WALKERCRIPS

Annual Report and Accounts 2016

Founded on traditional values of honesty, fairness and integrity; **committed to the clients that we serve.**

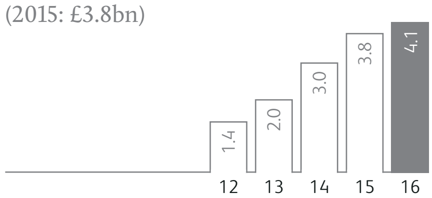
Through acquisitions, we can trace our roots as far back as the 18th century, making us one of the City of London's oldest independent companies.

Highlights from our year

Assets under management and administration (£bn)

£4.1bn

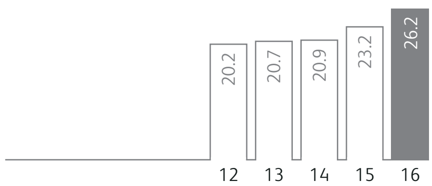
(2015: £3.8bn)



Total income (£m)

£26.2m

(2015: £23.2m)



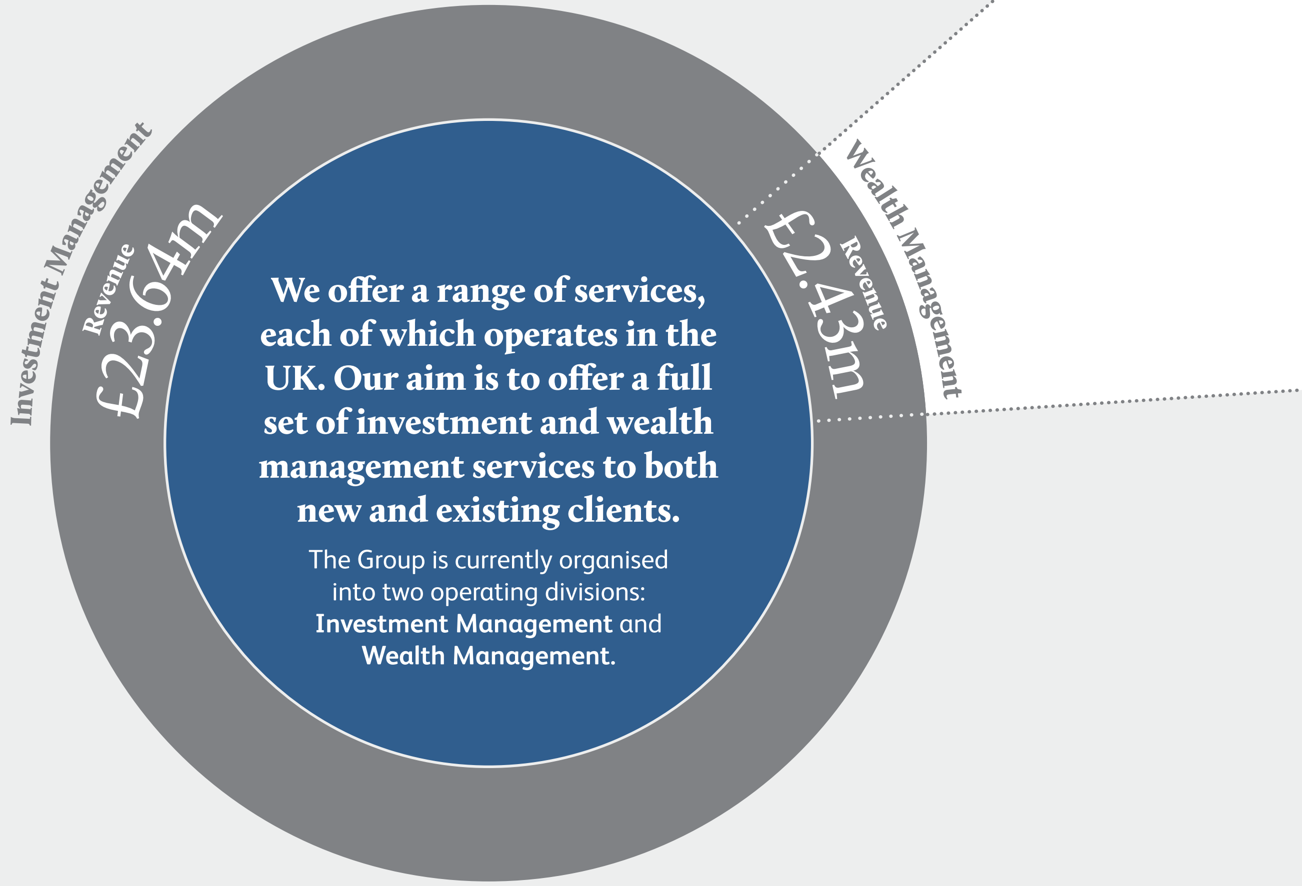
- Group revenues increased by 13.5 % to £26.1 million (2015: £23.0 million)
- Gross profit (net revenues) increased by 15.0 % to £17.6 million (2015: £15.3 million)
- Operating profit, before exceptional expenses, up 20.4 % to £0.65 million (2015: £0.54 million)
- Exceptional costs of £0.8 million incurred in upgrade of client information and communication systems
- One-off gain of £0.9 million on sale of Euroclear shares
- Reported pre-tax profit more than doubled to £0.94 million (2015: £0.44 million)
- Non-broking income as a percentage of total income increased to 61.8 % (2015: 56.3 %), reflecting further reduction in reliance on transaction-driven commission revenue
- Discretionary and advisory assets under management increased by 15.0 % to a high of £2.3 billion (2015: £2.0 billion)
- Proposed final dividend increased by 8.5 % to 1.27 pence per share (2015: 1.17 pence per share) bringing total dividends for the year to 1.85 pence per share (2015: 1.70 pence per share)

Strategic report

Corporate governance

Financial statements

Walker Crips at a glance



Investment Management division

Investment Management

Alongside Bespoke Discretionary and Advisory Management we offer our Actively Managed Portfolio Service (AMPS) which provides suitable discretionary investment management overseen by our investment committee, the Investment Senate. AMPS offers diversified discretionary modelled portfolios through “Ready to Invest” (fully modelled) or “Bespoke” AMPS (partially tailored). We also offer models, benchmarked to the FTSE WMA Indices, called “Alpha: r^2”.

Structured Investments

The Structured Investments market has presented opportunities to individual investors and intermediaries to access pre-packaged (and bespoke) investment strategies that can allow tax-efficient investments for a variety of different risk and return profiles.

This is a business that Walker Crips entered over five years ago with a prudent and sensible approach to the arrangement and administration of structured investments and plans.

Stockbroking

Bespoke Discretionary

- We make the investment decisions according to an agreed tailored mandate.

Advisory Managed

- We provide clients with investment advice and oversight of their own investment decisions.

Advisory

- We advise clients as and when they wish to receive advice and they make their own investment decisions.

Execution-only Services

- We receive instructions from clients to execute transactions.

Alternative Investments

Our Alternative Investment team provides innovative services and products for limited groups of sophisticated clients with specific requirements and eligible investors.

Investor Immigration (Tier 1) Portfolios (IIP) serves high net worth individuals from outside the UK.

Short Term Lending (STL) manages large direct mandates from institutional investors, giving them exposure to the UK property market.

Wealth Management division

Wealth Management

A truly integrated service with life stage planning to suit the needs of our clients.

As an enlightened firm within the private client industry, Walker Crips includes a holistic wealth management service within its offering.

Since 2005 Walker Crips has had this capability within its Wealth Management division offering genuine whole of market advice that includes advisory services on investments, pensions, protection and financial planning.

The Company offers holistic financial planning complemented by investment management solutions enabling clients to plan for their children's education, increase their tax efficiency, ensure they achieve the retirement they want and prepare for inheritance tax. Businesses and business owners also benefit from sound financial planning to encompass pension and employee benefit schemes, corporate protection and investments. A strategy can be developed with clients to help ensure future stability and financial wellbeing.

Pensions

As well as pension management, personal financial planning and advice, our clients, through our SIPP and SSAS services run by Ebor Trustees, have access to a wide choice of investments and retirement options. This provides individuals and companies with investment flexibility along with tax and business efficiencies.

Self Invested Personal Pension (SIPP)

- Designed for individuals looking to control their pension fund investments.

Small Self Administered Scheme (SSAS)

- Designed for company Directors to build a pension fund for their retirement and to help with the running of their business.

Transactions

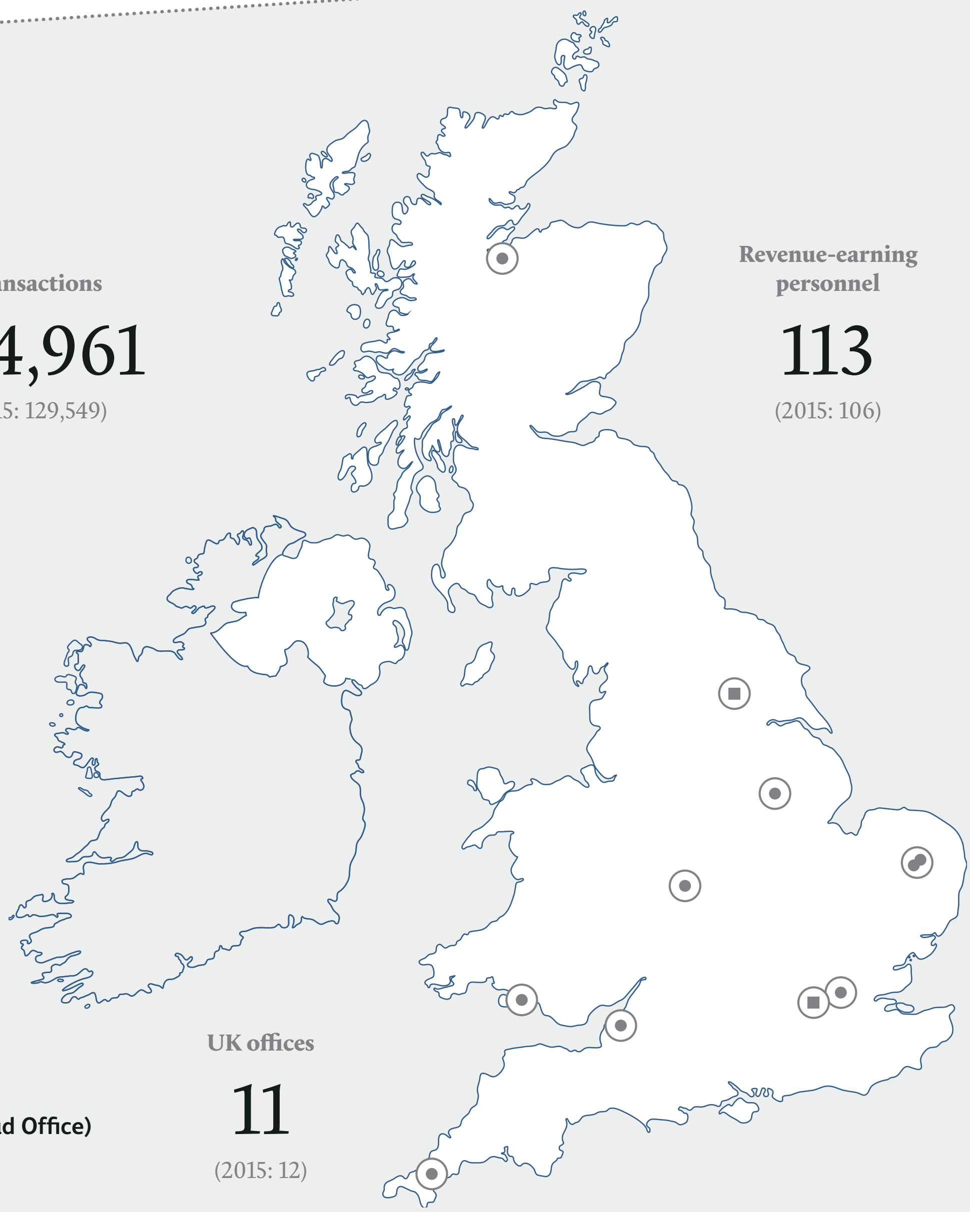
134,961

(2015: 129,549)

Revenue-earning personnel

113

(2015: 106)



Our locations

- **London (Group Head Office)**
- Birmingham
- Bristol
- Inverness
- Lincoln
- Norwich
- Romford
- Swansea
- Truro
- Wymondham
- **York (Wealth Management Head Office)**

UK offices

11

(2015: 12)

Chairman and Chief Executive statement

David Gelber
Chairman

Rodney FitzGerald
Chief Executive Officer

Performance overview

It is pleasing to report that despite the particularly difficult markets in the second half of the year a rise in revenue of 13.5 % to a record £26.1 million for the current full year has driven the strong increase in profit before tax and exceptional items to £0.8 million, an increase of 20 % reflecting the continuing impact of our strategy for growth. After including exceptional costs, profits on disposal of available-for-sale investments and net investment income, profit before tax has more than doubled to £0.9 million (2015: £0.4 million).

Dividend/earnings per share

In recognition of this year's further progress the Board is recommending an 8.5 % increase in the final dividend to 1.27 pence per share (2015: 1.17 pence per share) reflecting its continued confidence in the Group's long-term prospects.

Combined with the interim dividend of 0.58 pence per share (2015: 0.53 pence per share), this makes a total dividend for the year of 1.85 pence per share (2015: 1.70 pence per share), an 8.8 % increase, made possible by the 20 % increase in pre-exceptional operating profit before tax.

The final dividend will be paid on 12 August 2016 to shareholders on the register at the close of business on 29 July 2016.

Earnings per share for the year was 2.11 pence (2015: 0.69 pence) which includes the effect of the one-off gain on sale of our Euroclear shares.

Strategy

We have continued to advance the delivery of our strategy for growth and have consolidated the progress we have made over the previous three years whilst preserving our healthy cash balance as a buffer for unforeseen events which may lie ahead in these turbulent times.

The delivery of personal investment management advice remains at the core of our approach.

In particular, alongside our focus on growing the discretionary and fee-paying portion of the business, there have been opportunities which have been taken to capitalise on our larger competitors' reluctance to continue offering the more regulated and costly advisory component of our proposition to clients.

"The Company's assets under management have continued growing to unprecedented levels in a climate in which portfolio valuations have been affected by market uncertainty."

Exceptional costs

During the second half of the year our Executive Directors and investment managers have, with the assistance of external advisers, been heavily engaged in a major upgrading of our systems and our record-keeping to meet our own rising regulatory standards and those seen across our sector.

This has led to a significant redefinition of the way in which we communicate with our substantial client base with a much greater use of technology. We are moving forward to complete this exercise next year. The outcome is intended to reinforce our current offering to our clients by first building and maintaining a deeper understanding of each client's circumstances and thus the suitability of the service being provided. We are hugely appreciative of our clients' understanding throughout this time-consuming, but important process. We firmly believe it will underpin our future prosperity with a stronger foundation to ensure a Company-wide emphasis on achieving good client outcomes in a manner aligned with our culture.

The decline from operating profits last year to an operating loss this year is due to: the exceptional costs associated with these changes and improvements; and, to some extent, the consequence of the inevitable diversion away from new business generation.

Disposal of available-for-sale investment

In December 2015, the Group took the opportunity of participating in a corporate buy-back programme and disposed of its holding of 1,809 shares in Euroclear plc, a relatively illiquid investment which had been held since February 2000, for a cash consideration of £1,017,000, crystallising a gain on disposal of £942,000.

Operations

Encouragingly, following its acquisition in March 2015, Barker Poland Asset Management (BPAM) has made its first full contribution to our results above expectation which has helped our stated aim of materially increasing the proportion of our revenues earned as fees, rather than through transaction-driven commissions. This is a key performance indicator reflecting the changing shape of the business from traditional stockbroking to an integrated investment and wealth management model.

