WALKERCRIPS

Rooted in tradition. Growing through innovation.

Annual Report and Accounts 2020

We have **over a hundred years** of history in **making investment rewarding** for our clients. Walker Crips predecessors first bought and sold shares for clients on the London Stock Exchange in 1914.

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

We continue to thrive as **we cultivate our technology** to strengthen our Group, increase efficiency and provide value for our shareholders.

COVID-19

Some of us have lost family and friends to the virus and to you, we send our heartfelt condolences. Above all, it is the human cost that is hardest to bear. In these unprecedented times we played our part in complying with, and where necessary exceeding, government advice on containing and limiting the spread of the virus by working from home, protecting our staff, having in place good technology, and ensuring that we continue to deliver uninterrupted service to our clients. Our investment managers, advisors and staff have displayed tremendous adaptability and tenacity and combined with the quality of our technology, our transition to working from home was close to seamless. We are proud of how everyone at Walker Crips responded to this crisis, how we considered each other, and how we kept our focus on delivering good service to our clients during this most difficult time. We have adapted well to this crisis and to this new normal, and we will come out stronger and better. To our shareholders and our clients, we wish you well, stay safe, and we hope to meet you again in person soon.

Sean Lam, Group CEO

Highlights from our year ended 31 March 2020

The Group reports **improved year-on-year** income and profits.

- Annual revenues up 3% to £31.4 million (2019: £30.5 million).
- Operating profits up 172.5% to £1.09 million (2019: £0.40 million) and up 65% to £0.717 million (2019: £0.434 million) excluding exceptional items.
- Profit before tax up 97% to £963,000 (2019: £489,000) and up 13% to £588,000 (2019: £521,000) excluding exceptional items.
- IAS 17 consistent EBITDA up 21% to £1.93 million (2019: £1.59 million).*
- Underlying cash generated from operations increased by 18.6% to £1.85 million (2019: £1.56 million).*
- Cash and cash equivalents increased by £1.8 million to £8.6 million.
- Assets Under Management, with the COVID-19 impact on global markets, particularly affecting the final month of the year, declined by 15% to £2.8 billion (2019: £3.3 billion).
- Non-broking income as a percentage of total income increased to 74.3% (2019: 71.6%).
- The pandemic headwinds of lower market levels and lower interest rates are now negatively impacting income and the underlying mix.
- No final dividend proposed (2019: 0.33 pence) in view of the pandemic headwinds.
- Liquid resources remain strong and we look forward with confidence to continuing to implement strategic priorities including ongoing focus on cost control.

* Fully explained in the Chairman's statement on pages 4 to 6.

Strategic report

Corporate governance

Financial statements

At a glance

A diversified financial services group

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

Our model

The Walker Crips Group operates within the financial services industry and specialises in providing a range of financial services and financial products to our customers. Our core business is the provision of investment management, wealth management, pensions advice, collectives model portfolios and structured investments. Our second prong is the alternative investment offering and the third is the provision of technology services. We believe that, through this three-pronged approach, the Group is developing a balanced and diversified revenue stream.

Find out more on pages 07 to 09

Our culture

Walker Crips started advising clients and dealing in securities in 1914. We uphold the longstanding traditional values of honesty and integrity, and we seek to serve our stakeholders: our shareholders, our clients, and our staff. And we strive to give our customers a fair deal, and to pursue good customer outcomes.

We are a technology driven financial services company. With our technology core competency, we strive to innovate, and build systems that will primarily serve our Investment Managers, our Advisers, our staff, and our clients. Latterly, through our Software as a Service division, we also deploy proprietary technology to our business partners.

Our people

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

We 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.

We continue to seek out likeminded individuals to join our cause. Our diverse business model and culture, both enhanced by technology, make the Group an exciting place in which to work, develop and grow.

Our Group

Investment Management

Our purpose is to make investment rewarding

Private Client Department

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

Investment Management

Our eclectic collection of professional Investment Managers and advisers provide clients with investment expertise and retain meaningful relationships built on Walker Crips' 106 years of experience. Our collectives model portfolio business continues to perform steadily for our clients.

Alternative Investments

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

Structured Investments

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

Wealth Management

Preserving and nurturing client wealth

Advisory

Our Wealth Management team delivers an individualised approach to financial planning. As focused independent financial advisers, Walker Crips Wealth Management provide guidance on an extensive range of financial concerns such as life assurance, pre-retirement planning, at-retirement advice, savings plans, tax efficient management of investments and estate planning.

Our offices

Walker Crips operates 13 offices throughout the UK, headed and staffed by dedicated individuals.

13

Offices

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

Governance

"As presaged in my commentary last year, this is our first Annual Report since the revised UK Corporate Governance Code issued by the Financial Reporting Council ("FRC") in July 2018 ("the new Code") has applied to the Company and, consequently, the first occasion for us to report on how we have complied with the updated principles in the new Code (which is available to view at www.frc.org.uk)."

Find out more on page 20

Serving clients to better care for their futures

Pensions

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

EnOC Technologies

Engineering out complexities

Our Software as a Service division (SaaS) provides cloud-based regulatory software to financial services firms. EnOC's aim is to close the technology gap between those who can afford large systems, and those who cannot, between those who can build their own systems, and those who do not have the resources to do so. The EnOC Pro Platform (www.enoc.pro) will allow for swift scalability with no expenditure on infrastructure; and our flagship service, the SM&CR tool, is an easy-to-use solution for the Senior Managers & Certification Regime ("SM&CR"). Our pricing model is on a subscription basis, without minimum amounts and without long-term lock-in contracts, accessible to even the smallest of companies and scalable to the largest.

Key stats

106 years

Years looking after our clients

31,485 clients

Clients across the UK
(2019: 30,999)

£31.4m

Total revenue for 2020
(2019: £30.5m)

£4.3bn

Total Assets Under Management and Administration
(2019: £5.0bn)

Chairman's statement

Confident in our continued success

An increase in year-on-year profits for the Group has been overshadowed by the tragic and profound impact of the coronavirus pandemic just before the year end, forcing the precautionary suspension of the final dividend. Nevertheless, the Group's emphasis on technology facilitated a rapid and effective response to the practical challenges posed by the lockdown.

Overview of 2019/2020

Against a backdrop of largely buoyant market conditions, most of the Group's businesses performed well until the very last month of last year, and I am pleased to report an increase in full year profit before tax of £474,000, or 97% on the prior year. However, the sudden onset of the pandemic and the terrible effects it has wrought on the economy and capital markets has marred what was a reasonably good year for the Group. With Management's focus now firmly on the future, the Group is repositioning itself for the changes and challenges ahead.

Operating profit for the year of £1.092 million (2019: £402,000) and profit before tax for the year of £963,000 (2019: £489,000) both benefited from the recovery of a longstanding disputed insurance claim of £209,000 and from the reassessment of deferred cash consideration due on acquired client relations of £166,000, both of which have been reported as exceptional items. Adjusting for exceptional items, earnings growth remains strong, with operating profit increasing by 65% to £717,000 (2019: £434,000) and profit before tax increasing by 13% to £588,000 (2019: £521,000). The reconciliation of these IFRS and alternative performance measures ("APMs") can be found in the tables on page 08.

The reported results this year are also impacted by the adoption of IFRS 16 'Leases' with effect from 1 April 2019 and because the modified retrospective approach is used they are not comparable to those reported in the prior year under the previous accounting standard IAS 17. To provide a meaningful comparison we have presented an EBITDA based APM, which reports operating profits before exceptional items adjusted for depreciation, amortisation and lease charges for both 2019 and 2020 on an IAS 17 consistent basis.

On this basis the Group's EBITDA for the year increased 21% to £1.93m (2019: £1.59m). The reconciliations of EBITDA to operating profit before exceptional items for 2020 and 2019 are presented on page 8. In the year to 31 March 2022 EBITDA figures will be presented on an IFRS 16 consistent basis.

The encouraging momentum that I reported in the first half of the year continued in the second half. Although we experienced a decline in broking commission for the year of £572,000, these revenue losses were more than offset by an increase of £1.35 million in management fees, as clients continue to switch from commission-based to fixed fee tariffs.

Total non-broking income, which benefited from the full-year impact of the rollout of new tariffs on management fees, the impact of higher interest rates on managed client deposits, a continued strong performance in our arbitrage trading book, notwithstanding a mark to market loss on year-end positions reflecting market declines in March 2020, improved Walker Crips Structured Investments ("WCSI") results, offset by lower revenues from short-term lending and net investment revenue, comprised 74.3% of Group revenues versus 71.6% in the previous year. It should be noted, however, that the full year's benefit of increased interest margins on managed deposits arising from previous base rate rises will be more than reversed by the two reductions to base rates in March this year, taking them to historic lows as part of the Bank of England's extraordinary response to the pandemic.

Total Assets Under Management and Administration ("AUMA") averaged £5.0 billion during the year, compared with £5.1 billion for the previous year, helped by positive market performance and strong growth from the private client teams, offset by the loss of a team of associates (with approximately £240 million in assets) at the start of the year.

AUMA were impacted by the collapse in equity markets in March and ended the year down 14% at £4.3 billion, but have since recovered along with markets to £4.8 billion by 30 June 2020. Discretionary and Advisory Assets Under Management were similarly impacted by the global market decline, ending the year at £2.8 billion (31 March 2019: £3.3 billion).

I am pleased that the Group has been able to adjust so well to the rapid changes in working practices occurring as a result of the pandemic and, in the light of the pandemic, the Group's focus on technology has been more than justified.

Commission paid to self-employed associates increased by 1.0% during the year, significantly lower than the 3% growth in revenues, reflecting the changing mix of revenues towards other non-sharing parts of the business and resulting in an improvement in the gross margin to £21.6 million (31 March 2019: £20.8 million). Administrative expenses rose by £0.6 million (2.7%) during the year, significantly lower than the 3% growth in revenues and resulting in an improvement in operating profit margin excluding exceptional items to 2.3% (31 March 2019: 1.4%). Management focus on the cost base is paying off, with the growth in administrative expenses largely accounted for by an increase in regulatory fees and levies of £0.3 million, effectively doubling from the previous year. Following the onset of the pandemic, Management implemented an immediate cost-reduction initiative, including the acceptance of a temporary pay cut by all Group and subsidiary Directors. Further actions are being discussed and readied, subject to developments in market conditions.

At a divisional level, Investment Management saw a 7.5% increase in fees and other revenues to £21.5 million (2019: £20 million), offset by the fall in commission income noted above such that overall revenues of the division increased by 2.4% year on year to £29.6 million (2019: £28.9 million). There were notably strong performances by the London and York-based private client teams. The impact of the pandemic on markets, and indirectly on fees, has translated into current fee income falling broadly in line with industry benchmarks and Management's expectations. Encouragingly, commissions have, so far, been more resilient than originally budgeted. Management is not budgeting for a rise in base rates in the foreseeable future and the recent cuts in base rates are projected to result in a decline in annual revenues of £1.5 million compared to the year ended 31 March 2020.

The York-based Wealth Management division has seen an overall revenue increase of £0.09 million on the previous year. During the year, two teams within the York division transferred to the Investment Management division to gain better operational efficiencies. The Wealth Management team took full ownership of the previous joint venture with a local firm of accountants, JWP Creers, securing over £70,000 of recurring annual revenue and Assets Under Management of approximately £11 million on 1 April 2019 for a cash consideration of £47,000. JWP Creers Wealth Management Limited has changed its name to Walker Crips Ventures Limited and the trade and operations of the company were integrated into Walker Crips Wealth Management Limited.

The Structured Investments team ("WCSI") delivered improved revenue in the second half of the year, following sluggish volumes in the first half. Market conditions towards the end of the year were favourable, with rising volatility prompting an improvement in the product terms available to clients. For the year as a whole, revenues, despite some mark to market losses reported at year end (majority of which have since been recovered) were up 27.6% to £1.85 million (2019: £1.45 million). WCSI added structured deposits to its product line-up, though market conditions constrained the issuance in the short term and this was not launched in the year. WCSI has continued to build its relationships with leading credit institutions, adding new issuers during the year and further diversifying potential credit risk.

The Group's balance sheet remains stable, with reported net assets of £22,644,000, up £923,000 from the prior year, including a £601,000 increase due to the adoption of IFRS 16 on 1 April 2019 (see note 35), profit for the year and the payment of dividends of £396,000.

The Group's cash generated by operations during the year was £3.5 million compared to an operating cash out-flow of £0.6 million in the prior year. Adjusting for exceptional items, the anomalies in the timing of working capital payments around reporting dates and the 2020 lease liability and interest payments that are now reported as financing activities following the adoption of IFRS 16 'Leases' (see above), underlying operating cash generated improved by 18.6% to £1.85 million (2019: £1.56 million). Reconciliations of the underlying cash generated APMs to operating cash per the cash flow statement are presented on page 8. After cash deployed in investing activities and dividends paid in the year, cash and cash equivalents increased a healthy £1.820 million to £8.609 million at year end.

We have navigated the COVID-19 reality by implementing the Group's business continuity plan, to protect the Group's operations, its clients, its shareholders and its staff. The Board of Directors has invested in technology and infrastructure to enable the vast majority of staff to work from home to abide by government guidelines. Operations have been smooth and unaffected by the disruptions thanks to the Group's state-of-the-art systems.

Without doubt, the COVID-19 pandemic caused significant disruption to the financial services industry and the true financial impact on the UK and global economy and, in particular, on the Group is as yet an unknown. However, it is encouraging to see the regulated financial services sector has so far demonstrated good governance, control, and risk management and mitigation procedures to limit the overall impact. It is also encouraging to see the majority of our clients view this short-term disruption as an opportunity.

As part of the post-COVID-19 recovery, the Group plans to implement future cash generating strategies such as further expansion of the Group's Software as a Service offering and an Investment Manager recruitment drive. These strategies are now more important than ever, and the Board sees revenue-generating expansion as the best path to recovery and the Group's future growth beyond these exceptional times.

As the UK emerges from the lockdown, we look forward to settling into the new normality in an improving post-COVID-19 economy and environment, with more streamlined business processes, to give the Group the best chance possible of a quick bounce back.

Chairman's statement (continued)

The continuing negative impact of the pandemic post year end, both in the form of market declines and reduced interest margins on managed deposits noted above, has prompted a renewed management focus on forecasting cash flows. The results of these forecasts have been integrated into the Group's renewed corporate strategy, its dividend policy and cost management initiatives. The balance sheet, cash generation and liquidity enable us to weather these market impacts and continue to invest in our strategic initiatives, as further evidenced by the stress testing performed in support of our viability statement (see page 25) and going concern assessment (see page 59). However, in view of the present uncertainty and as explained further below, the Board considers it prudent to cease the payment of dividends at this time.

Strategy

I am pleased that the Group has been able to adjust so well to the rapid changes in working practices occurring as a result of the pandemic and, in the light of the pandemic, the Group's focus on technology has been more than justified. However, it is still incumbent on Management to take the Group's technology services to the next level, and this is an even greater focus in the Group's strategy.

EnOC, our technology subsidiary, was incorporated in 2018 to deliver our "Software as a Service" (SaaS) business. EnOC aims to close the technology gap by engineering out complexities. During the year, EnOC Pro Platform (www.enoc.pro) was launched; a cloud service that helps industry practitioners address the administration of the new SM&CR regulatory regime. This service seeks to disrupt the established regulation technology space by providing a comprehensive and user-friendly solution on a low-cost subscription basis. The SaaS business is now reported as a separate business segment, though it is too early to report on the traction and support the product will receive, as financial services businesses look to streamline and improve their compliance solutions.

Walker Crips Investment Management (WCIM) has renewed its corporate strategy with an emphasis on growing the core investment management business by organic growth and attracting new advisers, which is entirely realistic and appropriate for the times. I note that the strategy also makes the most of the talents of its new management team (which I discuss below).

In line with the strategy of continued investment in technology, a new back office system was implemented during the year for Walker Crips Wealth Management that will streamline business processes and improve client communication. The pension management team, following a full review of SIPP fee tariffs, now has a fully transparent and competitive product supported by robust back office systems, leaving us ideally placed to expand our client base. The SSAS client book remains consistent and we expect growth in this market through our introducers and potential acquisition of smaller competitors.

Walker Crips Structured Investments recruited senior staff from major competitors, and built new relationships with product-providers in preparation for increased activity. These plans were delayed temporarily by the very extreme market conditions for structured products, both in terms of price levels and increased volatility, which impacted on the ability of providers to create products. However, we expect WCSI to resume a growth path if calmer market conditions continue to prevail.

Dividend

During the year, the Board approved an interim dividend of 0.60 pence per share (2019: 0.58 pence per share) payable on 20 December 2019 to those shareholders on the register at the close of business on 6 December 2019.

With the sudden onset of the coronavirus pandemic, this year we witnessed a once-in-a-century event and its terrifying personal and economic consequences. While the effect on capital markets has somewhat lessened of late, the impact of the reduction in base rates creates increased uncertainties for the Group as it lies beyond Management's control. Under these conditions, with the likelihood of the Group reporting losses in the short term, Management has decided to take a conservative approach to expenses and cash flows for the foreseeable future. This is absolutely a time for shoring up the Group's finances and for resizing costs and dividend distributions to the expected decline in revenues and profitability. I am pleased to be able to say that, leading by example, the Board and subsidiary Directors have all accepted voluntary reductions in pay on a temporary basis. My deepest sympathies go out to those staff who have lost relatives, friends and loved ones. Given the extraordinary impact of the pandemic, the Board has concluded that it would be inappropriate to recommend a full-year dividend. The Board will review the Group's dividend policy when there is greater clarity about the future impact of the pandemic.

Our people, culture and governance

By setting the right example at the top, the Board has prioritised good culture and conduct across all who represent the Group. We continue to encourage professionalism and the right behaviours in all we do. The end result is a unified emphasis on achieving the right outcomes for clients. The new Senior Managers & Certification Regime ("SM&CR") came into force on 9 December 2019. We have embraced and adopted it as part of our culture of accountability rather than treating it as another regulatory burden. Indeed, we have already built our own SM&CR system within our new company, EnOC Technologies Limited, and have expanded it to include not just the regulatory requirements, but also our internal policies, governance and controls. Corporate governance and stewardship as reported against the UK Corporate Governance regime provides assurance to external parties who rely on sound management of the business and its risks.

I would like to thank all my fellow Directors, investment managers and advisers and members of staff for their continued commitment to the highest levels of client service, support and diligence during the period. Sanath Dandeniya's promotion to Group Finance Director has introduced fresh impetus and innovation in our finance function and operations. The appointments of Nick Hansen*, as CEO of Walker Crips Investment Management, and Chris Darbyshire, as Chief Investment Officer, have reinvigorated our main operating subsidiary's senior Management and service offerings. I would like to take this opportunity to thank Rodney FitzGerald again for his outstanding and selfless contribution to the Group, both as Group Finance Director (1999-2019) and Group CEO (2007-2017), and to wish him well in his retirement.

This will be my final Annual Report since, as announced at last year's Annual General Meeting, I will be stepping down as Chairman at the forthcoming AGM, having served your company in this role for the past 13 years. I have, however, agreed to the Board's request to continue as a Non-Executive Director for up to 12 months, and Martin Wright will take on the role of Chairman. I would like to pay tribute now to all our loyal employees and Directors for the support they have given me during some very difficult times such as the 2008 financial crisis and the current COVID-19 pandemic. Walker Crips has been in existence for well over 100 years and I am confident we will see the present crisis through and continue in our prime goal of offering excellent service to all our clients.

Outlook

I cannot remember a more difficult time for the Group or, indeed, the investment Management industry. The improved results for the year were an important indicator that the Group was heading in the right direction before the pandemic hit, and I am pleased that Management has risen to the current challenge, and is already taking the difficult decisions that will support the Group's continued progress, its staff and clients.

Liquid resources remain strong despite the impact of the pandemic and we look forward with confidence to continuing to implement strategic priorities.

D. M. Gelber
Chairman

31 July 2020

* Awaiting approval from the FCA.

Our business and strategy

A technology driven financial services company

The Walker Crips Group operates within the financial services industry and specialises in providing a range of financial services and financial products to our customers.

The strategy

Walker Crips is first and foremost a financial services company. We leverage on our technological competence to drive our three-pronged strategy, of core, alternative and technology services, to position the Walker Crips Group as a technology driven financial services company.

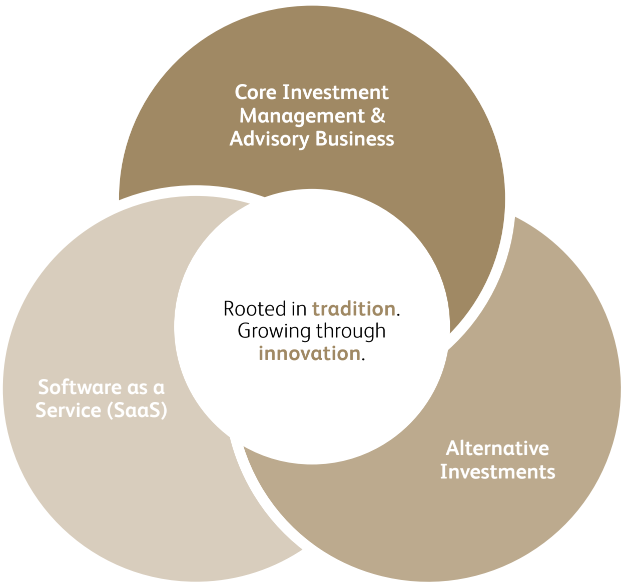
- We aim to achieve £10 billion AUMA by 2026;
- We will further develop our Model Portfolio service offering, as a complementary service to our Discretionary Bespoke Portfolio service;
- We will maintain our flexible approach to investment management and advice, offering a broad range of services that facilitates different clients' aims and objectives; and
- We will continue to hire quality Investment Managers, Wealth and Pension Advisers who have an existing client base.

Our strategy is expanded upon and described in greater detail on the following pages.

Find out more on pages 08 to 09

The model

Our core business is the provision of investment management, wealth management, pensions advice, collectives model portfolio and structured investments. Our second prong is the alternative investment offering and the third is the provision of technology services. We believe that in the three-pronged approach, the Group is developing a balanced and diversified revenue stream.



The people

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

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

The culture

Walker Crips started advising clients and dealing in securities in 1914. We uphold the longstanding traditional values of honesty and integrity, and we seek to serve our stakeholders: our shareholders, our clients, and our staff. And we strive to give our customers a fair deal, and to pursue good customer outcomes.

To see more of our key performance indicators.

Find out more on pages 14 to 15

CEO's statement

Focusing on our customers for 106 years

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

	2020 £'000	2019 £'000
Profit before tax	**963**	489
Exceptional items (note 10)	**(375)**	32
Profit before tax and exceptional items	**588**	521

Reconciliation of operating profit to operating profit before exceptional items

	2020 £'000	2019 £'000
Operating profit	**1,092**	402
Exceptional items (note 10)	**(375)**	32
Operating profit before tax and exceptional items	**717**	434

IAS 17 consistent EBITDA

	2020 £'000	2019 £'000
Operating profit before tax and exceptional items	**717**	434
Amortisation / depreciation (note 32)	**1,199**	1,151
RoUA depreciation charge* (note 32)	**867**	–
IAS 17 operating lease charge (note 35)	**(855)**	–
IAS 17 consistent EBITDA	**1,928**	1,585

* Right-of-use assets.

Underlying cash generated by the Group

	2020 £'000	2019 £'000
Net cash inflow / (outflow) from operations	**3,483**	(631)
Working capital (note 32)	**(160)**	2,163
Lease liability payments under IFRS16	**(1,101)**	–
Exceptional items (note 10)	**(375)**	32
Underlying cash generated in the period	**1,847**	1,564

Our three-pronged strategy continues to give direction to the Group whilst the world and the financial markets look to recover from the COVID-19 pandemic.

Reflection

We are pleased with the results for the year ending 31 March 2020, but first, I wish to address the tragic events caused by the COVID-19 pandemic. Some of us have lost family and friends to the virus; to those people we send our heartfelt condolences, recognising that in all the analyses of financial impact, above all it is the human cost that is hardest to bear. In February, our CIO was already identifying the epidemic (as it was then) as a potential game-changer for markets and businesses in general. We then activated our business continuity plan on 12 March, ahead of the government's lockdown of 23 March, giving us a head-start in winding down office-based activities and implementing the working from home (WFH) regime. The adaptability of our people and the readiness of our technology enabled our transition to WFH nearly seamlessly. I am proud of how our members responded to this crisis, how we kept the Company functioning normally, and how we continued to engage with our clients and ensuring that they did not suffer any interruption in quality of service during a potentially chaotic time. Everyone played their part, demonstrated patience and tenacity, and got on with the business at hand.

While I am delighted with the way our members responded to the challenge, we cannot avoid the fact that our financial performance is a function of events in capital markets. Absent a significant improvement in market conditions, our revenues will be materially impacted for the current accounting year ending 31 March 2021. Management has taken swift action to resize our cost-base, to help mitigate the impact on earnings of the forecast decline in revenues.

The Directors of the Group and subsidiary boards agreed to a 20% temporary reduction in salary in light of market conditions. Management is closely monitoring costs, and will take proportionate action, while continuing to pursue our strategy to grow the business.

