potential rewards for achieving demanding targets for Group profit before tax which is based on the Board-approved strategy for increasing profit and shareholder value. A discretionary bonus may be awarded to the Chief Executive on achievement of stretching performance targets and fulfillment of certain behavioural and numeric criteria.	Determined after results for the financial year are signed off with Group profit before tax being a primary metric. A discretionary bonus up to 15% of profits is pooled for allocation to the Executive Directors, other than the Chief Investment Officer. The Chief Investment Officer under his contract is entitled to an annual bonus based on the profit for the year of his areas of responsibility.	Except in the case of the Chief Executive there is no maximum, but the Committee will exercise its discretion responsibly having regard to the interests of shareholders. The Chief Executive's discretionary bonus is capped at a maximum of 100% of basic salary.	Specific awards agreed on an individual basis consistent with the key principles. A general discretionary award taken from the pool will be allocated based on performance measured over the financial year, including achievement of specific strategic-based objectives and upon profit before tax of the Group for the WCG plc Executive Board. The pool consists of 5% of Group profit before tax in excess of £956,214 and 15% above profit for the year in excess of £1,373,032. The Chief Investment Officer receives a bonus of between 10% and a maximum of 20% of his division's profit before tax. The Chief Executive must meet the following criteria which may vary from year to year: profitability growth, new initiatives, efficient use of capital, achieve strategic objectives, liquidity and growth in share price, compliance with high standards of conduct, risk and regulation.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
LONG TERM INCENTIVE PLAN (LTIP)	Aligned to main strategic objective. Based on subsidiary's measurable key statistics (e.g. NAV growth).	An LTIP is currently in existence for one Executive Director, the CIO, Mark Rushton. Further LTIP awards will not be made to the current Executive Directors unless separately approved by shareholders but may be granted to new Executive Directors. Opportunity to defer growth share award in subsidiary and obtain future matching share award in Parent, which vests after four years. Options vest after four years and for a further 4 years. They can be exercised over an eight year period. There are terms to allow for the recovery and for withholding of the LTIP. Terms are in place to allow the application of malus and clawback under the Codes more effectively.	There is no maximum opportunity.	Performance measured over ten years with an award of 5% of the growth in the value of core businesses of Walker Crips Stockbrokers Limited.
PENSION	Provide modest retirement benefits. Opportunity for Executive to contribute to their own retirement plan.	Contribution to pension scheme of Executive's choice. HMRC-approved salary sacrifice arrangement.	Monthly employer contribution of 5-10% of base salary. Salary sacrifice for employee contribution	N/A.
OTHER BENEFITS	Provide additional fringe benefit.	Life Assurance – four times basic salary. Medical Insurance for family to age 24. Permanent Health Insurance. Participation in Company Share Incentive Scheme.	Continuous upon recruitment.	N/A.
Non-Executive Directors				
FEES	Reflects the skills and experience brought by the Director and their role.	Fees consist of a base Board fee and fees for Chairmanship of Committees. Account is taken of practice adopted by similar-sized organisations and time commitment	Fees are reviewed annually but not necessarily increased. Increases are normally in line with inflation.	N/A.
BENEFITS	Provide market-related benefits to Non-Executive Directors.	Benefits include reimbursement of expenditure incurred in connection with their duties.	Reasonable costs.	N/A.

Approval

This report was approved by the Board of Directors on 31 July 2018.

Signed on its behalf by:



M. J. Wright
Remuneration Committee Chairman
31 July 2018

Directors' report
for the year ended 31 March 2018

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 2018.

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

	2018 £000	Restated 2017 £000
Retained earnings at 1 April[1]	**11,163**	11,304
Profit for the year after taxation	**745**	575
Dividends paid	**(786)**	(716)
Retained earnings at 31 March	**11,122**	11,163

1 Amounts have been restated and are explained further in Note 33.

The Directors recommend a final dividend of 1.29 pence per Ordinary Share to be paid on 14 September 2018 to Ordinary Shareholders on the register on 31 August 2018.

Capital structure
Details of the Company's share capital are shown in Note 25. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

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

Where shares have been issued as consideration for new clients to investment advisers upon commencement with the Company, these shares are restricted from sale for periods of four to six years.

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

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

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

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

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

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

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

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

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

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

Ordinary and special business
Resolutions will be placed before the Annual General Meeting to confer authority on the Company to allot equity securities of up to an aggregate nominal amount of £946,162 and to authorise and empower the Company to allot equity securities.

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

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

Financial Instruments and risk management
The risk management objectives and policies of the Group are set out in Note 23 to the financial statements.

Directors' report continued
for the year ended 31 March 2018

Substantial shareholdings

As at 31 March 2018, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Company were held:

	Number	Percentage
Miton Asset Management Limited	1,350,000	3.21
L. W. S. Lim	2,808,209	6.78
L. W. Y. Lim	2,808,209	6.78
L. W. J. Lim	2,808,206	6.78

As at 30 June 2018, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Company were held:

	Number	Percentage
L. W. S. Lim	2,883,209	6.77
L. W. Y. Lim	2,883,209	6.77
L. W. J. Lim	2,883,206	6.77

Pillar 3 disclosures

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

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

Carbon emission reporting

Greenhouse Gas (GHG) emissions data for the year ended 31 March 2018:

	2018 **tCO_2e**	2017 tCO_2e
Scope 1 – combustion of fuel	**17**	13
Scope 2 – purchased electricity	**198**	213
Total	**215**	226
Total emissions per employee	**1.00**	1.05

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

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

The following sources of emissions are not deemed to be material for the purposes of preparing this disclosure:
- vehicle use; and
- air conditioning.

Audit Information

Each of the persons who is a Director at the date of approval of this annual report confirms that:
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- a resolution to reappoint the auditor, BDO LLP, will be put to the AGM on 5 September 2018.

By order of the Board

R. A. FitzGerald FCA
Director
31 July 2018

Statement of Directors' responsibilities

year ended 31 March 2018

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Website publication

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

Directors' responsibilities pursuant to DTR4

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

By order of the Board

R. A. FitzGerald FCA
Director
31 July 2018

Financial statements

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

Opinion
We have audited the financial statements of Walker Crips Group plc (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated and Parent statement of changes in equity, the Consolidated statement of cash flows, the Parent Company balance sheet and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent company financial statements United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Conclusions relating to principal risks, going concern and viability statement
We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:
- the disclosures in the Annual Report set out on pages 14-15 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 28 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on pages 29-30 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 29-30 in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Matter	*Audit response*
Revenue recognition (Note 4) The Group's revenue of £30,456,000 consists of fees from two distinct components, broking income and non-broking income. Revenue recognition is considered to be a significant audit risk as it is a key driver of shareholder return to investors. In respect of broking income there is a risk that the IT platform may not capture the trades correctly. In respect of management fees there is a risk that the management fee may be calculated incorrectly and there is judgement over the accrual of revenue as well as the treatment of performance measures and at the point at which it is probable that the revenue will be realised. International Standards on Auditing (UK) prescribe a presumed risk of fraud in revenue recognition in that revenue may be misstated through improper recognition. Given this inherent risk we identified the occurrence of revenue as a significant risk.	We responded to this matter by performing a range of tests of detail covering all revenue streams. Our audit testing included but was not restricted to: Broking income → Controls testing was undertaken on the significant controls in place over broking revenue, including automated controls and manual controls. → We performed procedures around cut-off of revenue to ensure for a sample that trades were being recognised in the correct period. → We traced a sample of transactions to supporting invoices and to either bank statements or deductions from client accounts. Non-broking income → We recalculated a sample of management and performance fees. This recalculation was based on the fee tariff and the value of Assets Under Management (AUM). This sample was traced through to invoice/investor pack and we ensured that the fees have been deducted from client accounts → For AUMs, controls testing was undertaken on the significant controls in place over the valuation of securities, including automated controls and manual controls. → For a sample of AUMs these were agreed to an independent 3rd party source. → In respect of fee tariffs, we agreed a sample to either client agreements or fee tariff confirmation letters issued by the organisation. → In respect of accrued fees, testing was performed on a sample basis to ensure that revenue was recognised in the correct period.
Recognition and impairment of client lists intangible assets (Note 15) Acquired client lists of £7,790,000 (2017: £8,294,000) are capitalised at cost. Judgement is exercised in determining whether the consideration paid in respect of acquiring the client lists meets the criteria for capitalisation and if so, then the appropriate period for the capitalised costs to be amortised over. Judgement is also exercised in determining the underlying assumptions used in the impairment review. Management have completed an assessment on each intangible at the year-end which involved undertaking a review for indicators of impairments. These risks are explained further in Note 3 Key Sources of Estimation Uncertainty and in the disclosures in Note 15.	Our audit testing included but was not restricted to: → We obtained and examined a sample of contracts to assess whether the payments made in the year, in respect of follow on payments in relation to prior year additions meet the capitalisation criteria set out in the accounting standards. → We obtained and challenged management's technical analysis in respect of compliance with the capitalisation criteria by benchmarking to comparable companies. In respect of the impairment assessment we challenged this assessment by undertaking the following tests: → We compared the Useful Economic Life (UEL) of the intangibles against the actual client attrition rates → We challenged management's assessment of indicators of impairment by comparing to AUM and revenue generated from the intangible asset.
Provisions for client claims (Note 24) Provisions are made for client claims based on management's assessment of the likelihood of outcomes of individual cases whilst taking into consideration factors such as the level of insurance cover and the progress of any claims referred to the Financial Ombudsman Service. The provisions amounted to £461,000 (2017: £328,000) and are disclosed in Note 24. Provision for client claims is considered to be a significant audit risk as judgment is involved in determining whether a provision is required.	As part of our audit testing we obtained and challenged management's analysis of claims and agreed this to the relevant correspondence and to the complaints register. We also: → Reviewed correspondence from the Group's legal advisors where applicable → Reviewed the level of insurance coverage in place and correspondence with brokers or underwriters → Reviewed the accuracy of the provisioning basis in prior years → Considered the completeness of the provisions for client claims through review of board minutes, complaints registers and compliance reviews.