Despite an increase in administrative expenses, a material proportion of which relate to the development and growth of acquired businesses, as well as a 30% increase in our Financial Services Compensation Scheme (FSCS) levy and a one-off property cost provision of £132,000 relating to the change of ownership and premature forthcoming termination of the lease of our London head office, costs were strictly monitored and headcount largely restricted to incoming revenue earners and their support teams. The uncontrollable costs levied by the FSCS of £402,000 (2015: £310,000) are an indication of the costs of absorbing a share of losses incurred by failed competitors.

Investment Management

The Company's assets under management have continued growing to unprecedented levels in a climate in which portfolio valuations have been affected by market uncertainty and substantial falls in some sectors of the FTSE 100 and other major indices.

We recognise the growing importance of scale which gives clients and market participants some degree of reassurance of the security of their assets as well as confidence in the strength and stability of the organisation. With total Assets under Management and Administration (AUMA) at the year end standing at a high of £4.1 billion (31 March 2015: £3.8 billion), despite declines in equity markets, our target of £5 billion AUMA by 2018 is within reach, with £10 billion being a potential milestone over the next ten years.

Discretionary and Advisory assets under management (AUM) at the year end were £2.3 billion (31 March 2015: £2.0 billion), reflecting the inflows from the clients of new advisers and investment managers and the longer-term revenue benefits of our asset gathering strategy alongside transactional brokerage. Commission income from broking remained stable, whilst Investment Management fees increased by 30.6% to £13.6 million (2015: £10.4 million).

Gross revenues from the Investment Management division increased by 14.8% during the period to £23.6 million (2015: £20.6 million), another marked improvement and clear demonstration that the scope for additional expansion continues to be a realistic prospect.

Further boosts to the ISA regime were provided by the last budget with the addition to the ISA product stable of another savings product called the Lifetime ISA (LISA) and the increase in the subscription allowance to £20,000 for April 2017. Investors and savers of all age groups now have much greater flexibility ensuring "cradle to grave" access to ISAs, and the ISA AUM grew by 4.2% to over £600 million. The forthcoming additional tax-efficient transferability allowances will also encourage inherited funds to remain invested under our management.

The Structured Investments team has continued to broaden its intermediary client base and increase assets under management over the financial year. Our competitive range of structured investment products continues to garner strong demand amongst financial advisers and their clients. With the addition of new product lines we anticipate another strong contribution from this key offering over the coming year.

Chairman and Chief Executive statement *continued*

Wealth Management
Our innovative Wealth Management division, run from York, continues to be driven by focused management and a competent team of advisers, who provide a committed, high quality service to its widening client base.

Complementing this division and also operating from York is our Pensions unit administering Self Invested Personal Pensions (SIPP) and Small Self Administered Schemes (SSAS), along with a small number of Funded Unapproved Retirement Benefit Schemes (FURBS). Importantly and despite difficult market conditions AUMA of the combined divisions (an increasingly significant measure) increased to £501 million (2015: £495 million).

Turnover across both divisions remained stable; however, strong headwinds including a large increase in regulatory fees, combined with provision for potential claims and increased non-recurring costs and investment in the back and mid-office support functions, led to a decrease in profitability for this sector of the business.

Looking ahead there are sound reasons for optimism with revenue boosted by several initiatives and a stronger level of work in progress in the opening weeks of the new year.

Regulation
Preparations are well underway to meet the challenges posed by the MiFID II initiative. We continue to fully support and reinforce the Financial Conduct Authority (FCA) guidance on its drive to ensure advice given to clients by our account executives is suitable and properly recorded. Our culture of serving clients in their best interests is well established in our DNA as we continue to strive to deliver good customer outcomes.

Statement of financial position
As at 31 March 2016, the Group maintained a steady level of net assets of £20.6 million (2015: £20.9 million), including net cash of £7.2 million (2015: £6.5 million).

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

Viability Statement
The Directors have assessed the outlook of the Company over longer periods than the twelve months required by the "Going Concern" statement in accordance with the 2014 UK Corporate Governance Code.

The Directors' assessment has been made with reference to the historic resilience of the Group, strong cash flows, its current strategy, the Board's risk appetite and the Group's principal risks and how these are managed. The assessment relied on the Group's annual 21 month budget, a three year stress-tested forecast of profitability, cash flow and regulatory capital and its Internal Capital Adequacy Assessment Process (ICAAP) which incorporates an evaluation of the Group's principal risks and uncertainties, including those that would threaten its business model, future performance or solvency.

In addition, in light of the decision for Britain to leave the European Union following the recent referendum, the Directors have also considered the impact of this event on its ability to continue as a going concern as well as other areas of risk where critical accounting judgements and estimation uncertainty have been considered.

Following this assessment, the Directors have concluded that the Viability Statement should cover a period of three years. Whilst the Directors have no reason to believe that the Group will not be viable over a longer period from its review of its five year forecasts, this period has been chosen because a three year time horizon has a greater degree of certainty and thus provides a more appropriate longer-term outlook in our potentially volatile investment sector.

Taking account of the Group's current position and principal risks, 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.

Walker Crips is proud of its long and rich history of more than a century.

1914

The stockbroking firm of Weddle Beck & Company was formed in June 1914, two months before the start of World War I.

1923

In the early days of the firm a brisk arbitrage business was conducted with Paris and there was a business venture with the joint stock banks consisting of Barclays, Lloyds, Midland and National Provincial Banks.

1933

In 1933 a department was established to deal with new issues. The shares of a number of established companies were brought to the stock exchange for quotation and the firm acted as official stockbroker to these firms.

> "Our culture of serving clients in their best interests is well established in our DNA as we continue to strive to deliver good customer outcomes."

Directors, account executives and staff
After another year of increasing numbers of revenue generators and the absorption of their additional investment business, through transfers of clients and their assets, we would like to thank all our fellow Directors, investment managers and advisers, and members of our operations team for their continuing hard work and diligence in shouldering this burden.

Management have worked hard to continue increasing the level of communication with our personnel to impart up-to-date information and encourage feedback whilst re-emphasising the culture and behaviour essential to the core values of the Company. Integrity, courtesy, fairness, diligence, responsibility and loyalty make it an appealing firm for prospective clients and professionals to join.

Annual General Meeting
This year's Annual General Meeting will be held at the South Place Hotel, 3 South Place, London EC2M 2AF on 3 August 2016 at 11.00 a.m.

Outlook

We continue to achieve substantial growth and to refine our strategy and business model to make further strides towards attaining our long-term strategic goals.

Against a background of difficult markets, we have striven to set higher regulatory standards and client service levels as we deliver our strategy for growth.

Trading activity in the opening weeks of the new financial year has been quiet and your Board correspondingly looks to the immediate future with cautious optimism.

At a macro level the extent of the economic and political instability created by Brexit is difficult to predict. In addition, at a micro level, we face significant demands from continuing regulatory initiatives and their associated costs over the next 18 months. We will monitor diligently the impact of these factors and will react promptly as we consider appropriate. Nonetheless, despite these challenges, we consider that it is our emphasis on integrity, service and good customer outcomes which will drive our public profile and competitive positioning to deliver underlying stability and growth in the next phase of the Group's development.

D. M. Gelber
Chairman
30 June 2016

R. A. FitzGerald FCA
Chief Executive Officer
30 June 2016

1966
By the 1960s Dudley Weddle considered it would make sense to amalgamate with another stockbroking firm of a similar size.

Nothing could be more natural, therefore, than a merger with Walker, Crips and Company, as the senior partners of both firms had been friends for some considerable years. The amalgamation of the two firms was effected on 28 November 1966 resulting in Walker, Crips, Weddle, Beck & Company.

1996
Admitted to the London Stock Exchange as a fully listed plc.

2001
Acquisition of Keith, Bayley, Rogers & Co stockbroking business.

2005
Acquisition of London York group providing financial planning and pension management services.

2015
Acquisition of Barker Poland Asset Management discretionary and advisory business.

Our business and strategy

Walker Crips occupies a special place in the private client investment industry in the UK. It is a firm of highly skilled people dedicated to serving the full range of our clients' wealth management and investment management needs. The Company is defined by a strong culture based on traditional values that have been handed down over generations.

Collegiate and integrated team

We collaborate as a group of capable individuals to serve clients together.

Impartial advice

We maintain a transparent and impartial service in order to sustain our Advisory capability and ensure our Discretionary service is supported by a robust investment process.

Strong culture of integrity

We attach great importance to our values of which integrity is pre-eminent. We strive to "do the right thing".

Personalised approach

We offer a flexible broad range of services in order to remain free to act for our clients as they would wish us to act for them (suitably).

The market environment

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

The UK industry ranges from small firms with less than £1 billion of assets under management to large companies with well over £20 billion. With our corporate independence and impartiality, we compete with our peers who aim to direct their clients into services that suit those firms' own corporate needs. Larger competitors are limiting the service that they offer to clients in order to simplify their offering at the expense of client choice.

The UK equity markets rose to new highs at the beginning of our financial year as the FTSE 100 rose to peaks of over 7,000 during March, April and May. However, after the summer of 2015 had given rise to increased uncertainty and rising volatility, equity markets declined into Q3 2015. The vast majority of our Investment Management fees are levied six monthly and were therefore subject to short-term declines at the valuation dates. The effect of declines at markets was pronounced leading into 5 October, as the FTSE 100 fell to 6,298, and the equity markets sold off again in January and February 2016 dipping below 5,600. Although the UK equity market consolidated in a range of 6,000 to 6,400, the market suffered a short-term dip on 5 April to 6,091. Each of these specific market moves had a detrimental effect on the overall fees levied during 2015/16. Likewise the general market malaise after August 2015 and again in Q1 2016 led to decreased activity and lower commission receipts. Thus profits have been suppressed, in part, by these factors.

An ongoing repapering programme, as we strive for well evidenced suitability, also involved much of the firm's time and resource as well as time kindly given by our clients. Alongside some substantial in-house IT development, the increasing, but fundamentally necessary, costs of these initiatives also weighed on profits.

Against this, however, the inflow of new AUMA and the arrival of new investment managers and advisers provided a positive contribution to revenue and compared favourably with the growth of our peers and competitors.

Our vision

To build on the historical private client business to create a broad financial services proposition and generate real shareholder value, by accelerating growth and profitability.

Our philosophy

To embody the Company's culture through:

- the Company's leadership and direction;
- those who have been with the Company for many years (already imbued with its core values); and
- recent joiners who share the Company's core values and bring further acumen and experience.

Our strategy

To achieve profitable growth using a compliant platform to provide a client-centred service that offers an attractive and compelling proposition incorporating a robust investment process.

Focused acquisition of Investment Management and Wealth Management teams, individuals or entities

Complement or strengthen our existing services in London, York and the regions.

Attract new clients:

- High Net Worth
- Mass Affluent
- Affluent

Grow total assets

What we did in 2015/2016

- Barker Poland Asset Management is established in the London head office, with retained clients and staff and improved profitability
- Attracted the clients of ten experienced investment managers
- Attracted new clients across the breadth of the High Net Worth, Affluent and Mass Affluent segments

Our priorities for 2016/2017

- Continued integration of recent joiners
- Maintain target growth
- Controlled regional growth of the Investment Management division
- Expand Wealth Management division to other parts of UK

Targeted investment in resources

Expand our range of flexible, transparent and impartial services using our capability in technology to develop:

- Client offering, services, documents, online access and communication
- Compliance controls, tools and oversight
- Efficiency through FOTA (our Finance, Operations, Technology & Administration team)

Maintain cash and liquid assets as the means of executing growth strategy

What we did in 2015/2016

- Completion of the individual client repapering programme
- Automated document production, editing and storage capability developed
- New annual clients Suitability Review process
- Shift to clean fund units
- Maintained balance sheet and available cash for acquisition and resource

Our priorities for 2016/2017

- Complete repapering programme for all clients
- Enhance and embed the annual clients Suitability Review programme
- Embed changes under a new Group Head of Compliance
- Drive developments in compliance monitoring and oversight through technological advances

Increase recurring revenues

Discretionary Investment Management

- Bespoke portfolios
- Model portfolios

Fee-based Advisory Services

What we did in 2015/2016

- Discretionary AUM increased by £0.14 billion to £1.03 billion
- Advisory Managed AUM increased by £0.10 billion to £1.25 billion
- Fees and other non-broking revenue as a percentage of overall revenue grew to 61.8%

Our priorities for 2016/2017

- Consolidation of the revenue from new clients, new investment managers and new AUM
- Continued growth of fees versus commission-related revenue
- Preparation of Advisory services ahead of MiFID II
- Segmentalisation of client base for appropriate provision of services and tariffs
- Review of fees, charges and tariffs in line with added value for clients
- Refinement of the model investment management offerings across the Group

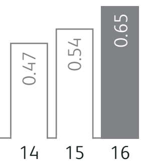
Key performance indicators

The Group's strategy continues to deliver results and progress. Performance in 2016 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.

Operational profit before exceptional items (£m)

£0.65m

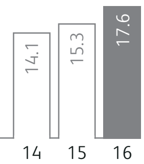
(2015: £0.54m)



Gross profit (£m)

£17.6m

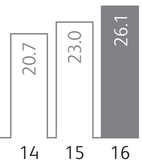
(2015: £15.3m)



Revenue (£m)

£26.1m

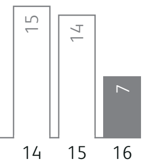
(2015: £23.0m)



New revenue generators (number)

7

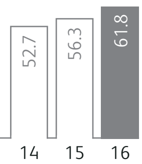
(2015: 14)



Non-broking income proportion (%)

61.8%

(2015: 56.3%)



Transaction volume (number)

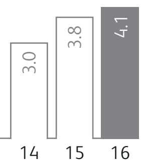
134,961

(2015: 129,549)

Growth in total assets (AUMA) (£bn)

£4.1bn

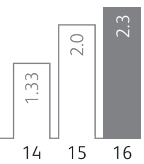
(2015: £3.8bn)



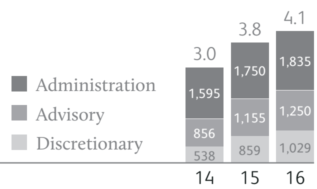
Discretionary/Advisory AUM (£bn)

£2.3bn

(2015: £2.0bn)



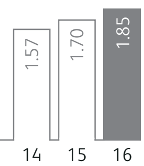
Breakdown of total assets (AUMA) (£bn)



Total dividends (pence per share)

1.85p

(2015: 1.70p)



Principal risks and uncertainties

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 (ICAAP). They are formally reviewed by the Board annually.

The Group's risk management policies and procedures are also discussed in the report by the Directors on corporate governance matters. Financial risks and their risk management are explained more fully in Note 24.