The year ahead

Firstly, I wish to thank David Gelber for his decade-long service to Walker Crips as Group Chairman. David has led us with wise counsel and patient advice. His dedication to the Company, and tirelessly giving of his time and support to the executive board, is greatly valued. Whilst it was his intention to retire at the forthcoming AGM, we are grateful that he has agreed to stay on as Non-Executive Director for up to 12 months. I also wish to thank, in advance, Martin Wright who will be taking over as Group Chairman immediately after the AGM. Martin knows the Company well, and we look forward to his guidance and counsel as we navigate the opportunities and the challenges ahead.

Turning now to the Company's performance over the past year, and our plans for the future. Investment Management (WCIM) has had a good year but it was overshadowed by the challenges and threats posed by COVID-19. Nevertheless, the changes made by the new WCIM leadership team of Nick Hansen, CEO, and Chris Darbyshire, CIO, have put WCIM on a much better footing. The combining and enlarging of the private client department, and the focus on the associate teams will yield positive results over the next twelve months. Chris has brought a wealth of expertise across different asset classes and provided clear investment strategies. I am particularly impressed with his market insights, especially as the COVID-19 crisis evolved. I know that the business will thrive under his investment acumen. Nick has bolstered WCIM's commercial focus on organic revenue growth, a strategy aimed at ensuring WCIM is financially self-sustaining, and we remain committed to growing our business through attracting the highest quality investment advisers and network associates and providing them with systems and services that help reduce the admin burden and allow them to focus on clients.

The Wealth Management (WCWM) division has continued to grow, even during these challenging times. The consistent and uniform process implemented by Dominic Martin over two years ago is starting to bear fruit and the fact that it is scalable, makes me optimistic for what WCWM will achieve over the next twelve months.

The Pensions team is also weathering the COVID-19 storm, ably led by Wendy Eastwood, ensuring that our SSAS and SIPP clients are well supported and kept in touch with regular updates. Our collectives team (BPAM) continues to add new clients and new asset inflows. Geoff Wright and his team run a tight ship, and they are passionately focused on good customer outcomes.

> I wish to thank the Non-Executive Directors for keeping the Executives on the straight and narrow, Sanath Dandeniya for holding the purse strings and for being my sounding board, and the Directors for the leadership of their teams.

Historically, our approach toward diversification has served the Group well. International Equity Arbitrage generated record profits, Tier 1 Investor Visa continues its 100% success rate for its clients since 2013, and Structured Investments is always in demand by the IFA community. We will seek out good opportunities to add to this growing list of successful diversification, to add to the breadth of our revenue streams.

3-pronged strategy for growth

1. Core Investment Management & Advisory Business

- This is our largest revenue generating division, providing clients with investment, wealth, pensions, collectives advice and the creation of structured investments for clients, IFAs and counterparties;
- We continue to invest significantly in our core business, always enhancing our systems and processes to deliver efficiencies, cost savings and improved services to our Investment Managers via our in-house developed client management system thereby enabling them to provide high quality tailored service to clients;
- The profitability for FY20/21 is expected to be impacted due to lower market volumes and sustained low, or zero, interest rates;
- We continue to grow AUM&A, the major driver of revenue in the form of recurring fees;
- We have been increasing the creation and deployment of automated processes, reducing risk and increasing scalability and efficiency;
- We continue to be focused on driving down non-variable costs and we endeavour to operate on an OpEx (Operational Expenditure) rather than a CapEx (Capital Expenditure) basis;
- Our York office has concluded the migration of our back office systems to a cloud platform and we have already started seeing efficiencies which will translate to improvement in revenues;
- Our collectives investment management team maintained their performance levels while facing compression of margin pressures;
- We continue to look for good quality investment and wealth managers, either individually or as teams; and
- The business is in strong financial standing, and we are able to weather the economic crisis arising from the COVID-19 pandemic.

2. Alternative Investments

- This subset of our core investment management division is where we create innovative and higher margin new business lines;
- Our Tier 1 (Investor) Visa investment business continues to perform well, attracting ultra high net worth individuals from the Far East to invest in the UK. Our assessment process is vigorous and thorough and has provided assurance to the UK Home Office with 100% success rate since 2013;
- Our Short-Term Lending associate increased its investment mandate from £44 million to £70 million; and
- Our international equity arbitrage business generates significant returns on our modest principal trading book.

3. Software as a Service (SaaS)

- The EnOC Pro Platform is live and its Senior Managers & Certification Regime (SM&CR) tool is being used by our own group of companies and also by a number of external companies;
- A number of SaaS systems are currently being developed and the next to be deployed will be an HR system, which is a logical extension of the SM&CR tool;
- The objective of EnOC is to provide enterprise level systems to companies of all sizes, from the very large to the very small. Our pricing model is on a subscription basis without minimum amounts and without long-term lock-in contracts, accessible to even the smallest of companies and scalable to the largest. EnOC's ethos is to close the technology gap between those who can afford large systems, and those who cannot, between those who can build their own systems, and those who do not have the resources to do so; removing the barriers to entry;
- EnOC was born in the cloud and will remain a cloud service, for all the benefits it brings to the service and to our partners; and
- We must and we will Create > Innovate > Rejuvenate > Eliminate > Repeat.

Conclusion

Our core objectives of shareholder value, customer service, operational effectiveness and efficiency, remain; and only by emphasising and investing in technology as the delivery mechanism will our core objectives be achieved. COVID-19 has made it startlingly clear how much we depend on technology.

We have been fortunate that we have been building our own technology for nearly 20 years, and that we have been early adopters of cloud-based technology. We transitioned to an online workforce overnight with maximum operational resilience and minimum, or no, risk to clients. The world has changed significantly over the past several months and we have shown that we are able to adapt and change along with it.

Dependence on technology will only increase. We will prioritise and increase our investment into the development of our own technology, continue to innovate and create regulatory and operational technologies for ourselves, for our partners and for the industry via the EnOC Pro Platform www.enoc.pro.

I wish to thank the Non-Executive Directors for keeping the Executives on the straight and narrow, Sanath Dandeniya for holding the purse strings and for being my sounding board, and the Directors for the leadership of their teams.

And finally, I echo the Chairman's words, that we are proud of our Investment Managers, Advisers and our staff, for their resilience, for their can-do attitude, but most of all for their unwavering focus on ensuring that our clients continue to be well looked after.

Charity

We are pleased to be supporting Twining Enterprise, the mental health charity. Twining provides employment support to people with mental health conditions, which is a great need at the best of times, but during the COVID-19 pandemic, the demand from people who need support from Twining has increased exponentially. Twining provides practical advice and coaching about finding work, and also supporting people who are in work but are facing challenges. They understand that people with mental health problems face unique work barriers, preventing them from getting into, and staying at, work. Twining believes that with the right support, these barriers can be overcome and people can enjoy a healthy working life.

The Group, our Investment Managers, Advisers and staff, support Twining financially, but we are also very pleased to be able to support them technologically. Twining is doing a very good thing, helping people in need, and if you are also able to support them, please visit www.twiningenterprise.org.uk.

S. K. W. Lam
Chief Executive Officer

31 July 2020

Strategy in action
Driving our business

WALKERCRIPS
Investment Management

Investment Management strategy

Reflection on last year

The year just ended was characterised by asset valuations drifting higher despite already-weak economic growth being threatened by protectionist political policies. On one hand, the US-China trade stand-off worried investors who have become used to decades of economic growth facilitated by increasing global trade and the ability of companies to source labour from anywhere in the world. On the other, the continued heavy involvement of central banks in capital markets comforts investors with the promise of support for asset prices. The arrival of the pandemic has brought us closer to the culmination of this policy, with central banks now unified with governments in providing simultaneous monetary and fiscal stimulus. Markets have responded positively again, despite enormous uncertainty about the state of the economy once it emerges from global lockdowns. Such is the scope and rapidity of this crisis, however, that investors will soon have to reckon with whether capital markets can maintain stability as central banks and governments withdraw their support.

Pandemic headlines have displaced Brexit headlines in the UK, but the path ahead for the British economy in its relations with the EU is anything but clear. Absent a U-turn by the government, the prospects for a close trading relationship appear to have diminished and, overwhelmed by the pandemic, little progress has been made in negotiations towards a trade agreement. But this matters less than it did: the significance of Brexit has been somewhat usurped by the pandemic, which has precipitated extraordinary political intervention in economies all over the world. Globalisation has been forced into a full retreat and governments everywhere have already committed to shoring up any weakness with fiscal support.

New developments in the sector

The changes wrought by the pandemic have forced investors to reconsider risk on a sector-by-sector and company-by-company basis, and this plays well to our strengths in bottom-up equity analysis. In response to market volatility, we increased the activity of our investment committees, including our Patricians and Senate forums, and we were able to share experience and ideas more fluidly as a result. The health of many traditionally income-yielding industry sectors has been threatened, and dividend cuts across the UK corporate sector will force some reconsideration of income-led client mandates in favour of a total return approach; we are communicating with clients on this issue.

Chris Darbyshire
Chief Investment Officer,
Walker Crips Investment Management Limited

WALKERCRIPS Wealth Management

WALKERCRIPS Pensions

Wealth Management strategy

Reflection on last year

Last year was one of team re-organisation and operations systems migration. A team was re-allocated to Investment Management, along with its revenues, as its investment methodology was more in line with Investment Management. The new operations system has also been implemented and staff are getting more familiar with it and efficiencies are already being felt around the business. This new system is also cloud-based, which is timely because staff and advisers could still work from home during the COVID-19 lockdown.

The number of new clients being onboarded has been encouraging, AUM and recurring fees has increased by 20% and post 31 March 2020, the trend has continued despite the pandemic. The AUM invested in the Walker Crips Alpha r² model portfolio has also performed well. There have been significant inflows and the AUM has exceeded £90 million, a rise of 12.6%.

Thoughts for the year ahead

The Management team has been engaging with the Group Executive Board to accelerate the division's growth both organically and by targeted acquisitions. We expect this to yield results over the next twelve months. We will also continue to actively promote our service offerings both within the Group and externally.

Dominic Martin
Managing Director,
Walker Crips Wealth Management Limited

Pensions strategy

Reflection on last year

Last year, we revised our SSAS and SIPP fee tariff, simplifying it by making it clearer and ensuring that it remains transparent to our clients. We have also leveraged on the Group's technology by providing online Portal access to our SSAS and SIPP clients, improving efficiencies and client engagement. Recurring revenues have remained consistent and AUM was £333 million.

We pride ourselves as being reliable pension providers and therefore, we will continue to assist our clients in consolidating and protecting their assets through these extraordinary times. COVID-19 has had an impact on some of our clients and since 23 March, we have been helping them with rent and loan repayment negotiations.

New opportunities in the sector

The first SSASs were set up around the end of the 1970s. Despite their age, SSASs are still an innovative product, especially suited for entrepreneurs, and can offer substantial tax flexibilities and benefits. The ability to pool members' funds could mean a SSAS can contemplate larger acquisitions like commercial property belonging to the sponsoring employer. They can also offer a loan facility back to the sponsoring employer, which may be invaluable in managing cash flow. The Management team will be pushing SSAS initiatives over the next twelve months.

Wendy Eastwood
Managing Director,
Ebor Trustees Limited

Strategy in action (continued)

Barker Poland Asset Management strategy

Reflection on last year

We have had a strong year. Fee turnover to 31 March 2020 was £2 million with over 90% of fees are now recurring. We have four advisers, two of whom are chartered, and a support team of eight. We manage 550 clients with assets under management of £300 million. The vast majority of our clients are invested in one of our risk adjusted models, managed using a sophisticated investment dealing and client management platform, ensuring we maintain a small and efficient back office. We continue to focus on a combination of financial planning and discretionary investment management services, as these are the key services demanded by our clients.

Thoughts for the year ahead

Turning now to the year ending March 2021, we are likely to see some compression in fees and this will have some impact on profits, not yet quantifiable so early in the year. In terms of business development, we have a very competitive and attractive package to offer to clients and we will be promoting this more actively. We are developing a competitive adviser structure and a marketing plan, which will require investment, to grow turnover and profits. The Management team has been engaging with the Group Executive Board to pursue this aim.

Geoff Wright
Managing Director, Barker Poland Asset Management LLP

EnOC Technologies Limited strategy

Reflection on last year

Our flagship software, the SM&CR tool, which addresses the Senior Managers & Certification Regime was deployed and embedded into the Walker Crips Group in December 2019. The SM&CR tool has also been adopted by a few external companies and is being used to comply with their SM&CR obligations. The drive to expand the reach of www.enoc.pro was progressing well, until the pandemic, and we are now ready to recommence the business development effort of the EnOC Pro Platform.

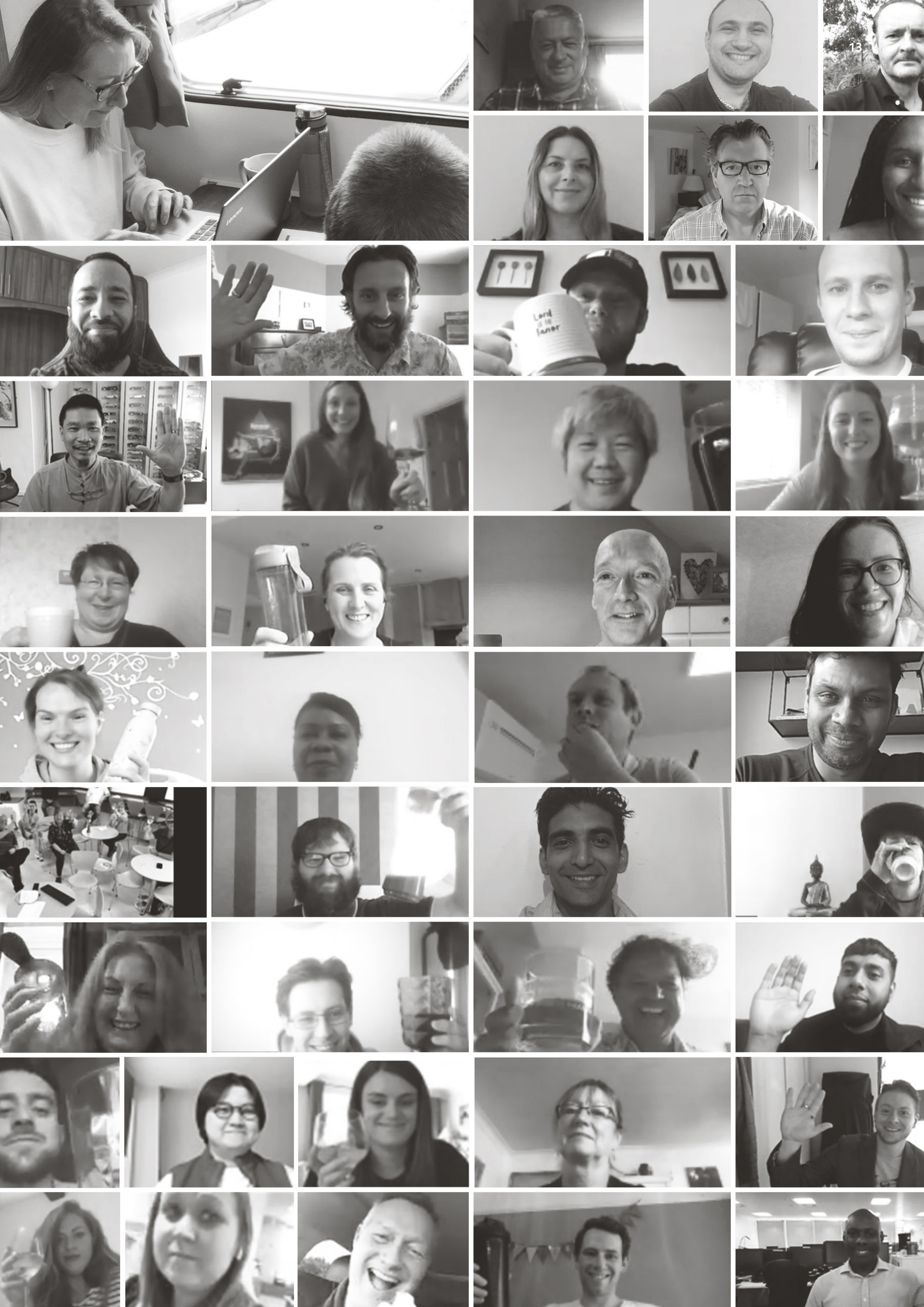
Opportunities in the sector

Having built our solution in the cloud, we can provide clients with setup within minutes and additional functionality in moments, nullifying their need for hardware, server space, operating systems, IT support and maintenance, moving from the Capital Expenditure ("CapEx") to the Operational Expenditure ("OpEx") 'subscription' model.

We are also developing and integrating additional tools into the Platform, enlarging our ecosystem, and expanding our target customer prospects.

EnOC's mission is to bridge the technology gap, providing enterprise level systems not just to large businesses but also to the small businesses, at a low price point of entry, affordable to even the smallest of firms.

Sean Lam
Founder & CEO, EnOC Technologies Limited


Lord of the Manor

Key performance indicators

Measuring our performance

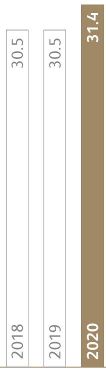
Performance in 2020 is set out below with data from preceding years. Year-on-year data is presented on a consistent basis providing measurable indicators. The Board will continue to monitor these KPIs regularly.

£31.4m

Revenue (million)
(2019: £30.5m)

3% increase in revenue despite political and market volatility.

+3%

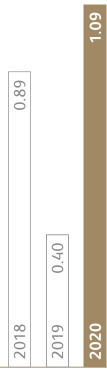


£1.09m

Operating profit (million)
(2019: £0.40m)

Increase in Operating profits as the Group benefits from the full year of new fee tariff structure and increased trading activity.

+172.5%

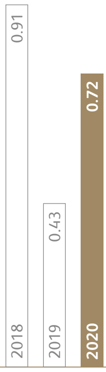


£0.72m

Operating profit before exceptional items (million)
(2019: £0.43m)

Increase in Operating profits as the Group benefits from the full year of new fee tariff structure, increased trading activity and exceptional items.

+67.4%

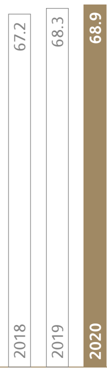


68.9%

Gross margin (%)
(2020: £21.6m; 2019: £20.8m)

Year on year improvement in Gross margin

+3.8%

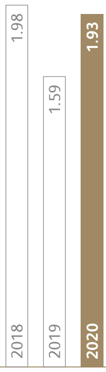


£1.93m

IAS 17 consistent EBITDA (million)
(2019: £1.59m)

IAS 17 consistent EBITDA up 21.4% to £1.93 million.

+21.4%

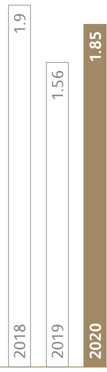


£1.85m

Underlying cash generated (million)
(2019: £1.56m)

Underlying cash generated operations increased by 18.6% to £1.85 million

+18.6%



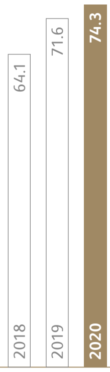
74.3%

Non-broking income proportion (%)

(2019: 71.6%)

Non-broking income, helped by increased fees, arbitrage income and interest on managed deposits, increased to 74.3%

+2.7 percentage points



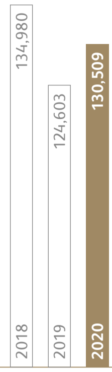
130,509

Transaction volume (number)

(2019: 124,603)

Encouragingly up 5% despite political and market volatility.

+4.7%



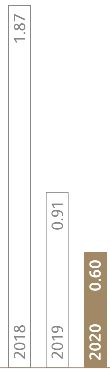
0.60p

Total dividends (pence per share)

(2019: 0.91p)

The reduction in total dividend payable reflects the Directors' decision not to recommend a final dividend payment this year.

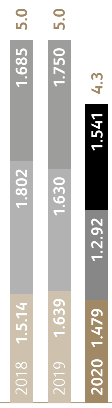
-34.1%



£4.3bn

Total assets (AUMA)

(2019: 5.0bn)



Administration
Advisory
Discretionary

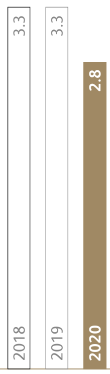
£2.8bn

Assets Under Management

(2019: £3.3bn)

The Group's managed client base, whilst impacted by the COVID-19 pandemic, remains stable.

-15.2%



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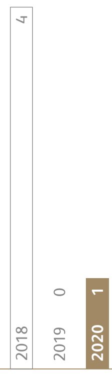
New revenue generator

(2019: 0)

One revenue generator was hired during the period in the Structured Investment team.



Principal risks

Sound risk management

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.

Status

Changes in risk status reflect the change in values of Pillar 2 capital requirement in the Group Risk Matrix since the previous financial year ended 31 March 2019. These changes are based on assessments by the relevant risk event owner, of changes to the estimated impact or likelihood of a particular risk event as part of the Group Internal Capital Adequacy Assessment Process (ICAAP), in line with FCA requirements.

Risk appetite

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

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

Risk	How it arises	Mitigation	Status
Client risk/Counterparty risk			
Client failure to settle transaction The risk that a client or market counterparty will not meet its obligations to the Group in accordance with agreed terms resulting in losses. **Risk appetite:** Low/Medium **Status:** Decreased	This risk can arise when a client fails to pay for a purchase of shares or to deliver a certificate of ownership of a stock which has been sold. A similar exposure also arises if a market maker fails to complete the same trade through corresponding payment or stock delivery.	Daily monitoring of clients' positions and counterparty exposures and individual trade limits. Credit assessments of counterparties and treasury policy to avoid concentration risk. Credit risk assessments of banks and custodians, active monitoring of exposures and use of credit ratings. Using several banks to hold both clients' and the firm's money, with levels being constantly reviewed.	Significantly reduced client position exposure limits, in the year, have decreased the Group's exposure to client settlement obligation failure.
Conduct risk			
Customer outcomes The risk that clients or the wider market suffer detriment as a result of inappropriate behaviour or actions by staff or business partners. **Risk appetite:** Low/Medium **Status:** Increased	This risk can arise when representatives of the Group are not given sufficient training or awareness of the highest standards of behaviour central to the services of the Group, those being honesty, integrity and fairness.	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.	Failure to communicate and embed the Group's culture leads to heightened Conduct Risk under the new Senior Management and Certification Regime.
Regulatory risk The risk of failure to comply with new or amended regulations incurring fines and causing reputational detriment. **Risk appetite:** Zero/Low **Status:** Increased	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.	The continuing regulatory change backdrop and COVID-19 and Brexit driven uncertainties, intensify this risk across the financial services industry.
Liquidity risk			
Liquidity risk The risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due. **Risk appetite:** Zero/Low **Status:** Increased	This risk can arise in the stockbroking business, where large amounts of trade values are being settled daily and can lead to a funding requirement due to a delay in market delivery or late settlement by clients.	Maintenance of surplus liquid resources cash flow forecasting, experienced Management team monitoring settlement performance and liquid financial trading book that can be realised. Group entities settle intercompany balances regularly and are not reliant on intragroup funding.	The potential impact of COVID-19 on trading performance across the sector will present an additional challenge to the Group's liquidity position.

Risk	How it arises	Mitigation	Status
Market risk			
Market risk The risk of losses arising as a result of exposure to market movements in the price of securities, foreign exchange and interest rates. **Risk appetite:** Low/Medium **Status:** Unchanged	This risk can arise when the Group's proprietary trading book positions incur losses on negative price movement.	Proprietary trading book positions are tightly controlled by low trading limits and are regularly monitored.	Group's proprietary positions saw increased volatility due to market uncertainty caused by the COVID-19 pandemic. Group's proprietary positions remain within risk tolerance.
Capital adequacy risk			
Capital adequacy risk The risk that the Group's business strategy and plans for growth are not sustainable on the existing regulatory capital base. **Risk appetite:** Low/Medium **Status:** Increased	This risk can arise when new acquisitions, products or initiatives are embarked upon without sufficient reference to impact on regulatory capital adequacy, or market conditions lead to sustained falls in revenues that fully erode profit margins. The market expectation is one of prevailing low interest rates with the risk that interest rates will become negative. The recent reduction in base rates has a material negative impact on profit projections. The impact is exacerbated if there are sustained falls in equity market levels.	A significant regulatory capital surplus is maintained and regularly monitored based on actual performance and business projections. Surplus cash balances are also maintained and liquidity requirements carefully monitored. Regulatory capital requirements and adequacy are reviewed through the Individual Capital Adequacy Assessment Process and related stress testing. New initiatives are examined and stress tested prior to implementation. The firm continues to increase its fee-based revenues and reduce its reliance on transactional broking commissions. Portfolio management fees are accrued on a daily basis which reduces the risk of large fee reductions in a declining\volatile market. Executive Management is focused on new business initiatives and cost management.	The combined impact of the BOE base rate cuts of 0.65% in March 2020 and the potential for negative interest rates will reduce profitability in future years via the reduced margin earned on administering client money deposits. COVID-19 driven lower securities market levels and the potential for reduced transactional activity will place increased pressure on fee and commission revenues.
Operational risk			
Business disruption The risk that an internal or external event (e.g. COVID-19) causes failure of core business activities or IT systems supporting them. **Risk appetite:** Medium **Status:** Increased	This risk can arise when our companies fail to effectively control or administer the operating systems at the root of operations, fail to manage resource requirements properly or maintain 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).	COVID-19 driven disruption to business as usual activities has heightened the potential risk of operational failure.
Cyber security The risk of fraudulent action by internal or external parties maliciously breaching or misusing the Group's internal systems. **Risk appetite:** Low/Medium **Status:** Increased	This risk can arise from failure to implement sufficient controls over security access to all IT systems.	Senior Management oversight, in depth Cyber Security training programme, working from policies and procedures, encryption and protection software installed, prevention procedures (including working from home policies), 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. Insurance cover in place for certain causations (e.g. Cyber Crime, Data losses).	Increased external threats from newer technologies continue to emerge, alongside potential internal threats from extended working from home arrangements.
Personnel The risk of losing key staff and self-employed investment managers who are the drivers of significant components within the Group. **Risk appetite:** Zero/Low **Status:** Increased	This risk can arise from the failure to reward individuals with challenging performance targets, and competitive levels of financial compensation.	Succession and contingency planning and appropriate compensation levels to reward and retain staff. Investment in staff through training, key person insurance cover and contractual restrictive covenants.	Industry wide pressure on profitability and extended working from home arrangements have heightened the risk of key staff and self-employed investment managers being poached or seeking alternative roles with competitors.