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

Matter	*Audit response*
Impairment of goodwill (Note 14) Goodwill of £4,388,000 (2017: £4,388,000) relates to the Group's wealth management division and the acquisition of Barker Poland Asset Management LLP. Impairment of goodwill is considered to be a significant audit risk as judgement is exercised in determining the underlying assumptions used in the impairment review. The assumptions include the discount rate, operating margin and growth rate, which gives rise to the risk of material misstatement in the carrying value of goodwill. These risks are explained further in Note 3 Key Sources of Estimation Uncertainty and in the disclosures in Note 14.	As part of our audit testing we challenged management's assessment of goodwill and the related impairment reviews by undertaking the following procedures: → We have tested the integrity of the valuation models. → With the assistance of our valuation specialists we reviewed the assumptions used in the calculations and evaluated these assumptions, in particular the discount rate used to discount expected future cash-flows and the assumptions associated with the Fair Value less cost of disposal basis. → We have assessed management's sensitivity analysis showing the impact of a reasonably possible change in impairment assumptions and we performed sensitivity analysis using a range of acceptable discount factors. The discount rate used is a pre-tax Weighted Average Cost of Capital (WACC) that reflects current market assessments of the time value of money and the risks specific to the cash-flows. We benchmarked individual components of the WACC to current market rates. → We corroborated the calculations in the valuation models to forecasts which we have examined as part of the going concern review, to check for consistency → We compared the results of the cash generating units against forecasts made in the prior year → We have assessed the adequacy of disclosures within the financial statements.

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

Materiality measure	*Purpose*	*Key considerations and benchmarks*	*Quantum (£)*
Financial statement materiality (5% of the pre-tax profits)	Assessing whether the financial statements as a whole present a true and fair view.	→ A principal consideration for members of the company in assessing the financial performance of the Group	£53,000 (31 March 2017: £40,000)
Performance materiality (60% of financial statement materiality)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	→ Financial statement materiality → Risk and control environment → History of prior errors	£32,000 (31 March 2017: £24,000)
Parent company financial statement materiality (95% of Group materiality)	Assessing whether the financial statements as a whole present a true and fair view.	→ A principal consideration for members of the Company in assessing the financial performance of the Group.	£50,000 (31 March 2017: £38,000)

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

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement.

Audits of the eighteen components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned. Component materiality ranged from £50,000 to £1,000. All components are based in the UK and the Group audit team have responsibility for the audit of all components included in the consolidated financial statements. Seven of the components were subject to full scope audits. For components where full scope audits were not undertaken, the group audit team undertook audit procedures on material balances.

Other information

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the
Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report continued

to the members of Walker Crips Group plc

Auditor's responsibilities for the audit of the financial statements

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

Our audit was performed using the materiality thresholds outlined elsewhere in this Report. We have therefore tested all classes of transactions, account balances and disclosures at or in excess of these thresholds. Consequently, we consider it unlikely that there will be any undetected fraud with an impact exceeding our materiality thresholds. It is possible that there are undetected instances of fraud whose impact is below these thresholds.

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

This description forms part of our Auditor's Report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed on 3 August 2016 to audit the financial statements for the year ended 31 March 2017 and subsequent financial periods. In respect of the year ended 31 March 2018 we were reappointed as auditor by the members of the company at the annual general meeting held on 6 September 2017. The period of total uninterrupted engagement is two years, covering the years ending 31 March 2017 to 31 March 2018.

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

Subject to transitional arrangements, there is a limit on the amount of fees that may be charged by an auditor in respect of non-audit services. This fee 'cap' is calculated by reference to the fees charged for the audits of the Group financial statements and the financial statements of subsidiary undertakings over a three year period. For the purposes of calculating this cap the fees for the following service may be disregarded as non-audit services on the grounds that they relate to services required by EU or national law;

- Interim review of half yearly results
- Reasonable assurance CASS Reports to the FCA

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

Use of our report

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

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
31 July 2018

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

Consolidated income statement

year ended 31 March 2018

	Notes	2018 £000	Restated 2017 £000
Revenue	4	**30,456**	29,244[1]
Commission payable	6	**(10,001)**	(8,824)[1]
Share of after tax profits of joint ventures	17	**7**	12
Administrative expenses – other		**(19,556)**	(19,330)[1]
Administrative expenses – exceptional items	7	**(16)**	(360)
Total administrative expenses		**(19,572)**	(19,690)[1]
Operating profit		**890**	742[1]
Analysed as:			
Profit before tax and exceptional items		**906**	1,102[1]
Administrative expenses – exceptional items	7	**(16)**	(360)
Operating profit		**890**	742[1]
Investment revenues	8	**41**	24
Finance costs	8	**(7)**	(2)
Profit before tax		**924**	764[1]
Taxation	11	**(179)**	(189)[1]
Profit for the year attributable to equity holders of the Company		**745**	575[1]
Earnings per share			
Basic	13	**1.77**	1.48[1]
Diluted	13	**1.75**	1.44[1]

1 Amounts have been restated and are explained further in Note 33.

Consolidated statement of comprehensive income
year ended 31 March 2018

	Notes	2018 £000	Restated 2017 £000
Net loss recognised directly in equity		**–**	–
Profit for the year		**745**	575[1]
Total comprehensive income for the year attributable to equity holders of the Company		**745**	575[1]

1 Amounts have been restated and are explained further in Note 33.

Consolidated statement of financial position

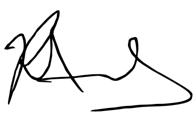
as at 31 March 2018

	Notes	**Group 2018 £000**	Restated Group 2017 £000	Restated Group 2016 £000
Non-current assets				
Goodwill	14	**4,388**	4,388	4,388
Other intangible assets	15	**7,827**	8,294	7,992
Property, plant and equipment	16	**2,706**	836	841
Interest in joint ventures	17	**47**	40	28
Available-for-sale investments	18	**203**	68	57
		15,171	13,626	13,306
Current assets				
Trade and other receivables	19	**37,427**	52,643[1]	39,234[1]
Financial assets held for trading	18	**1,851**	1,086	1,237
Cash and cash equivalents	20	**8,367**	7,729	7,257
		47,645	61,458[1]	47,728[1]
Total assets		**62,816**	75,084[1]	61,034[1]
Current liabilities				
Trade and other payables	24	**(39,028)**	(51,869)[1]	(36,970)[1]
Current tax liabilities		**–**	(287)[1]	(123)[1]
Deferred tax liabilities	21	**(341)**	(308)	(512)
Bank overdrafts	22	**–**	(35)	(77)
Shares to be issued – deferred consideration		**(171)**	(366)	(912)
		(39,540)	(52,865)[1]	(38,594)[1]
Net current assets		**8,105**	8,593[1]	9,134[1]
Long-term liabilities				
Deferred cash consideration	34	**(197)**	(372)	(1,556)
Shares to be issued		**–**	–	(218)
Dilapidation provision	24	**(543)**	–	(132)
Landlord contribution to leasehold improvements		**(523)**	–	–
		(1,263)	(372)	(1,906)
Net assets		**22,013**	21,847[1]	20,534[1]
Equity				
Share capital	25	**2,861**	2,826	2,595
Share premium account	25	**3,674**	3,502	2,279
Own shares	26	**(312)**	(312)	(312)
Retained earnings	26	**11,122**	11,163[1]	11,304[1]
Other reserves	26	**4,668**	4,668	4,668
Equity attributable to equity holders of the Company		**22,013**	21,847[1]	20,534[1]

1 Amounts have been restated and are explained further in Note 33.

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 31 July 2018.

Signed on behalf of the Board of Directors



R. A. FitzGerald FCA
Director
31 July 2018

Consolidated statement of cash flows

year ended 31 March 2018

	Notes	2018 £000	Restated 2017 £000
Operating activities			
Cash generated by operations	28	**5,656**	2,891[1]
Tax paid		**(500)**	(229)
Net cash generated by operating activities		**5,156**	2,662[1]
Investing activities			
Purchase of property, plant and equipment		**(1,642)**	(499)
(Purchase)/sale of investments held for trading		**(710)**	143
Cost of available-for-sale investments		**(135)**	–
Consideration paid on acquisition of client lists		**(644)**	(498)
Deferred consideration paid on acquisition of subsidiary		**(600)**	(600)
Dividends received		**8**	4
Interest received		**33**	20
Net cash used by investing activities		**(3,690)**	(1,430)
Financing activities			
Dividends paid		**(786)**	(716)
Interest paid	1	**(7)**	(2)
Net cash used by financing activities		**(793)**	(718)
Net increase in cash and cash equivalents		**673**	514
Net cash and cash equivalents at beginning of year		**7,694**	7,180
Net cash and cash equivalents at end of year		**8,367**	7,694
Cash and cash equivalents		**8,367**	7,729
Bank overdrafts		**–**	(35)
		8,367	7,694

1 Amounts have been restated and are explained further in Note 33.

Consolidated statement of changes in equity
year ended 31 March 2018

	Called up share capital £000	Share premium account £000	Own shares held £000	Capital redemption £000	Other £000	Restated Retained earnings £000	Restated Total equity £000
Restated[1] equity as at 31 March 2016	2,595	2,279	(312)	111	4,557	11,304	20,534
Restated[1] total comprehensive income for the year	–	–	–	–	–	575	575
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(716)	(716)
Issue of shares on acquisition of intangibles and as deferred consideration	231	1,223	–	–	–	–	1,454
Total contributions by and distributions to owners	231	1,223	–	–	–	(716)	738
Restated[1] equity as at 31 March 2017	2,826	3,502	(312)	111	4,557	11,163	21,847
Total comprehensive income for the year	–	–	–	–	–	745	745
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(786)	(786)
Issue of shares on acquisition of intangibles and as deferred consideration	35	172	–	–	–	–	207
Total contributions by and distributions to owners	35	172	–	–	–	(786)	(579)
Equity as at 31 March 2018	**2,861**	**3,674**	**(312)**	**111**	**4,557**	**11,122**	**22,013**

1 Equity as at 31 March 2017 and 31 March 2016 and total comprehensive income for the year ended 31 March 2017 restated Note 33.