◉ No change in risk

▼ Risk decrease

▲ Risk increase

Risk	Status	Mitigation
Credit risk	◉	– Credit risk assessments of banks and custodians – Active monitoring of exposures – Use of credit ratings – Annual review of Individual Capital Adequacy Assessment Process – Several banks are used to hold both clients' and the firm's money, with levels being constantly reviewed
Counterparty risk – Client failure to settle transaction	▼	– Daily monitoring of clients' positions
– Institutional settlement default	▼	– External clearing brokers who hold clients' cash as collateral are limited to one and provide client asset protection
Conduct risk – Customer outcomes	▲	– Clear and balanced financial promotions, suitable investment advice and complaints management
– Regulatory	▲	– Board oversight and good communications with regulators, compliance monitoring programme, regulatory development oversight, documented policy and procedures and continuous staff training and development
– Reputational	◉	– Board oversight, development of staff and training, strong corporate governance with defined roles, tone from the top setting a fair, positive and ethical culture, recovery plan, monitoring the Group's performance relative to competitors
Liquidity risk	◉	– Daily treasury procedures and reconciliation reports to senior management, cash flow forecasting, only placing deposits with highly credit rated institutions, experienced management team monitoring settlement performance
Operational risk – Business disruption	▼	– Business and information system recovery plans are approved, tested and maintained
– Fraud	▲	– Senior management oversight, prevention procedures, segregation of duties between front and back office, system authority and payment limits and system access controls
– Outsourcing	◉	– Senior management oversight, due diligence and financial review, appropriate contracts in place, active relationships and good communication
– Personnel	◉	– Succession and contingency planning, appropriate compensation levels, share option schemes to incentivise and retain staff and investment in staff
Capital adequacy	◉	– Capital adequacy surplus is maintained well in excess of regulatory requirements. Material surplus cash balances are always carried

Sustainability in action

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

Employees

The Group is committed to delivering a first class service which meets the expectations of clients, our regulators and ourselves. Our employees are critical in delivering these and ensuring the continued success of the Group.

Walker Crips is an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation.

Across the Group we have an employee headcount of 213 of which 88 (41%) are women. We are keen to create opportunities for more women to be promoted to senior roles across the Group.

If any employees become disabled, we will ensure that proper equipment and conditions are in place to help them fulfil their function.

Employees are kept informed of the Group's strategy, its progress and its performance. Key issues affecting them are communicated with compassion through the intranet, email and face-to-face discussion with line managers. Management recognises the importance of a good work-life balance and a culture of excessive overtime is not encouraged.

Schemes are in place to encourage professional development at all levels to ensure that the workforce is engaged and motivated with a diverse range of skillsets, experience and backgrounds.

Environment

The Group is committed to the health and safety of its employees and visitors by ensuring a safe working environment for motivated, healthy and happy personnel.

Culture

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

R. A. FitzGerald FCA
Chief Executive Officer
30 June 2016

"Management recognises the importance of a good work-life balance and a culture of excessive overtime is not encouraged."

Introduction to governance

"Our hands-on executive Board is well placed to oversee the Group's activities."

David Gelber
Chairman

Dear shareholder,

Good corporate governance is critical to the delivery of value to the Group's stakeholders and this section of the report describes how Walker Crips is governed and managed in the context of the principles of the UK Corporate Governance Code. The Board is responsible to shareholders for the overall management and oversight of the Group and for its long-term success. In particular, the Board is responsible for agreeing the Group's strategy, monitoring financial performance, setting and monitoring the Group's risk appetite and maintaining an effective system of internal controls.

The last year has been busy as usual, ensuring that we are up to date with industry regulation. I have already referred to the considerable effort being made to upgrade our systems in order to serve our clients in a complete and professional manner more appropriate to their needs and investment objectives.

I welcome the increased focus on culture and behaviour in line with good principles of conduct. This followed a review of our risk management processes, including the creation of a conduct risk framework and policy. The Financial Conduct Authority (FCA) Principles for Businesses remain our most important benchmarks and we strive to conduct our business with integrity and put client interests at the heart of what we do.

An evaluation of the effectiveness of the Board has been conducted as well as its structure, skill sets and experience. As a result we will soon be strengthening the Board with the formal appointment of a Group Compliance Director, Guy Jackson, in August 2016. Guy took up his executive position in May 2016. The Nomination Committee was heavily involved in the recruitment process and continues to review and plan Board succession for the medium and long term.

The Audit Committee, chaired by Robert Elliott, meets frequently to discuss and review our published results, internal audit reports and to address any concerns expressed by our external auditor. A formal tendering process was conducted before appointing BDO LLP as our new external auditor.

I like to maintain frequent contact with the executive team outside of Board meetings and I am in regular dialogue with the Chief Executive who updates me with developments on current projects and progress towards our objectives. I am also in regular discussion regarding Board issues with our Senior Independent Director, Martin Wright.

D. M. Gelber
Chairman
30 June 2016

Board of Directors

Executive Directors

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

Sean Lam FCPA (Aust.), Chartered FCSI
Group Managing Director
Mr. Sean Lam graduated in 1991 with a Bachelor of Commerce degree from the University of Western Australia, majoring in accounting and finance. He commenced his career as an internal auditor with Phillip Securities in Singapore and progressed to become the Head of Internal Audit.

In 1995, he was appointed Head of Operations and in the same year he attained his professional qualification as a CPA. In 1999, Walker Crips Group appointed Sean to the Board as Development Director, with overall responsibility for systems development and information technology. In 2004, he was made Chief Operating Officer, and in 2007, Group Managing Director. Sean is a Fellow of CPA Australia, a member of its European Council from 2010–2015, and was President of its European Region in 2012 and 2013.

He is also a Chartered Fellow of the Chartered Institute for Securities & Investment.

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

David Hetherton
Wealth Management Director
Mr. David Hetherton serves as Wealth Management Director of Walker Crips Group plc. David began his financial services career in 1982 as a consultant with Denison Investments Ltd. Upon this company's takeover by Minet Consultancy Services in 1990 David was appointed as a Divisional Director and was instrumental in developing the business from loss-making into a profitable entity.

In January 1998, he took up the post of Group Managing Director of the London York Group, which was subsequently acquired by Walker Crips Group plc in 2005 when he was also appointed to his position on the Board. Since then, he has integrated the Wealth Management and Pension Product divisions, bringing diversity of revenue to the Group. He further added to this with the launch of an in-house SIPP to complement the well established SSAS offering.

Non-Executive Directors

David Gelber
Chairman
Mr. David Gelber has served as Non-Executive Independent Chairman of the Board of Walker Crips Group plc since May 2007.

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

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

Robert Elliott FCA. Cert PFS
Non-Executive Director
Mr. Robert Elliott is a retired Chartered Accountant, having joined Garbutt & Elliott in 1957, qualifying in 1963. After being appointed as Partner in 1964, he developed specialist skills in negotiating corporate finance acquisitions, disposals and mergers. Robert retired from Garbutt & Elliott whilst Senior Partner in 2002.

He co-founded both G&E Investment Services Ltd in 1975 and the London York Group of Companies in 1980. Mr Elliott was appointed to the Board as a Non-Executive Director in April 2005 and in July 2007 he was appointed as Chairman of the Audit Committee.

Hua Min Lim
Non-Executive Director
Mr. Hua Min Lim is the Executive Chairman of PhillipCapital Group of Companies and was also appointed Chairman of IFS Capital Limited on 20 May 2003.

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

Mr Lim joined the Walker Crips Group Board in March 1993.

Directors' report

for the year ended 31 March 2016

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 2016.

Results and dividends

Results, distributions and retained profits are as follows:

	2016 £'000	2015 £'000
Retained earnings at 1 April	**11,254**	11,955
Profit for the year after taxation	**795**	257
Dividends paid	**(657)**	(958)
Retained earnings at 31 March	**11,392**	11,254

The Directors recommend a final dividend of 1.27 pence per Ordinary Share to be paid on 12 August 2016 to Ordinary Shareholders on the register on 29 July 2016.

Capital structure

Details of the Company's share capital are shown in Note 26. The Company has one class of Ordinary Share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Where shares have been issued as consideration for new clients and investment advisers upon commencement with the Company, these shares are restricted from sale for periods of four to six years.

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

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

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

Brief biographies of the Directors eligible and standing for election at the Annual General Meeting are set out on pages 14 and 15.

Ethical responsibility

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

Employment policy

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

Health and safety policy

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

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

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

Ordinary and special business

Resolutions will be placed before the Annual General Meeting to confer authority on the Company to allot equity securities of up to an aggregate nominal amount of £851,658 and to authorise and empower the Company to allot equity securities.

The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Company should be authorised to take advantage of these provisions and, therefore, pursuant to the power contained in the Company's Articles of Association, it is intended to propose a special resolution at the forthcoming Annual General Meeting to confer authority on the Company to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of $6^2/_3$ 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 which will not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

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

Carbon emission reporting

GHG emissions data for the year ended 31 March 2016:

	2015 tCO_2e	**2016 tCO_2e**
Scope 1 – combustion of fuel	16	**14**
Scope 2 – purchased electricity	248	**465**
Total	264	**479**
Total emissions per employee	1.43	**2.28**

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

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

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

- vehicle use; and
- air conditioning.

Substantial shareholdings

As at 31 March 2016, the following interests, excluding those of Directors, in excess of 3% of the Ordinary Share capital of the Company were held:

	Number	Percentage
L. W. S. Lim	2,700,243	7.1
L. W. Y. Lim	2,700,242	7.1
L. W. J. Lim	2,700,242	7.1
Miton Group plc	1,718,824	4.5
M. J. Sunderland	1,176,500	3.1

Pillar 3 disclosures

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

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

Auditor

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

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

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

The Board understand it is Deloitte LLP's (the Auditors) intention to resign as the Company's auditors for commercial reasons following the giving of their audit report. The Board intend to appoint BDO LLP as auditors of the Company pursuant to section 489 of the Companies Act 2006 to fill the casual vacancy arising from the resignation of the Auditors pending shareholder approval at the next Annual General Meeting of the Company.

By order of the Board

R. A. FitzGerald FCA
Director
30 June 2016

Report by the Directors on corporate governance matters

year ended 31 March 2016

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

Compliance

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

The Board of Directors

The Board of Directors currently consists of four Executive and four Non-Executive Directors. The full Board meets regularly and at least every alternate month throughout the year.

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

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

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

The Board has three established Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee, all comprised entirely of Non-Executive Directors.

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

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	6	2	4	1
D. M. Gelber (Non-Executive Chairman)	6	2	3	1
R. A. FitzGerald (Chief Executive)	6	n/a	n/a	n/a
S. K. W. Lam	6	n/a	n/a	n/a
H. M. Lim	—	2	n/a	—
M. J. Wright (Non-Executive Senior Independent Director)	5	2	4	1
R. A. Elliott (Non-Executive Audit Committee Chair)	6	n/a	4	1
D. Hetherton	6	n/a	n/a	n/a
M. J. W. Rushton	6	n/a	n/a	n/a

The Non-Executive Directors also serve and attend Board meetings as Directors of the main regulated subsidiary companies, thereby playing an active part in decision making and control at an operating level.

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

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

M. J. Wright, the Senior Independent Director, has served on the Board for 20 years since the Company's full listing on the London Stock Exchange. The firm of solicitors, The firm of solicitors of which he is a Partner, Charles Russell Speechlys, provided legal services to the Group during the year totalling £60,000 (2015: £274,000). The Board values his continuing contribution, particularly on legal matters, and has also determined that he is independent and that it would like him to continue. He will, therefore, be put forward for re-election to the Board at each Annual General Meeting henceforth, in accordance with the recommendations of the Higgs Report.

Nomination Committee

The Committee consists of D. M. Gelber, M. J. Wright, R. A. Elliott and H. M. Lim. It considers and makes recommendations to the Board for the appointment of Directors. When considering possible candidates, the Committee evaluates their skill, knowledge, experience and, in the case of Non-Executives, their independence and other commitments. The structure of the Board and its collective experience and skill set are assessed on the appointment or departure of any Director.

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

The growing importance of regulation to the Group has been reflected by the creation of a new Board role, Group Compliance Director. A formal recruitment exercise was conducted during the year which led to the appointment of Guy Jackson in May 2016, effective from August 2016.

Audit Committee

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

During the year, the Company undertook a competitive tender process for the position of statutory auditor now that the five year period of the present Audit Partner at Deloitte LLP has been completed.

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

Remuneration Committee

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

A staff profit share scheme which enables all employees to share directly in the future prosperity of the Group has been in operation for several years. Profit before tax for the current year eligible for this bonus calculation has fallen below the minimum threshold and, accordingly, an amount of £nil (2015: £nil) has been allocated to the scheme for the year being reported. An employee Share Incentive Plan incentivises employees to join with the Company in making regular joint purchases of shares in the Company to be held in trust for a minimum of three years. The Share Incentive Plan replaces the employee share option schemes previously in operation.

Report by the Directors on corporate governance matters *continued*

year ended 31 March 2016

Non-Executive Directors

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

Executive Directors

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

Directors' emoluments are disclosed in the Remuneration Committee Report.

The Management Committee and Risk Management Committee

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

Relations with shareholders

The Board recognises the importance of communications with shareholders. The Chairman and Chief Executive Statement in this report and accounts includes a detailed review of the business and future developments.

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

Internal control

The Board acknowledges its responsibility for the Group's system of internal control and has formalised the process for its review of internal control (including financial, operational and compliance controls as well as risk management) and defining the scope and frequency of reports to be received, both by the Board and the Audit Committee. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process has been in operation throughout the year ended 31 March 2016 and up to the date of approval of the annual report and accounts and is regularly reviewed by the Board and the Board is satisfied that it accords with the Turnbull guidance. Due to the size of the Company and Group there is a simple organisational and reporting structure. Financial results and other information are regularly reported to the Board throughout the year. Operations are monitored closely.

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

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

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

Statement of Directors' responsibilities

year ended 31 March 2016

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 applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements on the same basis. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing each of the Group and the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the Board confirms that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company;
- the Strategic and Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- 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 and performance, business model and strategy.

By order of the Board

R. A. FitzGerald FCA
Director
30 June 2016

Remuneration Committee report

year ended 31 March 2016

Remuneration report – introduction

This is the Remuneration Committee report for the year ended 31 March 2016. It sets out the remuneration policy and remuneration details for both the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8).

The report is split into three main areas:

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

The Annual Report of Remuneration provides details on remuneration in the period. The Policy Report was approved by the shareholders at the 2014 Annual General Meeting for a period of three years and is therefore not being put to the shareholders at the 2016 AGM.

A resolution to approve the Annual Report on Remuneration will be put to this year's Annual General Meeting to be held on 3 August 2016.

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

Annual statement from the Chairman of the Remuneration Committee

This has been a further year of consolidation for the Group, with our focus remaining upon the implementation of the strategy to create a full service investment and wealth management group. Our senior management team has remained stable and basic salaries were increased marginally. Directors' bonuses have been paid to certain Directors based on divisional profitability, as set out below.

Although various existing practices have been codified, no material remuneration policy changes were made in the year to 31 March 2016. As noted last year, having made significant progress in implementing Group strategy to restore profitability and refocus the Group, the Remuneration Committee has reviewed the Company's remuneration arrangements to ensure that it maintains appropriate measures and processes for annual and long-term incentives.

This led to a new Directors' Remuneration Policy that was developed by the Remuneration Committee which envisaged the introduction of a Long Term Incentive Plan ("LTIP") for certain members of the Executive team.

The Executive team has remained focused on the restructuring of internal systems referred to in the Chairman and Chief Executive's statement. Whilst there has been initial consultation with certain key shareholders, the introduction of a new LTIP has not yet been crystallised. It remains the intention of the Remuneration Committee to formulate a new LTIP to provide certain members of the Executive team with the opportunity to earn shares subject to the achievement of stretching performance targets. When that has been done, the Company will seek approval for a new Directors' Remuneration Policy and the LTIP.

D. M. Gelber
Remuneration Committee Chairman
30 June 2016

Annual report on remuneration – subject to advisory vote by shareholders at the 2016 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 2016 AGM.

Remuneration for the year ended 31 March 2016 (audited information)

The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2016 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each Director is disclosed.