Board of Directors

Experienced leadership and a safe pair of hands

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

Sean Lam FCPA (Aust.), Chartered FCSI

Group Chief Executive Officer

Experience

Sean is a passionate technologist and innovator, and has made it his quest to 'engineer out complexities'. He was appointed Group Chief Executive Officer in September 2017. His tenure with Walker Crips began as Development Director in 1999 with overall responsibility for systems development and technology, Chief Operating Officer and Chief Technology Officer in 2004, and Group Managing Director in 2007. He commenced his career with Phillip Securities in Singapore and was the Head of Internal Audit, and then Head of Operations in 1995. Sean graduated in 1991 with a Bachelor of Commerce from the University of Western Australia majoring in accounting and finance, and attained his professional qualification as a CPA in 1995. Sean is a Fellow of CPA Australia, was a member of its European Council from 2010 to 2015, and President of its European Region in 2012 and again in 2013. He is a Chartered Fellow of the Chartered Institute for Securities & Investment. Sean is also founder and CEO of EnOC Technologies, Walker Crips' new fintech SaaS company providing regtech to the industry, with the aim of helping smaller companies close the technology gap.

Committee membership

M

Sanath Dandeniya FCCA

Group Finance Director

Experience

Sanath Dandeniya was appointed Group Finance Director on 30 September 2019. Sanath, an ACCA qualified accountant, has over 20 years' experience in the financial services sector. He joined the Group in 2016 as Group Financial Controller, promoted to Finance Director of Walker Crips Investment Management in November 2018, and then appointed to the Group Board in 2019 as Group Finance Director. Sanath is also a proponent of technology and digital strategies, and enjoys adopting appropriate technologies to drive efficiencies and to improve business effectiveness. Before joining the Group, Sanath was at Brewin Dolphin for 15 years, the majority of the time as their Group Financial Controller.

Committee membership

C M Ri

David Gelber

Chairman

Experience

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

Committee membership

A N R

Committee key

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

Martin Wright

Senior Independent Director, Non-Executive Director

Experience

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). Martin is a member of the Law Society. He is also a Non-Executive Director of a number of private companies.

Committee membership

A N R

Clive Bouch FCA

Non-Executive Director

Experience

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 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 Group Audit Committee. From 2011 through 2019 Clive was an independent Non-Executive Director of Invesco UK Limited where he also chaired the Audit and Risk Committees. Previously he was a partner in Arthur Andersen and then Deloitte where he provided audit and advisory services to companies in the financial services industry. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Chartered Fellow of the Chartered Institute for Securities & Investment and a Chartered Insurance Practitioner.

Committee membership

A N R

Hua Min Lim

Non-Executive Director

Experience

Hua Min Lim is the Executive Chairman of the PhillipCapital Group of Companies and was also appointed Chairman of IFS Capital Limited on 20 May 2003. He began his career holding senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore ("SES") Review Committee, which is responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal ("PBM") in 1999 by the Singapore Government. In 2014, he was also awarded "IBF Distinguished Fellow" (Securities & Futures), the highest certification mark bestowed by The Institute of Banking and Finance on industry captains who are the epitome of professional stature, integrity and achievement. In 2018, he was named Businessman of the Year 2017 at the annual Singapore Business Awards, which is Singapore's most prestigious business accolade. He served as a board member in the Inland Revenue Authority Singapore from 2004 to 2010. Mr Lim holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, London University. Mr. Lim joined the Walker Crips Group Board in March 1993.

Committee membership

N R

Chairman's commentary on governance

Dear Shareholder

As presaged in my commentary last year, this is our first Annual Report since the revised UK Corporate Governance Code issued by the Financial Reporting Council ("FRC") in July 2018 ("the new Code") has applied to the Company and, consequently, the first occasion for us to report on how we have complied with the updated principles in the new Code (which is available to view at www.frc.org.uk).

Whilst the detailed report by the Directors on the Group's governance arrangements as they applied in the year to 31 March 2020 is provided on the following pages, I feel it again worth highlighting here that the emphasis of the new Code is on:

- maintaining positive relationships between the Group, its shareholders and stakeholders;
- ensuring that the Group's policies and practices, and behaviour throughout the business, are aimed at supporting its sustainable success;
- the importance of a high-quality Board composition and a focus on diversity; and
- remuneration being proportionate to the objective of long-term success;

all of which are intended to achieve higher standards of corporate governance and are totally aligned with our own focus.

Good governance is, however, much more than a matter of simple adherence to the new Code's principles and other formal guidance; it is a collective corporate mindset that pervades the entire organisation and firmly embedded in our Group's culture is a determination to act with integrity and transparency in promoting the long-term success of the Group and in generating value for our shareholders, while taking proper account of the interests of all of our other stakeholders.

In the latter regard, this is the first occasion that our reporting includes a separate disclosure about our stakeholders and our approach to engaging with them, known as the Section 172 Statement, which can be found on pages 26 to 28.

As I approach the end of my tenure as Chairman of the Group, I am confident in saying that my leadership and the support given by my fellow Board members has been characterised by a commitment to applying robust but sympathetic governance in order to safeguard the interests of the Group and stakeholders alike and, to that end, supporting and guiding management in the delivery of the Company's strategy. A key element of that approach has been fostering the best possible relationships with our clients and in applying the Financial Conduct Authority ("FCA") Principles for Businesses in such a way as to ensure we act with complete integrity and exercise due skill in our dealings with clients, treating them fairly and having their best interests at heart.

Allied to my forthcoming retirement as Chairman, Martin Wright will take over as Chairman immediately after the AGM and, at the Board's request, I will continue as Non-Executive Director for up to 12 months thereafter.

The new Code also provides that all of the Directors should now be subject to annual re-election and I can confirm that all current members of the Board will be seeking to be re-elected at the forthcoming Annual General Meeting, as set out in the Notice of that meeting on pages 102 to 108.

D. M. Gelber
Chairman
31 July 2020

Report by the Directors – on corporate governance matters

year ended 31 March 2020

The Group is committed to the Principles of Good Governance set out in the 2018 UK Corporate Governance Code ("the Code"). This report, together with the Audit Committee and Remuneration Committee Reports on subsequent pages, explains how the Company has applied the principles of the Code to the governance of the Group's affairs.

Compliance

The Board considers that, throughout the year ended 31 March 2020, it has complied in full with the provisions of the Code or has put in place appropriate alternative arrangements, as explained elsewhere in this report, in accordance with the "comply or explain" guidance in the Code, to take into account the Company's circumstances and its voluntary extension of the Code to all subsidiary undertakings as far as has been reasonably practicable.

Board leadership and Company purpose

Business model and strategy

The Group's business model and supporting strategy are set out on pages 7 to 9 and explain how the Group generates and preserves value over the long term.

The Board considers and addresses emerging opportunities and risks to the future of the business and the sustainability of the business model by:

- continuously monitoring progress by the executive towards the delivery of the Group's strategic initiatives;
- evaluating strategic proposals to ensure that they are aimed at enhancing the business model and generating value for shareholders;
- identifying and reviewing existing and emerging business risks and how these are being managed or mitigated, as described on pages 16 to 17; and
- undertaking half-yearly assessments of the Group's prospects and viability and its ability to continue as a going concern, as detailed on pages 25 and 59.

This approach enables the Board directly or through its Committees to provide effective oversight, challenge and guidance to Management in its successful delivery of the strategy and maintaining the business model.

Culture

The Board fully accepts the importance of ensuring that the culture throughout the Group is aligned with its purpose, values and strategy and monitors this through continuous dialogue with the Management teams and HR executives.

This is done in a number of ways, including:

- regular discussion at Board Meetings on culture and matters of concern to the workforce;
- receiving and reviewing any whistleblowing reports and approving remedial actions considered necessary;
- monitoring at operating company level absenteeism and employee turnover;
- the Audit Committee receiving reports on conduct, including compliance breaches and any instances of fraud; and
- the approval of all Group policies regarding conduct, health and safety, human resources and social responsibility, amongst others.

More detailed information on our culture and approach to investing in and rewarding the Group's workforce can be found in the "Our business" section on page 07.

Engagement with shareholders

The Board recognises the importance of regular, meaningful, transparent and effective communications with shareholders to which end the Chairman's and Chief Executive's Statements in the Company's Interim and Annual Reports and Accounts include a detailed review of the business and future developments and are publicly available on the Company's website at www.walkercrips.co.uk.

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.

More information on how the views of shareholders have been taken into account in the year is contained in the Section 172 Statement on pages 26 to 28.

Shareholders wishing to make contact directly with the Board should email the Company Secretary, in the first instance.

Engagement with other stakeholders

The Board is satisfied that the arrangements in place within the operating subsidiaries are an effective means of engaging with and being cognisant of the views of the Group's workforce as has been tested in the final quarter of the year, and since, by the extreme circumstances brought about by the coronavirus pandemic.

Details of the methods used are also given in the Section 172 Statement on pages 26 to 28 as are the means by which the views of the Group's other key stakeholders are considered and taken into account in the Board's decision-making.

Report by the Directors – on corporate governance matters (continued)
year ended 31 March 2020

Division of responsibilities

Independence of Non-Executive Directors

Throughout the year, the Board comprised six Directors, of whom David Gelber, Martin Wright, Hua Min Lim and Clive Bouch were Non-Executive Directors.

The Chairman, David Gelber, has served on the Board for more than nine years and will be standing down as Chairman at the forthcoming Annual General Meeting but, at the Board's request, will be continuing as a Non-Executive Director for no more than 12 months.

The Senior Independent Director, Martin Wright, who is also a partner of the Group's solicitor firm, Charles Russell Speechlys LLP, and our Singapore-based Non-Executive Director, Hua Min Lim, who is also a significant shareholder, have also served on the Board for more than nine years which, under the Code, are circumstances that could appear to impair their independence. Accordingly, the Board reviews these Directors' contributions every year and is satisfied that they remain independent. This is evidenced by the objectivity and critical detachment that underpin their continued provision of constructive challenge and support to the Executive Directors and Management.

None of the circumstances referred to in the Code apply to Clive Bouch, who is also considered to be independent.

Senior Independent Director

Martin Wright will take over as Chairman at the forthcoming Annual General Meeting and will therefore step down as Senior Independent Director at that time. Clive Bouch will then become Senior Independent Director, and in this capacity, will continue to provide a sounding board for the Chairman and serve as an intermediary for the other Directors and shareholders. The Senior Independent Director also leads the appraisal of the performance of the Chairman through individual discussions with all of the other Directors.

Executive Directors

The Non-Executive Directors have a prime role in the appointment and removal of Executive Directors, which is discharged through their participation as members of the Nomination Committee. They are also responsible for scrutinising and holding to account the performance of Management and individual Executive Directors against agreed performance and financial objectives. In addition to this being undertaken as routine business at Board Meetings, the Chairman meets with the Non-Executive Directors periodically without the Executive Directors present.

The service contracts of Executive Directors limit compensation for loss of office to a maximum of twelve months' salary.

Division of responsibilities

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

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

Governance framework

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

Matters reserved for the Board

The Board has a formal schedule of matters reserved to it for decision making, including, inter alia, developing the future direction of the Group's business, agreeing policies and procedures, approving material transactions, business risk reviews, budgets and borrowings and monitoring the Group's progress. The full list of matters reserved for the Board is available on the Company's website at www.walkercrips.co.uk.

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

Board attendance

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

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	7	1	6	2
D. M. Gelber (Chairman)	7	1	6[1]	2
S. K. W. Lam (Chief Executive)	7	n/a	n/a	n/a
R. A. FitzGerald (Group Finance Director) – retired 30 September 2019	4	n/a	2[1]	n/a
H. M. Lim (Non-Executive Director)[2]	0	0	n/a	0
M. J. Wright (Senior Independent Director, Remuneration Committee Chairman)	6	1	6	2
C. Bouch (Non-Executive Director, Audit Committee Chairman)	7	1	6	2
S. S. Dandeniya (Group Finance Director) – appointed 30 September 2019	3	n/a	3[1]	n/a

1 By invitation.

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

Information and support
The Board is provided with a regular flow of appropriate information to enable it to discharge its duties, in addition to a comprehensive management information pack for and in advance of Board Meetings.

As indicated by the attendance table above, the Board meets regularly, at least every alternate month, throughout the year. The Company Secretary attends all Board Meetings and is responsible for advising the Board on corporate governance matters. Both the appointment and the removal of the Company Secretary are matters reserved for the Board.

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

Nomination Committee
The Committee consists of David Gelber, Martin Wright, Clive Bouch and Hua Min Lim. It considers and makes recommendations to the Board for the appointment of Directors. The Chairman, David Gelber, has no other significant commitments which affect his ability to carry out his role effectively. Martin Wright will replace David Gelber as Chairman of the Nomination Committee after the AGM and, similarly, his other commitments will not affect his ability to carry out this role effectively. When considering possible candidates, the Committee evaluates their skill, knowledge, experience and, in the case of Non-Executives, their independence and other commitments. The structure of the Board and its collective experience and skill set are assessed on the appointment or departure of any Director.

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

The Nomination Committee met twice during the year to consider and recommend the appointment of Sanath Dandeniya to the Board as Group Finance Director in place of Rodney FitzGerald on his retirement, as well as the appointments to the Group's principal regulated subsidiary, Walker Crips Investment Management Limited, of Nick Hansen as CEO and Chris Darbyshire as a Director and Chief Investment Officer. Nick Hansen is still subject to FCA approval.

Board composition and re-election
The Chairman, David Gelber, announced at the 2019 Annual General Meeting his intention to retire at the forthcoming Annual General Meeting. Martin Wright will be succeeding David Gelber as Chairman. At the Board's request, David Gelber has agreed to continue as a Non-Executive Director for no more than 12 months.

In accordance with the Code, all of the Directors are now subject to annual re-election and the Board has decided that all of the current Directors will be put forward for re-election at the forthcoming AGM.

The specific reasons why each Director's contribution is, and continues to be important to the Company's long-term sustainable success are set out in the Directors' biographies on pages 18 to 19, which describe the range, depth and complementary nature of their individual skills and experience, the combination of which provides a balanced and effective Board.

Board effectiveness
The evaluation of the Board, its Directors and Committees is conducted annually by way of questionnaires designed to elicit the views and opinions of the Directors (and, in the case of the Audit Committee, others who attend its meetings by invitation) on all aspects of the effectiveness of the Board, its Committees, the Chairman and individual Directors. The results of these evaluations are then reviewed by the Board and the Chairman acts on the results by identifying and initiating any remedial actions necessary, particularly in relation to any development needs highlighted.

Audit, risk and internal control
Audit Committee
During the year, the Audit Committee consisted of Clive Bouch, who acted as its Chairman throughout, and Martin Wright. When David Gelber steps down as Board Chairman at the forthcoming Annual General Meeting, he will be appointed as a member of the Audit Committee. When Martin Wright replaces David Gelber as Board Chairman, he will cease to be a member of the Audit Committee.

Further information about the Audit Committee, its responsibilities and activities during the year can be found in the Audit Committee Report on pages 29 to 32.

Risk management
The Board is responsible for the identification and robust assessment of the Group's emerging and principal risks and this is carried out as a continuous process throughout the year. Details of the principal risks and how they are being managed or mitigated are given on pages 16 to 17.

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

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

Report by the Directors – on corporate governance matters (continued)

year ended 31 March 2020

Audit, risk and internal control (continued)

Risk management (continued)

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

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

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

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

Internal control

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

The Directors keep the Group's internal control and risk management systems under review by conducting an annual assessment, involving dialogue with relevant senior managers, of the effective design and operation of the controls to meet key control objectives and to mitigate key risks. The Directors consider that the controls and risk management procedures established are appropriate for the Group. However, any system of internal control and risk management can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

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

Compliance Committee

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

The Committee is also responsible for interpreting new rules, guidance notes and regulations disseminated by the FCA and other European regulatory bodies. In the current financial year, the Committee remained engaged with MiFID II, GDPR compliance, and the introduction in December 2019 of the Senior Managers and Certification Regime, known as SM&CR.

The Committee also ensures all compliance policies, procedures and guidance are adequately and properly implemented. Valentina Kang, Head of Group Compliance, and a Director of Walker Crips Investment Management Limited, acts as the Compliance Committee's Chairperson.

Prospects

The Group reported an increase in profitability, compared to last year, an indication that our strategy was starting to yield results. While we are pleased with the financial results to 31 March 2020, we cannot avoid the fact that our financial performance is a function of events in capital markets. Absent a significant improvement in market conditions, our revenues will be materially impacted for the current accounting year.

The full impact of COVID-19 on the global economy, on our country and on the Group is still unknown, but Management has taken swift action to resize our cost-base to help to mitigate the impact on earnings and the forecasted decline in revenues. Management is closely monitoring costs, and will take proportionate action, while continuing to pursue our strategy to grow the business.

We will enlarge our teams of investment managers, financial planners, advisers, SSAS, SIPP and the private client department. We will continue to seek alternative investment strategies, and push our technology offering within the Company and externally. We will also continue with our strategy of focused investment guidance for our investment managers and advisers, led by our CIO.

Prospects (continued)

Trading activity for the first quarter (April to June) has improved significantly with commission income up 7% compared to same period last year. While markets seem to have weathered the storm, and the world has started to settle into the new normal, there could still be further disruptions as a result of COVID-19, and also protectionist political policies, trade stand-off, and when central banks and governments slow down or cease their stimulus. And leaving the EU. However, the need to consider investment risk on a sector-by-sector and company-by-company basis, plays well to our strengths in bottom-up equity analysis. We are able to respond swiftly to market volatility.

The strength of our capital, the skill and experience of our people, places the Group on strong footing. The Management is committed to our strategy and we have full confidence that the Group will weather the impact from this pandemic, and in the Group's long-term prospects.

Viability statement

The Group's operational resilience was tested in March 2020, with the majority of staff switching to remote working in compliance with Government advice. The Board continue to monitor the impact of staff working remotely and the supply of key services from our external business partners, and is satisfied that the Group can successfully operate in these conditions for a prolonged period of time, without impairing our service commitment to our clients.

Given the uncertainty caused by the COVID-19 pandemic, the full impact on the global financial markets, and the Group in particular, is not fully quantifiable at the reporting date. However, the Directors have made assumptions with known facts to date in preparing the five-year-forecast on which the Directors place reliance in making the viability assessment. Importantly the Directors requested Management to prepare a prudent base case scenario that assumes base rates remain at 10 basis points and market levels recover from the collapse witnessed in March 2020 to FTSE 5700 range in July 2020, the former throughout the five-year projections and the latter increasing to FTSE 7000 range in December 2020 and increasing modestly thereon. Cost savings from actions Management have taken to date were reflected in the base case, but the impact of other cost savings plans delayed until 2022. This base case, following consideration of the principal risks and uncertainties facing the Group, was then subject to stress and reverse stress scenarios as follows: (i) a 'bear stress scenario' with market falls and levels of activity resulting in a reduction in total revenue of 10%. and (ii) a 'reverse or severe stress scenario' where the impact on revenues of further significant falls in global financial markets cause reductions in commission and fee incomes of 20% and 15% respectively.

In the bear and severe stress scenario the Group has positive liquidity throughout the period. All regulatory prudential requirements are met in the bear scenario, but the severe scenario impacts our prudential capital ratio such that it potentially falls below the regulatory requirement in June 2022. The Directors consider the severe stress scenario to be remote in view of the prudence built into the base case planning and that further mitigations available to the Directors are not reflected therein. Such mitigating actions within Management control include reduction in proprietary risk positions, delayed capital expenditure, further reductions in discretionary spend and some additional reduction in employee headcount. Other mitigating actions which may be possible include seeking shareholder support, potential sale of assets and stronger cost reductions.

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

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

We consider this time frame to remain appropriate in view of our scale, planning cycle and financial resources available, notwithstanding the market uncertainty caused by the pandemic.

Going concern

The Directors have considered the Group's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements and are satisfied that it will be able to operate within the level of its current financing arrangements and regulatory capital limits imposed by the regulator, the Financial Conduct Authority ("FCA"). Accordingly, the Board continues to adopt the going concern basis for the preparation of the financial statements. Further details of the Directors' going concern assessment are provided in note 2 to the financial statements on page 59.

Remuneration

The Company's remuneration policies and practices are designed to support strategy and promote long-term success.

Information on the remuneration policy and the work of the Remuneration Committee can be found in the Remuneration Committee Report on pages 33 to 42.

Section 172 (1) statement

year ended 31 March 2020

Introduction

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

Our stakeholders

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

- **Our Investors**
  Our private, professional and institutional shareholders who rely on us to protect and manage their investment in the Company and generate value for them;
- **Our Workforce**
  Our directly employed staff and our network of self-employed associates;
- **Our Clients**
  Those private and professional clients who have entrusted us with providing financial planning advice, managing and safeguarding their investments, and transactions execution services;
- **Our Suppliers**
  The providers of goods and services on which our business relies;
- **Our Regulators**
  The bodies which authorise and regulate our activities;
- **Our Communities and the Environment**
  The local communities in which we operate and the environment at large.

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

The likely consequences of any decision in the long term

The Board is mindful of the long-term implications for the business and its stakeholders that its strategic decisions are likely to have and these implications are always carefully considered. All proposed courses of action are assessed to ensure they are compliant with the law and regulations, Group risk appetite and the objective of delivering positive shareholder value. All decision-making is supported by consideration of relevant financial and non-financial analysis and forecasting.

Our shareholders

The Directors recognise and fully accept their primary duty to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of our shareholders as a whole. In discharging this duty, they are mindful of the need to act fairly between shareholders, all of whom participate in the capital of the Company through a single class of shares in issue to which the same rights attach.

To ensure such fair treatment, and comply with its legal and regulatory duties, the Board does not take any decisions or actions, such as selectively disclosing confidential or inside information that would provide any shareholder or group of shareholders with unfair advantage or position compared to the shareholders as a whole.

The means by which the Board and individual Directors engage with shareholders are set out on page 21 of the Report by the Directors on corporate governance matters.

The interests of our shareholders were considered as part of the Board's decision-making throughout the year, including with regard to payment of the interim dividend and in the context of the difficult decision not to recommend a final dividend, more about which is contained in the Chairman's Statement on pages 4 to 6.

The Group's workforce

The Board recognises that, as a services business, our workforce is our greatest asset. Consequently, our recruitment, development and remuneration structures are designed to support our culture and our people and to reward good conduct and performance at individual and business levels.

Our workforce comprises both directly employed staff and self-employed associates, all of whom are engaged at operating company level. Accordingly, day-to-day engagement with the workforce is through the Executive Management and HR functions, which report to the operational boards and to the Audit Committee on a regular basis. Of particular importance is our annual appraisal system, which is used to measure performance, receive feedback, address two-way concerns and motivate staff. As part of the process, we emphasise the overriding objectives and values of the Group and our commitment to the long-term success of the business for the benefit of shareholders and the workforce alike.

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

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

The onset of the coronavirus pandemic in the last quarter of the year has tested our ways of ensuring effective engagement with the workforce, with all but a small skeleton staff at our London, Romford and York offices working from home. The measures taken have included:

- HR personnel being in constant contact with the small number of staff who have been quarantined, have shown symptoms of or been diagnosed with the virus, are self-isolating or shielding, and others who have expressed anxiety during the lockdown;
- HR and managers keeping in contact with staff working from home to ensure they have all the equipment they need to do so effectively, whilst also making time for any home-schooling commitments they may have;
- making available the Unum LifeWorks Assistance Program to all employees;
- the Group CEO issuing regular video messages providing updates, clear instructions, as well as encouragement and caring, to personnel throughout the Group; and
- a wellbeing survey of all staff, aimed at helping Management to understand their needs whilst working from home over an extended period, the responses to which were anonymous and were provided by almost 90% of the workforce.