Notes to the accounts

year ended 31 March 2018

1. General information

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union (EU),Article 4 of the EU IAS Regulation and Companies Act 2006. The Company financial statements are presented on pages 76 to 86.

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

Standards and interpretations affecting the reported results or the financial position

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

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2017 and therefore have not been applied in preparing these consolidated financial statements. The effects of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' on the consolidated financial statements are discussed below. The effective dates of IFRS 9, IFRS 15 and IFRS 16 are not until 2018, 2018 and 2019 respectively; the Group has decided not to implement these standards early.

IFRS 9 'Financial Instruments'

IFRS 9 is effective for periods commencing on or after 1 January 2018. The standard was endorsed by the EU during 2016. The Group has not adopted this standard early and will be first applicable to the Group's accounting period ending 31 March 2019.

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

The Group has conducted a preliminary assessment of the potential impact of the new standard; it is not currently expected, based on the profile of its financial instruments as at the balance sheet date, to have a material financial impact on these consolidated financial statements.

Classification of financial assets

The basis classification for financial assets under IFRS 9 is different from that under IAS 39. Financial assets will be classified into one of three categories: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The held-to-maturity loans and receivables and available-for-sale categories available under IAS 39 have been removed. The classification criteria for allocating financial assets between categories under IFRS 9 requires the Group to document the business models under which its assets are managed, distinguishing whether they are; held-to-collect, both held-to-collect and for sale or another type of business model (e.g. trading). The Group is also required to review contractual terms and conditions to determine whether the cash flows arising on these assets are solely payments of principal and interest.

The Group has not identified any material differences from the classification of financial assets under the new standard. Financial assets held for trading will continue to be held at fair value with movements through the income statement (FVTPL). Available for sale investments includes a junior debt instrument of £150,000 which will be reclassified as held-to-collect under the new standard with amortised cost applied. Other financial assets such as Debtors have short lives and no material financing component and will continue to be recorded at transaction price. Cash and cash equivalents will continue to be measured at amortised cost.'

Impairment of financial assets

Under IFRS 9, an expected credit loss (ECL) model replaces the incurred loss model, meaning there no longer needs to be a triggering event in order to recognise impairment losses. A credit loss provision is required for any loss that is expected to arise whereas previously it was recorded when they were incurred.

The Group's trade receivables are generally short term and do not contain significant financing components. Therefore, the Group expects to apply a practical expedient by using a tabulated provision to calculate future expected losses over the remaining life of each financial asset.

Classification of financial liabilities

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

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

Transition

In adopting IFRS 9, the Group intends to take advantage of the exemption from having to restate comparative information, instead recognising any differences between previous and new carrying amounts in opening equity and reserves.

Estimated impact of adoption of IFRS 9

The Group has assessed the estimated impact that the initial application of IFRS 9 will have on its consolidated financial statements as at 31 March 2018. From the work completed to date the Group estimates that adoption of IFRS 9 will not result in any material adjustments to opening equity or the carrying amount of financial assets, including cash and cash equivalents, and liabilities recognised on the statement of financial position. Additional expected credit loss provisions recognised under IFRS 9 are expected to be immaterial reflecting the high level of security held against trade debtors, the spread of risk across several counterparties and the historically negligible level of impairment incurred by the Group.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 is effective for periods commencing on or after 1 January 2018 and replaces existing revenue recognition guidance in particular under IAS 18. The standard was endorsed by the EU during 2016. The Group has not adopted this standard early.

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

1. General information continued

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

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

Contract costs/Client relationship intangibles
Under the Group's current policy of capitalising contract costs, incremental payments that are made to newly recruited investment managers to secure investment management contracts are capitalised as client relationship intangibles if they are separable, reliably measured and expected to be recovered. The period during which such payments are capitalised and amortised is typically between 10 to 20 years as explained in Note 15.

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

Transition
The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending March 2019 using the modified retrospective approach with the effect of initially applying the standard recognised at the date of initial application, with no restatement of prior period comparatives.

Estimated impact of adoption of IFRS 15
The Group has assessed the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements. Based on this review there will be no material impact on the existing Group's revenue recognition policies. The Group has no contracts where costs are not capitalised in relation to payments made to investment managers for introducing client relationships to the Group and therefore in this respect IFRS 15 also has no material impact.

IFRS 16 'Leases'
IFRS 16 is effective for periods commencing on or after 1 January 2019. The standard was endorsed by the EU during 2017 and the Group does not plan to adopt this standard early.

For lessees, IFRS 16 largely eliminates the classification of leases as either operating leases or financial leases. The Group will be required to recognise as a right-of-use lease asset on its balance sheet wherever it has a lease with a term of more than 12 months remaining, other than with respect to low value leases; for those leases where a right-of-use asset is recognised; the Group will also recognise a financial liability representing its obligation to make future lease payments.

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

Transition
Definition of a lease
On transition to IFRS 16, the Group can choose whether to:
- apply the new definition of a lease to all its contracts as if IFRS 16 had always applied; or
- apply a practical expedient approach and retain previous assessments of contracts which contain a lease obligation. The Group intends to apply the practical expedient and therefore will not be reassessing those contracts that are not deemed to contain a lease prior to the date of adoption in accordance with IAS17 and IFRS 4.

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

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

Potential impact
The Group has conducted an initial quantification of the impact of adopting the standard based on its existing lease contracts. The Group's total assets and total liabilities will be increased by the recognition of lease assets and liabilities. The lease assets will be depreciated over the shorter of the expected life of the asset and the lease term. The lease liability will be reduced by lease payments, offset by the unwinding of the liability over the lease term.

The most significant impact is in respect of the Group's London, York and Romford offices. Annual total operating lease expenses of £965,000 which would have been recognised under the existing leases standard, will be replaced by anticipated higher levels of depreciation and interest expense in the early years of each lease, falling to lower levels as each lease heads towards expiry. As at 31 March 2020, the expected effects of the new standard will be to reduce net assets, have an increase on interest costs, also an increase in depreciation costs and a reduction in lease expenses.

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

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

Notes to the accounts continued

year ended 31 March 2018

2. Significant accounting policies

Basis of consolidation

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

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

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

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

Business combinations

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

Interests in joint ventures

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

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

Goodwill

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

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

Intangible assets

(a) Client lists

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

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

The cost of acquired client lists and businesses generating revenue from clients and investment managers are capitalised. These costs are amortised on a straight-line basis over their expected useful lives of 3 to 20 years. The amortisation period and amortisation method for intangible assets are reviewed at least each financial year end.

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

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

(b) Unit Trust Management Contracts

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

Own shares held

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

Shares to be issued

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

Revenue recognition

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

Commission on stockbroking

Gross commissions on stockbroking activities are recognised on those transactions whose bargain date falls within the financial year.

Investment management and financial planning income

Fees earned from managing various types of client portfolios, in the Investment Management division, are accrued evenly over the period to which they relate. Fees in respect of financial services activities in the Wealth Management division are accrued evenly over the period to which they relate.

2. Significant accounting policies continued

Interest income
Interest is recognised as it accrues in respect of the financial year.

Structured investment fees
Fees earned from structured investments are recognised on the date the underlying security of the structured investment is traded.

Dividend income
Dividend income is recognised when received.

Gains or losses on securities held-for-trading
Gains or losses arising on changes in fair value of securities held-for-trading are recognised in profit and loss. Net profits or losses on dealing in the parent company's own shares are taken to profit and loss and included in Revenue.

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

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

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

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

The exceptional items arising in 2016/17 and 2017/18 are explained in Note 7 on page 65 and all fall under category 4 above. The related tax effect is also quantified and disclosed in Note 11 on page 67.

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the accounts continued

year ended 31 March 2018

2. Significant accounting policies continued

Financial assets and liabilities

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

Trade receivables

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

Investments

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

Trade payables are recognised and measured at fair value.

Bank overdrafts

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

Equity instruments

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

Provisions

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

Long-term liabilities – deferred cash and shares consideration

Amounts payable to personnel under recruitment contracts in respect of the client relationships, which transfer to the Group, are treated as long-term liabilities if the due date for payment of cash consideration is beyond the period of one year after the year end date. The value of shares in all cases is derived by a formula based on the value of client assets received in conjunction with the prevailing share price at the date of issue which in turn determines the number of shares issuable.

Share-based payments

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

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

Pension costs

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

Leases

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

Dividends paid

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

Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position has been rigorously assessed. In addition, Note 23 to the financial statements includes details of risk management objectives, policies and processes for managing its capital.

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

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

3. Key sources of estimation uncertainty and judgements

Impairment of goodwill – estimation and judgement

Determining whether goodwill is impaired requires an estimation of the fair value less costs to sell and the value-in-use of the cash-generating units to which goodwill has been allocated. The fair value less costs to sell involves estimation of values based on the application of earnings multiples and comparison to similar transactions. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and apply a discount rate in order to calculate present value. The assumptions used and inputs involve judgements and create estimation uncertainty. These assumptions have been stress-tested as described in Note 14. The carrying amount of goodwill at the balance sheet date was £4.4m (2017: £4.4m) as shown in Note 14.

Other intangible assets – judgement

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

Short Term Lending Administration – judgement

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

Provision for dilapidations – judgement

The Group has made provisions for dilapidations under three leases for its offices. Two new leases were entered into during the year for which a total liability of £507,000 to restore the premises at the end of the term is crystallised. These amounts have been provided in full based on valuations prepared by the office fit-out companies who carried out our office improvements and are disclosed in Note 24. A provision of £105,000 has been made for dilapidations at our former office premises in York where the lease came to an end in May 2018. This amount was based on advice and a valuation received from a major independent firm of chartered surveyors.