Name of Director		Fees/ basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Bonus taken as pension contribution £	Total bonus £	Long Term Incentive Plan £	Share incentive plan matching share contribution £	Total £
Executive										
R. A. FitzGerald	**2016**	**168,621**	**1,981**	**16,862**	**—**	**—**	**—**	**—**	**1,800**	**189,264**
	2015	166,129	2,634	16,613	—	—	—	—	1,800	187,176
S. K. W. Lam	**2016**	**168,261**	**1,295**	**16,862**	**—**	**—**	**—**	**—**	**1,800**	**188,578**
	2015	152,285	1,916	27,384	—	—	—	—	1,800	183,385
D. Hetherton	**2016**	**109,964**	**1,375**	**39,106**	**—**	**326**	**326**	**—**	**1,800**	**152,571**
	2015	112,448	1,515	33,852	12,365	—	12,365	—	1,800	161,980
M. J. W. Rushton	**2016**	**155,295**	**1,768**	**10,870**	**—**	**—**	**—**	**—**	**1,800**	**169,733**
	2015	153,000	2,691	10,710	75,189	—	75,189	13,500	1,800	256,890
Non-Executive										
H. M. Lim	**2016**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2015	—	—	—	—	—	—	—	—	—
M. J. Wright	**2016**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2015	—	—	—	—	—	—	—	—	—
D. M. Gelber	**2016**	**41,412**	**—**	**—**	**—**	**—**	**—**	**—**	**1,800**	**43,212**
	2015	40,800	—	—	—	—	—	—	1,800	42,600
R. A. Elliott	**2016**	**27,435**	**—**	**—**	**—**	**—**	**—**	**—**	**1,800**	**29,235**
	2015	27,030	—	—	—	—	—	—	1,800	28,830
Total	**2016**	**671,348**	**6,419**	**83,700**	**—**	**326**	**326**	**—**	**10,800**	**772,593**
	2015	651,692	8,756	88,559	87,554	—	87,554	13,500	10,800	860,861

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

Remuneration Committee report *continued*

year ended 31 March 2016

Annual report on remuneration *continued*

Annual bonus for the year ended 31 March 2016

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

Based on the Group's results and profitability the Committee has not awarded annual bonuses payable in cash to any of the Executive Directors, except for an adjustment of £326 relating to the prior year bonus paid to David Hetherton.

Outstanding share awards

There were no share options outstanding and not vested at 31 March 2016.

Deferred bonus

There are no deferred bonus arrangements in place.

Share incentive plan (SIP)

All employees of the Group are eligible to participate in the SIP following six months of service. Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Company (Partnership Shares). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one matching share. All shares to date awarded under this scheme have been purchased in the market by the Trustees and it is the intention of the Board to continue this policy in the year to March 2016.

Share schemes under which no awards were made in 2016

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

Directors' shareholding and share interests (audited information)

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

Director	Beneficially owned at 31 March 2015	**Beneficially owned at 31 March 2016**
R. A. FitzGerald	275,235	**285,330**
S. K. W. Lam	422,996	**433,222**
M. J. W. Rushton	99,734	**108,628**
R. A. Elliott	455,704	**465,549**
D. Hetherton	713,544	**746,311**
D. M. Gelber	122,502	**132,467**
M. J. Wright	16,129	**16,129**

Share Incentive Plan

The Company also operates the Walker Crips Group Plc Share Incentive Plan (SIP). Participants in the SIP are entitled to purchase up to a prescribed number of new Ordinary Shares in the Company at the end of each month. A total of 664,425 (2015: 642,975) new Ordinary Shares were issued to the 123 employees who participated in the SIP during the year. At 31 March 2016, 2,637,937 shares were held in the SIP on their behalf. There were no forfeited shares not allocated to any specific employee.

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

Director	31 March 2015	**31 March 2016**
R. A. FitzGerald	31,389	**35,669**
S. K. W. Lam	29,947	**33,799**
M. J. W. Rushton	12,277	**16,129**
D. Hetherton	21,515	**20,680**
D. M. Gelber	30,206	**34,036**
M. J. Wright	—	**—**
R. A. Elliott	28,606	**32,436**

Material contracts with Directors

Other related parties include Charles Russell Speechlys, in which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £60,000 (2015: £274,000).

In addition, commission of £3,965 (2015: £2,600) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a Director) again all on standard commercial terms.

Total pension entitlements

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

Death-in-service benefits

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

Payments within the year to past Directors

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

Loss of office payments

There were no loss-of-office payments made in the years ended 31 March 2016 and 31 March 2015.

Remuneration Committee report *continued*

year ended 31 March 2016

Annual report on remuneration *continued*

Percentage increase in the remuneration of the Chief Executive

	2015 £	**2016 £**	Change
Chief Executive			
– salary	166,129	**168,621**	1.50%
– bonus	—	**—**	—
Average per employee (£)			
– salary	34,285	**35,905**	4.70%
– bonus	5,723	**5,988**	4.60%

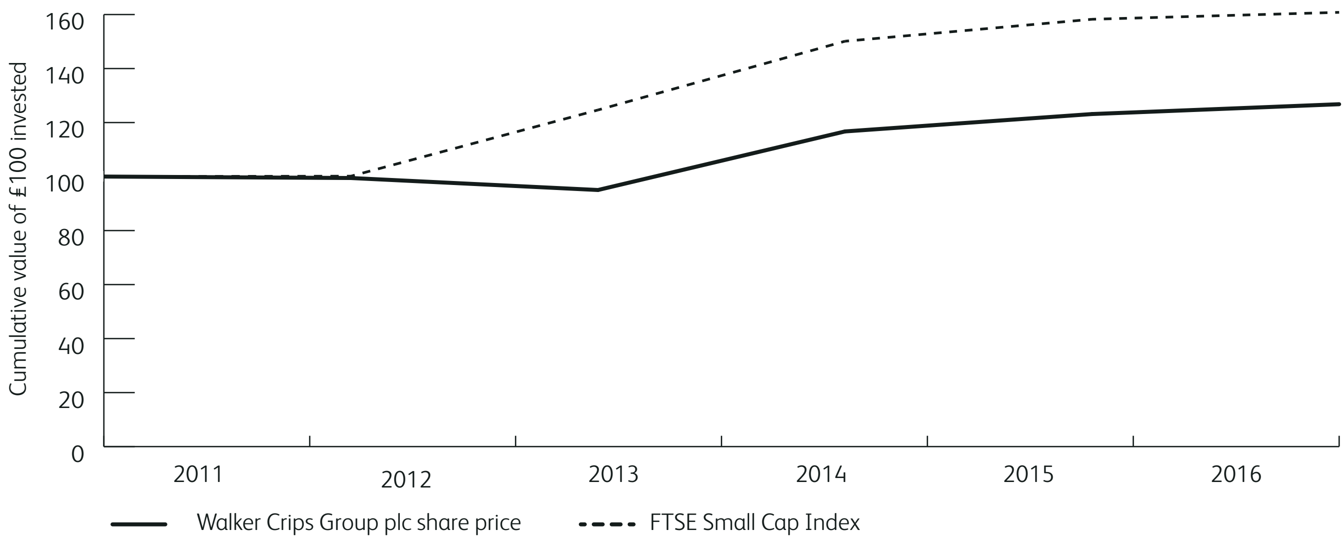
The table above shows the movement in salary and annual bonus for the Chief Executive between the current and previous financial year compared to that of the average employee. The Committee has chosen this comparator and it feels that the comparison of basic salary provides a more appropriate reflection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

Performance graph

The graph below shows a comparison between the Company's total shareholder return (TSR) performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2016, of £100 invested in Walker Crips Group plc on 31 March 2011 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

After the sale of our asset management and corporate finance subsidiaries, the Group has gradually expanded and has reshaped the business model into a more profitable one.

Total shareholder return compared to FTSE Small Cap Index



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

	Year ended 31 March				
	2012	2013	2014	2015	**2016**
Total remuneration	£174,512	£267,934	£186,769	£187,176	**£189,264**

Relative importance of the spend on pay

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

	2015 £'000	**2016 £'000**	Increase
Staff costs	8,841	**10,160**	14.92%
Dividends paid*	588	**657**	11.73%

* Excludes special dividends.

Remuneration Committee governance

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

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

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

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

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

- remuneration policy for Executive Directors, including structure and performance criteria for the annual divisional and bonus pool arrangements;
- determination of remuneration;
- approval of compensation arrangements;
- determination of annual incentive payable to Executive Directors in respect of the year to 31 March 2016;
- oversight of remuneration arrangements for senior Executives;
- review of the Company's Pillar 3 remuneration disclosures; and
- review of the Committee's terms of reference.

External directorships

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

Remuneration Committee report *continued*

year ended 31 March 2016

Annual report on remuneration *continued*

How the remuneration policy will be applied for the year from 1 April 2016 onwards

The base salary review in 2016 resulted in a decision to award no increase to the salaries of the Executives.

	Salary as at 31 March 2015	**Salary as at 31 March 2016**
R. A. FitzGerald	£166,129	**£168,621**
S. K. W. Lam	£152,285	**£168,621**
M. J. W. Rushton	£153,000	**£155,295**
D. Hetherton*	£112,448	**£109,964**

* Excludes salary taken as pension.

Fees for the Chairman and Non-Executive Directors

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

	Year ended 31 March 2016
Chairman	**£41,412**
Senior Independent Director	**£26,520**
Audit Committee Chairman	**£27,435**

D. M. Gelber was appointed as Non-Executive Chairman of the Company by a letter agreement dated 11 May 2007 for a term commencing on 11 May 2007 of not less than two years and thereafter terminable by either party on at least six months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is now a fee of £41,412 per annum plus reimbursement of other specific expenses incurred on behalf of the Company.

M. J. Wright, Senior Independent Director, has a letter of appointment dated 9 July 2000 and accepted on 10 July 2000 for a term of not less than two years commencing on 9 July 2000 and terminable by either party on not less than three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His fees are now £26,520 plus VAT per annum plus expenses. His fees are payable to Charles Russell Speechlys quarterly in arrears.

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

R. A. Elliott, Chairman of the Audit Committee, was appointed as a Non-Executive Director on 11 April 2005 by a letter agreement with a right for him to resign immediately in accordance with the Company's Articles of Association. The agreement also provides for Mr Elliott's re-election each year at the Company's Annual General Meeting. His remuneration is now £27,435 per annum plus reimbursement of other specific expenses incurred on behalf of the Company.

The fees were reviewed by the Board and an increase of 1.25% per annum was agreed effective from 1 April 2016.

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

LTIP for the Chief Investment Officer

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

Statement of shareholder voting

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

2015 AGM		
Votes in favour	14,329,109	38.20%
Votes cast against	81,473	0.20%
Abstentions	16,077	—

Policy Report – approved by shareholders at the 2014 AGM

Overview/scope

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

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

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

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

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

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

How the views of shareholders are taken into account

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

Consideration of employment conditions elsewhere in the Group

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

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

All employees are eligible for a performance-related annual bonus.

Remuneration Committee report *continued*

year ended 31 March 2016

Policy Report *continued*

Future policy table

The following table summarises the key aspects of the Group's remuneration policy for Executive Directors:

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity
Total fixed pay	Provides a level of fixed remuneration sufficient and appropriate to recruit and retain necessary talent and (with the balance of the remuneration package) to properly reward the Executive.	Rather than having separate base salary, pension and benefits components, Executive Directors receive a total fixed pay sum, which they can receive all in cash, or may choose to "sacrifice" part of the cash and instead receive part as a pension contribution and/or fringe benefits such as a car benefit, private medical insurance, or long-term illness/disability insurance. Executive Directors can also benefit from life insurance at a level of four times annual salary. Individual levels of total fixed pay are reviewed annually, with any increases normally taking place in April, unless there are exceptional reasons for an increase at another time of the year. Any increases are generally targeted at around the general level of salary inflation of the Group, but may vary from this for exceptional reasons such as a change in the individual's role or responsibilities, or a need to bring an individual's remuneration to a market competitive level.	Total fixed pay is benchmarked against relevant market levels of aggregate fixed pay and is targeted to be at or below the median of comparable competitors.
Annual variable pay (Discretionary)	Rewards annual Group and personal performance.	Executive Directors are considered each year for a discretionary annual variable pay award, which takes into account both Group and personal performance. The main weighting is on Group financial performance. Group performance is assessed primarily by reference to audited profit before tax after adjusting for one-off items for which credit cannot be allocated to a Director.	No maximum has been set but the Committee will exercise its discretion responsibly, having regard to the interests of shareholders.
Long Term Incentive Plan (LTIP)	Agreed as part of the recruitment of the CIO. Rewards achievement of the long-term performance objectives.	Under the terms agreed with him as part of his recruitment, the Group's Chief Investment Officer, Mark Rushton (MR), was given the right to participate in a Long Term Incentive Plan (LTIP). The terms of the LTIP, under which MR holds shares representing 5% of the growth in the value of certain core businesses of Walker Crips Stockbrokers Limited, were disclosed in the annual accounts for the years to 31 March 2012 and thereafter.	

Differences in remuneration for Executive Directors compared to other employees

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

Approach to remuneration for new Executive Director appointments

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

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

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

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

Service contracts, letters of appointment and loss of office payments

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

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

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

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

Legacy arrangements

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

Fees policy for the Chairman and other Non-Executive Directors

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

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

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

Remuneration Committee report *continued*

year ended 31 March 2016

Policy Report *continued*

Compliance with the FCA Remuneration Code

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

Review

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

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

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

The terms of reference for the Remuneration Committee are available on the Company's website or on request.

Approval

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

Signed on behalf of the Remuneration Committee

D. M. Gelber
Remuneration Committee Chairman
30 June 2016

Audit Committee report

year ended 31 March 2016

Audit Committee Chairman's statement

There were four formal meetings of the Audit Committee during 2015/16 (2014/15: three). The Committee will review its Terms of Reference in light of the Statutory Audit Directive due to be effective from 17 June 2017 to assess its impact on the running of the Committee. The Committee continued its focus on the Group's information technology and the staffing of its finance department.

Committee members

The current members of the Audit Committee are the independent Non-Executive Directors, Robert Elliott (Chairman), David Gelber and Martin Wright. The composition of the Committee is reviewed by the Board through its Nomination Committee.

Robert Elliott has acted as Chairman of the Audit Committee since 2007. David Gelber and Martin Wright were members of the Committee throughout the period under review.

The Board is satisfied that at least one member of the Committee, Robert Elliott, being a Chartered Accountant, has relevant financial experience and the other members of the Committee have extensive experience of financial matters and of the financial services industry.

Meetings

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

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

The number of meetings and attendance for the year are on page 18 of the Report by the Directors on Corporate Governance Matters.

Overview of the work undertaken by the Committee during the year

At each of the meetings reports from both the internal auditors and from the external auditor were received and considered.

The annual and interim financial statements were reviewed at the meetings held immediately before their publication.

An Audit Committee Effectiveness Questionnaire has recently been circulated to Members of the Committee, which may result in a number of proposals to extend the work of the Audit Committee. Further amendment of its terms of reference will also be linked to the finalisation of the Statutory Audit Directive, mentioned above.

The work of the Committee during the year to 31 March 2016 fell into three main areas:

1. Accounting and financial reporting

The Committee reviewed:

a. the annual and interim financial statements;

b. considered the significant financial reporting policy disclosures and judgements; and

c. considered the continued appropriateness of the preparation of the Annual Financial Statements on a going concern basis.

2. Internal Controls

The Committee reviewed and agreed:

a. the scope of the internal audit work;

b. the regular reports from the internal auditor together with its recommendations and management's responses to its proposals;

c. the resources and effectiveness of the internal audit function; and

d. considered the effectiveness of the Audit Committee itself.

Audit Committee report *continued*

year ended 31 March 2016

Overview of the work undertaken by the Committee during the year *continued*

3. External audit

The Committee reviewed and approved:

a. the audit approach and scope of the work to be carried out;

b. the auditor's reports on its audit findings;

c. the auditor's independence and the extent of any non-audit work carried out; and

d. undertook the process of appointing the external auditor for the year to 31 March 2017.