As a consequence of our working from home arrangements, since the year end, we have placed a small number of staff on furlough under the government's Coronavirus Job Retention Scheme. In keeping with our principles, those affected have continued to receive their full pay and their welfare, and return-to-work opportunities, are being kept under constant review.

Clients

The Group's clients are the reason we exist. At the heart of our business practices is the paramount imperative to foster the best possible relationships with both our private and professional clients, to ensure that they are treated fairly and that, in advising them and managing their investments, we strive to achieve the best overall outcome for them.

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

Our compliance function regularly monitors and reports to the Board on various areas of our conduct to ensure that we are providing the best outcomes for clients. We are always happy to receive feedback from our clients and use this to address any perceived shortcomings and to make improvements wherever possible. One such improvement made in the year has been to review our Terms of Service and Business, with a focus on making them easier for clients to read and to find the information particularly important to them.

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

Suppliers

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

As disclosed in note 27 to the accounts on page 85, the Group took an average of ten days to settle supplier invoices in the year, which demonstrates our fair payment practices.

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

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

Regulators

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

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

Section 172 (1) statement (continued)

year ended 31 March 2020

Communities and environment

As shown on page 3, the Group has offices in various locations in England, and in Scotland and Wales, and sees itself as a member of the local communities in which it operates. The conduct of the Group's people, especially in relation to local supplier and client relationships and their determination to be good, responsible and supportive neighbours, are prime ways in which local communities are impacted by our activities. Individual offices have participated in various local initiatives such as charitable events, sponsorship of local sports clubs and recycling drives.

We are active supporters of Twining Enterprise, a registered charity helping Londoners with mental health problems get work and keep work, supporting employers and campaigning against mental health stigma.

We are committed to minimising the impact of our activities on the environment and have implemented a range of policies and procedures including the use of segregated waste recycling facilities, energy-saving office electricals, state-of-the-art office design employing recycled and reusable materials where possible, direct-to-paperless document generation, electronic distribution and filing systems, and the option for staff to work from home to reduce their travelling carbon footprint.

Reputation

The Board recognises the importance of maintaining a robust corporate governance framework and a reputation for high standards of business conduct, as is set out in the Directors' report on corporate governance matters on pages 21 to 25.

Audit Committee report
year ended 31 March 2020

Chairman's introduction

On behalf of the Board, I am pleased to present the Audit Committee's Report on its responsibilities and activities during the year. These have included a detailed interrogation of the full application and impact of the new accounting standard IFRS 16 to this year's financial reporting and disclosures. Although the effects of the coronavirus pandemic on the Group's activities had only begun to be felt in the last quarter of the year, the Committee has been pro-active, both before and after the year end, in reviewing and challenging the actions being taken by Management to support our people and clients, manage risks and mitigate the financial impact.

Composition and constitution

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

In accordance with the 2018 UK Corporate Governance Code (the new Code), the Committee is to comprise of only independent Non-Executive Directors of the Company with a minimum of two members. At least one of those members should have recent and relevant financial experience and the Committee as a whole should have competence relevant to the sector in which the Company operates. The Board and Committee members are satisfied these requirements are met.

As the Chairman of the Board may no longer be a member of the Committee, David Gelber stood down at the start of the year and, throughout the year, the members of the Committee were Clive Bouch, who acted as Chairman, and Martin Wright. As authorised by its terms of reference, the Committee invited the Group Finance Director and the Heads of Compliance and Group Risk to attend and report at each of its meetings as well as representatives of both its internal and external auditors. As it is intended that Martin Wright will assume the role of Group Chairman on David Gelber's retirement from the role at the forthcoming AGM, Martin Wright will then be replaced by David Gelber as a member of the Committee.

The Committee undertook a comprehensive review of its terms of reference to ensure their compliance with the new Code and current standards and the resulting revised terms of reference were approved by the Board and are available for inspection on the Company's website at www.walkercrips.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. Group's compliance with statutory tax obligations; and
i. other issues, if any, on which the Board may request the Committee's opinion.

Meetings

There were six formal meetings of the Committee during the year. The Committee members' meeting attendances are set out in the Report by the Directors on corporate governance matters on page 22.

The Committee Chairman is responsible for developing the agendas for meetings, in consultation with Management and external service providers, as appropriate, and ensuring that the Committee's work addresses the requirements of the New Code and relevant guidance and all areas within its remit are covered.

The Company Secretary acts as Secretary to the Committee and, in addition to those invited to attend meetings on a regular basis as mentioned earlier in this report, other senior members of the Group's Management may be called upon to report to the Committee and respond to any questions it may have.

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

Committee activities

The work of the Committee during the year ended 31 March 2020 fell into three main areas:

1. Accounting and financial reporting

The Committee reviewed the:

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

Audit Committee report (continued)

year ended 31 March 2020

Committee activities (continued)

2. Internal controls

The Committee:

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

3. External audit

The Committee:

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

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

External auditor

BDO was appointed at the AGM held in August 2016 following a competitive tender and the audit of the 31 March 2020 financial statements is its fourth year as the Group's auditor. The Committee intends to conduct an audit tender process again before the tenth anniversary of BDO's appointment.

BDO reports to the Committee on its actions taken to comply with professional and regulatory requirements to ensure its independence. The Group's non-audit services policy is published on the website at www.walkercrips.co.uk. BDO also conducts a review of the Group's interim report and reports to the FCA on CASS compliance. No other services have been provided by BDO during the year. Details of external audit and non-audit fees are disclosed in note 9 to the financial statements on page 75.

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

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

Internal audit

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

The internal audit function reports directly to the Committee. The internal audit plan and scope of work is reviewed and approved by the Committee each year after being appraised by Management. The budget is agreed between the Committee Chairman and Group Finance Director having regard to the planned scope of work. To support the effectiveness of assurance coverage across the second and third lines of defence, internal audit presents a three-year rolling plan.

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

During the year, internal audit's work included reviews of cyber security, the short-term lending business, client assets and execution only transactions, The focus for internal audit's work in the coming year includes follow up on the implementation of the new general ledger, financial crime/fraud, structured investments and visits to Branch offices.

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

Going concern and longer-term viability statement

Disclosures regarding the adoption of the going concern basis of financial statement preparation and the Directors' viability statement are found on pages 25 and 59. In considering these disclosures, the Committee reviewed the Group's strategic priorities, projections for the forthcoming year and medium term, current business performance against those projections, the stress and reverse stress scenarios updated to reflect current market conditions and COVID-19, current financial resources and capital expenditure plans. The Committee challenged the reasons for the period adopted for the viability statement and the consideration given to key assumptions and dependencies.

The Committee noted and/or challenged in particular:

- the Group's performance during the year and post year end;
- the impact of COVID-19 on income experienced to date and key assumptions underpinning those reflected in Management's updated projections, including stress and reverse stress scenarios;
- the effects of Management's actions to protect the safety of staff and support client service in response to COVID-19 and further actions taken and proposed to mitigate the financial impact on the Group, including underlying key assumptions;
- the payment of an interim dividend and prudent decision to cease payment of future dividends;
- 81% of the Group's regulatory financial resources at 31 March 2020 are held in cash or cash equivalents and there are no material restrictions on accessing or utilising required liquidity throughout the Group;
- the Group's regulatory capital at 31 March 2020 and the date of this report comfortably exceeds its regulatory capital requirement and all regulated entities within the Group held capital in excess of their solo regulatory requirements;
- the Group's principal debt obligations are the lease liabilities arising on adoption of IFRS 16;
- an intraday credit line is made available by our principal bankers to enable daily net settlement of market transactions in an orderly fashion; and
- the stress scenario analyses and management actions demonstrating the Group meets projected solvency and liquidity requirements to continue as a going concern.

Financial reporting and significant financial judgements

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

Matter considered	Action
Carrying value of Walker Crips Group plc's investment in subsidiaries	
The carrying value of the Parent Company's investment in subsidiaries, including the value attributed to client lists arising from acquisitions, amounts to £17,425 million. This significantly exceeds the market value of the Group as determined by reference to the quoted share price. This situation has persisted for several years.	As part of this year's impairment review work the discrepancy in values was considered in depth and the conclusion reached that the carrying value is supported based upon valuations of the principal trading subsidiaries. Reasons for the discrepancy include the overheads incurred at the Parent Company level, the small size of the Group and illiquidity in the market for the Company's shares. The Committee also considered the procedures performed by the external auditors in respect of the carrying value, which has been identified by them as a key risk but not a key audit matter.
Impairment of goodwill and intangible assets	
The Consolidated Statement of Financial Position includes goodwill of £4.4 million and client lists, including software licences, of £6.7 million. These principally arise on business combinations or hiring of individuals or teams of Investment Managers.	Management assess any impairment of goodwill by comparing the book value of assets attributable to the CGUs to the higher of their fair value less cost to sell or value-in-use. The Committee reviewed Management's papers supporting the conclusion there was no impairment, with particular challenge regarding the assumptions used and adequacy of the disclosures (see note 17). The Committee also considered the procedures performed by the external auditors (see the independent auditor's report on page 47).
The goodwill arose on, and has been allocated to, the acquisitions of London York Fund Managers Limited £2.9 million and Barker Poland Asset Management LLP £1.5 million, which continue as identifiable cash-generating units ("CGUs"). The year end amortised value of client lists attributed to these CGUs are £nil and £2.4 million, respectively, with the remaining balance being attributable to individuals or teams of Investment Managers hired.	The values attributed to client lists are amortised over their estimated useful lives, being periods between three and twenty years. Management assess any further indicators of impairment by reference to the continuing value of Assets Under Management and Administration, peer comparisons, the loss of senior Investment Managers, the loss rate of clients, and other causes of possible outflows. The Committee reviewed and challenged Management's supporting papers in respect of indicators of impairment and amortisation periods and no impairment of these intangible assets is required. The Committee also noted and agreed with the revision in the useful economic life of certain client assets (see note 3) and related accounting treatment for this change in estimate. The Committee also considered the procedures performed by the external auditors (see the independent auditor's report page 47).

Audit Committee report (continued)

year ended 31 March 2020

Financial reporting and significant financial judgements (continued)

Matter considered	Action
Provisions The financial statements include provisions and liabilities in respect of dilapidations (£0.66 million) and customer complaints or claims (£0.18 million). These amounts are estimated with varying degrees of certainty.	The Committee considered Management's determination of the amounts provided and concluded they were reasonable based upon the information available. The Committee also considered the procedures followed by the external auditors and their findings, including those in respect of provisions for client claims (see independent auditor's report on page 47).
Exceptional items The Group classifies certain material items as exceptional to allow a clearer understanding of the underlying trading performance of the business. In 2019/20, the Group has reported two exceptional items, which results in a net credit to profit and loss of £0.375 million. In 2018/19, exceptional items resulted in a net charge of £0.032 million.	The Committee requested, received and considered explanations from Management setting out the description of items that would fall to be exceptional (see note 10 on page 75), the reasons therefore and the proposed disclosures, including the reconciliations provided in the CEO's Statement, challenging these to ensure clarity.
New accounting standards IFRS 16 applied to the Group's financial statements for the year ending 31 March 2020.	The Group has adopted IFRS 16 "Leases" retrospectively from 1 April 2019, but has not restated comparatives for the prior year, as permitted under the specific transitional provisions in the accounting standard. The work to collect the relevant data and agree the appropriate accounting policies and disclosures has been significant. During the year, the Committee reviewed all aspects of IFRS 16 adoption and is satisfied that the methodology used and the assumptions and judgements are reasonable and the disclosures appropriate. The Committee also reviewed Management's determination of and reasons for presenting the IAS 17 consistent EBITDA and underlying cash generated alternative performance measures, which facilitates the understanding of the impact of IFRS 16 on the Group's results.

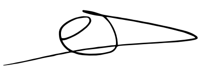
Performance evaluation

A formal evaluation of the Committee's performance will be undertaken later this calendar year based on feedback to a questionnaire distributed to Committee members and others who regularly attend Audit Committee meetings. Two areas identified for improvement in the previous evaluation, being prioritisation of key agenda items by rotating the order in which finance and the second and third lines of defence functions present at meetings, together with more timely production of minutes, have been addressed during the year.

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

Approval

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



C. Bouch
Audit Committee Chairman
31 July 2020

Remuneration Committee report

year ended 31 March 2020

Introduction

This is the Remuneration Committee ("the Committee") report for the year ended 31 March 2020. It sets out the remuneration policy and remuneration details for both the Executive and Non-Executive Directors of the Group. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8).

The report is split into three main areas:

- the statement by the Chairman of the Committee set out below;
- the Annual Report; and
- the policy report.

The Annual report on remuneration provides details on remuneration in the period. The policy report was approved by the shareholders at the 2017 Annual General Meeting (AGM) for a period of three years and is therefore now being put to the shareholders at the 2020 AGM. A resolution to approve the Annual report on remuneration will also be put to this year's Annual General Meeting.

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

Annual statement from the Chairman of the Remuneration Committee

This financial year was a mixed one for the Group, with the first ten months of the year showing marked improvement on prior year. However, with the onset of the COVID-19 pandemic in late February, and its impact on the global economy since then, March saw a record slump in the FTSE index and the Bank of England base rate. This had the two-fold effect of hampering both the Group's AUM-based fee income and managed deposit interest income. Though the reported performance is still an improvement on prior year, a look ahead suggests a large amount of uncertainty. Accordingly, in keeping with other measures adopted by the Group, no bonuses have been awarded to the Executive Directors relating to the financial year.

During the year, no other significant changes were made to the remuneration arrangements. Nick Hansen* was appointed as CEO of WCIM and Chris Darbyshire was appointed as Chief Investment Officer of WCIM. Sanath Dandeniya was promoted to Group Finance Director.

In the same context of cost cutting measures, it was decided that, at least until the impact of the pandemic has been established and quantified, shares will not be awarded under the Share Incentive Plan (SIP) in the current financial year.

With Rodney FitzGerald's retirement and no bonuses being awarded for the current financial year, Directors' total emoluments have reduced from last year. There are no LTIP arrangements in place at the year-end.

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

M. J. Wright
Remuneration Committee Chairman
31 July 2020

* Awaiting approval from the FCA.

Remuneration Committee report (continued)
year ended 31 March 2020

Annual report on remuneration – subject to advisory vote by shareholders at the 2020 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 2020 AGM.

Remuneration for the year ended 31 March 2020 (audited information)

The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2020 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each Director is disclosed.

Name of Director	Year	Fees/basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Share incentive plan matching share contribution £	Total £
Executive							
S. K. W. Lam	**2020**	**220,000**	**1,704**	**22,000**	**–**	**1,800**	**245,504**
	2019	220,000	1,717	22,000	–	1,800	245,517
R. A. FitzGerald[1]	**2020**	**64,936**	**1,613**	**6,494**	**–**	**900**	**73,943**
	2019	100,000	3,970	10,000	–	1,800	115,770
S. S. Dandeniya[2]	**2020**	**75,000**	**799**	**5,250**	**–**	**900**	**81,949**
	2019	–	–	–	–	–	–
G. J. B. Jackson[3]	**2020**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	50,195	1,078	3,514	–	–	54,787
M. J. W. Rushton[4]	**2020**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	129,767	1,961	9,084	–	1,504	142,316
Non-Executive							
H. M. Lim	**2020**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	–	–	–	–	–	–
C. Bouch	**2020**	**38,570**	**–**	**–**	**–**	**1,800**	**40,370**
	2019	38,570	–	–	–	1,800	40,370
M. J. Wright[5]	**2020**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	–	–	–	–	–	–
D. M. Gelber	**2020**	**42,559**	**–**	**–**	**–**	**1,800**	**44,359**
	2019	42,559	–	–	–	1,800	44,359
Total	**2020**	**441,065**	**4,116**	**33,744**	**–**	**7,200**	**486,125**
	2019	581,091	8,726	44,598	–	8,704	643,119

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

1 R. A. FitzGerald retired on 30 September 2019.
2 S. S. Dandeniya appointed on 30 September 2019.
3 G. J. B. Jackson resigned on 23 July 2018.
4 M. J. W. Rushton resigned on 30 January 2019.
5 Charles Russell Speechlys LLP received fees of £27,258 (2019: £27,255) for the services of M. J. Wright who is a Partner.

Annual bonus for the year ended 31 March 2020

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 39. The Chief Executive Officer has separate bonus arrangements which are described in the table on page 36. All bonuses have historically been paid in cash with no deferred component, however arrangements are now in place for future bonuses payable to the Chief Executive to be awarded partly in shares deferred from sale for three years.

Based on the Group's results and profitability and the ongoing uncertainty caused by the COVID-19 pandemic, the Committee has not awarded any discretionary annual bonuses for the current year payable in cash or equity to the Executive Directors.

Outstanding share awards

There were no share options outstanding and not vested at 31 March 2020 and 31 March 2019. There are no share option schemes and no Long-term Incentive Plans are in place for any of the Directors.

Deferred bonus

Deferred bonus arrangements were put in place for Sean Lam upon becoming CEO, as described on page 36. No awards have been made during the year (2019: £ nil).

Directors' shareholding and share interests (audited information)

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

Director	Beneficially owned at 31 March 2019	**Beneficially owned at 31 March 2020**	**Beneficially owned at 30 June 2020**
H. M. Lim	10,629,836	**11,316,290**	**11,416,290**
R . A. FitzGerald	320,367	**n/a**	**n/a**
S. K. W. Lam	582,928	**631,090**	**632,919**
S. S. Dandeniya	n/a	**29,071**	**30,901**
D. M. Gelber	171,635	**189,863**	**191,693**
C. Bouch	27,898	**42,806**	**44,636**
M. J. Wright	16,129	**16,129**	**16,129**

Share Incentive Plan ("SIP")

All employees of the Group are eligible to participate in the SIP following three months of service. Employees may contribute a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Parent Company (Partnership Shares). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one Matching Share.

On 1 April 2020, Directors as part of the COVID-19 response to preserve cash and liquidity, suspended the matching option. This will continue until 31 March 2021.

A total of 1,084,297 (2019: 885,382) new Ordinary Shares were issued to the 110 employees who participated in the SIP during the year. At 31 March 2020, 4,500,855 shares were held in the SIP on their behalf, in the employee's name. There were no forfeited shares not allocated to any specific employee.

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

Director	31 March 2019	**31 March 2020**
R. A. FitzGerald	22,849	**n/a**
S. K. W. Lam	20,914	**25,516**
S. S. Dandeniya	n/a	**14,149**
D. M. Gelber	47,685	**54,698**
C. Bouch	8,397	**15,410**

Material contracts with Directors

Other related parties include Charles Russell Speechlys LLP, in which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys LLP provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year (including the fees paid to the firm for Mr. Wright's services as Director) was £84,000 (2019: £181,000).

Commission of £4,746 (2019: £3,454) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, certain overseas custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a Director), again all on standard commercial terms.

Total pension entitlements

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

Death-in-service benefits

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

Remuneration Committee report (continued)
year ended 31 March 2020

Annual report on remuneration – subject to advisory vote by shareholders at the 2020 AGM (continued)

Loss of office payments
No payments in lieu of notice were paid in the current year. In the prior year, a payment in lieu of notice of £85,596 was paid to Mark Rushton.

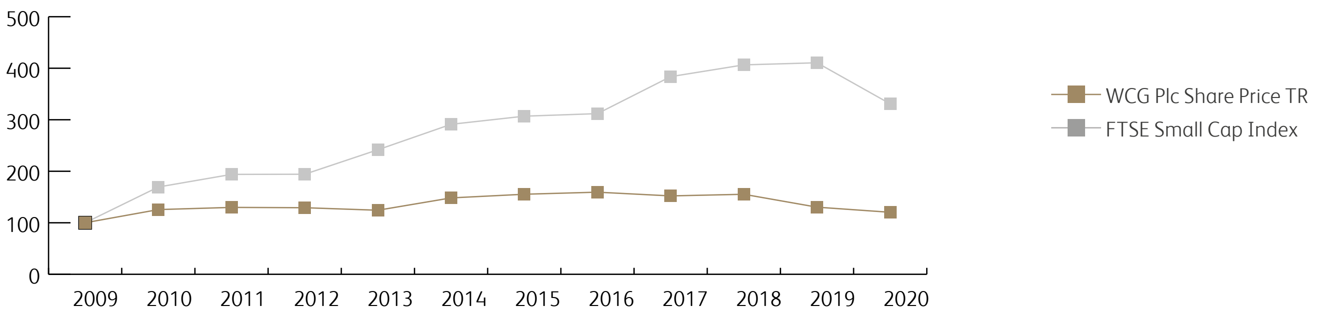
Percentage increase in the remuneration of the Chief Executive

Chief Executive	2019 £	**2020 £**	Change
Salary	220,000	**220,000**	0.0%
Bonus	–	**–**	n/a
Benefits	1,717	**1,704**	-0.8%
Average per employee (£)			
– salary	37,619	**38,506**	2.4%
– bonus	7,831	6,562	-16.2%

The table above shows the movement in salary and annual bonus for the Chief Executive between the current and previous financial years compared to that of the average employee. The Committee has chosen this comparator as it provides a better reflection of the earnings of the average worker than the movement in the Group's total wage bill, since the latter is subject to distortion by movements in the number of employees. The average bonus per employee only reflects bonuses paid to individuals working in profitable business units and is not an award to every member of staff. Given the uncertainty caused by the COVID-19 outbreak, to preserve cash, the Group has not awarded a general staff bonus this year.

Performance graph
The graph below shows a comparison between the Group's total shareholder return ("TSR") performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2020, of £100 invested in Walker Crips Group plc on 31 March 2010 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

Total shareholder return compared to FTSE Small Cap Index



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**Years ended 31 March 2020**
Total remuneration	£193,807	£199,592	£174,512	£267,934	£186,769	£187,176	£189,264	£196,119	£203,453	£245,517	**£245,504**

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

	2019 £'000	**2020 £'000**	Change
Staff costs	12,680	**13,268**	4.64%
Dividends paid	796	**396**	-50.25%

This self-evidently reflects the decision not to pay a final dividend for 2020 in the light of the impact of the COVID-19 pandemic.

Remuneration Committee governance

The Committee is governed by formal terms of reference agreed by the Board. The terms of reference were reviewed during the year to ensure they continued to accurately reflect the remit of the Committee. The Committee's terms of reference can be viewed on the Group's website.

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

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

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

The Committee met on three occasions. Matters that were considered and discussed included but were not limited to:

- the remuneration policy for Executive Directors, including structure and performance criteria for the annual divisional and bonus pool arrangements and long-term incentive plan;
- determination of remuneration of Executive Directors;
- determination of annual incentive payable to Executive Directors in respect of the year to 31 March 2020;
- oversight of remuneration arrangements for senior Executives;
- review of the Group'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 2020 onwards

Having reviewed base salaries in 2019 and 2020, and the measures taken urgently in March and April to address the pandemic, no increases have been made to the salaries of the Executives.

	Salary as at 31 March 2019 £	**Salary as at 31 March 2020 £**
S. K. W. Lam	220,000	**220,000**
R. A. FitzGerald[1]	100,000	**–**
S . S Dandeniya[2]	–	**75,000**

[1] Represents part-time attendance based on an annual salary of £150,000.
[2] Appointed on 30 September 2020.

Fees for the Chairman and Non-Executive Directors

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

	Directors' fee as at 31 March 2020 £
Chairman	**42,559**
Senior Independent Director	**27,258**
Audit Committee Chairman	**38,570**

Remuneration Committee report (continued)

year ended 31 March 2020

How the remuneration policy will be applied for the year from 1 April 2020 onwards (continued)

Fees for the Chairman and Non-Executive Directors (continued)

D. M. Gelber was appointed as Non-Executive Chairman of the Group by a letter agreement dated 11 May 2007 for a term commencing on 11 May 2007 of not less than two years and thereafter terminable by either party on at least six months' notice in writing or otherwise in accordance with the Group's Articles of Association. His remuneration is now a fee of £42,559 per annum, plus reimbursement of expenses incurred on behalf of the Group, plus a contribution by the Group to the Share Incentive Plan.

M. J. Wright, Senior Independent Director, has a letter of appointment dated 9 July 2000 and accepted on 10 July 2000 for a term of not less than two years commencing on 9 July 2000 and terminable by either party on not less than three months' notice in writing or otherwise in accordance with the Group's Articles of Association. His fees are now £27,258 per annum, plus VAT, plus expenses. His fees are payable to Charles Russell Speechlys LLP quarterly in arrears.

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

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

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

LTIP for Executive Directors

There are no LTIP arrangements in place at 31 March 2020.

Statement of shareholder voting

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

2019 AGM	Number	Percentage
Votes in favour	14,562,434	99.8%
Votes cast against	28,932	0.2%
Abstentions	–	0%

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

Directors' remuneration policy report – to be approved by shareholders at the 2020 AGM

Scope

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

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

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

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

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

Key principles

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

Operation of policy

The view of the Committee is that the remuneration of the Executive Directors is appropriate and balanced and that it supports the objective of delivering the business model and strategy adopted by the Group.