4. Revenue

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

	2018 Broking income £000	**2018 Non-broking income £000**	**2018 Total £000**	Restated 2017 Broking income £000	Restated 2017 Non-broking income £000	Restated 2017 Total £000
Stockbroking commission	**10,953**	**–**	**10,953**	11,194	–	11,194
Fees and other revenue[1, 2]	**–**	**17,186**	**17,186**	–	15,824	15,824
Investment Management Division[2]	**10,953**	**17,186**	**28,139**	11,194	15,824	27,018
Wealth Management, Financial Planning & Pensions	**–**	**2,317**	**2,317**	–	2,226	2,226
Revenue[2]	**10,953**	**19,503**	**30,456**	11,194	18,050	29,244
Net investment revenue	**–**	**34**	**34**	–	22	22
Total income[2]	**10,953**	**19,537**	**30,490**	11,194	18,072	29,266
% of total income	**35.9**	**64.1**	**100.0**	38.2	61.8	100.0

1 Includes Investment Management, Structured Investments, Alternative Investments.

2 Amounts have been restated and are explained further in Note 33.

5. Segmental analysis

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

The Investment Management division activities focus predominantly on investment management of various types of portfolios and asset classes.

The Wealth Management division provides advisory and administrative services to clients in relation to their financial planning, life insurance, inheritance tax and pension arrangements. These divisions, both of which conduct business in the UK only, are the basis on which the Group reports its primary segment information.

Notes to the accounts continued

year ended 31 March 2018

5. Segmental analysis continued

2018	Investment Management £000	Wealth Management £000	Consolidated year ended 31 March 2018 £000
Revenue			
External sales	28,139	2,317	30,456
Result			
Segment result	2,097	199	2,296
Unallocated corporate expenses			(1,406)
Operating profit			890
Gain on disposal of available-for-sale-investments			–
Investment revenues			41
Finance costs			(7)
Profit before tax			924
Tax			(179)
Profit after tax			745

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

2017	Restated Investment Management £000	Wealth Management £000	Restated Consolidated year ended 31 March 2017 £000
Revenue			
External sales[1]	27,018	2,226	29,244
Result			
Segment result[1]	2,380	72	2,452
Unallocated corporate expenses			(1,710)
Operating profit[1]			742
Gain on disposal of available-for-sale-investments			–
Investment revenues			24
Finance costs			(2)
Profit before tax			764
Tax[1]			(189)
Profit after tax[1]			575

1 Amounts have been restated and are explained further in Note 33.

5. Segmental analysis continued

2017	Restated Investment Management £000	Wealth Management £000	Restated Consolidated year ended 31 March 2017 £000
Other information			
Capital additions	497	2	499
Depreciation	486	18	504
Statement of financial position			
Assets			
Segment assets[1]	67,826	2,213	70,039
Unallocated corporate assets			5,045
Consolidated total assets[1]			75,084
Liabilities			
Segment liabilities[1]	52,089	738	52,827
Unallocated corporate liabilities			410
Consolidated total liabilities[1]			53,237

1 Amounts have been restated and are explained further in Note 33.

6. Commission payable

Commission payable comprises:

	2018 £000	Restated 2017 £000
To authorised external agents	**31**	37
To approved persons[1]	**9,970**	8,787
	10,001	8,824

1 Amounts have been restated and are explained further in Note 33.

7. Administrative expenses – exceptional items

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

	2018 £000	2017 £000
Property relocation expenses	**322**	–
Non-recurring rebate	**(63)**	–
Change of VAT partial exemption special method	**(243)**	–
Costs incurred on suitability project	**–**	(58)
Exceptional employment-related costs	**–**	418
	16	360

In the year to 31 March 2018, the Group incurred material costs of £388,000 under its existing leases related to the relocation of the head office and the York office to new premises in December 2017 and April 2018, offset by an unusually high service charge credit of £66,000 on the old head office.

An additional one-off refund of £63,000 was received for incorrect custody charges incurred in prior years as well as significant annual credits of £243,000 relating to the Group's agreement with HMRC to a revised input VAT recovery method (partial exemption special method). During the period to 31 March 2017, £58,000 of the estimated costs provided in the prior year were not required and therefore have been reversed. In the year to 31 March 2017 the Group also incurred significant legal fees and other costs in connection with employment matters of an exceptional nature.

Notes to the accounts continued

year ended 31 March 2018

8. Investment revenues and finance costs

Net investment revenue comprises:

	2018 £000	2017 £000
Investment revenue		
Interest on bank deposits/fixed income securities	**33**	20
Dividends from equity investment	**8**	4
	41	24
Finance costs		
Interest on overdue liabilities	**(7)**	(2)
Net investment revenue (see Note 4)	**34**	22

9. Profit for the year

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

	2018 £000	Restated 2017 £000
Depreciation of property, plant and equipment (see Note 16)	**517**	504
Amortisation of intangibles (see Note 15)	**553**	525
Staff costs[1] (see Note 10)	**12,236**	12,108
Recharge of staff costs[1]	**(518)**	(388)
Settlement costs	**1,038**	1,110
Communications	**1,139**	1,098
Computer expenses	**603**	587
Other expenses[1]	**2,720**	3,351
Other employment cost – provision	**225**	1,786
Other employment cost – recoverable	**(225)**	(1,786)
Auditor's remuneration	**228**	147
Lease payment	**1,056**	648
Total administrative expenses[1]	**19,572**	19,690

1 Amounts have been restated and are explained further in Note 33.

Other employment costs include £0.225m (2017: £1.786m) expensed during the year in relation to a provision established in respect of the potential income tax and national insurance liability relating to payment to two former fund managers of Walker Crips Asset Managers Limited, a wholly-owned subsidiary, which was sold to Liontrust Asset Management plc (Liontrust) in April 2012. As explained in Note 24, under the Sale and Purchase Agreement, this amount will be met by Liontrust by way of reimbursement under the terms of the Sale and Purchase Agreement. Therefore, a corresponding credit for the same amount has also been recorded in other employment costs.

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

	2018 £000	2018 %	2017 £000	2017 %
Audit services				
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**36**	**16**	35	24
The audit of the Company's subsidiaries pursuant to legislation – current year	**102**	**45**	75	51
The audit of the Company's subsidiaries pursuant to legislation – prior year	**46**	**20**	–	–
Non-audit services				
FCA client assets reporting	**12**	**5**	10	7
Report under AAF 01/06	**30**	**13**	25	17
Interim review	**2**	**1**	2	1
	228	**100**	147	100

10. Staff costs

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

	2018 £000	Restated 2017 £000
Employee costs during the year amounted to:		
Wages and salaries[1]	**10,254**	10,213
Social security costs[1]	**1,095**	1,060
Other employment costs[1]	**887**	835
	12,236	12,108

1 Amounts have been restated and are explained further in Note 33.

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 54 self-employed account executives who were approved persons of the Group (2017: 65). Please see page 36 for details of Directors' remuneration.

The average number of staff employed during the year was:

	2018 Number	2017 Number
Executive Directors	**4**	4
Approved persons	**59**	60
Other staff	**152**	151
	215	215

11. Taxation

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

	2018 £000	Restated 2017 £000
UK corporation tax at 19% (2017: 20%)[1]	**329**	407
Overseas tax	**–**	–
Prior year adjustments	**(3)**	(4)
Double tax relief	**–**	–
Deferred tax	**(147)**	(214)
	179	189

1 Amounts have been restated and are explained further in Note 33.

Corporation tax is calculated at 19% (2017: 20%) of the estimated assessable profit for the year.

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

	2018 £000	Restated 2017 £000
Profit	**924**	764
Tax on profit on ordinary activities at the standard rate UK corporation tax rate of 19% (2017: 20%)[1]	**176**	153
Effects of:		
Tax rate changes for deferred tax	**(23)**	–
Expenses not deductible for tax purposes	**1**	4
Chargeable gains	**–**	–
Prior year adjustment	**(3)**	(4)
Fixed asset differences	**30**	34
Overseas taxes	**–**	–
Non-taxable income	**–**	–
Other[1]	**(2)**	2
	179	189

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

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

Notes to the accounts continued

year ended 31 March 2018

12. Dividends

The Group's dividend policy described in Note 2 is observed when determining the level of proposed dividend in any year after considering a number of factors including future cash commitments, investment needs, potential strategic opportunities and prudent buffers for maintaining an adequate regulatory capital surplus. Amounts recognised as distributions to equity holders in the period:

	2018 £000	2017 £000
Final dividend for the year ended 31 March 2017 of 1.29p (2016: 1.27p) per share	**542**	487
Interim dividend for the year ended 31 March 2018 of 0.58p (2017: 0.58p) per share	**244**	229
	786	716
Proposed final dividend for the year ended 31 March 2018 of 1.29p (2017: 1.29p) per share	**549**	542

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

Shareholders will be subject to income tax on dividends depending on whether they are basic, higher or additional rate taxpayers at 7.5%, 32.5% or 38.1% respectively on the excess of annual dividend income over £5,000 for 2017/18.

13. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £745,000 (2017: £575,000[1]) and on 42,025,970 (2017: 38,974,002) Ordinary Shares of 6⅔ pence, being the weighted average number of Ordinary Shares in issue during the year.

The calculation of diluted earnings per share is based on 42,476,107 (2017: 38,974,002) ordinary shares, being the weighted average number of ordinary shares in issue during the period adjusted for dilutive potential ordinary shares, issued in May 2018, to the sellers of Barker Poland Asset Management (BPAM) in order to satisfy the Group's obligation in connection with the payment of year three deferred consideration. A further dilution adjustment is made for the effect of shares issued in May 2018 to other personnel associated with the Group in order to meet contractual commitments made by the Group as part of the ongoing recruitment of investment advisers and expansion of its client base

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

	2018 £000	Restated 2017 £000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the Parent[1]	**745**	575
Earnings for the purposes of diluted earnings per share	**745**	575

Number of shares	**2018 Number**	Restated 2017 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**42,025,970**	38,974,002
Effect of dilutive potential Ordinary Shares:		
– Deferred Consideration deemed issued	**250,137**	950,261
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**42,276,107**	39,924,263

This produced basic earnings per share of 1.77 pence (2017: 1.48 pence restated) and diluted earnings per share of 1.75 pence (2017: 1.44 pence restated).