Financial reporting and significant financial judgements

The Committee has decided that the following areas form the principal risks to misstatement of the annual financial statements.

Goodwill impairment

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

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

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates of 12%, growth rates of 2.5% over a five year period and expected changes to revenues and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

In addition, valuations of comparable businesses listed on public markets are also a useful guide in forming a judgement on the carrying value of investments and related goodwill. Underlying tangible net worth is also considered when assessing the carrying value of investments. Under both methods of evaluation there is material headroom above the level needed to make an impairment charge. The carrying amount of goodwill at the year end which relates to the London York wealth management business acquired in 2005 and the acquisition of Barker Poland Asset Management LLP in the prior year was £4.4 million (2015: £4.4 million).

Intangible assets – client relationships amortisation

Acquired client relationships and businesses generating revenue from clients and investment managers are capitalised based on the contractual consideration paid or committed in order to attract the business or on the expected future cash flows to be generated over the lives of the assets, discounted at an appropriate discount rate. These costs are amortised on a straight-line basis over their expected useful lives of three to twenty years.

During the year the Group acquired several investment managers and the business of their clients previously managed by competitors. By assessing the historic rates of client retention, the ages and succession plans of the investment managers who manage the clients and the contractual incentives of the investment managers, the Directors consider a life of up to 20 years to be both appropriate and in line with peers. The closure of client accounts during the year remained low and no advisers were lost to competitors as has also been the case for the last decade. The main cause of client loss continues to be death, which is recognised as 3% per year. The Committee has taken note of these factors and concurs that, with life expectancy now acknowledged to be an average of 81 years, a useful life of 20 years is considered to be conservative.

In respect of both goodwill impairment and intangible assets amortisation, the Committee reviewed management's accounting papers which considered key assumptions, peer comparisons and the accounting treatment recommended in line with current guidance and regulations. The conclusion was reached that the assumptions and judgements used in determining the carrying value of goodwill and intangible assets were appropriate and reasonable.

Significant financial judgements

The Committee also reviewed the following significant financial judgements made by management for the year ended 31 March 2016, including consideration of the external auditor's view and challenges made by the auditor during their audit, and concluded that the judgements were reasonable and appropriate:

- estimates of provisions in relation to outstanding legal cases, customer complaints or claims (Note 25); and
- disclosure of HMRC income tax/NI assessment as a contingent liability (Note 32).

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

Internal audit

In recent years the provision of internal audit activities has been outsourced to Smith & Williamson LLP. This has brought an improved focus to the reviews carried out by internal audit. Smith & Williamson have substantial experience both in financial services and in internal audit procedures. Their knowledge of our industry best practice is of great assistance to the Group.

The internal audit function reports directly to the Audit Committee and its audit plan and scope of work for each year is approved by the Committee after being appraised by management.

The internal audit reports and its proposals are presented to the Committee. Management's comments are tabulated and suggested action is debated and any issues arising are followed through.

During the year, internal audit carried out reviews of procedures around the key risk areas of fraud, client assets, suitability, reputational risk, counterparty risk and regional offices.

External auditor

The Committee reviews specific reports and best practice suggestions presented to the Committee by the external auditor, Deloitte, at each meeting. The Committee discusses and acts upon the external auditor's comments relating to the Group's risk profile and on the preparation of the financial statements. The Committee reports any issues directly to the Main Group Board after each meeting.

A review of the external auditor's independence is carried out each year and any decision on placement of non-audit work with Deloitte is carefully monitored. Taxation and due diligence work is outsourced to other professional firms.

The Committee agreed in advance the external auditor's fees shown in Note 10 to the consolidated financial statements and reviewed its engagement letter. The Chairman and other members of the Committee also hold a meeting with the external auditor, without management being present, at least once a year.

During the year, the Company undertook a competitive tender process for the position of statutory auditor now that the five-year period of the present audit partner at Deloitte LLP has been completed. Subsequent to this tender process, the Audit Committee recommended to the Board that BDO LLP be appointed as the Company's External Auditors for the Group. Accordingly, resolutions are to be proposed at the forthcoming AGM for their appointment, and to authorise the Directors to agree their remuneration for the ensuing year.

I would particularly like to thank Deloitte for its professionalism and understanding during the 36 years it, and its predecessor firms, have been our External Auditors.

Approval

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

R A Elliott.

R. A. Elliott
Audit Committee Chairman
30 June 2016

Independent auditor's report

to the members of Walker Crips Group plc

Opinion on financial statements of Walker Crips Group plc

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Parent company balance sheet and the related notes 1 to 50. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Separate opinion in relation to IFRSs as issued by the IASB

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

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

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within Note 2 to the financial statements and the directors' statement on the longer-term viability of the group contained within the Chairman and Chief Executive Statement on page 6.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 6 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on page 11 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on page 6 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.

Independence

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

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

Our assessment of risks of material misstatement *continued*

Risk	How the scope of our audit responded to the risk
Carrying value and impairment of goodwill Goodwill of £4,388,000 (2015: £4,388,000) relates to the group's Wealth Management division and Barker Poland Asset Management LLP. The assessment of the carrying value of this goodwill is a judgemental exercise which requires estimates concerning the future cash flows, growth rate and discount rate based on management's assessment of the prospects of this division. These risks are explained further in Note 3 Key Sources of Estimation Uncertainty and in the disclosures in Note 15.	In considering management's assumptions regarding their goodwill impairment assessment, we assessed whether the projections were consistent with actual historic results achieved and that the business growth rate was consistent with external data. We benchmarked management's assumptions concerning the group's cost of capital against published peer group data.
Recognition and impairment of client portfolios intangible Acquired client lists of £7,992,000 (2015: £6,631,000) are capitalised on the basis of the expected net discounted future cash flows over the life of the client list. This requires an assessment of whether acquisition consideration represents payment for a client list to be capitalised or payment for ongoing services to be expensed, the revenue generating potential of these clients and their retention. Client lists are amortised over their expected future lives which requires the exercise of judgement in determining an appropriate period. These risks are explained further in Note 3 Key Sources of Estimation Uncertainty and in the disclosures in Note 16.	In respect of acquisitions in the year, we examined contractual agreements to assess whether payments represented an intangible. In considering the adequacy of the impairment assessment performed by the group, we obtained and tested the useful economic life of the client lists and their amortisation by validating historic information concerning the retention of clients. We also benchmarked useful lives against published peer data.
Adequacy of provisions for client claims The group makes provision for client claims based on management's assessment of the likelihood of success of individual cases and taking into account factors such as the group's insurance cover and the progress of any claims referred to the Financial Ombudsman Service. These provisions amounted to £212,000 (2015: £224,000) and are disclosed in Note 25.	Our work in respect of this provision included agreeing management's analysis of claims to relevant correspondence and the complaints register. We obtained confirmations from the group's legal advisers concerning the adequacy of the provisions and examined the contractual arrangements for insurance cover.
Accounting for HMRC Claim A group subsidiary received a claim from HMRC during the period requiring payment of unpaid PAYE, employers' National Insurance and interest in relation to the sale of the group's former asset management business in March 2012. This has been treated as a contingent liability in the financial statements and there is a risk that this has not been properly accounted for. This contingent liability has been explained further in the disclosure in Note 32 and Note 50.	In considering management's assessment regarding the accounting treatment of the claim, we obtained all correspondence between HMRC, the group and its legal representative and assessed the likelihood of the obligation crystalising. We additionally consulted with our internal taxation specialists on management's assessment of the outcome of the claim and independently circularised the legal firm which is handling the matter for the group.

Independent auditor's report *continued*

to the members of Walker Crips Group plc

Last year our report included two other risks which are not included in our report this year:

- Accounting for Acquisitions, as shortly before the last year end the group acquired Barker Poland Asset Management LLP. There have been no acquisitions in the current year; and
- Funding of the Short Term Lending Fund. This Fund was liquidated in the current year.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 33 to 35.

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.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £47,000 (2015: £22,000), which is below 5% (2015: 5%) of pre-tax profit, and below 1% (2015: 1%) of equity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2,600 (2015: £450), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. We focused our group audit scope primarily on the audit work at the group's three main locations London, Romford and York, which were subject to a full scope audit. These locations represent the principal business units and account for all of the group's net assets, revenues and profit before tax, which is unchanged from the prior year. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.
Our audit work on the components was executed at the level lower than group materiality. In addition, we visited the York branch to confirm our understanding of branch controls, which was previously tested centrally.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: ▪ we have not received all the information and explanations we require for our audit; or ▪ adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the parent company financial statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: ▪ materially inconsistent with the information in the audited financial statements; or ▪ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or ▪ otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Independent auditor’s report *continued*

to the members of Walker Crips Group plc

Matters on which we are required to report by exception continued

Respective responsibilities of Directors and auditor

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

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

Scope of the audit of the financial statements

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

Oliver Grundy

Oliver Grundy FCA
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
30 June 2016

Consolidated income statement

year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Continuing operations			
Revenue	4	**26,070**	22,994
Commission payable	6	**(8,433)**	(7,653)
Gross profit		**17,637**	15,341
Share of after tax profits of joint ventures	18	**10**	13
Administrative expenses – other		**(16,996)**	(14,810)
Administrative expenses – exceptional item	7	**(778)**	(329)
Total administrative expenses		**(17,774)**	(15,139)
Operating (loss)/profit		**(127)**	215
Analysed as:			
Profit before tax and exceptional item		**651**	544
Administrative expenses – exceptional item	7	**(778)**	(329)
Operating (loss)/profit		**(127)**	215
Gain on disposal of investment	8	**942**	—
Investment revenues	9	**131**	225
Finance costs	9	**(2)**	(1)
Profit before tax		**944**	439
Taxation	12	**(149)**	(182)
Profit for the year attributable to equity holders of the Company		**795**	257
Earnings per share			
Basic	14	**2.11**	0.69
Diluted	14	**2.11**	0.68

Consolidated statement of comprehensive income

year ended 31 March 2016

	Notes	**2016 £'000**	2015 £'000
Loss on revaluation of available-for-sale investments taken to equity	19	**—**	(88)
Reversal of revaluation of available-for-sale investments		**(959)**	—
Deferred tax on loss on available-for-sale investments		**—**	28
Reversal of deferred tax charge on revaluation of available-for-sale investments		**192**	—
Net loss recognised directly in equity		**(767)**	(60)
Profit for the year		**795**	257
Total comprehensive income for the year attributable to equity holders of the Company		**28**	197

Consolidated statement of financial position

31 March 2016

	Notes	Group 2016 £'000	Group 2015 £'000
Non-current assets			
Goodwill	15	**4,388**	4,388
Other intangible assets	16	**7,992**	6,631
Property, plant and equipment	17	**841**	1,110
Interest in joint ventures	18	**28**	28
Available-for-sale investments	19	**57**	2,417
		13,306	14,574
Current assets			
Trade and other receivables	20	**38,799**	28,332
Trading investments	19	**1,237**	2,701
Cash and cash equivalents	21	**7,257**	6,635
		47,293	37,668
Total assets		**60,599**	52,242
Current liabilities			
Trade and other payables	25	**(36,424)**	(27,537)
Current tax liabilities		**(141)**	(239)
Deferred tax liabilities	22	**(517)**	(741)
Bank overdrafts	23	**(77)**	(134)
Shares to be issued		**(912)**	(298)
		(38,071)	(28,949)
Net current assets		**9,222**	8,719
Long-term liability – deferred cash consideration		**(1,556)**	(1,930)
Long-term liability – shares to be issued		**(218)**	(453)
Long-term liability – dilapidation provision	25	**(132)**	—
Net assets		**20,622**	20,910
Equity			
Share capital	26	**2,595**	2,545
Share premium account		**2,279**	1,988
Own shares	26	**(312)**	(312)
Retained earnings		**11,392**	11,254
Revaluation reserve		**—**	767
Other reserves		**4,668**	4,668
Equity attributable to equity holders of the Company		**20,622**	20,910

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 30 June 2016.

Signed on behalf of the Board of Directors

R. A. FitzGerald FCA
Director
30 June 2016

Consolidated statement of cash flows

year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Operating activities			
Cash (used)/generated by operations	28	**(1,119)**	3,806
Interest received		**85**	78
Interest paid		**(2)**	(1)
Tax paid		**(120)**	(337)
Net cash (used)/generated by operating activities		**(1,156)**	3,546
Investing activities			
Purchase of property, plant and equipment		**(247)**	(565)
Net sale/(purchase) of investments held for trading		**1,464**	(1,031)
Net sale proceeds/cost of available-for-sale investments		**2,044**	—
Consideration paid on acquisition of businesses		**(810)**	(765)
Consideration paid on acquisition of subsidiary		**(13)**	(1,875)
Dividends received		**54**	46
Net cash generated/(used) by investing activities		**2,492**	(4,190)
Financing activities			
Dividends paid		**(657)**	(958)
Net cash used by financing activities		**(657)**	(958)
Net increase/(decrease) in cash and cash equivalents		**679**	(1,602)
Net cash and cash equivalents at beginning of year		**6,501**	8,103
Net cash and cash equivalents at end of year		**7,180**	6,501
Cash and cash equivalents		**7,257**	6,635
Bank overdrafts		**(77)**	(134)
		7,180	6,501

Consolidated statement of changes in equity

year ended 31 March 2016

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption £'000	Other £'000	Revaluation £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2014	2,515	1,818	(312)	111	4,557	827	11,955	21,471
Revaluation of investment at fair value	—	—	—	—	—	(88)	—	(88)
Deferred tax credit to equity	—	—	—	—	—	28	—	28
Profit for the year	—	—	—	—	—	—	257	257
Dividends paid	—	—	—	—	—	—	(958)	(958)
Issue of shares on acquisition of intangibles	30	170	—	—	—	—	—	200
Equity as at 31 March 2015	2,545	1,988	(312)	111	4,557	767	11,254	20,910
Reversal of revaluation of available-for-sale investments	—	—	—	—	—	(959)	—	(959)
Reversal of deferred tax charge on revaluation of available-for-sale investments	—	—	—	—	—	192	—	192
Profit for the year	—	—	—	—	—	—	795	795
Dividends paid	—	—	—	—	—	—	(657)	(657)
Issue of shares on acquisition of intangibles	50	291	—	—	—	—	—	341
Equity as at 31 March 2016	**2,595**	**2,279**	**(312)**	**111**	**4,557**	**—**	**11,392**	**20,622**

Notes to the accounts

year ended 31 March 2016

1. General information

Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. The Company financial statements are presented on pages 67 to 79.

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

Standards not affecting the reported results or the financial position

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

- IFRIC 21 ‘Levies’

New standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 9 ‘Financial Instruments’, IFRS 15 ‘Revenue from Contracts with Customers’ and IFRS 16 ‘Leases’. The effective dates of IFRS 9, IFRS 15 and IFRS 16 are not until 2018, 2019 and 2019 respectively; the Group has therefore decided not to implement these standards early.

2. Significant accounting policies

Basis of consolidation

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

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

Business combinations

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

Interests in joint ventures

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

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

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

Goodwill

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

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

2. Significant accounting policies *continued*

Intangible assets

(a) Client lists

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

(b) Unit Trust Management Contracts

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

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

Shares to be issued

Shares to be issued represent the Company's best estimate of the Ordinary Shares in the Company which are likely to be issued the following business combinations or the acquisition of client relationships which involve deferred payments in the Company's shares. Where shares are due to be issued within a year, the sum is included in current liabilities.

Revenue recognition

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

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

Foreign currencies

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

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

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

Property, plant and equipment

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

Computer hardware	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.

Notes to the accounts *continued*

year ended 31 March 2016

2. Significant accounting policies *continued*

Taxation

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

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

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

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

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

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

Financial assets and liabilities

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

Trade receivables

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

Investments

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

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

Cash and cash equivalents

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

Financial liabilities and equity

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

2. Significant accounting policies *continued*

Trade payables

Trade payables are recognised at fair value.

