

Company Registration No. 01432059

Walker Crips Group plc

Report and Financial Statements

31 March 2013

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Walker Crips Group plc

Report and Financial Statements 2013

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Walker Crips Group plc

Report and Financial Statements 31 March 2013

Officers and professional advisers

Directors

Executive directors

R A FitzGerald FCA	- Chief Executive Officer
S K W Lam FCPA	- Group Managing Director
S J Bailey	- Investment Director (resigned 12 April 2012)
D Hetheron	- Wealth Management Director
M J W Rushton	- Chief Investment Officer (appointed 13 April 2012)

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

D J Hall Dip PFS FMAAT ACoI MSI

Registered office

Finsbury Tower
103-105 Bunhill Row
London EC1Y 8LZ

Bankers

HSBC Bank plc
London

Solicitors

Speechly Bircham LLP
London

Auditor

Deloitte LLP
London

Registrars

Neville Registrars Limited
18 Laurel Lane
Halesowen
West Midlands
BG6 3DA

Walker Crips Group plc

Chairman's Statement Year ended 31 March 2013

Summary

The results for the year ended 31 March 2013 are dominated by the actions we have taken to implement the Board's strategy of focussing on the Group's core investment management, stock broking and wealth management businesses. Most notably the one-off gain arising from the successful disposal of Walker Crips Asset Managers Ltd (WCAM) has enabled us to report record pre-tax profits of £9.1m and to return a substantial amount of capital to shareholders through two special dividend payments during the year.

The Group also acquired 20 new investment managers, moved its back-office operations into a new more cost-effective location and completed the disposal after year end of its corporate finance subsidiary.

As a result of these actions, the Group is well on track to return its core business to significant profitability.

Business Performance Overview

Operating losses (before exceptional items) for the year of £1.0m (2012 operating profit of £0.8m) reflect weak trading conditions and lower volumes, especially in the first half and which persisted until the fourth quarter, materially impacting private client commission income and an increase in the proportion of shared revenues and therefore commission paid away to £8.6m (2012 £5.7m).

Revenues in the last quarter of the year have shown, and continue to show, an encouragingly improving trend above the Board's expectations.

Exceptional administrative expenses of £1.3m (2012 £0.3m) were incurred during the year, predominantly in restructuring and redeveloping the continuing businesses and focussed on future cost savings or potential revenue generation. As part of this process we relocated our settlement and administration functions out of the City of London to Romford. This, together with the re-configuration of our London office, is already resulting in significant cost savings, with no loss of efficiency or service levels, and will provide immediate improvements to the Group's profitability.

Corporate Events/Strategy

In the year under review we made significant progress in implementing our strategy of focussing on and redeveloping our core businesses. Such progress was aided considerably by Chief Investment Officer, Mark Rushton, who was recruited to the Group in February 2012.

In April 2012 we completed the disposal of WCAM to Liontrust Asset Management plc (Liontrust) for a consideration of £12.7m in a combination of cash, Liontrust shares and convertible unsecured loan stock (CULS). This resulted in a one-off gain in excess of £11.7m and substantially increased the resources available to re-invest in the core businesses. The Liontrust shares and some of the CULS have since been disposed of, further adding to the liquid resources available to the Group.

The focus of our re-investment has been on the recruitment of additional investment managers and their clients, assets and associated revenue streams. This has continued steadily throughout the year and is well ahead of expectations.

In November 2012, we agreed the sale of Keith Bayley Rogers and Co, our corporate finance subsidiary, for a consideration of £0.3m. This disposal of the last of our non-core businesses, completed after the year end, on 31 May 2013.

Balance Sheet

As at 31 March 2013, the Group had net assets of £19.5m, including net cash of £7.8m, the strongest balance sheet in its history, providing a solid platform on which to build future growth.

Walker Crips Group plc

Chairman's Statement (continued) Year ended 31 March 2013

Our remaining holding of CULS has been re-valued at 31 March 2013. The significant increase in the share price underlying this instrument has resulted in a total revaluation gain of £883,000 (see Note 21), most of which is reflected in this year's income statement.