1 Amounts have been restated and are explained further in Note 33.

14. Goodwill

	£000
Cost	
At 1 April 2017	7,056
At 31 March 2018	**7,056**
Accumulated impairment	
At April 2017	2,668
Impaired during the year	–
At 31 March 2018	**2,668**
Carrying amount	
At 31 March 2018	**4,388**
At 31 March 2017	4,388

14. Goodwill continued

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

	2018 £000	2017 £000
London York CGU	**2,901**	2,901
BPAM CGU	**1,487**	1,487
	4,388	4,388

The recoverable amounts of the CGUs have first been determined based upon value-in-use calculations for the London York CGUs and fair value less costs of disposal for the BPAM CGU. The London York computation was based on based on discounted five year cash flow projections and terminal values. The key assumptions for these calculations are a pre-tax discount rate of 12%, terminal growth rates of 2.5% and the expected changes to revenues and costs during the five year projection period based on discussions with senior management, comparisons with our peers and widely available economic and market forecasts. The pre-tax discount rate is determined by management based on current market assessments of the time value of money and risks specific to the CGUs. The terminal growth rate is determined by management based on assessment of past experience and future expectations, in light of anticipated market and economic conditions. Based upon the value-in-use calculations there was headroom for the London York CGU of £3.9m (2017: £3.2m). The base value-in-use cash flows were stress tested for an increase in discount rates to 16% and a 20% fall in net inflows resulting in no impairment.

In prior years the BPAM CGU recoverable amount has been assessed using the value-in-use calculations but this year, in accordance with IAS 36, the Company has adopted the higher method of the fair value less cost of disposal to determine the recoverable amount.

The recoverable amount calculated for the BPAM CGU, representing fair value less cost of disposal amounted to £6.8m after applying price earnings multiples based on the Company's price earnings ratio. The fair value has accordingly been measured into a fair value hierarchy Level 2 being directly based on observable market data.

The discount rate would need to increase to 24.7% for the London York CGU to equal the respective carrying values. A 20% fall in net inflows gives rise to a potential headroom of £3.8m for this CGU. A 20% decrease in BPAM's profit after tax would result in potential headroom of £2.3m.

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

15. Other intangible assets

	Unit trust management contracts £000	Software Licences £000	Client lists £000	Total £000
Cost				
At 1 April 2016	240	–	9,662	9,902
Additions in the year	–	–	827	827
At 1 April 2017	240	–	10,489	10,729
Additions in the year	–	44	42	86
At 31 March 2018	**240**	**44**	**10,531**	**10,815**
Amortisation				
At 1 April 2016	240	–	1,670	1,910
Charge for the year	–	–	525	525
At 1 April 2017	240	–	2,195	2,435
Charge for the year	–	7	546	553
At 31 March 2018	**240**	**7**	**2,741**	**2,988**
Carrying amount				
At 31 March 2018	**–**	**37**	**7,790**	**7,827**
At 31 March 2017	–	–	8,294	8,294

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 3 to 20 years and 'Software Licenses' are amortised over 5 years. There are no indications that the value attributable to client lists should be impaired.

Notes to the accounts continued

year ended 31 March 2018

16. Property, plant and equipment

	Leasehold improvements furniture and equipment £000	Computer software £000	Computer hardware £000	Total £000
Cost				
At 1 April 2016	1,498	1,860	968	4,326
Additions	2	257	240	499
At 1 April 2017	1,500	2,117	1,208	4,825
Write down	(768)	–	(20)	(788)
Additions	2,033	238	124	2,395
At 31 March 2018	**2,765**	**2,355**	**1,312**	**6,432**
Accumulated depreciation				
At 1 April 2016	1,035	1,658	792	3,485
Charge for the year	256	94	154	504
At 1 April 2017	1,291	1,752	946	3,989
Eliminated on write down	(768)	–	(12)	(780)
Charge for the year	239	130	148	517
At 31 March 2018	**762**	**1,882**	**1,082**	**3,726**
Carrying amount				
At 31 March 2018	**2,003**	**473**	**230**	**2,706**
At 31 March 2017	209	365	262	836

17. Interest in joint venture

The Group has a 50% (2017: 50%) interest in a joint venture, JWPCreers Wealth Management Limited, a regulated financial services company. The primary activity of JWPCreers Wealth Management Limited is to provide financial advice to the clients of JWPCreers LLP Accountants, who hold the other 50% interest in the joint venture. The risks associated with the joint venture, which have not changed during the year, are minimal by comparison to the rest of the Group and where identified have been mitigated by controls or proposed management actions.

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

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

As at 31 March	**2018 £000**	2017 £000
Current assets	**108**	90
Non-current assets	**–**	–
Current liabilities	**14**	11
Non-current liabilities	**–**	–
Included in the above amounts are:		
Cash and cash equivalents	**101**	77
Current financial liabilities (excluding trade payables)	**13**	–
Non-current financial liabilities (excluding trade payables)	**–**	–
Net assets (100%)	**94**	80
Group share of net assets (50%)	**47**	40
Period ending 31 March	**72**	40
Revenue	**99**	99
Profit before tax	**17**	30
Profit after tax	**14**	24
Tax expense	**3**	6
Total consolidated income	**–**	–
Total consolidated income (100%)	**14**	24
Group share of total consolidated income (50%)	**7**	12
Dividends received by Group from Joint Venture	**–**	–
Included in the above amounts are:	**–**	–
Depreciation and amortisation	**–**	–
Interest income	**–**	–
Interest expense	**–**	–
Income tax expense (income)	**–**	–

17. Interest in joint venture continued

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

The joint arrangement of control and ownership leads to the classification of JWPCreers Wealth Management Limited as a joint venture. The Group's share of both JWPCreers Wealth Management Ltd contingent liabilities and capital commitments is nil (2017: nil).

18. Investments

Available-for-sale investments	UCIS investments £000	Life Policy investments £000	Debt investments £000	Total investments £000
At 1 April 2016	57	–	–	57
Additions in the year	–	11	–	11
At 1 April 2017	57	11	–	68
Additions in the year	13	-	150	163
Disposals	(28)	–	–	(28)
At 31 March 2018	**42**	**11**	**150**	**203**

The Group's life policy investments are held in relation to a number of customer complaints. The fair value is based upon the life company's forecast terminal value.

The Group's unregulated collective investment scheme (UCIS) investments are held in relation to a number of customer complaints. The fair value is based upon the market price as at 31 March 2018. During the period to 31 March 2018 there were £13,000 of additional units purchased and £28,000 of disposals.

Debt Instruments comprises the Group's investments in the junior debt of Topaz STL, a special purpose vehicle (SPV) which advances short term loans to property investors. During the period to 31 March 2018 investments of £150,000 were made.

	2018 £000	2017 £000
Financial assets held for trading		
Fair value (Level 1)	**1,851**	1,086

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

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

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

Further IFRS 13 disclosures have not been presented here as the balance represents 2.904% (2017: 0.095%) of total assets. There were no transfers of investments between any of the Levels of hierarchy during the year.

19. Other financial assets

Trade and other receivables	**2018 £000**	Restated 2017 £000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges	**27,466**	40,939
Other debtors[1]	**5,161**	5,185
Prepayments and accrued income[2]	**4,800**	6,519
	37,427	52,643

1 Other debtors includes a receivable from Liontrust Asset Management plc of £2,031,000 as described in Note 9.
2 Amount has been restated and is explained further in Note 33.

Notes to the accounts continued

year ended 31 March 2018

20. Cash and cash equivalents

	2018 £000	2017 £000
Short-term cash deposits held at bank, repayable on demand with penalty	**4,500**	2,550
Cash deposits held at bank, repayable on demand without penalty	**3,867**	5,179
	8,367	7,729

Cash and cash equivalents do not include deposits of client monies placed by the Group with banks and building societies in segregated client bank accounts (free money and settlement accounts). All such deposits are designated by the banks and building societies as clients' funds and are not available to satisfy any liabilities of the Group. The amount of such net deposits which are not included in the consolidated statement of financial position at 31 March 2018 was £307,700,000 (2017: £310,200,000)

The credit quality of banks holding the Group's cash at 31 March 2018 is analysed below with reference to credit ratings awarded by Fitch.

	2018 £000	2017 £000
A	**1,452**	1,288
AA–	**4,836**	2,936
BBB+	**2,079**	3,505
	8,367	7,729

21. Deferred tax liability

	Capital allowances £000	Short-term temporary differences and other £000	Total £000
At 1 April 2016	(15)	(497)	(512)
Use of loss brought forward	–	(10)	(10)
Credit to the income statement	7	207	214
Credit to the statement of comprehensive income	–	–	–
At 1 April 2017	(8)	(300)	(308)
Use of loss brought forward	–	(180)	(180)
Credit to the income statement	31	116	147
At 31 March 2018	**23**	**(364)**	**(341)**

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2018.

22. Bank overdrafts

	2018 £000	2017 £000
Bank overdrafts	**–**	35

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

23. Financial instruments and risk profile

Financial risk management

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

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

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

23. Financial instruments and risk profile continued

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

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

(i) Credit risk

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

The Board is responsible for oversight of the Group's credit risk. The Group accepts a limited exposure to credit risk but aims to mitigate and minimise the risk through various methods. There is no material concentrated credit risk as the exposures are spread across a substantial number of clients and counterparties.

Trade receivables (includes settlement balances)

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

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

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

In addition, the client side of settlement balances are normally fully guaranteed by our commission-sharing 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:

	2018 £000	Restated 2017 £000
Cash	**8,367**	7,729
Trade receivables	**27,466**	40,939
Other debtors	**5,161**	5,185
Accrued income[1]	**4,055**	5,804
	45,049	59,657

1 Amount has been restated and is explained further in Note 33.

Analysis of trade receivables:

		2018 £000	2017 £000
Neither past due nor impaired		**25,388**	39,071
Past due but not impaired	<30 days	**1,826**	1,772
	>30 days	**180**	40
	>3 months	**72**	56
		27,466	40,939

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.

Notes to the accounts continued
year ended 31 March 2018

23. Financial instruments and risk profile continued
(ii) Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

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

The Group's policy with regard to liquidity risk is to carefully monitor balance sheet structure and borrowing limits, including:
- monitoring of cash positions on a daily basis;
- exercising strict control over the timely settlement of trade debtors; and
- exercising strict control over the timely settlement of market debtors and creditors.