Bank overdrafts

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

Equity instruments

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

Provisions

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

Share-based payments

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

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

Pension costs

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

Leases

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

Going concern

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

In addition, Note 24 to the financial statements includes details of risk management objectives, policies and processes for managing its capital.

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

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

Notes to the accounts *continued*

year ended 31 March 2016

3. Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate of 12% has been adopted in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £4.4 million (2015: £4.4 million).

Other intangible assets

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

4. Revenue

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

	2016 Broking income £'000	**2016 Non-broking income £'000**	**2016 Total £'000**	2015 Broking income £'000	2015 Non-broking income £'000	2015 Total £'000
Stockbroking commission	**10,007**	**—**	**10,007**	10,152	—	10,152
Fees and other revenue	**—**	**13,632**	**13,632**	—	10,438	10,438
Investment Management	**10,007**	**13,632**	**23,639**	10,152	10,438	20,590
Wealth Management	**—**	**2,431**	**2,431**	—	2,404	2,404
Revenue	**10,007**	**16,063**	**26,070**	10,152	12,842	22,994
Net investment revenue	**—**	**129**	**129**	—	224	224
Total income	**10,007**	**16,192**	**26,199**	10,152	13,066	23,218
% of total income	**38.2**	**61.8**	**100.0**	43.7	56.3	100.0

5. Segmental analysis

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

2016	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2016 £'000
Revenue			
External sales	23,639	2,431	26,070
Result			
Segment result	987	165	1,152
Unallocated corporate expenses			(1,279)
Operating loss			(127)
Gain on disposal of investments			942
Investment revenues			131
Finance costs			(2)
Profit before tax			944
Tax			(149)
Profit after tax			795

2016	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2016 £'000
Other information			
Capital additions	231	16	247
Depreciation	497	19	516
Statement of financial position			
Assets			
Segment assets	52,131	1,963	54,094
Unallocated corporate assets			6,505
Consolidated total assets			60,599
Liabilities			
Segment liabilities	39,018	543	39,561
Unallocated corporate liabilities			416
Consolidated total liabilities			39,977

Notes to the accounts *continued*

year ended 31 March 2016

5. Segmental analysis *continued*

2015	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2015 £'000
Revenue			
External sales	20,590	2,404	22,994
Result			
Segment result	931	338	1,269
Unallocated corporate expenses			(1,054)
Operating profit			215
Investment revenues			225
Finance costs			(1)
Profit before tax			439
Tax			(182)
Profit after tax			257

2015	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2015 £'000
Other information			
Capital additions	552	13	565
Depreciation	380	16	396
Statement of financial position			
Assets			
Segment assets	44,322	2,074	46,396
Unallocated corporate assets			5,846
Consolidated total assets			52,242
Liabilities			
Segment liabilities	30,532	615	31,147
Unallocated corporate liabilities			185
Consolidated total liabilities			31,332

6. Commission payable

Commission payable comprises:

	2016 £'000	2015 £'000
To authorised external agents	**27**	39
To approved persons	**8,406**	7,614
	8,433	7,653

7. Administrative expenses – exceptional item

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

	2016 £'000	2015 £'000
Short Term Lending Fund winding down costs	—	68
Costs incurred on acquisitions	—	261
Costs incurred on suitability project	778	—
	778	329

During the period to 31 March 2016, the Group incurred legal and professional adviser costs relating to enhancements made to the Group's regulatory control framework in relation to suitability of advice given to clients.

Towards the end of the prior year, a decision was made to wind down our Short Term Lending Fund. All investors received a full return of the sums invested. Administrative costs associated with the wind down were provided for in the prior year's results. Prior year acquisition costs are largely made up of legal and professional costs being incurred and payable on completion of the acquisition of BPAM on 6 March 2015.

8. Gain on disposal of investment

Net gains comprise:

	2016 £'000	2015 £'000
Gain on disposal of investment in Euroclear shares	942	—

During the period to 31 March 2016, the Group disposed of its holding of 1,809 shares in Euroclear plc realising a gain of £942,000.

During the period to 31 March 2015, there were no gains or losses on disposal of investments.

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

9. Investment revenues and finance costs

Net investment revenue comprises:

	2016 £'000	2015 £'000
Investment revenue		
Interest on bank deposits/fixed income securities	77	179
Dividends from equity investment	54	46
	131	225
Finance costs		
Interest on bank overdrafts	(2)	(1)
Net investment revenue (Note 4)	129	224

Notes to the accounts *continued*

year ended 31 March 2016

10. Profit for the year

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

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment (see Note 17)	**516**	396
Amortisation of intangibles (see Note 16)	**407**	233
Staff costs (see Note 11)	**10,161**	8,841
Auditor's remuneration	**229**	184
Lease payment	**654**	574

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

	2016 £'000	**2016 %**	2015 £'000	2015 %
Audit services				
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**12**	**5**	12	7
The audit of the Company's subsidiaries pursuant to legislation	**169**	**75**	148	79
Non-audit services				
FCA client assets reporting	**24**	**10**	12	7
Reported under AAF 01/06	**24**	**10**	12	7
	229	**100**	184	100

The Audit Committee Report explains how the auditor's objectivity and independence is safeguarded when non-audit services are provided by the auditor.

11. Staff costs

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

	2016 £'000	2015 £'000
Employee costs during the year amounted to:		
Wages and salaries	**8,463**	7,368
Social security costs	**921**	819
Other costs	**777**	654
	10,161	8,841

Staff costs do not include commissions payable mainly to self-employed account executives, as these costs are included in total commissions payable to approved persons disclosed in Note 6. At the end of the year there were 63 self-employed account executives who were approved persons of the Group (2015: 64).

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

	2016 Number	2015 Number
Executive Directors	**4**	4
Approved persons	**61**	51
Other staff	**145**	129
	210	184

12. Taxation

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

	2016 £'000	2015 £'000
UK corporation tax at 20% (2015: 21%)	**288**	239
Overseas tax	**158**	6
Double tax relief	**(147)**	—
Deferred tax	**(150)**	(63)
	149	182

Corporation tax is calculated at 20% (2015: 21%) 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:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**944**	439
Tax on profit on ordinary activities at the standard rate UK corporation tax rate of 20% (2015: 21%)	**189**	92
Effects of:		
Tax rate changes	**(58)**	13
Expenses not deductible for tax purposes	**30**	63
Chargeable gains	**(8)**	—
Prior year adjustment	**(5)**	—
Amortisation of intangible assets	**—**	24
Overseas taxes	**11**	6
Non-taxable income	**(10)**	(14)
Other	**—**	(2)
	149	182

Finance Act 2013 enacted a reduction in the UK corporation tax rate to 20% with effect from 1 April 2015. This reduction in the tax rate impacted the current tax charge in 2016.

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

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	2016 £'000	2015 £'000
Final dividend for the year ended 31 March 2015 of 1.17 pence (2014: 1.06 pence) per share	**439**	392
Final special dividend for the year ended 31 March 2015 of £nil (2014: 1.00 pence) per share	**—**	370
Interim dividend for the year ended 31 March 2016 of 0.58 pence (2015: 0.53 pence) per share	**218**	196
	657	958
Proposed final dividend for the year ended 31 March 2016 of 1.27 pence (2015: 1.17 pence) per share	**487**	439

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

Notes to the accounts *continued*

year ended 31 March 2016

14. 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 £795,000 (2015: £257,000) and on 37,678,525 (2015: 37,017,924) Ordinary Shares of 6⅔ pence, being the weighted average number of Ordinary Shares in issue during the year.

The effect of options granted would be to reduce the reported earnings per share. The calculation of diluted earnings per share is based on 37,678,525 (2015: 37,629,174) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period adjusted for the dilutive effect of potential Ordinary Shares.

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

Earnings	2016 £'000	2015 £'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**795**	257
Earnings for the purposes of diluted earnings per share	**795**	257

Number of shares	2016	2015
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**37,678,525**	37,017,924
Effect of dilutive potential Ordinary Shares:		
– Share option schemes	**—**	611,250
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**37,678,525**	37,629,174

This produced unadjusted basic earnings per share of 2.11 pence (2015: 0.69 pence) and diluted unadjusted earnings per share of 2.11 pence (2015: 0.68 pence).

15. Goodwill

	£'000
Cost	
At 1 April 2014	5,569
Addition: Acquisition of BPAM	1,487
At 1 April 2015	7,056
At 31 March 2016	**7,056**
At 1 April 2014	2,668
Impaired during the year	—
At 1 April 2015	2,668
Impaired during the year	—
At 31 March 2016	**2,668**
Carrying amount	
At 31 March 2016	**4,388**
At 31 March 2015	4,388

15. Goodwill *continued*

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

	2016 £'000	2015 £'000
London York CGU	**2,901**	2,901
BPAM CGU	**1,487**	1,487
	4,388	4,388

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

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations for the London York and BPAM CGUs are those regarding the discount rates of 12%, growth rates of 2.5% and expected changes to revenues and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

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

16. Other intangible assets

	Unit trust management contracts £'000	Client lists £'000	Total £'000
Cost			
At 1 April 2014	240	2,198	2,438
Additions in the year	—	5,696	5,696
At 1 April 2015	240	7,894	8,134
Additions in the year	—	1,768	1,768
At 31 March 2016	**240**	**9,662**	**9,902**
Amortisation			
At 1 April 2014	216	1,054	1,270
Charge for the year	24	209	233
At 1 April 2015	240	1,263	1,503
Charge for the year	—	407	407
At 31 March 2016	**240**	**1,670**	**1,910**
Carrying amount			
At 31 March 2016	**—**	**7,992**	**7,992**
At 31 March 2015	—	6,631	6,631

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

Notes to the accounts *continued*

year ended 31 March 2016

17. Property, plant and equipment

	Leasehold improvements furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
At 1 April 2014	1,004	1,670	589	3,263
Write down	(49)	—	—	(49)
Additions	365	84	116	565
Acquisition of subsidiary	—	—	172	172
At 1 April 2015	1,320	1,754	877	3,951
Additions	50	106	91	247
At 31 March 2016	**1,370**	**1,860**	**968**	**4,198**
Accumulated depreciation				
At 1 April 2014	460	1,461	470	2,391
Eliminated on write down of assets	(49)	—	—	(49)
Charge for the year	216	98	82	396
Acquisition of subsidiary	—	—	103	103
At 1 April 2015	627	1,559	655	2,841
Charge for the year	280	99	137	516
At 31 March 2016	**907**	**1,658**	**792**	**3,357**
Carrying amount				
At 31 March 2016	**463**	**202**	**176**	**841**
At 31 March 2015	693	195	222	1,110

18. Interest in joint ventures

	2016 £'000	2015 £'000
Aggregated amounts relating to joint ventures		
Total assets	**63**	67
Total liabilities	**(7)**	(11)
Net assets	**56**	56
Group's share of joint venture's net assets	**28**	28
Group's share of:		
Revenue	**76**	43
Profit for the period	**10**	13

19. Investments
Available-for-sale investments

	Life policy investments £'000	Equity investments £'000	Qualifying collective investment scheme £'000	Total £'000
Fair value				
At 1 April 2014	—	1,122	1,282	2,404
Additions in the year	—	—	101	101
Disposals in the year	—	—	—	—
Recognised in comprehensive income	—	(88)	—	(88)
At 1 April 2015	—	1,034	1,383	2,417
Additions in the year	57	—	—	57
Disposals in the year	—	(1,034)	(1,383)	(2,417)
Recognised in comprehensive income	—	—	—	—
At 31 March 2016	**57**	**—**	**—**	**57**

Equity investments comprise the Company's investment in Euroclear plc. The fair value is based upon the Company's share of net assets (discounted for market factors) or the underlying share price and volatility which may be subject to some fluctuation from year to year. During the year to 31 March 2016 the Group disposed of its holding of 1,809 shares in Euroclear plc realising a gain of £942,000 in the income statement, which includes accumulated gains of £959,000 previously credited to equity. The shares had a fair value of £1,034,000 at the disposal date.

Following the closure and liquidation of the TB Walker Crips Income from Short Term Lending Fund (STLF), a qualifying collective investment scheme (QCIS), the Group's holding of 1.383 million units was redeemed and repaid in full (resulting in no gain or loss) with £1,383,000 being received on 7 September 2015.

	2016 £'000	2015 £'000
Trading investments		
Fair value	**1,237**	2,701

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

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

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

Notes to the accounts *continued*

year ended 31 March 2016

20. Other financial assets

Trade and other receivables	2016 £'000	2015 £'000
Amounts falling due within one year:		
Due from clients, brokers and recognised stock exchanges	**30,524**	21,811
Loans due from clients	**—**	582
Other debtors	**3,075**	1,553
Prepayments and accrued income	**5,200**	4,386
	38,799	28,332

21. Cash and cash equivalents

	2016 £'000	2015 £'000
Short-term cash deposits held at bank, repayable on demand with penalty	**2,850**	4,710
Cash deposits held at bank, repayable on demand without penalty	**4,407**	1,925
	7,257	6,635

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 2016 was £220,500,000 (2015: £230,200,000).

22. Deferred tax liability

	Revaluation £'000	Capital allowances £'000	Short-term timing differences and other £'000	Total £'000
At 1 April 2015	(192)	(33)	(516)	(741)
Use of loss brought forward	—	—	(118)	(118)
Credit to the income statement	—	18	132	150
Credit to the statement of comprehensive income	192	—	—	192
At 31 March 2016	**—**	**(15)**	**(502)**	**(517)**

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2016. A reduction in the 18% rate to 17% with effect from 1 April 2020 was announced in the March 2016 Budget but does not impact the closing deferred tax position for 2015.

23. Bank overdrafts

	2016 £'000	2015 £'000
Bank overdrafts	**77**	134

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

24. Financial instruments and risk profile

Financial risk management

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

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

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

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

(i) credit risk;

(ii) liquidity risk; and

(iii) market risk.

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

(i) Credit risk

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

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

Trade receivables (includes settlement balances)

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

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

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

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

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

Notes to the accounts *continued*

year ended 31 March 2016

24. Financial instruments and risk profile *continued*
Financial risk management *continued*
(i) Credit risk *continued*
Trade receivables (includes settlement balances) continued
Maximum exposure to credit risk:

	2016 £'000	2015 £'000
Cash	**7,257**	6,635
Trade receivables	**30,524**	21,811
Loans due from clients	**—**	582
	37,781	29,028

Analysis of trade receivables/loans due from clients:

		2016 £'000	2015 £'000
Neither past due nor impaired		**28,015**	20,199
Past due but not impaired	<30 Days	**2,394**	1,998
	>30 Days	**58**	45
	>3 Months	**57**	151
		30,524	22,393

The tables above represents a worst case scenario of credit risk exposure to the Group at 31 March 2016 and 2015 without taking account of any collateral held which acts as a credit mitigant. The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

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

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

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

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

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

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

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

24. Financial instruments and risk profile *continued*
Financial risk management *continued*
(ii) Liquidity risk *continued*

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

2016	Less than 1 year £'000	Total £'000
Bank overdrafts	**77**	**77**
Trade and other payables	**36,424**	**36,424**
	36,501	**36,501**

2015	Less than 1 year £'000	Total £'000
Bank overdrafts	134	134
Trade and other payables	27,537	27,537
	27,671	27,671

(iii) Market risk

These relate to price risk on available-for-sale and trading investments and are described in the Audit Committee Report where significant.

Fair value of financial instruments

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

25. Other financial liabilities
Trade and other payables

	2016 £'000	2015 £'000
Amounts owed to clients, brokers and recognised stock exchanges	**27,473**	20,041
Other creditors	**5,190**	4,927
Accruals and deferred income	**3,761**	2,569
	36,424	27,537

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 13 days (2015: 16 days).