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

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Salary	Reflect the value of the individual and their role. Reflect skills, experience over time. Provide an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.	Reviewed annually, effective 1 July. Agreed when results for the previous year have been finalised.	Annual increases are normally in line with those provided to the wider employee population unless there is a change in the Director's role or responsibility or there is a significant divergence from market comparatives of similar executive directorship roles.	n/a.
Bonus	Incentivise annual delivery of financial and operational goals. Relatively high potential rewards for achieving demanding targets for Group profit before tax which is based on the Board-approved strategy for increasing profit and shareholder value. A discretionary bonus may be awarded to the Chief Executive on achievement of stretching performance targets and fulfilment of certain behavioural and numeric criteria.	Determined after results for the financial year are signed off with Group profit before tax being a primary metric. A discretionary bonus of an amount up to a maximum rate of 15% of profits is pooled partly for allocation to the Executive Directors.	Except in the case of the Chief Executive there is no maximum, but the Committee will exercise its discretion responsibly having regard to the interests of shareholders. The Chief Executive's discretionary bonus is capped at a maximum of 100% of basic salary.	Specific awards agreed on an individual basis consistent with the key principles. A general discretionary award taken from the pool will be allocated based on performance measured over the financial year, including achievement of specific strategic-based objectives and upon profit before tax of the Group for the Walker Crips Group plc Executive Board. The pool consists of 5% of Group profit before tax in excess of £497,423 and 15% above profit for the year in excess of £1,243,557. 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.

Directors' remuneration policy report – to be approved by shareholders at the 2020 AGM (continued)

Key principles (continued)

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Share Incentive Plan	A tax-efficient HMRC-approved scheme which allows the Group to make contributions equal to those by employees, including Directors, to purchase shares in the Company.	Annual contributions are made through the payroll and tax benefits accrue after three years.	Maximum contribution of £1,800 per annum by Director and Company. (On 1 April 2020, the Directors as part of the COVID-19 response to preserve cash and liquidity, suspended the matching option. This will continue until 31 March 2021).	None as not considered material.
Long-term Incentive Plan (LTIP)	Aligned to main strategic objective. Based on the Company's measurable key statistics (e.g. NAV growth).	At the year-end there were no LTIPs in place.	n/a	n/a
Pension	Provide modest retirement benefits. Opportunity for Executive to contribute to their own retirement plan.	Contribution to pension scheme of Executive's choice. HMRC-approved salary sacrifice arrangement.	Monthly employer contribution of 5-10% of base salary compared to a maximum of 5% for employees. Salary sacrifice for employee contribution.	n/a
Other benefits	Provide additional fringe benefit.	Life Assurance – four times basic salary. Medical Insurance for family to age 24. Permanent Health Insurance. Participation in Group Share Incentive Scheme.	Continuous upon recruitment.	n/a

Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Fees	Reflects the skills and experience brought by the Director and their role.	Fees consist of a base Board fee and fees for Chairmanship of Committees. Account is taken of practice adopted by similar-sized companies and time commitment.	Fees are reviewed annually but not necessarily increased. Increases are normally in line with inflation.	n/a
Benefits	Provide market-related benefits to Non-Executive Directors.	Benefits include reimbursement of expenditure incurred in connection with their duties.	Reasonable costs.	n/a

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

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

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

Differences in remuneration for Executive Directors compared to other employees
The approach to remuneration for the Executive Directors is generally consistent with that for employees across the Company as a whole. The Group applies a consistent remuneration philosophy for employees at all levels.

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

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

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

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

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

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

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

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

Directors' remuneration policy report – to be approved by shareholders at the 2020 AGM (continued)

Approach to remuneration for new Executive Director appointments

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

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

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

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

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

Service contracts, letters of appointment and loss of office payments

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

If the employing company wrongfully terminates the employment of an Executive Director without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to six or the agreed term of months' total fixed pay (i.e. salary and benefits). Where an Executive Director is considered by the Committee to be a 'good leaver', circumstances in which the individual leaves because of retirement, redundancy, ill-health, death or disability, or otherwise at the Committee's discretion, the Committee may consider a discretionary award of annual variable pay, subject to performance, in respect of the portion of any financial year that the individual has been working with the Company, although not for the period of any notice or 'garden leave'.

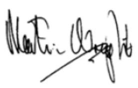
In the event of a change of control of the Company there is no enhancement to these terms.

Legacy arrangements

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

Approval

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



M. J. Wright
Remuneration Committee Chairman
31 July 2020

Directors' report
year ended 31 March 2020

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 2020.

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

	2020 £'000	2019 £'000
Retained earnings at 1 April	**10,659**	11,122
Profit for the year after taxation	**718**	333
Effect of adoption of IFRS 16	**601**	–
Dividends paid	**(396)**	(796)
Retained earnings at 31 March	**11,582**	10,659

The Directors do not propose to pay a final dividend this year (2019: 0.33 pence per share). The Directors believe it is important to maintain Group's liquidity position at the highest level whilst the uncertainty caused by the COVID-19 pandemic continues. The total dividend paid in the year was 0.60 pence per share (2019: 0.91 pence per share).

Capital structure
Details of the Group's share capital are shown in note 30. The Group has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Group.

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

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

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

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

Brief biographies of the Directors eligible and standing for election at the Annual General Meeting are set out on pages 18 and 19.

Directors' interests
Directors' emoluments and beneficial interests in the shares of the Company are disclosed in the Directors' Remuneration Report on page 33. Other than noted on page 35 there are no other situations where a Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006.

Related party transactions
Details of related party transactions are disclosed in note 34.

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

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

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

We report that at the end of 2020: No Directors of the Group's Parent Company were women (2019: nil); 31% of senior managers, being individuals with responsibility for planning, directing or controlling, were women (2019: 31%); and 44% of the Group's employees were women (2019: 45%).

Directors' report (continued)
year ended 31 March 2020

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

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

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

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

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

The Companies Act 2006 permits a public group to purchase its own shares in accordance with the powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Group should be authorised to take advantage of these provisions and, therefore, pursuant to the power contained in the Group's Articles of Association, it is intended to propose a special resolution at the forthcoming Annual General Meeting to confer authority on the Group to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of 62/3 pence each in the share capital of the Group at a price or prices which will not be less than 6 2/3 pence and which will not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

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

Financial instruments and risk management
The risk management objectives and policies of the Group are set out in note 26 to the financial statements.

Substantial shareholdings
As at 31 March 2020, there were no interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Group.

	Number	Percentage
L . W. S. Lim	3,227,523	7.58
L. W. Y. Lim	3,227,523	7.58
L. W. J. Lim	3,227,521	7.58

As at 30 June 2020, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Group were held:

	Number	Percentage
L . W. S. Lim	3,227,523	7.58
L. W. Y. Lim	3,227,523	7.58
L. W. J. Lim	3,227,521	7.58

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.walkercrips.co.uk.

Carbon emission reporting
Greenhouse gas (GHG) emissions data for the year ended 31 March 2020:

	2020 tCO_2e	2019 tCO_2e
Scope 1 – combustion of fuel	**12**	7
Scope 2 – purchased electricity	**96**	86
Total	**108**	93
Total emissions per employee	**0.49**	0.43

The underlying global energy use for the year ended 31 March 2020:

	2020 kWh	2019 kWh
Electricity	**374,806**	304,062
Gas	**64,550**	39,862
Total	**439,356**	343,924

All energy consumption is in the UK (2019: 100%).

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.

These disclosures incorporate the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which is effective for periods beginning 1 April 2019.

The Group continues to incorporate considerations of the environment and energy efficiency into its decision-making processes and further information in relation to its impact is considered in the Group's Section 172(1) statement contained in the Group's Strategic Report.

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

- vehicle use; and
- air conditioning.

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

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware;
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information; and
- a resolution to reappoint the auditor, BDO LLP, will be put to the AGM on 9 September 2020.

Going concern
The Group's forecasts and projections show sufficient cash resources, working capital and regulatory financial resources for its present requirements covering a period extending more than 12 months (see note 2 on page 59 for further details). Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Subsequent events
Details of significant events occurring after the end of the reporting period are given in note 37.

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

S. S. Dandeniya FCCA, Director
31 July 2020

Statement of Directors' responsibilities
year ended 31 March 2020

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 Director's 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 confirm that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Website publication

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

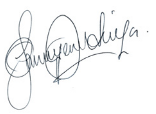
Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with 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; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

Approval

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



S. S. Dandeniya FCCA, Director
31 July 2020

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

year ended 31 March 2020

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 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

- the Directors' confirmation set out on page 23 in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the Directors' statement set out on page 25 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 59 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.

Independent auditor's report to the members of Walker Crips Group PLC (continued)

year ended 31 March 2020

Key audit matters

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

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
Revenue recognition (notes 3 and 5) The Group's revenue of £31,422,000 (2019: £30,458,000) consists of fees from two distinct components, broking income and non-broking income. Revenue recognition is considered to be a significant audit risk as it is a key driver of return to investors and because incomplete or inaccurate income could have a material impact on the Group's results. In respect of broking income there is a risk that the IT platform may not capture the trades correctly. In respect of non-broking income, namely management fees, there is a risk that the management fee may be calculated incorrectly as a result of incorrect tariffs being used.	In respect of revenue recognition, our strategy was tailored to each revenue stream. We responded to this matter by performing test of controls and tests of detail as set out below, covering all revenue streams. Our audit testing included, but was not restricted to: Broking income - We performed controls testing to test the operating effectiveness of the key controls in place over the completeness and the accuracy of broking revenue, including automated controls and manual controls. - We traced a sample of recorded transactions to supporting contract notes and to either bank statements or deductions from client accounts to check that revenue was accurately recorded and accounted for. Non-broking income - Using data analytics, we undertook a recalculation of quarterly management fees earned during the year. This recalculation was based on the fee tariff per client and the value of Assets Under Management (AUM). A sample of recorded management fee income was traced to the invoice/ investor pack and we checked that the fees were deducted from client accounts. - For AUM values, we tested the operating effectiveness of key controls in place over the existence and valuation of securities, including automated controls and manual controls. - For a sample of AUM values, these were agreed to an independent 3rd party source and checked that the AUM was linked to a fee-paying client. - In respect of fee tariffs, where there were changes in the fee tariff or new fee tariffs, we agreed a sample to either client agreements or fee tariff confirmations letters issued. - In respect of accrued fees, testing was performed on a sample basis to check that revenue was recognised in the correct period. Testing included a recalculation of the revenue to check that the appropriate proportion of income had been recognised in the year. Key observations: Based on our procedures performed, we did not identify any matters which would indicate that revenue is not appropriately recognised in accordance with the requirements of applicable accounting standards.

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
Recognition and impairment of client lists intangible assets (notes 3 and 18) Acquired client lists of £6,682,000 (2019: £7,234,000) are capitalised. Judgement is exercised in determining whether the consideration paid in respect of acquiring the client list meets the criteria for capitalisation and if so, the appropriate period for the capitalised cost to be amortised over. Judgement is also exercised in determining the underlying assumptions, such as attrition rates, used in the impairment review. Management have completed an assessment of the carrying value of each intangible asset at the year-end which involved undertaking a review for indicators of impairment. These judgements are explained further in the accounting policy in note 3 and in note 4 Key Sources of Estimation Uncertainty and in the disclosures in note 18.	Our audit testing included, but was not restricted to: - We obtained and challenged management's technical analysis in respect of compliance with the capitalisation criteria by benchmarking to comparable companies and assessing whether the intangible asset met the requirements to be capitalised. In respect of the impairment assessment we challenged management's assessment by undertaking the following tests: - We compared the Useful Economic Life (UEL) of the intangibles against the actual client attrition rates - We obtained and checked management's value in use calculations for mathematical accuracy and challenged the basis and inputs into the calculation by benchmarking to actuals and industry practice. We also obtained management's fair value calculations based on a % of AUM which had been prepared as part of their impairment assessment and challenged the assumptions in the calculations based on past performance and industry practice. - We challenged management's assessment of indicators of impairment by comparing to AUM and revenue generated from the intangible asset over the prior three year period to identify trends. Embedded in management's assessment was assumptions associated with the expected impact of COVID 19 on future revenues and AUMs which in turn link into the assumptions used in the going concern assessment. Key observations: Based on our procedures performed, we consider management's assessment of no impairment to the client lists be appropriate.
Provisions for client claims (notes 3 and 28) Provisions made for client claims are based on management's assessment of the likelihood of outcomes of individual cases whilst taking into consideration factors such as the level of insurance cover and the progress of any claims referred to the Financial Ombudsman Service. Provisions for client claims is considered a significant audit risk as judgement is involved in determining whether a provision is required to be accounted for.	We responded to this matter by obtaining and challenging management's analysis of claims. For a sample of claims, we have agreed this to the relevant correspondence and the complaints register. We also performed the following procedures: - Reviewed correspondence from the Group's legal advisors where applicable, as well as with the Financial Ombudsman Service to ascertain whether a provision was to be recognised. - Reviewed the level of insurance coverage in place and correspondence with brokers or underwriters to check that there is sufficient coverage should there be a settlement of a claim. - Reviewed the accuracy of the provisioning basis in prior years. This involved a comparison of the provision recognised in prior years to the actual amounts either paid out or reversed in the current year to ascertain whether the provisioning basis is accurate. - Considered the completeness of the provisions for client claims through review of board minutes, complaints registers and internal compliance reviews. Key observations: Based on our procedures performed, we consider the provision for client claims to be reasonable.

Independent auditor's report to the members of Walker Crips Group PLC (continued)

year ended 31 March 2020

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
Impairment of goodwill (notes 3 and 17) Goodwill of £4,388,000 (2019: £4,388,000) relates to the acquisition of the London York cash generating unit and the acquisition of the Barker Poland Asset Management LLP cash generating unit. Impairment of goodwill is considered to be a significant audit risk as judgement is exercised in determining the underlying assumptions used in the annual impairment reviews which are required to be carried out by Directors which gives rise to the risk of material misstatement in the carrying value of goodwill. The assumptions include the P/E ratio, discount rate, operating margin and growth rate. There is also a risk over the completeness of the disclosures within the financial statements. These judgements are explained further in the accounting policy in note 3, and in note 4 Key Sources of Estimation Uncertainty and in the disclosures in note 17.	We responded to this matter by challenging management's assessment of the carrying value of goodwill and the related impairment reviews. We performed the following procedures: - We tested the integrity of the valuation models by agreeing inputs into the models to supporting documentation and performed recalculations. - With the assistance of our valuation specialists we reviewed the assumptions used in the calculations and challenged management on these assumptions, in particular the discount rate used to discount expected future cash flows and the assumptions associated with the fair value less cost of disposal basis. - We assessed management's sensitivity analysis showing the impact of a reasonably possible change in impairment assumptions and we performed sensitivity analysis using a range of acceptable discount factors. The discount rate used is a pre-tax Weighted Average Cost of Capital (WACC) that reflects current market assessments of the time value of money and the risks specific to the cash-flows. We benchmarked individual components of the WACC to current market rates. - We agreed 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 to check the reliability of management's forecasts. - We assessed the adequacy of disclosure within the financial statements. Key observations: Based on our procedures performed, we consider management's assessment of no goodwill impairment to be appropriate.
Impact of the outbreak of COVID-19 on going concern and valuation of intangible assets (Strategic Report, note 2 and note 37) During the year and in the preparation of the financial statements the potential impact of COVID-19 has been significant and has led to disruption in financial markets, and severe curtailment and restrictions to normal patterns of business both within the United Kingdom and globally. In assessing whether the entity is a going concern management is required to take into account all available information about the future, being a period of at least 12 months from the date when the financial statements are authorised for issue, including the effects of COVID-19 on their operations. Management have considered the base and stress scenarios which include assumptions around key sensitivities such as market crash, large settlement failure, operational failure, loss of major clients and loss of associates as a result of a prolonged COVID-19 pandemic and the resultant impact that it could have on revenue, the cash and capital position during this period. Management have performed an assessment of the potential impact of COVID-19 on the Group's operations and performance. This has required management to make judgements as to the reasonably foreseeable impacts of COVID-19 in their impairment assessments of goodwill and intangibles. In making those judgements, management has taken into account the significant uncertainty as to the impact both on the wider economy and on the markets in which the Group trades. In light of the above, the impact of the COVID-19 pandemic on going concern and the valuation of intangible assets is considered a key audit matter.	Our audit work in this respect included: We made enquiries of management to understand the impact of COVID-19 on the Group's financial performance, business activities and operations, and regulatory capital and liquidity. We assessed the relevant sensitivities and stress tests included in managements going concern assessment by performing the following: - Evaluated management forecasts and challenged the assumptions and predicted outcomes by benchmarking against comparable companies, analysis undertaken on expected sector performance and also against market performance post year end. We considered the base and stress scenarios testing undertaken by management to support the going concern assessment which included assumptions about the potential impact a prolonged recession due to COVID-19 could have on regulatory capital, revenue and possible cost saving measures. - Reviewed post year end performance against forecasts to understand what scenario the business is currently tracking. - Linked the assumptions on revenue growth and AUM used as part of the going concern assessment back into the impairment assessments in respect of goodwill and intangibles. We reviewed the adequacy of disclosures in the financial statements against management's assessments.

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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of the identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The application of these key considerations gives rise to two levels of materiality applicable to the Group and the Parent Company, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality (6.5% of the three year average, adjusted profit before tax)	Assessing whether the financial statement as a whole present a true and fair view.	• A principal consideration for members of the Company in assessing the financial performance of the Group. • Normalises profit to reflect the underlying profit of the core business, excluding items which are considered to be one off occurrences and are outside the normal course of business.	£60,000 (2019: £63,000)
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	£36,000 (2019: £38,000)
Parent Company financial statement materiality (80% of Group materiality)	Assessing whether the financial statements as a whole present a true and fair view.	A principal consideration for members of the Parent Company in assessing the financial performance of the Parent Company.	£48,000 (2019: £50,500)
Parent Company performance materiality (60% of Parent Company 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.	• Parent Company financial statement materiality • Risk and control environment • History of prior errors	£28,800 (2019: £30,200)

Component materiality ranged from £3,700 to £57,000. We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £1,200 (2019: £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, the key functions undertaken by the Board and the overall control environment. Based on this understanding we determined materiality and assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement. In particular, we focused on areas where the Directors made subjective judgements.

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. Audits of nineteen components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relevant scale of the business concerned. Five of the components were determined to be significant components and were subject to full scope audits. The remaining components were considered to be non-significant components and specific audit procedures were performed on material balances.

Capability of the audit to detect irregularities, including fraud

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

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

Independent auditor's report to the members of Walker Crips Group PLC (continued)

year ended 31 March 2020

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

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

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

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

Other information

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

We have nothing to report in this regard.

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

- **Fair, balanced and understandable, set out on page 46** – the statement given 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 position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting, set out on page 29** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code, set out on page 21** – 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, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

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; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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; or
- a corporate governance statement has not been prepared by the Parent Company.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 46, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 3 August 2016 to audit the financial statements for the year ended 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 March 2017 to 31 March 2020.

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

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

Use of our report

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

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
31 July 2020

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

Consolidated income statement
year ended 31 March 2020

	Note	**2020 £'000**	2019 £'000
Revenue	5	**31,422**	30,458
Commission and fees paid	7	**(9,771)**	(9,673)
Share of change in net assets of joint venture	8	**(11)**	14
Gross profit		**21,640**	20,799
Administrative expenses	9	**(20,923)**	(20,365)
Exceptional items	10	**375**	(32)
Operating profit		**1,092**	402
Investment revenue	11	**76**	90
Finance costs	12	**(205)**	(3)
Profit before tax		**963**	489
Taxation	14	**(245)**	(156)
Profit for the year attributable to equity holders of the Parent Company		**718**	333
Earnings per share			
Basic	16	**1.69p**	0.78p
Diluted	16	**1.69p**	0.78p

Consolidated statement of comprehensive income
year ended 31 March 2020

	2020 £'000	2019 £'000
Profit for the year	**718**	333
Total comprehensive income for the year attributable to equity holders of the Parent Company	**718**	333

Consolidated statement of financial position
as at 31 March 2020

	Note	Group 2020 £'000	Group 2019 £'000
Non-current assets			
Goodwill	17	**4,388**	4,388
Other intangible assets	18	**6,701**	7,262
Property, plant and equipment	19	**2,330**	2,520
Right-of-use assets	20	**4,362**	–
Investment in joint ventures	8	**–**	44
Investments – fair value through profit or loss	21	**51**	51
		17,832	14,265
Current assets			
Trade and other receivables	22	**24,515**	35,785
Investments – fair value through profit or loss	21	**638**	1,005
Cash and cash equivalents	23	**8,609**	6,916
		33,762	43,706
Total assets		**51,594**	57,971
Current liabilities			
Trade and other payables	27	**(22,750)**	(34,095)
Current tax liabilities		**(424)**	(178)
Deferred tax liabilities	24	**(335)**	(317)
Bank overdrafts	25	**–**	(127)
Provisions	28	**(178)**	(484)
Lease liabilities	29	**(969)**	–
		(24,656)	(35,201)
Net current assets		**9,106**	8,505
Long-term liabilities			
Deferred cash consideration	38	**(15)**	(47)
Lease liabilities	29	**(3,620)**	–
Dilapidation provision	28	**(659)**	(542)
Landlord contribution to leasehold improvements		**–**	(460)
		(4,294)	(1,049)
Net assets		**22,644**	21,721
Equity			
Share capital	30	**2,888**	2,888
Share premium account	30	**3,763**	3,763
Own shares	31	**(312)**	(312)
Retained earnings	31	**11,582**	10,659
Other reserves	31	**4,723**	4,723
Equity attributable to equity holders of the Parent Company		**22,644**	21,721

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 2020.

Signed on behalf of the Board of Directors

S. S. Dandeniya FCCA, Director
31 July 2020

Consolidated statement of cash flows
year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Operating activities			
Cash generated / (used) by operations	32	**3,483**	(631)
Tax received		**18**	66
Net cash generated / (used) by operating activities		**3,501**	(565)
Investing activities			
Purchase of property, plant and equipment		**(321)**	(382)
Sale of investments held for trading		**101**	789
Consideration paid on acquisition of client lists		**(21)**	(111)
Consideration paid on acquisition of subsidiary		**(1)**	–
Deferred consideration paid on acquisition of subsidiary		**–**	(600)
Dividends received	11	**17**	23
Interest received		**48**	67
Net cash used by investing activities		**(177)**	(214)
Financing activities			
Dividends paid		**(396)**	(796)
Interest paid	12	**(7)**	(3)
Repayment of lease liabilities*		**(944)**	–
Repayment of lease interest*		**(157)**	–
Net cash used by financing activities		**(1,504)**	(799)
Net increase / (decrease) in cash and cash equivalents		**1,820**	(1,578)
Net cash and cash equivalents at beginning of period		**6,789**	8,367
Net cash and cash equivalents at end of period		**8,609**	6,789
Cash and cash equivalents		**8,609**	6,916
Bank overdrafts		**–**	(127)
		8,609	6,789

* Total repayment of lease liabilities under IFRS 16 in the period was £1,101,000.

Consolidated statement of changes in equity

year ended 31 March 2020

	Share capital £'000	Share premium account £'000	Own shares held £'000	Capital redemption £'000	Other £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2018	**2,861**	**3,674**	**(312)**	**111**	**4,557**	**11,122**	**22,013**
Total comprehensive income for the year	–	–	–	–	–	333	333
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(796)	(796)
Issue of shares on acquisition of intangibles and as deferred consideration	27	89	–	–	55	–	171
Total contributions by and distributions to owners	27	89	–	–	55	(796)	(625)
Equity as at 31 March 2019	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**10,659**	**21,721**
Comprehensive income for the year	–	–	–	–	–	718	718
Effect of adoption of IFRS 16 (see note 35)	–	–	–	–	–	601	601
Total comprehensive income for the year	–	–	–	–	–	1,319	1,319
Contributions by and distributions to owners							
Dividends paid	–	–	–	–	–	(396)	(396)
Total contributions by and distributions to owners	–	–	–	–	–	(396)	(396)
Equity as at 31 March 2020	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**11,582**	**22,644**

Notes to the accounts
year ended 31 March 2020

1. General information
Walker Crips Group plc ("the Company") is the Parent Company of the Walker Crips group of companies ("the Group"). The Group is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out on pages 2 to 3. The Group is registered in England and Wales. The address of the registered office is Old Change House, 128 Queen Victoria Street, London EC4V 4BJ.

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

2. Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), Article 4 of the EU IAS Regulation and Companies Act 2006.

The Group financial statements are presented on pages 54 to 58.

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

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

The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (COVID-19) pandemic and have treated this as an in year event with due consideration given in preparing these financial statements.

Going concern
The financial statements of the Group have been prepared on a going concern basis. At 31 March 2020, the Group had net assets of £22.6 million (31 March 2019: £21.7 million), net current assets of £9.1 million (31 March 2019: £8.5 million) and cash and cash equivalents of £8.6 million (31 March 2019: £6.8 million (net of overdraft)). The Group reported an operating profit of £1.09 million for the year ended 31 March 2020 inclusive of exceptional income of £375,000 (31 March 2019: £402,000 inclusive of exceptional costs of £32,000) and net cash inflows from operating activities of £3.5 million (31 March 2019: net cash outflows from operating activities of £565,000).