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

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

During the year, the Group made contractual undiscounted cash payments of £1,244,000 being deferred cash consideration for acquisition of intangible assets.

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

2018	**Less than 1 year £000**	**Total £000**
Bank overdrafts	**–**	**–**
Trade and other payables	**39,028**	**39,028**
	39,028	**39,028**
2017		
Bank overdrafts	35	35
Trade and other payables[1]	51,869	51,869
	51,904	51,904

1 Amounts have been restated and are explained further in Note 33.

Future contracted undiscounted cash flows for deferred cash consideration amounts to £973,000.

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

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

Fair value of financial instruments
The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2018 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £185,100 (2017: £108,600). A 10% rise would have an equal and opposite effect.

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

24. Other financial liabilities
Trade and other payables

	2018 £000	Restated 2017 £000
Amounts owed to clients, brokers and recognised stock exchanges	**25,687**	38,913
Other creditors	**8,702**	8,333
Accruals and deferred income[1]	**4,639**	4,623
	39,028	51,869

1 Amounts have been restated and are explained further in Note 33.

24. Other financial liabilities continued

Trade creditors and accruals comprise amounts outstanding for investment-related transactions, to customers or counterparties, and ongoing costs. The average credit period taken for purchases in relation to costs is 15 days (2017: 14 days).

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

Other creditors and long-term liabilities

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

	2018 Income tax[1] £000	2018 Claims/ complaints[2] £000	2018 Dilapidations[3] £000	Total £000
At start of year	**1,786**	**328**	**236**	**2,350**
Additions	**225**	**189**	**507**	**921**
Utilisation of provision	**–**	**(56)**	**(53)**	**(109)**
Unused amounts reversed during the year	**–**	**–**	**(43)**	**(43)**
At end of year	**2,011**	**461**	**647**	**3,119**

1. A provision is included in respect of a potential income tax and national insurance liability relating to payments to two former fund managers of Walker Crips Asset Managers Limited, a wholly-owned subsidiary, which was sold to Liontrust Asset Management plc (Liontrust) in April 2012. Under the terms of the 2012 Sale and Purchase Agreement, to the extent that this liability crystallises, the cost is to be met by Liontrust. The Board has concluded that recovery from Liontrust would be virtually certain and, in accordance with IAS 31, an offsetting debtor has been recognised with no net impact on the income statement. The settlement with HMRC is expected to be made within 12 months of the year end. See Note 9.
2. These provisions relate to outstanding claims and complaints from third parties which, in the opinion of the Board, need providing for after taking into account the risks and uncertainties surrounding each claim or complaint. The timing of these settlements is unknown but it is expected that they will be resolved within 12 to 24 months.
3. The Group has made a provision of £507,000 for dilapidations in connection with its newly acquired leasehold premises. These costs are expected to arise at the end of the lease with a maximum remaining term of 10 years. A provision of £105,000 has been made for dilapidations at our former office premises in York where the lease came to an end in May 2018. This amount was based on advice and a valuation received from a major independent firm of chartered surveyors. Provisions for dilapidations payable on leases after more than one year amounted to £543,000 including £35,000 for the Romford office.

25 Called-up share capital

	2018 £000	2017 £000
Called-up, allotted and fully paid		
42,917,730 (2017: 42,386,423) Ordinary Shares of 6⅔p each	**2,861**	2,826

The Company's Articles were amended in 2010 since when there has been no Authorised share capital. Shareholders have no restrictions on their holdings except for certain investment managers who were awarded shares in the Company soon after recently joining as part of the consideration for their client relationships. These holdings cannot be sold for a period of four to six years from commencement date. During the year 531,307 new Ordinary Shares were issued and allotted to various personnel associated with the Company in order to meet contractual commitments made by the Company as part of the ongoing expansion of its client base. All shares issued to personnel under recruitment contracts are restricted from sale for periods between four to six years.

The following movements in share capital occurred during the year:

	Number of shares	Share capital £000	Share premium £000	Total £000
At 1 April 2016	38,924,046	2,595	2,279	4,874
Shares issued to personnel	3,462,377	231	1,223	1,454
At 1 April 2017	42,386,423	2,826	3,502	6,328
Shares issued to personnel	531,307	35	172	207
At 31 March 2018	**42,917,730**	**2,861**	**3,674**	**6,535**

The Group's capital is defined for accounting purposes as total equity. As at 31 March 2018 this totalled £22,013,000 (2017: £21,847,000 restated). The increase during the year was attributable to the Company issuing shares to personnel under recruitment contracts, the profit for the year less dividends paid.

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

Notes to the accounts continued

year ended 31 March 2018

25. Called-up share capital continued

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

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

Regulatory capital

No breaches were reported to the FCA during the financial years ended 31 March 2017 and 2018.

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

26. Reserves

Apart from share capital and share premium, the Group holds reserves at 31 March 2018 under the following categories:
Own shares held (£312,000) – the negative balance of the Group's own shares, which have been bought back and held in treasury.
Retained earnings (£11,122,000) – the net cumulative earnings of the Group not paid out as dividends retained to be reinvested in our core, or new, business.
Other (£4,668,000) – the cumulative share premium on the issue of shares as deferred consideration for corporate acquisitions.

27. Share-based payments

LTIP

The Company recognised total expenses of £12,000 (2017: £nil) related to equity-settled share-based payment transactions.

28. Cash generated from operations

	2018 £000	Restated 2017 £000
Operating profit for the year[1]	**890**	742
Adjustments for:		
Amortisation of intangibles	**553**	525
Loss on sale of tangible fixed asset	**7**	–
Net change in fair value of financial instruments at fair value through profit or loss	**(55)**	8
Share of joint venture income	**(7)**	(12)
Depreciation	**517**	504
Decrease/(increase) in debtors	**15,284**	(13,409)
(Decrease)/increase in creditors	**(11,533)**	14,533
Net cash inflow	**5,656**	2,891

1 Amounts have been restated and are explained further in Note 33.

29. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £nil (2017: £168,000) contracted but not provided for and £nil (2017: £nil) capital commitments authorised but not contracted for.

Lease commitments

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

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

	2018 £000	2017 £000
Within one year	**876**	541
Within two to five years	**3,161**	423
More than five years	**2,571**	48

30. Related parties

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

	2018 £000	2017 £000
Commissions received from Directors, employees, approved persons and their family	**143**	186

Other related parties include Charles Russell Speechlys, of which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £195,000 (2017: £324,000) included in administrative expenses or other receivables if the costs are reimbursable.

Commission of £7,169 (2017: £8,562) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore, where H. M. Lim is a Director), again all on standard commercial terms, both these items being included in revenue. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are accordingly not disclosed. Remuneration of the Directors who are the key management personnel of the Group totalled £993,000 (2017: £1,241,000 restated) including employers' NI.

31. Contingent liability

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

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

32. Subsequent events

There are no material events arising after 31 March 2018, which have an impact on these financial statements.

33. Prior year adjustment

An adjustment has been made to retained earnings brought forward at 1 April 2016, as shown in the Consolidated statement of changes in equity, to correct the recording of portfolio management fees previously accounted for in advance instead of arrears of £218,000 at 31 March 2016 together with the tax impact of £41,000. This has had the effect of increasing trade and other receivables by £435,000, increasing trade and other payables by £217,000, increasing tax liabilities by £41,000 and increasing retained earnings by £177,000 as at 31 March 2016. Subsequent movements in the year to 31 March 2017 increased receivables by £29,000, increased liabilities by £15,000, increased tax liabilities by £3,000, and increased earnings by £11,000, as reflected in the adjusted Comprehensive income of £575,000 for the year to 31 March 2017.

An adjustment has been made to retained earnings brought forward at 1 April 2016, as shown in the Consolidated statement of changes in equity, to correct the previous under accrual of employers National Insurance Contributions (NIC) on a performance related bonus scheme of £181,000 at 31 March 2016 together with the tax impact of £35,000. This has had the effect of increasing trade and other payables by £181,000, reducing tax liabilities by £35,000 and reducing retained earnings by £146,000 as at 31 March 2016. Subsequent movements in the year to 31 March 2017 increased the liability by £54,000, reduced tax liabilities by £10,000 to and reduced earnings by £44,000, as reflected in the adjusted Comprehensive income of £575,000 for the year to 31 March 2017.

A reclassification adjustment has been made on the consolidated income statement to commission payable and administrative expenses for the year ended 31 March 2017, to reflect employed investment adviser profit sharing costs as an administrative expense, previously disclosed as shared commission payable. This had the effect of reducing commission payable by £1,200,000 and increasing administrative expenses by £1,200,000, being an increase of £1,138,000 in staff costs and £62,000 in other expenses. There is no impact on retained earnings or assets in the current or prior year as a result of this change in accounting treatment.

34. Long-term liability – deferred cash consideration

	2018 £000	2017 £000
Amounts due to personnel under recruitment contracts/acquisition agreements	**197**	372

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

Company balance sheet
as at 31 March 2018

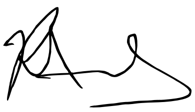
	Notes	2018 £000	Restated 2017 £000	Restated 2016 £000
Fixed assets				
Tangible	38	**1,762**	158	376
Intangible	39	**4,181**	4,418	3,953
Investments	40	**17,575**	17,425	17,425
		23,518	22,001	21,754
Current assets				
Debtors	41	**683**	1,164[1]	926[1]
Trading investments		**579**	570	518
Cash at bank and in hand		**605**	1,034	2,187
		1,867	2,768[1]	3,631[1]
Creditors: amounts falling due within one year				
Other creditors	43	**(4,257)**	(3,122)	(1,726)
Shares to be issued	44	**(171)**	(366)	(912)
		(4,428)	(3,488)	(2,638)
Net current assets		**(2,561)**	(720)[1]	993[1]
Total assets less current liabilities		**20,957**	21,281[1]	22,747[1]
Creditors: amounts falling due after more than one year				
Other creditors	48	**(1,170)**	(342)	(1,486)
Shares to be issued		**–**	–	(218)
		(1,170)	(342)	(1,704)
Net assets		**19,787**	20,939[1]	21,043[1]
Capital and reserves				
Called-up share capital	47	**2,861**	2,826	2,595
Share premium account		**3,674**	3,502	2,279
Own shares held	47	**(312)**	(312)	(312)
Profit and loss account	47	**8,896**	10,255[1]	11,813[1]
Other reserves	47	**4,668**	4,668	4,668
Equity shareholders' funds		**19,787**	20,939[1]	21,043[1]

1 Equity as at 31 March 2016 and 31 March 2017, restated (Note 53).

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported a loss for the financial year of £573,000 (2017: restated[1] loss of £842,000).