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

Other creditors and long-term liabilities

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

	2016 Claims/ complaints £'000	2016 Dilapidations £'000	2016 Total £'000
At start of year	**224**	**—**	**224**
Additions	**157**	**132**	**289**
Utilisation of provision	**(119)**	**—**	**(119)**
Unused amounts reversed during the year	**(50)**	**—**	**(50)**
At end of year	**212**	**132**	**344**

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.

Notes to the accounts *continued*

year ended 31 March 2016

26. Called up share capital

	2016 £'000	2015 £'000
Called up, allotted and fully paid		
38,924,046 (2015: 38,186,958) Ordinary Shares of 6²/₃ pence each	**2,595**	2,545

During the year the Company allotted nil Ordinary Shares (2015: nil Ordinary Shares) in connection with the exercise of share options. The Company received £nil consideration during the year in respect of the exercise of share options (2015: £nil).

During the year 737,088 new Ordinary Shares were issued and allotted to various personnel associated with the Company in order to meet contractual commitments made by the Company as part of the ongoing expansion of its client base.

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

27. Share-based payments

Share options

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

	2016		2015	
	Options	**Weighted average exercise price (in £)**	Options	Weighted average exercise price (in £)
Outstanding at beginning of year	**611,250**	**0.78**	611,250	0.72
Forfeited/lapsed during the year	**611,250**	**0.78**	—	—
Exercised during the year	**—**	**—**	—	—
Outstanding at the end of the year	**—**	**—**	611,250	0.78
Exercisable at the end of the year	**—**	**—**	611,250	0.78

The options outstanding at 31 March 2016 had a weighted average remaining contractual life of 0 years (2015: 0.2 years).

LTIP

The Company recognised total expenses of £nil (2015: £nil) and £nil (2015: £nil) related to equity-settled share-based payment transactions.

28. Cash (used)/generated from operations

	2016 £'000	2015 £'000
Operating (loss)/profit for the year	**(127)**	215
Adjustments for:		
Amortisation of intangibles	**407**	233
Share of joint venture income	**(10)**	(13)
Depreciation	**516**	396
(Increase)/decrease in debtors	**(10,467)**	18,316
Increase/(decrease) in creditors	**8,562**	(15,341)
Net cash (outflow)/inflow	**(1,119)**	3,806

29. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £nil (2015: £nil) contracted but not provided for and £104,000 (2015: £104,000) capital commitments authorised but not contracted for.

Lease commitments

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

	2016 £'000	2015 £'000
Within one year	**625**	652
Within two to five years	**457**	1,094

30. Related parties

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

	2016 £'000	2015 £'000
Commissions received from Directors, employees, approved persons and their family	**96**	168

Other related parties include Charles Russell Speechlys, of which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £60,000 (2015: £274,000).

In addition, commission of £3,965 (2015: £2,600) 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.

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

Remuneration of the Directors who are the key management personnel of the Group are disclosed fully in the Remuneration Committee Report.

During the year the Company acquired TBWC Limited for a consideration sum of £1 as part of the winding up of the STLF. TBWC Limited was subsequently sold for £1 to James Chalmers-Smith and Stephen Simper, Directors of Walker Crips Stockbrokers. This transaction was conducted at an arm's length price and was made to facilitate the use of TBWC Limited (now known as OPAL STL Limited) in a new short-term lending fund structure mandate, with ownership and control outside of the Group. The Group will receive a loan processing fee from OPAL STL Limited.

Notes to the accounts *continued*

year ended 31 March 2016

31. Subsidiaries and associates

Group	Country of incorporation	Principal activity	Class and percentage of shares held
Trading subsidiaries			
Walker Crips Stockbrokers Limited	United Kingdom	Investment management	Ordinary Shares 100%
London York Fund Managers Limited	United Kingdom	Management services	Ordinary Shares 100%
Walker Crips Wealth Management Limited	United Kingdom	Financial services advice	Ordinary Shares 100%
Ebor Trustees Limited	United Kingdom	Pensions management	Ordinary Shares 100%
Barker Poland Asset Management LLP	United Kingdom	Investment management	Membership 100%
TBWC No 1 Limited	United Kingdom	Short-term lending facilitation	Ordinary Shares 100%
TBWC No 2 Limited	United Kingdom	Short-term lending facilitation	Ordinary Shares 100%
TBWC No 3 Limited	United Kingdom	Short-term lending facilitation	Ordinary Shares 100%
Non-trading subsidiaries			
Walker Crips Financial Services Limited	United Kingdom	Financial services	Ordinary Shares 100%
G & E Investment Services Limited	United Kingdom	Holding company	Ordinary Shares 100%
Ebor Pensions Management Limited	United Kingdom	Dormant company	Ordinary Shares 100%
Investorlink Limited	United Kingdom	Agency stockbroking	Ordinary Shares 100%
Walker Cambria Limited	United Kingdom	Dormant company	Ordinary Shares 100%
Walker Crips Trustees Limited	United Kingdom	Dormant company	Ordinary Shares 100%
W.B. Nominees Limited	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (PEP) Nominees Limited	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB (ISA) Nominees Limited	United Kingdom	Nominee company	Ordinary Shares 100%
WCWB Nominees Limited	United Kingdom	Nominee company	Ordinary Shares 100%
Walker Crips Investment Management Limited	United Kingdom	Dormant company	Ordinary Shares 100%
Jointly controlled entities			
JWPCreers Wealth Management Limited	United Kingdom	Financial services advice	Ordinary Shares 50%

32. Contingent liability

The Group has received an assessment from HMRC to pay a significant sum of Income Tax and National Insurance plus interest. The assessment relates to moneys apparently paid to two of its former fund managers arising out of their employment with Walker Crips Asset Managers Limited (WCAM), a former wholly-owned subsidiary of the Group which was sold on 12 April 2012.

The Directors believe that the amount assessed may relate to subsequent payments made to the two WCAM Managers by the purchaser of WCAM, a transaction in which the Group was not involved. Under the terms of the Sale and Purchase Agreement of 12 March 2012, the purchaser is considered by the Directors to be ultimately liable for any tax arising in respect of any such payments made to the Manager.

A successful appeal to postpone any tax payable has been made whilst a more detailed investigation is being undertaken. In the opinion of the Directors, there is insufficient information at the date of these financial statements to allow the Board to conclude that a liability exists at 31 March 2016. They have therefore made no provision in these financial statements in respect of this matter.

Company balance sheet

31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible	36	**376**	571
Intangible	37	**3,953**	2,365
Investments	38	**17,425**	19,842
		21,754	22,778
Current assets			
Debtors	39	**523**	138
Trading investments		**518**	1,194
Cash at bank and in hand		**2,187**	1,042
		3,228	2,374
Creditors: amounts falling due within one year			
Other creditors	41	**(1,726)**	(1,189)
Shares to be issued	42	**(912)**	(298)
		(2,638)	(1,487)
Net current assets		**590**	887
Total assets less current liabilities		**22,344**	23,665
Creditors: amounts falling due after more than one year			
Other creditors	46	**(1,486)**	(1,720)
Shares to be issued	46	**(218)**	(453)
		(1,704)	(2,173)
Net assets		**20,640**	21,492
Capital and reserves			
Called up share capital	45	**2,595**	2,545
Share premium account		**2,279**	1,988
Own shares held	45	**(312)**	(312)
Profit and loss account		**11,410**	12,603
Other reserves		**4,668**	4,668
Equity shareholders' funds		**20,640**	21,492

The financial statements of Walker Crips Group plc (Company registration no: 01432059) were approved by the Board of Directors and authorised for issue on 30 June 2016.

Signed on behalf of the Board of Directors

R. A. FitzGerald FCA
Director
30 June 2016

Company statement of cash flows

year ended 31 March 2016

	2016 £'000	2015 £'000
Cash flow from operating activities		
Loss for the financial year	**(949)**	(883)
Adjustments for:		
Depreciation	**219**	149
Amortisation	**133**	8
Decrease/(increase) in trading investments	**676**	(242)
Increase in debtors	**(465)**	(3,189)
Increase in creditors	**425**	2,747
Net cash generated from/(used by) operating activities	**39**	(1,410)
Investing activities		
Interest received	**25**	37
Acquisition of subsidiary	**—**	(2,239)
Sale of fixed asset investments	**1,383**	—
Net cash generated from/(used by) investing activities	**1,408**	(2,202)
Financing activities		
Dividends paid	**(502)**	(1,174)
Dividends received	**200**	—
Net cash generated used by financing activities	**(302)**	(1,174)
Net increase/(decrease) in cash and cash equivalents	**1,145**	(4,786)
Cash and cash equivalents at beginning of year	**1,042**	5,828
Cash and cash equivalents at end of year	**2,187**	1,042

Company statement of changes in equity

year ended 31 March 2016

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Other £'000	Profit and loss account £'000	Total equity £'000
Equity as at 31 March 2014	2,515	1,818	(312)	4,668	14,233	22,922
Loss for the year	—	—	—	—	(672)	(672)
Dividends paid	—	—	—	—	(958)	(958)
Issue of shares on acquisition of subsidiary	30	170	—	—	—	200
Equity as at 31 March 2015	2,545	1,988	(312)	4,668	12,603	21,492
Loss for the year	—	—	—	—	(536)	(536)
Dividends paid	—	—	—	—	(657)	(657)
Issue of shares on acquisition of intangibles	50	291	—	—	—	341
Equity as at 31 March 2016	**2,595**	**2,279**	**(312)**	**4,668**	**11,410**	**20,640**

Notes to the Company accounts

year ended 31 March 2016

33. Significant accounting policies

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

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 34).

The company has adopted FRS 102 in line with the mandatory application date of 1 January 2015 in accordance with the requirements of section 35 of that standard. The first date at which FRS 102 was applied was 1 April 2014. In accordance with FRS 102 the Company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

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

The company has chosen to early adopt the amendments to FRS 102, paragraph 34.22, which revise the disclosure requirements for financial institutions, specifically in relation to the fair value hierarchy, as presented within Note 43. These amendments were approved for issue on 3 March 2016 and are otherwise effective for accounting periods beginning on or after 1 January 2017.

Tangible fixed assets

Tangible fixed assets comprise fixtures 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.

Intangible assets

(a) Client lists

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

(b) Unit Trust Management Contracts

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

33. Significant accounting policies ***continued***

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.

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 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.

Financial instruments

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

Investments

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

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

Investments in subsidiaries

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

Valuation of investments

The fair valuation of the Company's basic financial instrument investments is based upon the underlying market price and volatility which may be subject to fluctuation from year to year (see Note 44 for further information).

Debtors

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

Cash and cash equivalents

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Notes to the Company accounts *continued*

year ended 31 March 2016

33. Significant accounting policies *continued*

Share-based payments

Shares to be issued represent the Company's best estimate of the Ordinary Shares in the Company which are likely to be issued following business combinations or the acquisition of client relationships which involve deferred payments in the Company's shares. Where shares are due to be issued within a year, the sum is included in current liabilities.

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

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

Shares to be issued

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

Leases

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

Going concern

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

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

35. Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported a loss for the financial year of £536,000 (2015: loss of £672,000).

An amount of £12,000 (2015: £12,000) related to the auditor's remuneration for audit services to the Company.

36. Tangible fixed assets

	Leasehold improvements furniture and equipment £'000	Computer software £'000	Total £'000
Cost			
At 1 April 2015	952	858	1,810
Additions	24	—	24
At 31 March 2016	**976**	**858**	**1,834**
Accumulated depreciation			
At 1 April 2015	392	847	1,239
Charge for the year	215	4	219
At 31 March 2016	**607**	**851**	**1,458**
Carrying amount			
At 31 March 2016	**369**	**7**	**376**
At 31 March 2015	560	11	571

37. Intangible assets

	Client lists £'000	Total £'000
Cost		
At 1 April 2015	2,552	2,552
Additions	1,721	1,721
At 31 March 2016	**4,273**	**4,273**
Accumulated depreciation		
At 1 April 2015	187	187
Charge for the year	133	133
At 31 March 2016	**320**	**320**
Carrying amount		
At 31 March 2016	**3,953**	**3,953**
At 31 March 2015	2,365	2,365

Notes to the Company accounts *continued*

year ended 31 March 2016

38. Fixed asset investments

	2016 £'000	2015 £'000
Subsidiary undertakings	**17,425**	17,425
Basic financial instrument investments held at fair value	**—**	2,417
	17,425	19,842

A complete list of subsidiary undertakings can be found in Note 31 to the Group accounts.

Basic financial instruments held at fair value consists of zero investments as at 31 March 2016 (2015: two).

During the year, 1,809 shares in Euroclear plc were disposed of, recognising a loss on disposal in the statement of comprehensive income of £17,000. In the year to 31 March 2016 the holding was valued based on the underlying share price and volatility. Revaluation gains have been recognised in previous years and included within the profit and loss account.

The second investment was one of 1.383 million units in the Short Term Lending Fund (STLF), a qualifying collective investment scheme (QCIS). This was disposed of for £1,383,000. Further details are disclosed in Note 19 to the Group accounts.

39. Debtors

	2016 £'000	2015 £'000
Amounts due from subsidiary undertakings	**127**	—
Deferred tax asset	**82**	—
Prepayments and accrued income	**77**	87
Other debtors	**237**	51
	523	138

40. Deferred tax asset/(liability)

	2016 £'000	2015 £'000
At 1 April	**(122)**	(231)
Use of loss brought forward	**(118)**	—
Credit/(charge) to the income statement	**322**	109
At 31 March	**82**	(122)

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2016. A reduction in the 18% rate to 17% with effect from 1 April 2020 was announced in the March 2016 Budget but does not impact the closing deferred tax position for 2015.

41. Creditors

	2016 £'000	2015 £'000
Amounts due on acquisition of subsidiary	—	13
Accruals and deferred income	416	63
Amounts due to subsidiary undertakings	—	71
Deferred tax liability (see Note 40)	—	122
Amount due to personnel under recruitment contracts	1,310	920
	1,726	1,189

42. Shares to be issued

	2016 £'000	2015 £'000
Amount due to personnel under recruitment contracts/acquisition agreements	912	298
	912	298

43. Fair value disclosures

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

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

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

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

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

The categorisation of the company's investments within the hierarchy is based upon the pricing transparency of the investments and does not necessarily correspond to the Directors' perceived risk of the investments. The Company's investments, held during the year, in Euroclear plc and the STLF are classified within Level 3 as they have unobservable inputs and are traded infrequently or not at all.

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

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

At 31 March 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets held at fair value through profit and loss	**518**	**—**	**—**	**518**

At 31 March 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit and loss	1,194	—	2,417	3,611

Determining the fair value of the company's investments requires judgement and considers factors specific to the Investment. The valuation policies applied by the Directors are detailed in note 33.

Notes to the Company accounts *continued*

year ended 31 March 2016

44. Risk management policies

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

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

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

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

(i) credit risk;

(ii) liquidity risk; and

(iii) market risk.

Further information on the disclosures and policies carried out by the Company and the Group are made in Note 24 of the consolidated financial statements.

(i) Credit risk

Maximum exposure to credit risk:

	2016 £'000	2015 £'000
Cash	**2,187**	1,042
Other debtors	**237**	51
	2,424	1,093

Analysis of other debtors due from tax authorities and financial institutions:

		2016 £'000	2015 £'000
Neither past due nor impaired		**237**	51
Past due but not impaired	<30 Days	**—**	—
	>30 Days	**—**	—
	>3 Months	**—**	—
		237	51

44. Risk management policies *continued*

(ii) Liquidity risk

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

2016	2016 £'000	2015 £'000
Other creditors	**3,212**	2,909
	3,212	2,909

2016	2016 £'000	2015 £'000
Within one year	**1,726**	1,189
Within two to five years	**1,486**	1,720
	3,212	2,909

(iii) Market risk

These relate to price risk on trading investments and are described in the Audit Committee Report where significant.