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

- The capital structure and liquidity of the Group, noting the capital comprises equity, the balance sheet now reflects lease liabilities arising on the adoption of IFRS 16 and the level of liquid resources remains strong.
- Its base case and stressed cash flow forecasts over the financial reporting periods ending 31 March 2021 and 31 March 2022.
- The principal risks facing the Group and its systems of risk management and internal control.
- Improved operating cash flow during the year to 31 March 2020, noting the reported figure also benefits from the impact of adopting IFRS 16 in respect of leased assets for which the resulting liability repayments and interest cost in the year were £944,000 and £157,000 respectively.
- The uncertainty caused by the COVID-19 outbreak and the immediate measures, including suspension of certain discretionary spends, cost cutting and use of the Government job retention scheme, to mitigate the impact on the business.

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

- Revenues prudently reflect the impact of (i) continued low base rates of 10 basis points on income for managing client deposits and (ii) lower fee income expectation as a result of the lower UK equity market levels. The base case assumption is for the FTSE100 index to remain at 5700 range until December 2020 and recovering to 7000 range and increasing modestly thereon. Overall revenue growth expectation for future years set conservatively at 2% to 3.3% from the COVID-19 impacted lower starting point.
- Base case costs prudently reflect only the actions Management has taken to date in response to the impact of COVID-19 on the business for the remainder of the present reporting year, with any further cost savings delayed until the year to 31 March 2022.

Key stress scenarios that the Directors have considered include:

- A 'bear stress scenario': representing a further 10% fall in income compared to the base case scenario in reporting period ending 31 March 2021 and 31 March 2022.
- A remote 'severe or reverse stress scenario': representing a 20% fall in commission income and 15% fall in fee income compared to the base case for each forecast period.
- Both stress scenarios assume no mitigating actions.

Notes to the accounts (continued)
year ended 31 March 2020

2. Basis of preparation (continued)

Going concern (continued)

Liquidity and regulatory capital resource requirement exceeded the minimum threshold in both the base and bear scenarios. However, in the severe stress scenario, although the Group has positive liquidity throughout the period, the negative impact on our prudential capital ratio is such that it falls below the regulatory requirement in June 2022. The Directors consider this scenario to be remote in view of the prudence built into the base case planning and that further mitigations available to the Directors are not reflected therein. Such mitigating actions within Management control include reduction in proprietary risk positions, delayed capital expenditure, further reductions in discretionary spend and additional reduction in employee headcount. Other mitigating actions which may be possible include seeking shareholder support, sale of assets and stronger cost reductions.

The Directors have also considered the wider operational consequences and ramifications of the COVID-19 pandemic. As explained in the Chief Executive's report our business infrastructure has proved resilient in protecting the safety of our employees and maintaining our high levels of client service in the 'working from home' mode of operations. The Government lockdown restrictions have caused some disruptions, however, the Group's advanced IT systems, along with greater use of cloud-based technology, have allowed all operations to run at 100% capacity. We continue to review our approach in line with latest developments and government guidance. Our stress testing demonstrates the Group's financial resilience and operating flexibility.

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

Standards and interpretations affecting the reported results or the financial position

The accounting policies adopted are consistent with those of the previous financial year with the exception of IFRS 16 "Leases". The Group has applied the modified retrospective approach and has not restated comparative amounts for the period prior to initial adoption. The impact of adopting this new standard is outlined in note 3.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

3. Significant accounting policies

Basis of consolidation

The Group financial statements consolidate the financial statements of the Group and companies controlled by the Group (its subsidiaries) made up to 31 March each year. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained and no longer consolidated from the date that control ceases; their results are in the consolidated financial statements up to the date that control ceases.

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

All intercompany balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair value at the acquisition date.

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. In the current year, there was no longer an asset classified as a joint venture investment.

Goodwill

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

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

Intangible assets

(a) Client lists

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

Intangible assets classified as client lists are recognised when acquired as part of a business combination or when separate payments are made to acquire clients' assets by adding teams of Investment Managers.

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

Amortisation of intangible fixed assets is included within administrative expenses in the consolidated income statement.

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

During the year, a review of the Group's intangible assets resulted in the revision of the Useful Economic Life ("UEL") of an acquired client list. The Truro client list, which had an estimated UEL of 16.25 years as at 31 March 2019, was revised to 11.25 years. As it was a change in accounting estimate, this revision and the resultant change in annual amortisation for this intangible asset was applied prospectively, beginning with a new annual amortisation charge for this asset in the current financial year.

The revised amortisation charge in respect of this intangible asset was £143,000 in the current year and the annual charge expected for the remaining UEL of the asset. The charge in prior year was £99,000.

(b) Software licences

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

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. There were no transactions recognised in relation to this in the current year.

Revenue recognition

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

Revenues recognised under IFRS 15

Revenue from contracts with customers:

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

Notes to the accounts (continued)
year ended 31 March 2020

3. Significant accounting policies (continued)

Revenues recognised under IFRS 15 (continued)

Other incomes:

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

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

Operating expenses

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

Exceptional items

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

Such items 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 the current period are explained in note 10 and all fall under category 4 above. The related tax effect is also quantified and disclosed in note 14.

Deferred income

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

Foreign currencies

The individual financial statements of each of the Group's companies are presented in pounds sterling, which is the functional currency of the Group and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in the consolidated income statement for the period. Where consideration is received in advance of revenue being recognised, the date of the transaction reflects the date the consideration is received.

Impairment of non-financial assets

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

Property, plant and equipment

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

Computer hardware	33⅓% per annum on cost
Computer software	between 20% and 33⅓% per annum on cost
Leasehold improvements	over the term of the lease under IFRS 16
Furniture and equipment	33⅓% per annum on cost

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

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

Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted by the statement of financial position date. 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.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to do so and presented as a net number on the face of the statement of financial position.

Financial assets and liabilities

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

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

The Group does not use hedge accounting.

a) Financial assets

Classification and subsequent measurement

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

- Fair value through profit or loss ("FVTPL"); or
- Amortised cost.

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

(i) Debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

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

Notes to the accounts (continued)
year ended 31 March 2020

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

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

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

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

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

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

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

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

(ii) Equity instruments
Investments are recognised and derecognised on a trade date basis where a purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned, and are initially measured at fair value.

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

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

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

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

Financial liabilities are derecognised when they are extinguished.

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

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

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

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

Share Incentive Plan ("SIP")
The Group has an incentive policy to encourage all members of staff to participate in the ownership and future prosperity of the Group. All employees can participate in the SIP following three months of service. Employees may contribute a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Parent Company (Partnership Shares). Partnership Shares are acquired monthly.

For the period ending 31 March 2020, for every Partnership Share purchased, the employee receives one matching share. All shares awarded under this scheme have been purchased in the market by the Trustees of the SIP.

On 1 April 2020, the Directors as part of the COVID-19 response to preserve cash and liquidity, suspended the matching option. This will continue until 31 March 2021.

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

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

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

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

As at the reporting date there were no share-based payments in issue.

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.

Dividends paid
Equity dividends are recognised when they become legally payable. There is no requirement to pay dividends unless approved by the shareholders by way of written resolution where there is sufficient cash to meet current liabilities, and without detriment of any financial covenants, if applicable.

3. Significant accounting policies (continued)

Financial assets and liabilities (continued)

Changes in accounting policies

IFRS 16 "Leases"

As outlined in note 2 above, the Group has adopted IFRS 16 "Leases" for the first time this period. This new standard was adopted on 1 April 2019. Under the transition method chosen, comparative information is not restated, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (1 April 2019) and recognised in the opening equity balances.

Details of the impact of adoption are given below.

IFRS 16 provides a single lessee accounting model by removing the IAS 17 classification of leases as either operating or finance leases. The standard introduces a single, on-balance sheet accounting model, which requires:

- recognition of a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which the Group is the lessee, except for short-term leases and leases of low value assets;
- recognition of a depreciation charge on the right-of-use asset on a straight-line basis over the shorter of the expected life of the asset and the lease term; and
- recognition of an interest charge arising from the unwinding of the discounted lease liability over the lease term.

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

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 28).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Reassessment of lease term by way of extension, exercising of break clause or termination will result in an adjustment to the carrying value of the lease liability to reflect the payments to make over the revised term.

The Group's leasing activities

The Group leases various offices, software and equipment that were recognised as right-of-use assets on the application of IFRS 16. The Group's lease contracts are typically made for fixed periods of 2 to 10 years and extension and termination options are included in a number of property and software leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

The extensions to leases are exercisable only by the Group and not by the respective lessor. Lease terms are negotiated on an individual basis and contain a wide range of different but comparable terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Prior to the implementation of IFRS 16, payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

The Group, as permitted under IFRS 16, has used the incremental borrowing rate, being the rate that the Group estimates that it would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

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

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

Transition method and practical expedients utilised

The Group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for prior year ending 31 March 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the accounts (continued)
year ended 31 March 2020

3. Significant accounting policies (continued)

Adjustments recognised on adoption of IFRS 16

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of property, software and hire of equipment, which had previously been classified as operating leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The incremental borrowing rates used by the Group to measure lease liabilities at 1 April 2019 are listed in the table below:

	Incremental borrowing rate
Leased property	3.23%
Hire of equipment	2.87%
Software licences	2.87%

In the context of transition to IFRS 16, right-of-use assets of £5,062,000 and lease liabilities of £5,366,000 were recognised as at 1 April 2019. Of these lease liabilities, £1,026,000 were due within one year and were captured within current liabilities in the statement of financial position. In addition, the Group has decided not to apply the new IFRS 16 guidance to leases whose lease term will end within 12 months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognised as an expense from short-term leases.

The following table reconciles the minimum lease commitments disclosed in the Group's 31 March 2019 annual financial statements to the amount of lease liabilities recognised on 1 April 2019:

	As at 1 April 2019 £'000
Operating lease commitments disclosed as at 31 March 2019	**7,214**
Less: Service & Maintenance element included within lease commitments	(997)
Adjusted operating lease commitments	**6,217**
Discounted using the lessee's incremental borrowing rate at the date of initial application	5,233
Add: finance lease liabilities recognised as at 1 April 2019	142
Less: short-term leases recognised on a straight-line basis as expense	(9)
Lease liability recognised as at 1 April 2019	**5,366**
Of which were due:	
Current lease liabilities	1,026
Non-current lease liabilities	4,340
	5,366

Details of the right-of-use assets and lease liabilities can be found in notes 20 and 29, respectively.

Judgements and estimates

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

- Following a review of all leases, the Group has opted to use single discount rates for leases with reasonably similar characteristics. The discount rates used, which are listed within the above disclosure, have had an impact on the right-of-use asset values, lease liabilities on initial recognition and lease finance costs included within the income statement.
- IFRS 16 defines a lease term as the non-cancellable period of a lease, together with the options to extend or terminate a lease, if the lessee is reasonably certain to exercise the lease options available at the time of reporting. Where a lease includes the option for the Group to extend the lease term, the Group has exercised the judgement, based on current information, that such leases will be extended to the full length available, and this is included in the calculation of the value of the right-of-use assets and lease liabilities on initial recognition and valuation at the reporting date.

4. Key sources of estimation uncertainty and judgements

COVID-19 – estimation and judgement

The COVID-19 pandemic is an unprecedented global event; therefore, it is somewhat difficult to predict certain outcomes, including future revenues and cash flows. The unpredictable nature of this pandemic carries a higher degree of uncertainty, but in preparing these financial statements, the Directors have used all available information and past experience in making estimates 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 17. The carrying amount of goodwill at the balance sheet date was £4.4 million (2019: £4.4 million) as shown in note 17.

Other intangible assets – judgement

Acquired client lists are capitalised based on current fair values. No acquisitions were made in the period to 31 March 2020. When the Group purchases client relationships from other corporate entities, a judgement is made as to whether the transaction should be accounted for as a business combination, or a separate purchase of intangible assets. In making this judgement, the Group assesses the acquiree against the definition of a business combination in IFRS 3. Payments to newly recruited Investment Managers are capitalised when they are judged to be made for the acquisition of client relationship intangibles. The useful lives are estimated by assessing the historic rates of client retention, the ages and succession plans of the Investment Managers who manage the clients and the contractual incentives of the Investment Managers. The Directors conduct a review of indicators of impairment and also consider a life of up to twenty years to be both appropriate and in line with peers.

IFRS 16 "Leases" – estimation and judgement

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

- Following a review of all leases, the Group has opted to use single discount rates for leases with reasonably similar characteristics. The discount rates used, which are listed within the above disclosure, have had an impact on the right-of-use asset values, lease liabilities on initial recognition and lease finance costs included within the income statement.
- IFRS 16 defines a lease term as the non-cancellable period of a lease, together with the options to extend or terminate a lease, if the lessee is reasonably certain to exercise the lease options available at the time of reporting. Where a lease includes the option for the Group to extend the lease term, the Group has exercised the judgement, based on current information, that such leases will be extended to the full length available, and this is included in the calculation of the value of the right-of-use assets and lease liabilities on initial recognition and valuation at the reporting date.

Short-Term Lending Administration – judgement

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

During the period, all contracts relating to Short-Term Lending Administration were novated to a new entity, Walker Crips Property Investment Limited (WCPIL), where the Group holds 33% investment. Future revenue from this division will be accounted via the equity accounting method.

Provision for dilapidations – estimation and judgement

The Group has made provisions for dilapidations under six leases for its offices. The Group did not enter into any new property leases in the period. During the year, £117,000 of additional provisions were recognised, including £41,000 of interest, giving a new provision at year-end of £659,000.

Notes to the accounts (continued)
year ended 31 March 2020

5. Revenue

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

	2020			2019		
	Broking income £'000	**Non-broking income £'000**	**Total £'000**	Broking income £'000	Non-broking income £'000	Total £'000
Stockbroking commission	**8,095**	**–**	**8,095**	8,667	–	8,667
Fees and other revenue[1]	**–**	**21,468**	**21,468**	–	20,022[3]	20,022
Investment Management	**8,095**	**21,468**	**29,563**	8,667	20,022	28,889
Wealth Management, Financial Planning & Pensions	**–**	**1,859**	**1,859**	–	1,769[3]	1,769
Revenue	**8,095**	**23,327**	**31,422**	8,667	21,791	30,458
Investment revenue (see note 11)	**–**	**76**	**76**	–	90[2]	90[2]
Total income	**8,095**	**23,403**	**31,498**	8,667	21,881	30,548
% of total income	**25.7**	**74.3**	**100.0**	28.4	71.6	100.0

1 Includes Investment Management, Structured Investments, Alternative Investments and SaaS.
2 Prior year adjusted to exclude finance costs of £3,000. See note 12 for finance costs.
3 During the period to March 2020, two teams transferred from Wealth Management to Investment Management and as a result, to make the comparison more meaningful, revenue of £832,000 was transferred from Wealth Management to Investment Management.

Timing of revenue recognition

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

2020	**Investment Management £'000**	**Wealth Management £'000**	**SaaS £'000**	**Consolidated year ended 31 March 2020 £'000**
Revenue from contracts with customers				
Products and services transferred at a point in time	**10,269**	**410**	**–**	**10,679**
Products and services transferred over time	**16,706**	**1,449**	**1**	**18,156**
Other revenue				
Products and services transferred at a point in time	**280**	**–**	**–**	**280**
Products and services transferred over time	**2,307**	**–**	**–**	**2,307**
	29,562	**1,859**	**1**	**31,422**

2019	Investment Management £'000	Wealth Management £'000	SaaS £'000	Consolidated year ended 31 March 2019 £'000
Revenue from contracts with customers				
Products and services transferred at a point in time	10,360	459	–	10,819
Products and services transferred over time[1]	16,309	1,250	–	17,559
Other revenue				
Products and services transferred at a point in time	234	60	–	294
Products and services transferred over time	1,786	–	–	1,786
	28,689	1,769	–	30,458

1 During the period to March 2020, two business segments were transferred from Wealth Management to Investment Management and as a result, to make the comparison more meaningful, revenue from contracts with customers of £832,000 was transferred from Wealth Management to Investment Management.

	Contract assets 2020 £'000	Contract assets 2019 £'000	Contract liabilities 2020 £'000	Contract liabilities 2019 £'000
Brought forward	**4,623**	4,005	**(4)**	(3)
Amounts included in contract liabilities that were recognised as revenue during the period	**–**	–	**4**	3
Settlement of contract assets brought forward	**(4,623)**	(4,005)	**–**	–
Cash received in advance of performance and not recognised as revenue during the period	**–**	–	**(3)**	(4)
Amounts included in contract assets that were recognised as revenue during the period	**4,907**	4,623	**–**	–
At 31 March	**4,907**	4,623	**(3)**	(4)

6. Segmental analysis

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

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

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

EnOC Technologies Limited (SaaS) provides the regulatory and admin software, Software as a Service, to regulated companies including all WCG's regulated entities. Fees payable by subsidiary companies to EnOC Technologies Limited have been eliminated on consolidation. These companies are the basis on which the Group reports its primary segment information.

Revenues between Group entities, and in turn reportable segments, are excluded from the below analysis as part of the consolidation journals to cancel intercompany transactions and balances.

2020	**Investment Management £'000**	**Wealth Management £'000**	**SaaS £'000**	**Consolidated year ended 31 March 2020 £'000**
Revenue				
Revenue from contracts with customers	**26,975**	**1,859**	**1**	**28,835**
Other revenue	**2,587**	**–**	**–**	**2,587**
Total revenue	**29,562**	**1,859**	**1**	**31,422**
Results				
Segment result	**2,034**	**42**	**(29)**	**2,047**
Unallocated corporate expenses				**(955)**
				1,092
Investment revenue				**76**
Finance costs				**(205)**
Profit before tax				**963**
Tax				**(245)**
Profit after tax				**718**

Notes to the accounts (continued)
year ended 31 March 2020

6. Segmental analysis (continued)

2020	Investment Management £'000	Wealth Management £'000	SaaS £'000	Consolidated year ended 31 March 2020 £'000
Other information				
Capital additions	**444**	**14**	**109**	**567**
Depreciation	**520**	**70**	**13**	**603**
Statement of financial positions				
Assets				
Segment assets	**42,473**	**964**	**159**	**43,596**
Unallocated corporate expenses				**7,998**
Consolidated total assets				**51,594**
Liabilities				
Segment liabilities	**23,805**	**502**	**216**	**24,523**
Unallocated corporate liabilities				**4,427**
Consolidated total liabilities				**28,950**

2019	Investment Management £'000	Wealth Management £'000	SaaS £'000	Consolidated year ended 31 March 2019 £'000
Revenue				
Revenue from contracts with customers[1]	26,669	1,709	–	28,378
Other revenue	2,020	60	–	2,080
Total revenue	28,689	1,769	–	30,458
Results				
Segment result	1,223	138	–	1,361
Unallocated corporate expenses				(959)
				402
Investment revenue				90
Finance costs				(3)
Profit before tax				489
Tax				(156)
Profit after tax				333

2019	Investment Management £'000	Wealth Management £'000	SaaS £'000	Consolidated year ended 31 March 2019 £'000
Other information				
Capital additions	318	93	–	411
Depreciation	522	71	–	593
Statement of financial positions				
Assets				
Segment assets	50,823	2,601	–	53,424
Unallocated corporate expenses				4,547
Consolidated total assets				58,975
Liabilities				
Segment liabilities	35,072	774	–	35,846
Unallocated corporate liabilities				404
Consolidated total liabilities				36,250

1 During the period to March 2020, two business segments were transferred from Wealth Management to Investment Management and as a result, to make the comparison more meaningful, revenue from contracts with customers of £832,000, Segment result of £210,000 and Segment assets of £125,000 were transferred from Wealth Management to Investment Management.

7. Commissions and fees paid

Commissions and fees paid comprises:

	2020 £'000	2019 £'000
To authorised external agents	**65**	25
To approved persons	**9,706**	9,648
	9,771	9,673

Notes to the accounts (continued)
year ended 31 March 2020

8. Investment in joint venture and associate

Associate

The Group has a 33% (2019: nil) interest in an associate, Walker Crips Property Income Limited ("WCPIL"), a separate structured vehicle incorporated and operating in the United Kingdom.

The contractual arrangement provides the Group with only the rights to the net assets with the rights to the assets and obligation for liabilities resting primarily with WCPIL.

This investment has not been recognised as associate in the consolidated financial statements of the Group for the period ending 31 March 2020, since the related results were not material for the Group.

Joint venture

In the prior year, the Group had a 50% interest in a joint venture, JWPCreers Wealth Management Limited, a regulated financial services company. The primary activity of JWPCreers Wealth Management Limited was to provide financial advice to the clients of JWPCreers LLP (a firm of accountants), who held the other 50% interest in the joint venture. The contractual arrangement provided 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 was classified as a joint venture and was included in the consolidated financial statements using the equity method.

On 1 April 2019, Walker Crips Wealth Management Limited, a 100% owned subsidiary of the Group, increased its shareholding in JWPCreers Wealth Management Limited from 50% to 100%. In the previous financial year to 31 March 2019, this entity was a joint venture. On 2 April 2019, the entity changed its name to Walker Crips Ventures Limited.

As part of the purchase agreement, prior to the increase in shareholding, and on 1 April 2019, a dividend payment of £22,000 was paid to "A" shareholders of the joint venture, being the joint venture partner only. This saw the net assets of the joint venture decrease by £22,000 on 1 April 2019, just prior to the acquisition by WCWM on the same day. The Group's share of the decrease in net assets of half this amount is reflected in the consolidated income statement as an £11,000 share of change in net assets of the joint venture. Given the above there are no financial figures at 31 March 2020 since WCV is a subsidiary of the Group. Thus n/a is shown below.

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

As at 31 March	**2020 £'000**	2019 £'000
Current assets	**n/a**	100
Non-current assets	**n/a**	–
Current liabilities	**n/a**	(12)
Non-current liabilities	**n/a**	–
Included in the above amounts are:		
Cash and cash equivalents	**n/a**	90
Current financial liabilities (excluding trade payables)	**n/a**	(6)
Non-current financial liabilities (excluding trade payables)	**n/a**	–
Net assets (100%)	**n/a**	88
Group share of net assets (50%)	**n/a**	44
Period ending 31 March		
Revenue	**n/a**	84
Profit before tax	**n/a**	28
Profit after tax	**n/a**	23
Tax expense	**n/a**	5
Total consolidated income	**n/a**	
Total consolidated income (100%)	**n/a**	28
Group share of total consolidated income (50%)	**n/a**	14
Dividends received by Group from joint venture	**n/a**	–
Included in the above amounts are:	**n/a**	–
Depreciation and amortisation	**n/a**	–
Interest income	**n/a**	–
Interest expense	**n/a**	–
Income tax expense (income)	**n/a**	–

9. Profit for the year

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

	Note	2020 £'000	2019 £'000
Depreciation of property, plant and equipment	19	**590**	593
Depreciation of right-of-use assets	20	**867**	–
Amortisation of intangibles	18	**609**	558
Staff costs	13	**13,268**	12,680
Recharge of staff costs		**(581)**	(521)
Settlement costs		**1,049**	1,012
Communications		**1,474**	1,264
Computer expenses		**642**	738
Other expenses		**2,785**	2,452
Auditor's remuneration		**220**	315
Lease payment		**–**	1,274
		20,923	20,365

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

	2020		2019	
	£'000	**%**	£'000	%
Audit services				
Fees payable to the Company's auditor for the audit of its annual accounts	**60**	**27**	51	16
The audit of the Company's subsidiaries pursuant to legislation – current year	**145**	**66**	125	40
The audit of the Company's subsidiaries pursuant to legislation – prior year	**–**	**–**	125	40
Non-audit services				
FCA client assets reporting	**12**	**6**	12	3
Interim review	**3**	**1**	2	1
	220	**100**	315	100

10. Exceptional items

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

	2020 £'000	2019 £'000
Changes in the value of deferred consideration	**(166)**	(102)
Transaction cost in relation to a launch of a public issuance	**–**	134
Insurance recovery of historical claim against the Group	**(209)**	–
	(375)	32

In the period to 31 March 2020, the Group received £209,000 in respect of a disputed insurance recovery. This related to a historic claim expensed in prior periods that was resolved in the current period, following arbitration proceedings. In addition, cash consideration payable for acquired client relationships was re-assessed based on actual values and accordingly, an exceptional credit has been recorded in the year representing the reversal of an over-estimation of £166,000.

During the period to 31 March 2019, cash consideration payable on acquisition of client relationships was re-assessed based on the actual values and accordingly, an exceptional credit, being exceptional in nature and size, was recorded representing the reversal of an over-estimation of £102,000 of such consideration.

Also, during the period to 31 March 2019, a further £134,000 provision was made to cover the costs of delayed launch of a listed bond in connection with the Group's short-term lending facility business. The bond has not been launched to date, therefore Directors believe it is prudent to retain the provision until all matters relating to the launch have been resolved.

Notes to the accounts (continued)
year ended 31 March 2020

11. Investment revenues

Investment revenue comprises:

	2020 £'000	2019 £'000
Interest on bank deposits/fixed income securities	**59**	67
Dividends from equity investment	**17**	23
	76	90

12. Finance costs

Finance costs comprises:

	2020 £'000	2019 £'000
Interest on lease liabilities	**(157)**	–
Interest on dilapidation provisions	**(41)**	–
Interest on overdue liabilities	**(7)**	(3)
Net investment revenue	**(205)**	(3)

13. Staff costs

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

	2020 £'000	2019 £'000
Wages and salaries	**10,909**	10,390
Social security costs	**1,182**	1,126
Share incentive plan	**239**	209
Other employment costs	**938**	955
	13,268	12,680

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 7. At the end of the year there were 44 self-employed account executives who were approved persons of the Group (2019: 49). Please see page 34 for details of Directors' remuneration.