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 31 July 2018.

Signed on behalf of the Board of Directors



R. A. FitzGerald FCA
Director
31 July 2018

Company statement of changes in equity

year ended 31 March 2018

	Called-up share capital £000	Share premium £000	Own shares held £000	Other £000	Restated Profit and loss account £000	Total equity £000
Restated[1] equity as at 31 March 2016	2,595	2,279	(312)	4,668	11,813	21,043
Restated[1] comprehensive income for the year						
Restated[1] loss for the year	–	–	–	–	(842)	(842)
Restated[1] total comprehensive income for the year	–	–	–	–	(842)	(842)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(716)	(716)
Issue of shares on acquisition of intangibles	231	1,223	–	–	–	1,454
Total contributions by and distributions to owners	231	1,223	–	–	(716)	738
Restated[1] equity as at 31 March 2017	2,826	3,502	(312)	4,668	10,255	20,939
Comprehensive income for the year						
Loss for the year	–	–	–	–	(573)	(573)
Total comprehensive income for the year	–	–	–	–	(573)	(573)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(786)	(786)
Issue of shares on acquisition of intangibles	35	172	–	–	–	207
Total contributions by and distributions to owners	35	172	–	–	(786)	(579)
Equity as at 31 March 2018	**2,861**	**3,674**	**(312)**	**4,668**	**8,896**	**19,787**

1 Equity as at 31 March 2016 and 31 March 2017, restated (Note 53).

Notes to the Company accounts
year ended 31 March 2018

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

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 36).

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

The Company has chosen to early adopt the amendments to FRS 102, paragraph 34.22, which revise the disclosure requirements for financial institutions, specifically in relation to the fair value hierarchy, as presented within Note 45. These amendments were approved for issue on 3 March 2016 and are otherwise effective for accounting periods beginning on or after 1 January 2017.

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

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

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

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

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

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

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

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

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

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

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

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

35. Significant accounting policies continued

Own shares held

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

Financial instruments

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

Deferred income

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

Investments

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

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

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

Investments in subsidiaries

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

Valuation of investments

The fair valuation of the Company's basic financial instrument investments is based upon the underlying market price and volatility which may be subject to fluctuation from year to year (see Note 45 for further information).

Debtors

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Share-based payments

The Company makes no share-based payments.

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

Shares to be issued

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

Notes to the Company accounts continued

year ended 31 March 2018

35. Significant accounting policies continued

Leases

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

Going concern

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

36. Key sources of estimation uncertainty and judgements

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

Intangible and financial assets – judgement

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

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

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

37. Loss for the year

Loss for the financial year of £573,000 (2017: restated[1] loss of £842,000) is after an amount of £36,000 (2017: £35,000) related to the auditor's remuneration for audit services to the Company.

1 See Note 53.

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

	2018 £000	2017 £000
Employee costs during the year amounted to:		
Wages and salaries	**268**	435
Social security costs	**28**	45
Other costs	**14**	51
	310	531

In the current year Employee costs are those of the Non-Executive Directors. A proportion of Executive Directors and the cost of the Group Profit Share Scheme. The remaining Executive Director Employee costs are borne by Walker Crips Stockbrokers Ltd

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

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

	2018 Number	2017 Number
Executive Directors	**4**	4
Non-Executive Directors	**4**	4
	8	8

38. Tangible fixed assets

	Leasehold improvements furniture and equipment £000	Computer software £000	Total £000
Cost			
At 1 April 2017	976	858	1,834
Write down	(659)	–	(659)
Additions	1,810	–	1,810
At 31 March 2018	**2,127**	**858**	**2,985**
Accumulated depreciation			
At 1 April 2017	822	854	1,676
Eliminated on write down of assets	(659)	–	(659)
Charge for the year	203	3	206
At 31 March 2018	**366**	**857**	**1,223**
Carrying amount			
At 31 March 2018	**1,761**	**1**	**1,762**
At 31 March 2017	154	4	158

39. Intangible assets

	Client lists £000	Total £000
Cost		
At 1 April 2017	5,006	5,006
Additions	56	56
At 31 March 2018	**5,062**	**5,062**
Accumulated depreciation		
At 1 April 2017	588	588
Charge for the year	293	293
At 31 March 2018	**881**	**881**
Carrying amount		
At 31 March 2018	**4,181**	**4,181**
At 31 March 2017	4,418	4,418

40. Fixed asset investments

	2018 £000	2017 £000
Subsidiary undertakings	**17,425**	17,425
Debt Investments	**150**	–
	17,575	17,425

A complete list of subsidiary undertakings can be found in Note 54.

Debt Instruments comprises the firm's investments in the junior debt of Topaz STL, a special purpose vehicle (SPV) which advances short term loans to property investors. During the period to 31 March 2018 investments of £150,000 were made.

41. Debtors

	2018 £000	Restated 2017 £000
Amounts due from subsidiary undertakings	**111**	781[1]
Deferred tax asset	**140**	302
Prepayments and accrued income	**43**	58
Other debtors	**389**	23
	683	1,164

1 Amounts have been restated and are explained further in Note 53.

Notes to the Company accounts continued

year ended 31 March 2018

42. Deferred tax asset/(liability)

	2018 £000	Restated[1] 2017 £000
At 1 April	**302**	85
Use of loss brought forward	**(156)**	–
(Charge)/credit to the income statement	**(6)**	217
At 31 March	**140**	302

1 Amounts have been restated and are explained further in Note 53.

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Finance Act 2016 enacted a reduction in the 18% rate to 17% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2018.

43. Creditors

	2018 £000	2017 £000
Accruals and deferred income	**473**	410
Amounts due to subsidiary undertakings	**2,986**	1,074
Other creditors	**63**	–
Amount due to personnel under recruitment contracts	**735**	1,638
	4,257	3,122

44. Shares to be issued

	2018 £000	2017 £000
Amount due to personnel under recruitment contracts/acquisition agreements	**171**	366
	171	366

45. Fair value disclosures

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

Level 1 – The unadjusted quoted price in an active market for identical assets and liabilities that the entity can access at the measurement date. The Company's Trading investments fall within this category;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. The Company does not hold financial instruments in this category; and

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset and liability. The Company's Basic financial instruments held at fair value (within Fixed asset investments) fall within this category.

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

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

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

The following tables analyse within the fair value hierarchy the company's Investments measured at fair value:

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

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

Determining the fair value of the Company's investments requires judgement and considers factors specific to the Investment. The valuation policies applied by the Directors are detailed in Note 35.

46. Risk management policies

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

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

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

The Group considers its financial risks arising from its use of financial instruments to fall into three main categories:

(i) credit risk;
(ii) liquidity risk; and
(iii) market risk.

Further information on the disclosures and policies carried out by the Company and the Group are made in Note 23 of the consolidated financial statements.

(i) Credit risk

Maximum exposure to credit risk:

	2018 £000	2017 £000
Cash	**605**	1,034
Other debtors	**502**	23
	1,107	1,057

The credit quality of banks holding the Group's cash at 31 March 2018 is analysed below with reference to credit ratings awarded by Fitch.

	2018 £000	2017 £000
A	**377**	64
BBB+	**228**	970
	605	1,034

Analysis of other debtors due from financial institutions:

		2018 £000	2017 £000
Neither past due nor impaired		**389**	23
Past due but not impaired	<30 days	**–**	–
	>30 days	**–**	–
	>3 months	**–**	–
		389	23

(ii) Liquidity risk

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

2018	**2018 £000**	2017 £000
Other creditors	**5,696**	3,464
	5,696	3,464

2018	**2018 £000**	2017 £000
Within one year	**4,257**	3,122
Within two to five years	**1,170**	342
	5,427	3,464

Notes to the Company accounts continued
year ended 31 March 2018

46. Risk management policies continued

(iii) Market risk

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

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

Fair value of financial instruments

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2018 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £57,900 (2016: £57,000). A 10% rise would have an equal and opposite effect.

47. Called-up share capital

	2018 £000	2017 £000
Called-up, allotted and fully paid		
42,917,730 (2017: 42,386,423) Ordinary Shares of 6⅔p each	**2,861**	2,826

During the year 531,307 new Ordinary Shares were issued and allotted to various personnel associated with the Company in order to meet contractual commitments made by the Company as part of the ongoing expansion of its client base.

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

The following movements in share capital occurred during the year:

	Number of shares	Share capital £000	Share premium £000	Total £000
At 1 April 2016	38,924,046	2,595	2,279	4,874
Shares issued to personnel	3,462,377	231	1,223	1,454
At 1 April 2017	**42,386,423**	**2,826**	**3,502**	**6,328**
Shares issued to personnel	531,307	35	172	207
At 31 March 2018	**42,917,730**	**2,861**	**3,674**	**6,535**

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

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

Apart from share capital and share premium, the Company holds reserves at 31 March 2018 under the following categories:

Own shares held (£312,000) – the negative balance of the Company's own shares, which have been bought back and held in treasury.

Profit and loss account (£8,896,000) – the net cumulative earnings of the Company not paid out as dividends retained to be reinvested in our core, or new, business.

Other (£4,668,000) – the cumulative share premium on the issue of shares as deferred consideration for corporate acquisitions.

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

	2018 £000	2017 £000
Amount due to personnel under recruitment contracts	**1,170**	342
	1,170	342

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

49. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £nil (2017: £nil) contracted but not provided for and £nil (2017: £nil) capital commitments authorised but not contracted for.

Lease commitments

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

	2018 £000	2017 £000
Within one year	**736**	416
Within two to five years	**2,807**	404
More than five years	**2,571**	47

50. Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company, the Company. In the opinion of the Board, the Group and the Company's key management are the Directors of Walker Crips Group plc.