Fair value of financial instruments

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

45. Called up share capital

	2016 £'000	2015 £'000
Called up, allotted and fully paid		
38,924,046 (2015: 38,186,958) Ordinary Shares of 6²/₃ pence each	**2,595**	2,545

During the year the Company allotted nil Ordinary Shares (2015: nil Ordinary Shares) in connection with the exercise of share options. The Company received £nil consideration during the year in respect of the exercise of share options (2015: £nil).

During the year 737,088 new Ordinary Shares were issued and allotted to various personnel associated with the Company in order to meet contractual commitments made by the Company as part of the ongoing expansion of its client base.

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

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

	2016 £'000	2015 £'000
Amount due to personnel under recruitment contracts	**1,486**	1,720
Shares to be issued to personnel under recruitment contracts	**218**	453
	1,704	2,173

Notes to the Company accounts *continued*

year ended 31 March 2016

47. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £nil (2015: £nil) contracted but not provided for and £nil (2015: £nil) capital commitments authorised but not contracted for.

Lease commitments

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

	2016 £'000	2015 £'000
Within one year	**506**	539
Within two to five years	**368**	923

48. Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company, the Company. In the opinion of the Board, the Group and the Company's key management are the Directors of Walker Crips Group plc. Total compensation to key management personnel is £772,593 (2015: £860,861). Further information can be found within the Remuneration Committee Report on page 22.

49. First time adoption of FRS 102

These financial statements are Walker Crips Group plc's first financial statements that comply with FRS 102. The date of transition to FRS 102 was 1 April 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies compared to those used previously. The following tables describe the differences between the amounts presented previously under UK GAAP and as restated to comply with FRS 102:

- in the Statement of Comprehensive Income and Balance Sheet for the year 31 March 2015 (i.e. comparative information); and
- in the opening Balance Sheet (i.e. at 1 April 2014, the date of transition).

Balance Sheet	As previously stated 1 April 2014 £'000	Effect of transition 1 April 2014 £'000	FRS 102 (as restated) 1 April 2014 £'000	As previously stated 31 March 2015 £'000	Effect of transition 31 March 2015 £'000	FRS 102 (as restated) 31 March 2015 £'000
Capital and reserves						
Called up share capital	2,515	—	2,515	2,545	—	2,545
Share Premium	1,818	—	1,818	1,988	—	1,988
Own shares held	(312)	—	(312)	(312)	—	(312)
Other reserves	4,668	—	4,668	4,668	—	4,668
Revaluation reserve	827	(827)	—	767	(767)	—
Profit and loss account	13,406	827	14,233	11,836	767	12,603
Equity shareholders' funds	**22,922**	**—**	**22,922**	**21,492**	**—**	**21,492**

Effect on the Statement of Comprehensive Income

On transition to FRS 102, the company has recognised transition adjustments to recognise the revaluation of investments treated as basic financial instruments to become part of the Profit and Loss account. These were previously recognised as Other Comprehensive Income. This has the effect of increasing the loss in the Profit and Loss Account for the year ended 31 March 2015 to £672,000 (previously £612,000).

50. Contingent liability

The Company has received an assessment from HMRC to pay a significant sum of Income Tax and National Insurance plus interest. The assessment relates to moneys apparently paid to two of its former fund managers arising out of their employment with Walker Crips Asset Managers Limited (WCAM), a former wholly-owned subsidiary of the group which was sold on 12 April 2012.

The Directors believe that the amount assessed may relate to subsequent payments made to the two WCAM Managers by the purchasers of WCAM, a transaction in which the Company was not involved. Under the terms of the Sale and Purchase Agreement of 12 March 2012, the purchaser is considered by the Directors to be ultimately liable for any tax arising in respect of any such payments made to the Manager.

A successful appeal to postpone any tax payable has been made whilst a more detailed investigation is being undertaken. In the opinion of the Directors, there is insufficient information at the date of these financial statements to allow the Board to conclude that a liability exists at 31 March 2016. They have therefore made no provision in these financial statements in respect of this matter.

Notice of Annual General Meeting

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

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

Notice is hereby given that the Annual General Meeting of Walker Crips Group plc ("Walker Crips Group" or the "Company") will be held at South Place Hotel, 3 South Place, London, EC2M 2AF on 3 August 2016 at 11:00 a.m. for the following purposes:

As ordinary business

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

1. To receive and adopt the Directors' report and audited financial statements for the year ended 31 March 2016.
2. To approve the Directors' remuneration report (excluding the Directors' remuneration policy set out on pages 29 to 32 of the Directors' remuneration report) for the year ended 31 March 2016.
3. To declare a final dividend of 1.27 pence per Ordinary Share for the year ended 31 March 2016.
4. To re-elect as a Director Mr David Gelber.
5. To re-elect as a Director Mr Martin Wright.
6. To re-elect as a Director Mr Robert Elliott.
7. To re-elect as a Director Mr Hua Min Lim.
8. To appoint BDO LLP as auditor of the Company until the conclusion of the next meeting at which accounts are laid.
9. To authorise the Directors to set the auditor's remuneration.

As special business

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

10. That the authority and power conferred upon the Directors to allot shares or to grant rights to subscribe for or to convert any security into shares in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution and for that period the Section 551 Amount (as defined in Article 12(B)) shall be £851,658 (equivalent to one third of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(B) are revoked, subject to Article 12(D).

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

11. That, subject to the passing of Resolution 10, the authority and power conferred upon the Directors to allot equity securities for cash in accordance with Article 12 of the Company's Articles of Association shall apply until the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution and for that period the Section 561 Amount (as defined in Article 12(C)) shall be £255,497 (equivalent to 10% of the Company's issued share capital (excluding treasury shares) as at the date of this notice). All previous authorities pursuant to Article 12(C) are revoked, subject to Article 12(D).

As special business ***continued***

12. That the Company be and is hereby granted pursuant to section 701 of the Companies Act 2006 general and unconditional authority to make market purchases (within the meaning of section 693 of the Companies Act 2006) on the London Stock Exchange of Ordinary Shares of 6⅔ 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 6⅔ 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 15 months from the date of the passing of this resolution; and

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

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

By order of the Board

Guy J. B. Jackson LLB (Hons)
Secretary
30 June 2016

Walker Crips Group plc
Finsbury Tower, 103–105 Bunhill Row, London EC1Y 8LZ
Reg No. 01432059

Notice of Annual General Meeting *continued*

Notes on resolutions
The following paragraphs explain, in summary, the Resolutions to be proposed at the Annual General Meeting (the "Meeting").

Resolution 1: Receipt of the 2016 Report and Accounts
The Directors of the Company must present their report and the annual accounts to the Meeting and shareholders may raise any questions on the report and accounts under this resolution.

Resolution 2: Approval of the 2016 Directors' remuneration report
In accordance with section 439 of the Companies Act, shareholders are requested to approve the Directors' remuneration report (other than the Directors' Remuneration Policy set out on pages 29 to 32), which can be found on pages 22 to 32 of the Report and Accounts for the year ended 31 March 2016. The vote is advisory only and does not affect the actual remuneration paid to an individual Director.

The Directors' Remuneration Policy is required to be put to shareholders for approval every three years, or earlier if changes to the policy are proposed, or the advisory vote on the Directors' remuneration report is not passed. At the 2014 annual general meeting, shareholders approved the Directors' remuneration policy. No change is proposed to the Directors' remuneration policy and it is not otherwise required to be approved at this year's Meeting.

Resolution 3: Final dividend
Shareholders are being asked in Resolution 3 to approve a final dividend of 1.27 pence per Ordinary Share for the year ended 31 March 2016. If you approve the recommended final dividend, this will be paid on 12 August 2016 to all ordinary shareholders who were on the register of members at the close of business on 29 July 2016.

Resolutions 4 to 7: Re-election of Directors
Mr David Gelber, Mr Martin Wright and Mr Hua Min Lim are retiring because each of them have been Non-Executive Directors for more than nine years and Mr Robert Elliott is retiring as it is a condition of his letter of appointment as a Non-Executive Director that he retires at each Annual General Meeting. Mr Gelber, Mr Wright, Mr Lim and Mr Elliott are seeking re-election.

The biographies of the Directors eligible and standing for re-election at the Meeting are set out on pages 14 and 15 in the 2016 Report and Accounts.

Resolution 8: Appointment of auditor
The Company is required to appoint its auditor at each general meeting at which accounts are laid before the shareholders and is usually appointed to hold office from the conclusion of an Annual General Meeting until the conclusion of the next Annual General Meeting.

During the year, the Audit Committee engaged in a formal tender process for the external audit of the Company's financial statements, full details of which are described in the Audit Committee report on pages 33 to 35 of the 2016 Report and Accounts. Following the conclusion of this process, the Board proposes the appointment of BDO LLP following recommendation by the Audit Committee which has considered the circumstances of the change of auditor. Deloitte LLP will therefore not seek re-appointment as the Company's auditor.

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

As outgoing auditor, Deloitte LLP has provided the Company with a statement of circumstances under section 519 of the Companies Act 2006 and a copy of this statement is reproduced below in accordance with section 520 of the Companies Act:

30 June 2016

Dear Sirs

This letter is formal notice of our resignation as auditors of the above company with effect from 30 June 2016.

Yours faithfully

Deloitte LLP

Statement of reasons relating to the resignation of Deloitte LLP as auditors to Walker Crips Group plc.
The company ran an audit tender and we chose not to participate.

Unless the company applies to the court, this statement of reasons is required to be brought to the attention of members or creditors of the company, must be sent by the company within 14 days to every person entitled under Section 423 of the Companies Act 2006 to be sent copies of the company's accounts. This is a requirement of Section 520(2) of that Act.

Resolution 9: Remuneration of the auditor

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

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

Resolution 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 £851,658 (being one third of the Company's issued share capital (excluding treasury shares) as at 30 June 2016). This resolution, which is an ordinary resolution, will replace the authority given to the Directors at the last Annual General Meeting on 31 July 2015.

750,000 shares are held in treasury as at 30 June 2016 (representing approximately 2% of the Company's issued share capital (excluding treasury shares) on that date).

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

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

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

Resolution will be proposed before the Meeting to confer authority on the Directors to allot equity securities for cash up to an aggregate nominal amount of £255,497 (being 10% of the Company's issued share capital (excluding treasury shares) as at 30 June 2016) 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 31 July 2015.

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

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

Resolution 12: Authority for the Company to purchase its own shares

The Companies Act 2006 permits a public company to purchase its own shares in accordance with powers contained in its Articles of Association and with the authority of a resolution of shareholders. The Directors believe that the Company should be authorised to take advantage of these provisions and therefore, pursuant to the power contained in the Company's Articles of Association, it is intended to propose a special resolution at the Meeting to confer authority on the Company to purchase up to a maximum in aggregate of 10% of the Ordinary Shares of 6⅔ pence each in the share capital of the Company at a price or prices which will not be less than 6⅔ pence and not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made.

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

Shareholders may further note that the total number of warrants and options to subscribe for equity shares in the Company that are outstanding as at 30 June 2016 is nil.

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

Resolution 13: Notice period for general meeting

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

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

The approval will be effective until the Company's Annual General Meeting in 2017 when it is intended that a similar resolution to renew the authority will be proposed.

Notice of Annual General Meeting *continued*

Shareholder notes

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

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 6.00 p.m. on 1 August 2016; or
   - if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited to obtain an extra proxy card on 0121 585 1131.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

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

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA; and
   - received by Neville Registrars Limited no later than 11:00 a.m. on 1 August 2016.

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

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

Appointment of proxies through CREST

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

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID (7RA11) by 11:00 a.m. on 1 August 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

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

Appointment of proxy by joint members

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

Changing proxy instructions

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

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

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

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited no later than 11:00 a.m. on 1 August 2016.

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

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

Corporate representatives

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

Notice of Annual General Meeting *continued*

Issued shares and total voting rights

12. As at 30 June 2016 (being the latest practicable day prior to the date of this notice), the Company's issued share capital comprised 39,074,620 Ordinary Shares of 6⅔ pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. The Company held 750,000 Ordinary Shares in treasury on 30 June 2016 and, therefore, the total number of voting rights in the Company as at 30 June 2016 is 38,324,620.

Communication

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

Website giving information regarding the Meeting

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

Questions at the Meeting

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

Website publication of audit concerns

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

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

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

Nominated person

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

Form of proxy

For use at the Annual General Meeting (the "Meeting") of Walker Crips Group plc (the "Company") to be held at the South Place Hotel, 3 South Place, London, EC2M 2AF on 3 August 2016 at 11:00 a.m. and at any adjournment thereof.

I/We ....

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

Of (address) ....

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

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

Of (address) ....

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

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

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

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

	For	Against	Vote withheld
1) To receive and adopt the Directors' report and audited financial statements			
2) To approve the Directors' remuneration report			
3) To declare a final dividend of 1.27 pence per Ordinary Share			
4) To re-elect David Gelber as a Director			
5) To re-elect Martin Wright as a Director			
6) To re-elect Robert Elliott as a Director			
7) To re-elect Hua Min Lim as a Director			
8) To appoint BDO LLP as auditor			
9) To authorise the Directors to set the remuneration of the auditor			
10) To authorise the Directors to allot shares			
11) To disapply pre-emption rights*			
12) To authorise the Company to make market purchases of its own shares*			
13) To authorise the Company to call a general meeting of shareholders on not less than 14 clear days' notice*			

Signed: .... Dated:..

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

* Special resolution

Form of proxy *continued*

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space above. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. If the proxy is being appointed in relation to less than your full voting entitlement, please indicate the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or, if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited on 0121 585 1131 to obtain an extra proxy card. Please indicate the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).
6. To direct your proxy how to vote on the resolutions mark the appropriate box with an ‘X’. To abstain from voting on a resolution, select the relevant “Vote withheld” box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. To appoint a proxy using this form, the form must be:
    - completed and signed;
    - sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA; and
    - received by Neville Registrars Limited no later than 11:00 a.m. on 1 August 2016.
8. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
9. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
10. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, CREST ID (7RA11) by 11:00 a.m. on 1 August 2016. See the notes to the notice of meeting for further information on proxy appointment through CREST.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
13. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
14. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

Officers and professional advisers

Directors

Executive Directors

R. A. FitzGerald FCA – Chief Executive Officer

S. K. W. Lam FCPA (Aust.), Chartered FCSI – Group Managing Director

D. Hetherton – Wealth Management Director

M. J. W. Rushton – Chief Investment Officer

Non-Executive Directors

D. M. Gelber – Chairman

R. A. Elliott FCA, Cert PFS – Audit Committee Chairman

H. M. Lim

M. J. Wright – Senior Independent Director

Secretary

Guy J. B. Jackson LLB (Hons)

Registered office

Finsbury Tower
103–105 Bunhill Row
London EC1Y 8LZ

Bankers

HSBC Bank plc
London

Solicitors

Charles Russell Speechlys LLP
London

Auditor

Deloitte LLP
London

Registrars

Neville Registrars Limited
18 Laurel Lane
Halesowen
West Midlands B63 3DA

consultancy, design and production by
designportfolio
design-portfolio.co.uk @WeAre_DP
Design Portfolio is committed to planting trees for every corporate communications project, in association with Trees for Cities.

THE WHITE STAR PRINTING COMPANY

Walker Crips Group plc
Finsbury Tower
103–105 Bunhill Row
London EC1Y 8LZ

020 3100 8000
www.wcgplc.co.uk
client.services@wcgplc.co.uk