The average number of staff employed during the year was:

	2020 Number	2019 Number
Executive Directors	**2**	3
Certification and approved staff	**60**	58
Other staff	**156**	157
	218	218

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

14. Taxation

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

	2020 £'000	2019 £'000
UK corporation tax at 19% (2019: 19%)	**328**	189
Prior year adjustments	**(16)**	(6)
Origination and reversal of timing differences during the current period	**(67)**	(35)
Adjustment to the estimated recoverable amount of deferred tax	**–**	8
	245	156

Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year.

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

	2020 £'000	2019 £'000
Profit before tax	**963**	489
Tax on profit on ordinary activities at the standard rate UK corporation tax rate of 19% (2019: 19%)	**183**	93
Effects of:		
Tax rate changes for deferred tax	**(15)**	3
Expenses not deductible for tax purposes	**7**	3
Prior year adjustment	**(1)**	3
Fixed asset differences	**74**	58
Non-taxable income	**–**	(4)
Other	**(3)**	–
	245	156

Current tax has been provided at the rate of 19%. A further reduction in the rate of corporation tax to 17% was due to come into effect from April 2020, however this planned reduction was cancelled in March 2020 and on 17 March 2020 the 19% rate was again substantively enacted. Deferred tax has been provided at 19% (2019: 17%).

The exceptional credit of £375,000 (2019: cost of £32,000), disclosed separately on the consolidated income statement, is tax chargeable to the value of £71,250 (2019: tax deductible £6,000) of corporation tax. Classifying these credits/costs as exceptional has no effect on the tax liability.

15. Dividends

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

	2020 £'000	2019 £'000
Final dividend for the year ended 31 March 2019 of 0.33p (2018: 1.29p) per share	**142**	549
Interim dividend for the year ended 31 March 2020 of 0.60p (2019: 0.58p) per share	**254**	247
	396	796
Proposed final dividend for the year ended 31 March 2020 of 0.00p (2019: 0.33p) per share	**–**	142

Subject to approval by shareholders at the Annual General Meeting held in September, the Directors do not propose to pay a final dividend this year.

Notes to the accounts (continued)
year ended 31 March 2020

16. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £718,000 (2019: £333,000) and on 42,577,328 (2019: 42,509,997) Ordinary Shares of 6 2/3 pence, being the weighted average number of Ordinary Shares in issue during the year.

No dilution to earnings per share in the current year or in the prior year.

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

	2020 £'000	2019 £'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the Parent	**718**	333
Earnings for the purposes of diluted earnings per share	**718**	333

Number of shares

	2020 Number	2019 Number
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**42,577,328**	42,509,997
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**42,577,328**	42,509,997

This produced basic earnings per share of 1.69 pence (2019: 0.78 pence) and diluted earnings per share of 1.69 pence (2019: 0.78 pence).

17. Goodwill

	£'000
Cost	
At 1 April 2018	7,056
At 1 April 2019	7,056
At 31 March 2020	**7,056**
Accumulated impairment	
At 1 April 2018	2,668
At 1 April 2019	2,668
Impaired during the year	–
At 31 March 2020	**2,668**
Carrying amount	
At 31 March 2020	**4,388**
At 31 March 2019	4,388

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

	2020 £'000	2019 £'000
London York Fund Managers Limited CGU (London York)	**2,901**	2,901
Barker Poland Asset Management LLP CGU (BPAM)	**1,487**	1,487
	4,388	4,388

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

The London York computation was based on discounted five-year cash flow projections and terminal values. The key assumptions for these calculations are a pre-tax discount rate of 12%, terminal growth rates of 1.75% and the expected changes to revenues and costs during the five-year projection period based on discussions with senior Management, past experience, future expectations in light of anticipated market and economic conditions, comparisons with our peers and widely available economic and market forecasts. The pre-tax discount rate is determined by Management based on current market assessments of the time value of money and risks specific to the London York CGU. The base value-in-use cash flows were stress tested for an increase in discount rates to 16% and a 20% fall in net inflows resulting in no impairment.

The discount rate would need to increase to 27.6% for the London York CGU value in use to equal the respective carrying values. Revenues would need to fall by £456,000 per annum in present value terms for the London York CGU value in use to equal the respective carrying values.

The BPAM CGU recoverable amount was assessed, in accordance with IAS 36, by adopting the higher method of the fair value less cost of disposal to determine the recoverable amount (as opposed to the lower value in use). The recoverable amount at the year-end calculated for the BPAM CGU, determined by the fair value less cost of disposal, exceeded that produced by the value-in-use calculation. The fair value less cost of disposal amounted to £4.7 million (2019: £4.9 million) with headroom, after selling costs, of £0.9 million after applying price earnings multiples based on the average of the Group's and its peers' published results. Accordingly, this measurement is classified as fair value hierarchy Level 3 being directly based on observable market data. A 20% decrease in BPAM's profit after tax would result in potential impairment of £136,000. Profit before tax would have to drop by £60,000 per annum before an impairment is required.

The impairment assessment of both CGUs gives due consideration to the implications of COVID-19 and has been assessed in line with Group's going concern assessment, therefore after careful consideration, Management has concluded that there is no impairment to goodwill.

18. Other intangible assets

	Unit trust management contracts £'000	Software licences £'000	Client lists £'000	Total £'000
Cost				
At 1 April 2018	240	44	10,531	10,815
Disposal of fully depreciated intangible assets	(240)	–	–	(240)
Additions in the year	–	–	(7)	(7)
At 1 April 2019	–	44	10,524	10,568
Disposal of fully depreciated intangible assets	–	–	–	–
Additions in the year	–	–	48	48
At 31 March 2020	**–**	**44**	**10,572**	**10,616**
Amortisation				
At 1 April 2018	240	7	2,741	2,988
Eliminated on disposal of fully depreciated intangible assets	(240)	–	–	(240)
Charge for the year	–	9	549	558
At 1 April 2019	–	16	3,290	3,306
Charge for the year	–	9	600	609
At 31 March 2020	**–**	**25**	**3,890**	**3,915**
Carrying amount				
At 31 March 2020	**–**	**19**	**6,682**	**6,701**
At 31 March 2019	–	28	7,234	7,262

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

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year ended 31 March 2020

19. Property, plant and equipment

Owned fixed assets	Leasehold improvements, furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
At 1 April 2018	2,765	2,355	1,312	6,432
Disposal of fully depreciated assets	(182)	–	–	(182)
Additions	151	213	47	411
At 1 April 2019	2,734	2,568	1,359	6,661
Re-classification of initial software build costs to software lease liabilities	–	(58)	–	(58)
Additions	99	283	76	458
At 31 March 2020	**2,833**	**2,793**	**1,435**	**7,061**
Accumulated depreciation				
At 1 April 2018	762	1,882	1,082	3,726
Eliminated on disposal of fully depreciated assets	(178)	–	–	(178)
Charge for the year	296	160	137	593
At 1 April 2019	880	2,042	1,219	4,141
Charge for the year	183	265	148	596
Re-classification of depreciation charge on IFRS 16 re-classified assets	–	(6)	–	(6)
At 31 March 2020	**1,063**	**2,301**	**1,367**	**4,731**
Carrying amount				
At 31 March 2020	**1,770**	**492**	**68**	**2,330**
At 31 March 2019	1,854	526	140	2,520

20. Right-of-use assets

Right-of-use assets held under leasing arrangements under IFRS 16	Offices £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
Recognised on adoption of IFRS 16 on 1 April 2019	4,601	366	95	5,062
Lease reassessment	–	25	–	25
Additions	–	142	–	142
At 31 March 2020	**4,601**	**533**	**95**	**5,229**
Accumulated depreciation				
1 April 2019	–	–	–	–
Charge for the year	660	187	20	867
At 31 March 2020	**660**	**187**	**20**	**867**
Carrying amount				
At 31 March 2020	**3,941**	**346**	**75**	**4,362**
At 31 March 2019	–	–	–	–

21. Investments

Non-current asset investments

	Investments at fair value through profit or loss £'000	Total £'000
At 31 March 2019	51	51
At 31 March 2020	**51**	**51**

The Group's investments include £11,000 of life policies and £40,000 unregulated collective investment scheme ("UCIS") investments held in relation to a number of customer complaints.

Current asset investments

	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Trading investments		
Investments – fair value through profit or loss	**638**	1,005

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2020				
Financial assets held at fair value through profit and loss	**638**	**–**	**51**	**689**
At 31 March 2019				
Financial assets held at fair value through profit and loss	1,005	–	51	1,056

Further IFRS 13 disclosures have not been presented here as the balance represents 1.336% (2019: 1.822%) of total assets. There were no transfers of investments between any of the Levels of hierarchy during the year.

22. Trade and other receivables

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges at amortised cost	**16,184**	27,030
Other debtors at amortised cost	**2,380**	3,063
Prepayments and accrued income	**5,951**	5,692
	24,515	35,785

Notes to the accounts (continued)
year ended 31 March 2020

23. Cash and cash equivalents at amortised cost

	2020 £'000	2019 £'000
Short-term cash deposits held at bank, repayable on demand with penalty	–	3,250
Cash deposits held at bank, repayable on demand without penalty	**8,609**	3,666
	8,609	6,916

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 2020 was £305,300,000 (2019: £300,600,000).

The credit quality of banks holding the Group's cash at 31 March 2020 is analysed below with reference to credit ratings awarded by Fitch.

	2020 £'000	2019 £'000
A+	**5,221**	2,659
A	**1,829**	1,122
AA-	**–**	3,135
A-	**1,558**	–
Unrated or held in cash	**1**	–
	8,609	6,916

24. Deferred tax liability

	Capital allowances £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2018	23	(364)	(341)
Use of loss brought forward	–	37	37
Debit to the income statement	(10)	(3)	(13)
At 1 April 2019	13	(330)	(317)
Use of loss brought forward	–	78	78
(Debit)/credit to the income statement	(78)	67	(11)
Debit to the statement of comprehensive income	–	(85)	(85)
At 31 March 2020	**(65)**	**(270)**	**(335)**

A further reduction in the rate of corporation tax to 17% was due to come into effect from April 2020, however this planned reduction was cancelled in March 2020 and on 17 March 2020 the 19% rate was again substantively enacted. Deferred tax has been provided at 19% (2019: 17%).

25. Bank overdrafts at amortised cost

	2020 £'000	2019 £'000
Bank overdrafts	**–**	(127)

26. Financial instruments and risk profile

Financial risk management

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

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

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

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

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

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

(i) Credit risk management practices

The Group's credit risk is the risk of loss through default by a counterparty and, accordingly, the Group's definition of default is primarily attributable to its trade receivables or pledged collateral which is the risk that a client, market counterparty or recognised stock exchange will be unable to pay amounts to settle a trade in full when due. Other credit risks, such as free delivery of securities or cash, are not deemed to be significant. Significant changes in the economy or a particular sector could result in losses that are different from those that the Group has provided for at the year-end date.

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

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

Trade receivables (includes settlement balances)

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

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

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

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

Notes to the accounts (continued)
year ended 31 March 2020

26. Financial instruments and risk profile (continued)
Financial risk management (continued)
(i) Credit risk management practices (continued)
Maximum exposure to credit risk:

	2020 £'000	2019 £'000
Cash	**8,609**	6,916
Trade receivables	**16,184**	27,030
Other debtors	**2,380**	3,063
Accrued income	**56**	23
	27,229	37,032

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

At 31 March 2020	Current £'000	0 – 1 month £'000	2 – 3 months £'000	Over 3 months £'000	Carrying value £'000
Trade receivable	**14,559**	**1,547**	**60**	**18**	**16,184**
Cash and cash equivalent	**8,609**	**–**	**–**	**–**	**8,609**
Other debtors	**2,265**	**134**	**–**	**37**	**2,436**
	25,443	**1,681**	**60**	**55**	**27,229**

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

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

As noted in principal risks on page 16, the Group undertakes a daily assessment of credit risk which includes monitoring of client and counterparty exposure and credit limits. New clients are individually assessed for their credit worthiness using external ratings where available and all institutional relationships are monitored at regular intervals.

As at 31 March 2020, the Directors of the Company reviewed and assessed the Group's existing assets for impairment using the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets and no additional impairments have been recognised. No material defaults are anticipated.

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

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

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

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

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

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

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

2020	Less than 1 year £'000	Total £'000
Trade and other payables	**22,750**	**22,750**
	22,750	**22,750**
2019		
Bank overdrafts	127	127
Trade and other payables	34,095	34,095
	34,222	34,222

Future contracted undiscounted cash flows for deferred cash consideration amount to £15,000, and are shown in long-term liabilities.

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

Fair value of financial instruments
The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as they have been revalued at 31 March 2020 using closing market prices.

A 10% fall in global equity markets would, in isolation, result in a pre-tax decrease to net assets of £63,800 (2019: £100,500). 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.

27. Trade and other payables

	2020 £'000	2019 £'000
Amounts owed to clients, brokers and recognised stock exchanges	**15,167**	25,781
Other creditors	**3,548**	4,021
Contract liability	**3**	4
Accrued expenses	**4,032**	4,289
	22,750	34,095

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 ten days (2019: thirteen days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the accounts (continued)
year ended 31 March 2020

28. Provisions

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

	2020 Claims / complaints £'000	2020 Dilapidations £'000	Total £'000
At start of year	484	542	1,026
Additions	1	117	118
Utilisation of provision	(258)	–	(258)
Unused amounts reversed during the year	(49)	–	(49)
	178	659	837

Claims/complaints

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

Dilapidations

The Group, based on revised estimates, has made an additional provision of £117,000 for dilapidations in connection with acquired leasehold premises (2019: nil). These costs are expected to arise at the end of each respective lease. Provisions for dilapidations payable on leases after more than one year amounted to £659,000.

The Group has six leased properties, all of which have contractual dilapidation requirements. The dilapidation provisions in relation to these leases range from net present values as at the year-end of £10,000 to £528,000 per lease.

29. Lease liabilities

Lease liabilities	Offices £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
Recognised on adoption of IFRS 16 on 1 April 2019	4,916	362	88	5,366
Additions	–	142	–	142
Adjustments*	–	25	–	25
Interest	147	8	2	157
Lease payments	(854)	(231)	(16)	(1,101)
At 31 March 2020	4,209	306	74	4,589

* Adjustments relates to new services added to existing leases recognised on 1 April 2019.

Lease liabilities profile (statement of financial position)	2020 £'000	2019 £'000
Amounts due within one year	969	–
Amounts due after more than one year	3,620	–
	4,589	–

Undiscounted lease maturity analysis	2020 £'000	2019 £'000
Within one year	1,099	–
Between one and two years	942	–
Between two and five years	2,643	–
Over five years	1,496	–
Total undiscounted lease liabilities	6,180	–

30. Called-up share capital

	2020 £'000	2019 £'000
Called-up, allotted and fully paid		
43,327,328 (2019: 43,327,328) Ordinary Shares of 6⅔p each	**2,888**	2,888

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

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

The following movements in share capital occurred during the year:

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April 2018	42,917,730	2,861	3,674	6,535
Shares issued to personnel	409,598	27	89	116
At 1 April 2019	43,327,328	2,888	3,763	6,651
At 31 March 2020	**43,327,328**	**2,888**	**3,763**	**6,651**

The Group's capital is defined for accounting purposes as total equity. As at 31 March 2020, this totalled £22,644,000 (2019: £21,721,000). The increase during the year was attributable to the impact of adopting IFRS 16 on 1 April 2019, profit for the year less dividends paid.

The Group's objectives when managing capital are to:

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

Walker Crips Group plc is classified for capital purposes as an investment management group and performs an Internal Capital Adequacy Assessment Process ("ICAAP"), which is presented to the FCA on request. Regulatory capital resources for ICAAP purposes are calculated in accordance with published rules. These require certain adjustments to and certain deductions from accounting capital, the latter largely in respect of intangible assets. The ICAAP compares regulatory capital resources against regulatory capital requirements derived using the FCA's Pillar 1 and Pillar 2 methodology.

The Group has adopted the standardised approach to calculating its Pillar 1 credit risk component and the basic indicator approach to calculating its operational risk component. Capital management policy and practices are applied at both Group and entity level.

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

Regulatory capital

No breaches were reported to the FCA during the financial years ended 31 March 2019 and 2020.

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

31. Reserves

Apart from share capital and share premium, the Group holds reserves at 31 March 2020 under the following categories:

Own shares held	(£312,000) (2019: (£312,000))	– the negative balance of the Group's own shares, which have been bought back and held in treasury.
Retained earnings	£11,582,000 (2019: £10,659,000)	– the net cumulative earnings of the Group, which have not paid out as dividends, retained to be reinvested in our core, or developing, companies.
Other reserves	£4,723,000 (2019: £4,723,000)	– the cumulative premium on the issue of shares as deferred consideration for corporate acquisitions.

Notes to the accounts (continued)
year ended 31 March 2020

32. Cash generated/(used) by operations

	2020 £'000	2019 £'000
Operating profit for the year	**1,092**	402
Adjustments for:		
Amortisation of intangibles	**609**	558
Changes in the fair value of deferred consideration	**(166)**	(102)
Loss on sale of tangible fixed asset	**–**	4
Net change in fair value of financial instruments at fair value through profit or loss*	**367**	91
Share of change in net assets of joint venture	**11**	(14)
Depreciation of property, plant and equipment	**590**	593
Depreciation of right-of-use assets	**867**	–
Decrease in debtors**	**11,044**	1,642
Decrease in creditors**	**(10,884)**	(3,805)
Change in working capital as a result of net effects of acquiring a subsidiary and disposal of a joint venture		
Derecognition of joint venture asset now fully acquired	**(44)**	–
Trade and other payables	**(12)**	–
Trade and other receivables	**9**	–
Net cash inflow / (outflow)	**3,483**	**(631)**

* Mark to market loss on year end positions reflecting market declines in March 2020.

** £160,000 cash inflow from working capital movement (prior year, an outflow of £2,163,000).

33. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £ nil (2019: £ nil) contracted but not provided for and £ nil (2019: £ nil) capital commitments authorised but not contracted for.

Lease commitments

Prior to 1 April 2019, all Group leases were classified as operating leases. The future aggregate minimum lease payments under non-cancellable operating leases prior to the implementation of IFRS 16 were:

	2019 £'000
Within one year	1,445
Within two to five years	3,742
More than five years	2,027

34. Related parties

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

	2020 £'000	2019 £'000
Commission and fees received from Directors and their close family members	**14**	10

Other related parties include Charles Russell Speechlys, of which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year (including the fees paid to the firm for Mr. Wright's services as Director) was £84,000 (2019: £181,000), including administrative expenses or other receivables if the costs are reimbursable.

Commission of £4,746 (2019: £3,354) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore, where H. M. Lim is a Director), again all on standard commercial terms, both these items being included in revenue. Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are accordingly not disclosed. Remuneration of the Directors who are the key Management personnel of the Group are disclosed in the table opposite.

	2020 £'000	2019 £'000
Key Management personnel compensation		
Short-term employee benefits	**446**	590
Post-employment benefits	**34**	45
Termination benefits	**–**	86
Share-based payment	**7**	9
	487	730

35. Effect of changes in accounting policies

Impact on financial statements on adoption

Right-of use assets were initially measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The following illustrates the impact on the income statement on the adoption of IFRS 16:

	31 March 2020 as reported £'000	Rents £'000	Finance costs £'000	Depreciation £'000	Other adjustments £'000	31 March 2020 under IAS 17 £'000
Revenue	**31,422**	–	–	–	–	**31,422**
Commission and fees paid	**(9,771)**	–	–	–	–	**(9,771)**
Share of after tax profit from joint venture	**(11)**	–	–	–	–	**(11)**
Gross profit	**21,640**	–	–	–	–	**21,640**
Administrative expenses	**(20,923)**	(855)	–	861*	19**	**(20,898)**
Exceptional items	**375**	–	–	–	–	**375**
Operating profit	**1,092**	(855)	–	861	19	**1,117**
Investment revenue	**76**	–	–	–	–	**76**
Finance costs	**(205)**	–	157	–	–	**(48)**
Profit before tax	**963**	(855)	157	861	19	**1,145**
Taxation	**(245)**	–	–	–	–	**(245)**
Profit for the period attributable to equity holders of the Parent Company	**718**	(855)	157	861	19	**900**

* This depreciation is the net effect of the depreciation charges relating to the new right-of-use assets and the existing depreciation treatment of items adjusted for as a result of the application of IFRS 16.
** This adjustment relates to the revised treatment of irrecoverable VAT on certain rental invoices as a result of the application of IFRS 16.

The recognised right-of-use assets split between asset classes on 1 April 2019 and 31 March 2020 can be seen in note 20.

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

- Right-of-use assets – increase by £5,062,000;
- Prepayments – decrease by £239,000 regarding rental prepayments;
- Accrued expenses – decrease by £621,000 regarding the rent-free period;
- Current liabilities – decrease by £63,000 regarding the landlord contribution;
- Non-current lease liabilities – decrease by £460,000 regarding the landlord contribution;
- Current liabilities – increase by £1,026,000 regarding lease liabilities within one year;
- Non-current lease liabilities – increase by £4,340,000 regarding lease liabilities after one year.

The net impact on retained earnings on 1 April 2019 was an increase of £601,000.

Notes to the accounts (continued)
year ended 31 March 2020

35. Effect of changes in accounting policies (continued)

Impact on financial statements on adoption (continued)

The table below presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	As at 1 April 2019 £'000
Right-of-use assets on 1 April 2019 (based on lease liabilities)	5,366
Adjustments:	
Derecognition of landlord contribution	(523)
Reclassification of prepaid expenses	219
Total right-of-use assets on 1 April 2019 after all adjustments	**5,062**

	As at 1 April 2019 £'000
Irrecoverable VAT reversal of prepayments	(20)
Reduction in accrued expenses (derecognition of rent-free period)	621
Net increase in retained earnings	**601**

Included in profit or loss for the period are £867,000 of depreciation of right-of-use assets and £157,000 of finance expenses on lease liabilities. The Group did not classify any leases as low value leases.

The lease liabilities outstanding as at 31 March 2020 are disclosed in note 29.

36. Contingent liability

Occasionally the Group receives complaints that are considered without merit, but the final outcome sometimes falls outside the Group's control. Where such claims are not covered by the Group's indemnity insurance, for example due to an excess or coverage dispute, a contingent liability arises. However, where in the view of the Directors a negative outcome is considered to be remote no disclosure has been made in these financial statements.

37. Subsequent events

There are no material events arising after 31 March 2020 which have an impact on these financial statements.

COVID-19 is a significant in-year event, the impact of which is likely to be felt for an unquantifiable number of months or even years. The Investment and Wealth Management market in which the Group operates is a resilient market with a good track record of early recovery. However, the Group has considered the immediate consequences and ramifications of the pandemic and, accordingly, has already taken some early steps to protect the Group, our client service and our employees.

Business Continuity Plans are in place across the Group's operating segments, with measures to manage and continue client service, operational efficiency and staff welfare whilst a significant portion of our staff continue to work remotely from home. We continue to review this approach on a daily basis in line with Government guidance.

38. Long-term liabilities – deferred cash consideration

	2020 £'000	2019 £'000
Amounts due to personnel under recruitment contracts/acquisition agreements	**15**	47

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 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Other intangible assets	43	**3,556**	3,879
Property, plant and equipment	42	**1,420**	1,556
Investments measured at cost less impairment	44	**17,425**	17,425
		22,401	22,860
Current assets			
Trade and other receivables	45	**737**	770
Deferred tax asset	46	**179**	224
Cash and cash equivalents		**141**	269
		1,057	1,263
Total assets		**23,458**	24,123
Current liabilities			
Trade and other payables	47	**(2,363)**	(2,314)
		(2,363)	(2,314)
Net current liabilities		**(1,306)**	(1,051)
Long-term liabilities			
Deferred cash consideration	50	**(15)**	(47)
Dilapidation provision	50	**(554)**	(450)
Landlord contribution to leasehold improvements	50	**(398)**	(460)
		(967)	(957)
Net assets		**20,128**	20,852
Equity			
Share capital	49	**2,888**	2,888
Share premium account	49	**3,763**	3,763
Own shares	49	**(312)**	(312)
Retained earnings	49	**9,066**	9,790
Other reserves	49	**4,723**	4,723
Equity attributable to equity holders of the Parent Company		**20,128**	20,852

As permitted by section 408 of the Companies Act 2006 the Parent Company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported a loss for the financial year of £328,000 (2019: profit of £1,690,000).

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 2020.