Total compensation to key management personnel is £993,000 (2017 : £1,241,000 restated) including employers' NI.

51. Contingent liability

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

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

52. Subsequent events

There are no material events arising after 31 March 2018, which has an impact on these financial statements.

53. Prior year adjustment

An adjustment has been made to retained earnings brought forward at 1 April 2016, as shown in the Company statement of changes in equity, to reflect consolidation of £400,000 of accumulated LLP Profits from Group Company Barker Poland Asset Management LLP, previously only recognised in the Group Consolidated income statement. The loss for for the year to 31 March 2017, as shown in the Company statement of changes in equity has been adjusted to reflect consolidation of £381,000 of LLP Profits for the year to 31 March 2017, from Group Company Barker Poland Asset Management LLP, previously only recognised in the Group Consolidated income statement .This has the effect of increasing debtors and increasing retained earnings by £781,000 as at 31 March 2017 and £400,000 as at 31 March 2016. The Group Consolidated income statement and Statement of Financial position are unaffected by these changes.

Notes to the Company accounts continued

year ended 31 March 2018

54. Subsidiaries and jointly-owned entities

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

The registered office for subsidiary and associated undertakings is:

a) Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ

b) St James House, 27-43 Eastern Road, Romford, Essex RM1 3NH

c) Apollo House, Eboracum Way, York, England, YO31 7RE

d) Genesis, 5 Church Lane, Heslington, Yorkshire YO10 5DQ

Notice of Annual General Meeting

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

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

Notice is hereby given that the Annual General Meeting of Walker Crips Group plc (the Company) will be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 5 September 2018 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 2018.

2. To approve the Directors' remuneration report excluding the summary of the Directors' remuneration policy set out on pages 40 to 42 of the Directors' remuneration policy for the year ended 31 March 2018.

3. To declare a final dividend of 1.29 pence per Ordinary Share for the year ended 31 March 2018.

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

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

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

7. To re-elect as a Director Mr Mark Rushton.

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

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

As special business

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

10. 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 £946,162 (equivalent to one third of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(B) are revoked, subject to Article 12(D).

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

11. That, subject to the passing of Resolution 10, 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 £283,848 (equivalent to 10% of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(C) are revoked, subject to Article 12(D).

12. That the Company be and is hereby granted pursuant to section 701 of the Companies Act 2006 general and unconditional authority to make market purchases (within the meaning of section 693 of the Companies Act 2006) on the London Stock Exchange of ordinary shares of $6\frac{2}{3}$ pence each in the capital of the Company (Ordinary Shares) provided that:

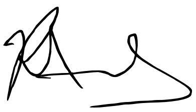
    a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to 10% of the Company's issued share capital then in issue;
    b) the minimum price which may be paid for any Ordinary Shares is $6\frac{2}{3}$ pence per Ordinary Share;
    c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Shares is not more than 5% above the average of the middle market quotations for the Ordinary Shares (as derived from the London Stock Exchange Daily Official List) for the ten business days before the purchase is made;

Notice of Annual General Meeting continued

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).

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

By order of the Board



R. A. FitzGerald FCA
Secretary
31 July 2018

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

Notes on resolutions

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

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

Resolution 1: Receipt of the 2018 Annual Report and Accounts

The directors' and auditor's reports and the audited financial statements of the Company for the year ended 31 March 2018 (the Annual Report and Accounts) have been made available to shareholders and will be presented at the Meeting. The Annual Report and Accounts may also be accessed on the Company's website at www.wcgplc.co.uk. Shareholders may raise any questions on the Annual Report and Accounts under this resolution.

Resolution 2: Approval of the 2018 Directors' remuneration report

In accordance with section 439 of the Companies Act, shareholders are requested to approve the Directors' remuneration report (other than the summary of the Directors' remuneration policy set out on pages 40 to 42) which can be found on pages 35 to 42 of the Annual Report and Accounts for the year ended 31 March 2018. The vote is advisory only and does not affect the actual remuneration paid to an individual Director.

The Directors' remuneration policy was approved by shareholders at the Annual General Meeting on 6 September 2017 for a period of up to three years and is, therefore, not required to be put to shareholders for approval at this year's Meeting. It will be put to shareholders for approval again by no later than the Annual General Meeting in 2020. The full remuneration policy can be found on pages 44 to 47 of the 2017 Annual Report and Accounts.

Resolution 3: Final dividend

Shareholders are being asked in Resolution 3 to approve a final dividend of 1.29 pence per Ordinary Share for the year ended 31 March 2018. If you approve the recommended final dividend, this will be paid on 14 September 2018 to all ordinary shareholders who were on the register of members at the close of business on 31 August 2018.

Resolutions 4 to 7: 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 Mark Rushton is retiring in this manner and is seeking re-election.

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

The resolutions relating to the re-election of the Directors are proposed as separate resolutions numbered 4 to 7. The Board believes that the performance of each of the Directors standing for re-election continues to be effective and each Director demonstrates commitment to the role. As such, the Board determined that the Company would benefit by retaining the knowledge and experience gained by these Directors over the previous years.

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

Resolution 8: Appointment of auditor

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

Accordingly, shareholders are being asked in resolution 8 to approve the appointment of BDO LLP as auditor of the Company from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid.

Resolution 9: Remuneration of the auditor

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

Resolution 10: Renewal of the Directors' authority to allot shares

Resolution 10 will be proposed before the Meeting to confer authority on the Directors to allot shares, or grant rights to subscribe for or to convert any security into shares, of up to an aggregate nominal amount of £946,162 (being one-third of the Company's issued share capital (excluding treasury shares) as at 30 July 2018). This resolution, which is an ordinary resolution, will replace the authority given to the Directors at the last Annual General Meeting on 6 September 2017.

750,000 shares are held in treasury as at 30 July 2018 (representing approximately 2% of the Company's issued share capital (excluding treasury shares) on that date).

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

Notice of Annual General Meeting continued

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 11: Renewal of the Directors' authority to disapply pre-emption rights

Resolution 11 will be proposed before the Meeting to confer authority on the Directors to allot equity securities for cash up to an aggregate nominal amount of £283,848 (being 10% of the Company's issued share capital (excluding treasury shares) as at 30 July 2018) 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 6 September 2017.

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 12: 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 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.

Shareholders may further note that the total number of warrants and options to subscribe for equity shares in the Company that are outstanding as at 30 July 2018 is nil.

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

Resolution 13: Notice period for general meeting

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

Resolution 13, which is a special resolution, will enable the Company to call general meetings (other than Annual General Meetings) on 14 clear days' notice. The Directors believe that this is in the best interests of the shareholders and it is intended that this shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

The approval will be effective until the Company's Annual General Meeting in 2019 when it is intended that a similar resolution to renew the authority will be proposed.

Shareholder notes

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

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 6.00 p.m. on 3 September 2018; or
   - if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

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

Appointment of proxies

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

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

Appointment of proxies continued

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

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

Appointment of proxy using hard copy proxy form

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

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
   - received by Neville Registrars Limited no later than 11.00 a.m. on 3 September 2018.

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

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

Appointment of proxies through CREST

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

   In order for a proxy appointment or instructions made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent ID (7RA11) by no later than 11.00 a.m. on 3 September 2018, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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

Appointment of proxy by joint members

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

Changing proxy instructions

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

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

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

Notice of Annual General Meeting continued

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited no later than 11.00 a.m. on 3 September 2018.

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

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

Corporate representatives

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

Issued shares and total voting rights

12. As at 30 July 2018 (being the latest practicable day prior to the date of this notice), the Company's issued share capital comprised 43,327,328 Ordinary Shares of 6⅔ 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 30 July 2018 and, therefore, the total number of voting rights in the Company as at such date is 42,577,328.

Communication

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

Website giving information regarding the Meeting

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

Questions at the Meeting

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

Website publication of audit concerns

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

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

Nominated person

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

Form of proxy

For use at the Annual General Meeting (the Meeting) of Walker Crips Group plc (the Company) to be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 5 September 2018 at 11.00 a.m. and at any adjournment thereof.

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

Of (address) ………

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

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

Of (address) ………

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

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

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

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

	For	Against	Vote withheld
1) To receive and adopt the Directors' report and audited financial statements			
2) To approve the Directors' remuneration report			
3) To declare a final dividend of 1.29p per Ordinary Share			
4) To re-elect David Gelber as a Director			
5) To re-elect Martin Wright as a Director			
6) To re-elect Hua Min Lim as a Director			
7) To re-elect Mark Rushton as a Director			
8) To appoint BDO LLP as auditor			
9) To authorise the Directors to set the remuneration of the auditor			
10) To authorise the Directors to allot shares			
11) To disapply pre-emption rights[1]			
12) To authorise the Company to make market purchases of its own shares[1]			
13) To authorise the Company to call a general meeting of shareholders on not less than 14 clear days' notice[1]			

1 Special resolution.

Signed: ………………………………………………………………………………… Dated: ………………………………………………

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

Form of proxy continued

Notes:

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person and vote, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space above. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. If the proxy is being appointed in relation to less than your full voting entitlement, please indicate the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or, if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited on 0121 585 1131 to obtain an extra proxy card. Please indicate the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).
6. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant 'Vote withheld' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
   - received by Neville Registrars Limited no later than 11.00 a.m. on 3 September 2018.
8. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
9. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
10. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, CREST ID (7RA11) by 11.00 a.m. on 3 September 2018. See the notes to the notice of meeting for further information on proxy appointment through CREST.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
13. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
14. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

Officers and professional advisers

Directors

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

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

Secretary
R. A. FitzGerald FCA

Registered office
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

Bankers
HSBC Bank plc
London

Solicitors
Charles Russell Speechlys LLP
London

Auditor
BDO LLP
London

Registrars
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen B62 8HD

Production by Paperwork
p@perwork.com +44 (0)20 7407 7111
Printed by White Star Printing
hello@whitestarprinting.co.uk +44 (0)23 8000 1277

Walker Crips Group plc
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

020 3100 8000
www.wcgplc.co.uk
client.services@wcgplc.co.uk