Signed on behalf of the Board of Directors:

S. S. Dandeniya FCCA
Director
31 July 2020

Company statement of changes in equity
year ended 31 March 2020

	Called up share capital £'000	Share premium account £'000	Own shares held £'000	Other £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2018	2,861	3,674	(312)	4,668	8,896	19,787
Total comprehensive income for the period	–	–	–	–	1,690	1,690
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(796)	(796)
Issue of shares on acquisition of intangibles and as deferred consideration	27	89	–	55	–	171
Total contributions by and distributions to owners	27	89	–	55	(796)	(625)
Equity as at 31 March 2019	2,888	3,763	(312)	4,723	9,790	20,852
Total comprehensive income for the period	–	–	–	–	(328)	(328)
Contributions by and distributions to owners						
Dividends paid	–	–	–	–	(396)	(396)
Total contributions by and distributions to owners	–	–	–	–	(396)	(396)
Equity as at 31 March 2020	**2,888**	**3,763**	**(312)**	**4,723**	**9,066**	**20,128**

Notes to the Company accounts
year ended 31 March 2020

39. Significant accounting policies
The separate financial statements of Walker Crips Group plc, the Parent Company, are presented as required by the Companies Act 2006.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Parent Company's accounting policies (see note 40).

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

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

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

Computer hardware	33⅓% per annum on cost
Computer software	between 20% and 33⅓% per annum on cost
Leasehold improvements	over the term of the lease
Furniture and equipment	33⅓% per annum on cost

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

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

Intangible assets classified as client lists are recognised when acquired as part of a business combination or when separate payments are made to acquire clients' assets by adding teams of Investment Managers.

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

During the year, a review of the Company's intangible assets resulted in the revision of the UEL of an acquired client list. The Truro client list, which had an estimated UEL of 16.25 years as at 31 March 2019, was revised to 11.25 years. As it was a change in accounting estimate, this revision and the resultant change in annual amortisation for this intangible asset was applied prospectively, beginning with a new annual amortisation charge for this asset in the current financial year.

The revised amortisation charge in respect of this intangible asset was £143,000 in the current year and the annual charge expected for the remaining UEL of the asset. The charge in prior year was £99,000.

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

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

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

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

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

Notes to the Company accounts (continued)

year ended 31 March 2020

39. Significant accounting policies (continued)

Own shares held

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

Financial instruments

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

Revenue

Income consists of interest received or accrued over time and dividend income recorded when received.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The fair valuation of the Parent Company's basic financial instrument investments is based upon the underlying market price and volatility which may be subject to fluctuation from year to year (see note 44 for further information).

Debtors

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

Cash and cash equivalents

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company after deducting all of its liabilities. Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs.

Share-based payments

The Parent Company makes share-based payments to certain self-employed account executives of a subsidiary within the Group; the share-based payment is accounted for as an intangible in the respective subsidiary.

As at the reporting date there were no share-based payments in issue.

Shares to be issued

Shares to be issued represent the Parent Company's best estimate of the Ordinary Shares in the Parent Company which are likely to be issued following business combinations or the acquisition of client relationships which involve deferred payments in the Parent Company's shares. Where shares are due to be issued within a year, the sum is included in current liabilities. Shares to be issued are dependent on the achievement of predefined targets and are treated as a liability until they are allotted and issued. The Parent Company had recognised as a liability the sum which has been issued and allotted to personnel associated with the Parent Company in order to meet contractual commitments given as part of the recent expansion of its client base. There were no transactions recognised in relation to this in the current year.

Leases

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

Going concern

After conducting enquiries, the Directors believe that the Parent Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The Parent Company's business activities, together with the factors likely to affect its future development, performance and position, have been rigorously assessed (see page 59).

40. Key sources of estimation uncertainty and judgements

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

Intangible assets

Acquired client lists are capitalised based on current fair values. By assessing the historic rates of client retention, the ages and succession plans of the Investment Managers who manage the clients and the contractual incentives of the Investment Managers, the Directors consider a life of up to twenty years to be both appropriate and in line with our peers. There were no acquisitions made in the period to 31 March 2020. Additions in the period relate to existing client lists and are disclosed in note 43.

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.

41. Profit/loss for the year

Loss for the financial year of £328,000 (2019: profit of £1,690,000) is after an amount of £60,000 (2019: £51,000) related to the auditor's remuneration for audit services to the Parent Company.

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

Employee costs during the year amounted to:

	2020 £'000	2019 £'000
Employee costs during the year amounted to:		
Wages and salaries	**170**	176
Social security costs	**14**	15
Other costs	**4**	7
	188	198

In the current year, employee costs are those of the Non-Executive Directors, a proportion of the Executive Directors and the cost of the Group's profit share scheme. The remaining Executive Director employee costs are borne by Walker Crips Investment Management Limited.

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

	2020 Number	2019 Number
Executive Directors	**2**	3
Non-Executive Directors	**4**	4
	6	7

Notes to the Company accounts (continued)
year ended 31 March 2020

42. Property, plant and equipment

	Leasehold improvements, furniture and equipment £'000	Computer software £'000	Total £'000
Cost			
At 1 April 2019	2,125	858	2,983
Additions	67	–	67
At 31 March 2020	**2,192**	**858**	**3,050**
Amortisation			
At 1 April 2019	569	858	1,427
Charge for the year	203	–	203
At 31 March 2020	**772**	**858**	**1,630**
Net book value			
At 31 March 2020	**1,420**	**–**	**1,420**
At 31 March 2019	1,556	–	1,556

43. Other intangible assets

	Client lists £'000	Total £'000
Cost		
At 1 April 2019	5,055	5,055
Additions	21	21
At 31 March 2020	**5,076**	**5,076**
Amortisation		
At 1 April 2019	1,176	1,176
Charge for the year	344	344
At 31 March 2020	**1,520**	**1,520**
Net book value		
At 31 March 2020	**3,556**	**3,556**
At 31 March 2019	3,879	3,879

44. Fixed asset investments

	2020 £'000	2019 £'000
Subsidiary undertakings	**17,425**	17,425

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

45. Trade and other receivables

	2020 £'000	2019 £'000
Amounts owed by Group undertakings	**436**	492
Prepayments and accrued income	**8**	28
Other debtors	**293**	250
	737	770

A presentational change was made in this note to exclude the deferred tax asset from this grouping and to present it in its own line on the face of the statement of financial position. The deferred tax asset is presented separately in note 46.

46. Deferred taxation

	2020 £'000	2019 £'000
At 1 April	**224**	140
Use of losses brought forward	**–**	–
Use of Group relief	**(86)**	–
Credit to the income statement	**41**	84
As at 31 March	**179**	224

A further reduction in the rate of corporation tax to 17% was due to come into effect from April 2020, however this planned reduction was cancelled in March 2020 and on 17 March 2020 the 19% rate was again substantively enacted. Deferred tax has been provided at 19% (2019: 17%).

47. Trade and other payables

	2020 £'000	2019 £'000
Accruals and deferred income	**99**	117
Amounts due to subsidiary undertakings	**2,195**	1,950
Other creditors	**69**	247
	2,363	2,314

48. Risk management policies

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

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

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

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

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

Further information on the disclosures and policies carried out by the Parent Company and the Group are made in note 26 of the consolidated financial statements.

Notes to the Company accounts (continued)
year ended 31 March 2020

48. Risk management policies (continued)
(i) Credit risk
Maximum exposure to credit risk:

	2020 £'000	2019 £'000
Cash	**141**	269
Other debtors	**293**	250
As at 31 March	**434**	519

The credit quality of banks holding the Group's cash at 31 March 2020 is analysed below with reference to credit ratings awarded by Fitch.

	2020 £'000	2019 £'000
A+	**11**	224
A	**–**	45
AA-	**130**	–
As at 31 March	**141**	269

Analysis of other debtors due from financial institutions:

		2020 £'000	2019 £'000
Neither past due, nor impaired		**293**	250
Amounts past due, but not impaired	< 30 days	**–**	–
	> 30 days	**–**	–
	> 3 months	**–**	–
As at 31 March		**293**	250

(ii) Liquidity risk
The tables below analyse the Parent Company's future undiscounted cash outflows based on the remaining period to the contractual maturity date:

	2020 £'000	2019 £'000
Creditors due within one year	**2,363**	2,314
Creditors due after more than one year	**569**	497
As at 31 March	**2,932**	2,811

	2020 £'000	2019 £'000
Within one year	**2,363**	2,314
Within two to five years	**15**	47
After more than five years	**554**	450
As at 31 March	**2,932**	2,811

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

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

Fair value of financial instruments
No financial instruments at fair value were held by the Parent Company in the current or prior financial year.

49. Called-up share capital

	2020 £'000	2019 £'000
Called-up, allotted and fully paid		
43,327,328 (2019: 43,327,328) Ordinary Shares of 6⅔p each	**2,888**	2,888

No new shares were issued in the year to 31 March 2020. In the prior year, 409,598 new Ordinary Shares were issued and allotted to various personnel associated with the Parent Company in order to meet contractual commitments made by the Parent Company as part of the ongoing expansion of its client base.

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

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April 2018	42,917,730	2,861	3,674	6,535
Issue of shares on acquisition of intangibles and as deferred consideration	409,598	27	89	116
At 1 April 2019	43,327,328	2,888	3,763	6,651
At 31 March 2020	**43,327,328**	**2,888**	**3,763**	**6,651**

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

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

Apart from share capital and share premium, the Parent Company holds reserves at 31 March 2020 under the following categories:

Own shares held	(£312,000) (2019: (£312,000))	– the negative balance of the Parent Company's own shares, which have been bought back and held in treasury.
Retained earnings	£9,066,000 (2019: £9,790,000)	– the net cumulative earnings of the Parent Company, which have not paid out as dividends, retained to be reinvested in our core, or new, business.
Other reserves	£4,723,000 (2019: £4,723,000)	– the cumulative premium on the issue of shares as deferred consideration for corporate acquisitions.

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

	2020 £'000	2019 £'000
Dilapidation provision	**554**	450
Landlord contribution to leasehold improvements	**398**	460
Deferred cash consideration	**15**	47
	967	957

Notes to the Company accounts (continued)
year ended 31 March 2020

51. Financial commitments
Capital commitments
At the end of the year, there were capital commitments of £ nil (2019: £ nil) contracted but not provided for and £ nil (2019: £ nil) capital commitments authorised but not contracted for.

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

	2020 **£'000**	2019 £'000
Within one year	**765**	763
Within two to five years	**2,616**	2,775
More than five years	**1,390**	1,976

52. Related party transactions
Key Management are those persons having authority and responsibility for planning, controlling and directing the activities of the Parent Company and Group. In the opinion of the Board, the Parent Company and Group's key Management are the Directors of Walker Crips Group plc.

Total compensation to key Management personnel is £487,000 (2019: £730,000).

53. Contingent liability
Occasionally the Company receives complaints that are considered without merit, but the final outcome sometimes falls outside the Company's control. Where such claims are not covered by the Group's indemnity insurance, for example due to an excess or coverage dispute, a contingent liability arises. However, where in the view of the Directors a negative outcome is considered to be remote no disclosure has been made in these financial statements.

54. Subsequent events
There are no material events arising after 31 March 2020 which have an impact on these financial statements.

COVID-19 is a significant in-year event, the impact of which is likely to be felt for an unquantifiable number of months or even years. The Investment and Wealth Management market in which the Group operates is a resilient market with a good track record of early recovery. However, the Group has considered the immediate consequences and ramifications of the pandemic and, accordingly, has already taken some early steps to protect the Group, our client service and our employees.

Business Continuity Plans are in place across the Group's operating segments, with measures to manage and continue client service, operational efficiency and staff welfare whilst a significant portion of our staff continue to work remotely from home. We continue to review this approach on a daily basis in line with Government guidance.

55. Subsidiaries and jointly-owned entities

	Principal place of business	Principal activity	Class and percentage of shares held
Group			
Trading subsidiaries			
Walker Crips Investment Management Limited[1]	United Kingdom	Investment management	Ordinary Shares 100%
London York Fund Managers Limited[3]	United Kingdom	Management services	Ordinary Shares 100%
Walker Crips Wealth Management Limited[3]	United Kingdom	Financial services advice	Ordinary Shares 100%
Ebor Trustees Limited[3]	United Kingdom	Pensions management	Ordinary Shares 100%
EnOC Technologies Limited[1]	United Kingdom	Financial regulation and other software	Ordinary Shares 100%
Barker Poland Asset Management LLP[1]	United Kingdom	Investment management	Membership 100%
Non-trading subsidiaries			
Walker Crips Financial Services Limited[1]	United Kingdom	Financial services	Ordinary Shares 100%
G & E Investment Services Limited[3]	United Kingdom	Holding company	Ordinary Shares 100%
Ebor Pensions Management Limited[3]	United Kingdom	Dormant company	Ordinary Shares 100%
Investorlink Limited[1]	United Kingdom	Agency stockbroking	Ordinary Shares 100%
Walker Cambria Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Trustees Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
W.B. Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (PEP) Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (ISA) Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB Nominees Limited[2]	United Kingdom	Nominee company	Ordinary Shares 100%
Walker Crips Consultants Limited[1]	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Ventures Limited[3]	United Kingdom	Financial services advice	Ordinary Shares 100%
Jointly-owned entities			
Walker Crips Property Income Limited[1]	United Kingdom	Holding company	Ordinary Shares 33.3%

The registered office for companies and associated undertakings is:

1 Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ.
2 St James House, 27-43 Eastern Road, Romford, Essex, England, RM1 3NH.
3 Apollo House, Eboracum Way, York, England, YO31 7RE.

Notice of Annual General Meeting

of Walker Crips Group plc (the "Company")

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.

Important changes to Annual General Meeting arrangements in light of the Coronavirus (COVID-19) outbreak

In response to the continuing COVID-19 outbreak and public health guidance and legislation issued by the UK Government (including the Corporate Governance and Insolvency Act 2020 which came into effect on 25 June 2020), this year's Annual General Meeting of the Company (the "Meeting") will be held electronically and shareholders will not be able to attend the meeting in person.

Although shareholders are not able to attend the Meeting in person this year, the Meeting and the opportunity it affords for the Board of Directors to engage with the Company's shareholders is important. As the Meeting will be held electronically, shareholders can attend and participate in the Meeting without leaving their homes and shareholders are strongly encouraged to do so.

Shareholders who wish to electronically attend the Meeting must inform the Company Secretary of their wish to attend and provide an email address to which personalised electronic attendance details will then be sent. Notice of attendance may be given to the Company Secretary by way of post to Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ or by email to agm2020@walkercrips.co.uk. Notification of attendance must be received by the Company by no later than 11.00 a.m. on 7 September 2020. Shareholders who have notified the Company that they will attend the Meeting will be provided personalised access details for electronic attendance of the Meeting by email to the address provided by them on 8 September 2020.

Questions prior to and at the Annual General Meeting

If you would like to pose a question, you can do so in advance by emailing your question to agm2020@wcgplc.co.uk. Please ensure that you submit your questions by 11.00 a.m. on 7 September 2020. Following the Meeting, the Company will publish details of the business conducted at the Meeting, including responses to selected questions received, on its website at www.walkercrips.co.uk.

Voting at the Annual General Meeting

Shareholders can vote on the resolutions to be put to the Meeting by completing, signing and returning the proxy form posted to you. Given the current restrictions on attendance, shareholders are strongly encouraged to appoint the Chairman of the Meeting as their proxy to ensure that their vote is counted, rather than a named person who will not be permitted to attend the Meeting in person. Voting on all resolutions will be carried out on a poll to ensure that the results reflect the votes received.

Notice is hereby given that the Annual General Meeting of Walker Crips Group plc (the "Company") will be held electronically from the registered office, Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 9 September 2020 at 11.00 a.m. for the following purposes:

As ordinary business

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

1. To receive and adopt the Directors' reports and audited financial statements for the year ended 31 March 2020.
2. To approve the Directors' remuneration report (excluding the summary of the Directors' remuneration policy set out on pages 39 to 42 of the Directors' remuneration report) for the year ended 31 March 2020.
3. To approve the Directors' remuneration policy, the full text of which is set out on pages 39 to 42 of the Directors' remuneration report for the year ended 31 March 2020, which takes effect from 1 April 2021.
4. To re-elect as a Director Mr. David Gelber.
5. To re-elect as a Director Mr. Sean Kin Wai Lam.
6. To re-elect as a Director Mr. Sanath Dandeniya.
7. To re-elect as a Director Mr. Martin Wright.
8. To re-elect as a Director Mr. Hua Min Lim.
9. To re-elect as a Director Mr. Clive Bouch.
10. To re-appoint BDO LLP as auditor of the Company until the conclusion of the next meeting at which accounts are laid.
11. 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:

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

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

13. That, subject to the passing of Resolution 12, the authority and power conferred upon the Directors to allot equity securities for cash in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of this resolution and for that period the Section 561 Amount (as defined in Article 12(C)) shall be £283,488.00 (equivalent to 10% of the Company's issued share capital (excluding treasury shares) as at the date of this notice of meeting). All previous authorities pursuant to Article 12(C) are revoked, subject to Article 12(D).

14. 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 $6^2/_3$ pence each in the capital of the Company (Ordinary Shares) provided that:

    a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to 10% of the Company's issued share capital then in issue;
    b) the minimum price which may be paid for any Ordinary Shares is $6^2/_3$ pence per Ordinary Share;
    c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Shares is not more than 5% above the average of the middle market quotations for the Ordinary Shares (as derived from the London Stock Exchange Daily Official List) for the ten business days before the purchase is made;
    d) the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of this resolution; and
    e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract or contracts. This resolution shall confer on the Directors all rights for the Company to make any such market purchase of the Company's own shares as are required under the terms of Article 11(B).

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

By order of the Board

R. Goddard
Secretary
14 August 2020

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 2020 Annual Report and Accounts

The Directors' and auditor's reports and the audited financial statements of the Company ("the Annual Report and Accounts") for the year ended 31 March 2020 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.walkercrips.co.uk. Shareholders may raise any questions on the Annual Report and Accounts under this resolution.

Resolution 2: Approval of the 2020 Directors' remuneration report

In accordance with section 439 of the Companies Act 2006, shareholders are requested to approve the Directors' remuneration report which can be found on pages 33 to 42 of the Annual Report and Accounts for the year ended 31 March 2020 (other than the summary of the Directors' remuneration policy set out on pages 39 to 42). The vote is advisory only and does not affect the actual remuneration paid to an individual Director.

Resolution 3: Approval of the 2020 Directors' remuneration policy

The Directors' remuneration policy was last approved by shareholders at the Annual General Meeting on 6 September 2017 with effect from 1 April 2018. Under section 439A of the Companies Act 2006, the Directors' remuneration policy is required to be put to shareholders for approval every three years, and the vote is binding.

No changes are being proposed to the existing Directors' remuneration policy and accordingly shareholders are asked to re-approve the Directors' existing remuneration policy, as set out on pages 39 to 42 of the Directors' remuneration report for the year ended 31 March 2020.

If approved by shareholders, the policy is intended to be valid for a period of three years from 1 April 2021. Once in effect, the Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director, unless that payment is consistent with the policy or has otherwise been approved by a resolution of shareholders of the Company.

Resolutions 4 to 9: Re-election of Directors

The UK Corporate Governance Code 2018 provides that all Directors should be subject to annual re-election. Accordingly, each of the Directors is retiring and seeking re-election.

The resolutions relating to the re-election of the Directors are proposed as separate resolutions numbered 4 to 9. 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 18 and 19 of the Annual Report and Accounts for the year ended 31 March 2020.

Resolution 10: Appointment of auditor

The Company is required to appoint its auditor at each general meeting at which accounts are laid before the shareholders and the auditor 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 10 to approve the re-appointment of BDO LLP as auditor of the Company from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid.

Resolution 11: Remuneration of the auditor

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

Resolution 12: Renewal of the Directors' authority to allot shares

Resolution 12 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 13 August 2020) (being the latest practicable date prior to the date of this notice of meeting). This resolution, which is an ordinary resolution, will replace the authority given to the Directors at the last Annual General Meeting on 4 September 2019.

750,000 shares are held in treasury as at 13 August 2020 (being the latest practicable date prior to the date of this notice of meeting), representing approximately 1.73% of the Company's issued share capital (excluding treasury shares) on that date.

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

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

Resolution 13: Renewal of the Directors' authority to disapply pre-emption rights

Resolution 13 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 £283,488.00 (being 10% of the Company's issued share capital (excluding treasury shares) as at 13 August 2020 (being the latest practicable date prior to the date of this notice of meeting)) 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 4 September 2019.

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

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

Resolution 14: Authority for the Company to purchase its own shares

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

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

Shareholders may further note that there were neither warrants nor options to subscribe for equity shares in the Company which were outstanding as at 13 August 2020 (being the latest practicable date prior to the date of this notice of meeting).

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

Resolution 15: Notice period for general meeting

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

Resolution 15, which is a special resolution, will enable the Company to call general meetings (other than Annual General Meetings) on fourteen clear days' notice. The Directors believe that this is in the best interests of the shareholders and it is intended that this shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

The approval will be effective until the Company's Annual General Meeting in 2021 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 7 September 2020; 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 electronically and vote at the meeting (for the avoidance of doubt, only the Chairman of the Meeting will be able to vote at the Meeting as proxy, voting arrangements for any such adjourned meeting will be determined at such time).

   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 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. However, please see Note 4 below for important information on appointment of anyone other than the Chairman of the Meeting as proxy.

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. However, please see Note 4 below for important information on appointment of anyone other than the Chairman of the Meeting as proxy.

4. **In light of COVID-19, you are strongly encouraged to appoint the Chairman of the Meeting as your proxy to vote in accordance with your instructions, to ensure that your vote is counted. Given the restrictions on attendance in person, no person other than the Chairman of the Meeting will be able to attend or vote at the meeting as proxy.**

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 form or contact Neville Registrars Limited to obtain an extra proxy form on 0121 585 1131.

6. 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

7. 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 7 September 2020.

   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

8. 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 7 September 2020, 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

9. 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

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

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

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

Termination of proxy appointments

11. 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 7 September 2020.

    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.

Corporate representatives

12. 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

13. As at 13 August 2020 (being the latest practicable date prior to the date of this notice of meeting), the Company's issued share capital comprised 43,327,328 Ordinary Shares of 6 2/3 pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. The Company held 750,000 Ordinary Shares in treasury on 13 August 2020 and, therefore, the total number of voting rights in the Company as at such date is 42,577,328.

Notice of Annual General Meeting (continued)

Communication

14. 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

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

Questions at the Meeting

16. 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. In light of COVID-19, shareholders who would like to pose a question to the Meeting must do so in advance by emailing your question to agm2020@wcgplc.co.uk. Questions must be received by 11.00 a.m. on 7 September. Following the Meeting, the Company will publish details of the business conducted at the Meeting, including responses to selected questions received, on its website at www.walkercrips.co.uk.

Website publication of audit concerns

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

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

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

    The request:

    - may be in hard copy form or in electronic form;
    - either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported;
    - must be authenticated by an accompanying statement setting out the identity of the person or persons making it; and
    - be received by the Company at least one week before the meeting.

In the case of a request made in hard copy form, such request must be sent to the Company Secretary at Walker Crips Group plc, Old Change House, 128 Queen Victoria Street, London, England, EC4V 4BJ.

In the case of a request made in electronic form, such request must be sent to the Company Secretary at rod.goddard@wcgplc.co.uk. Please state "WCG Plc 2020 AGM" in the subject line of the email.

Nominated person

18. 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 electronically from the registered office, Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on 9 September 2020 at 11.00 a.m. and at any adjournment thereof.

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

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

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

Of (address)..

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

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

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

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

		For	Against	Vote withheld
1)	To receive and adopt the Directors' report and audited financial statements			
2)	To approve the Directors' remuneration report			
3)	To approve the Directors' remuneration policy			
4)	To re-elect David Gelber as a Director			
5)	To re-elect Sean Kin Wai Lam as a Director			
6)	To re-elect Sanath Dandeniya as a Director			
7)	To re-elect Martin Wright as a Director			
8)	To re-elect Hua Min Lim as a Director			
9)	To re-elect Clive Bouch as a Director			
10)	To re-appoint BDO LLP as auditor			
11)	To authorise the Directors to set the remuneration of the auditor			
12)	To authorise the Directors to allot shares			
13)	To disapply pre-emption rights[1]			
14)	To authorise the Company to make market purchases of its own shares[1]			
15)	To authorise the Company to call a general meeting of shareholders on not less than fourteen clear days' notice[1]			

1 Special resolution.

Signed:.. Dated:..
(for a company see Note 9 to this form of proxy)

Form of proxy

notes

Notes:

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend 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 electronically.

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. **In light of COVID-19, the Company strongly encourages shareholders to appoint the Chairman of the meeting as their proxy to vote in accordance with their instructions, given the current restrictions on attendance.**

8. 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 7 September 2020.

9. 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.

10. 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.

11. 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 CREST ID (7RA11) by 11.00 a.m. on 7 September 2020. See the notes to the notice of meeting for further information on proxy appointment through CREST.

12. 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).

13. 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.

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

15. 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
S. S. Dandeniya ACCA – Group Finance Director

Non-Executive Directors

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

Secretary

R. Goddard

Registered office

Old Change House
128 Queen Victoria Street
London EC4V 4BJ

Bankers

HSBC Bank plc

London

Solicitors

Charles Russell Speechlys LLP

London

Auditor

BDO LLP

London

Registrars

Neville Registrars Limited

Neville House
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Halesowen B62 8HD

Notes

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