Dividends

In recognition of the gain made by the Group on the disposal of WCAM, the Board declared two special interim dividends during the year, returning an aggregate of 7.5 pence per ordinary share to shareholders.

The Board also rebased the ongoing annual dividend payments to a level which is more consistent with the continuing business. The Board anticipates that these dividends can be increased over time as the implementation of its strategy enables the Group to improve its underlying profitability.

The Board is pleased to announce a final dividend for the year of 0.9 pence per ordinary share (2012 0.9 pence per ordinary share) which, when combined with the interim dividends of 7.97 pence per ordinary share (0.47 pence per ordinary share excluding the special interim dividends; 2012 0.94 pence per ordinary share) makes a total dividend for the year of 8.87 pence per ordinary share (1.37 pence per ordinary share excluding the special interim dividends, 2012 1.84 pence per ordinary share). The final dividend will be paid on 26 July 2013 to those shareholders on the register at the close of business on 28 June 2013.

AGM

This year's Annual General Meeting will be held at the South Place Hotel, 3 South Place, London, EC2M 2AF on 19 July 2013 at 11.00 am. Coffee and biscuits will be served for a short time before and after the meeting.

Outlook

As a result of the strategic initiatives and changes implemented during the year, we have seen a consistent run rate of profitability in the months immediately before and since the year end. This gives us considerable optimism for the current year.

Many worldwide financial issues remain unresolved, the continuing uncertainty from international monetary easing and ongoing Eurozone issues to name just two. However, global equity markets have shown some resilience and this has assisted in an encouraging start to the current year for the Group.

The combination of our continued focus on the development of the Group's investment and wealth management businesses, our new product pipeline, the cost savings derived from our restructuring and our balance sheet strength leaves the Group in prime position to grow and to benefit all stakeholders in the business in the future.



David Gelber

Chairman

20 June 2013

Walker Crips Group plc

Chief Executive's Report Year ended 31 March 2013

Results overview

The overriding theme for the year has been one of change, the catalyst for which was the significant gain made upon the disposal of WCAM. I am delighted to report that the implementation of new initiatives to generate material increases in revenue and earnings in our core businesses have had an increasingly positive impact on our trading as the year progressed. The Group is now very well placed for further advances in the current year, especially with the benefit of almost a full year of the substantial savings obtained from our recent office relocations.

Gross revenue for the year to 31 March 2013 was £20.3m, a level consistent with the prior year (2012 £20.3m) despite the loss of the WCAM income of nearly £4m included in 2012. On a like-for-like basis, gross revenue increased by 22% to £19.9m (2012 £16.3m) although, as an expected consequence, the proportion of income subject to commission sharing arrangements also increased significantly. This resulted in higher payments to our burgeoning team of internal and external investment managers and, correspondingly, lower net income (gross profits) of £11.8m (2012 £14.6m). The executive management team, bolstered by the addition of Mark Rushton in the new role of Chief Investment Officer, is confident that it has the focus and resources to continue to drive the Group's investment management and wealth management businesses forward.

Administrative expenses were closely monitored and were contained without any increase over the prior year. However, specific front end development costs were incurred in executing the Board's growth strategy, thereby increasing overheads linked to the expected and materialising increase in attributable revenues and the full realisation of much larger related cost savings.

The Group's underlying operating loss (before the exceptional costs incurred in the restructuring and refocusing of the Group) for the year was £1.0m (2012 restated underlying operating profit of £0.8m), of which £0.7m was incurred in the first half of the year, clearly demonstrating the improvements in trading as the year progressed.

Exceptional administrative costs of £1.3m (2012 £0.3m) were incurred during the year.

The profit before tax for the year of £9.1m (2012 £0.6m restated) reflects, in particular, the significant gain on the disposal of WCAM. Other non-operating items include:

- a goodwill write down of £1.2m reflecting the Board's view of the negative impact of generally weak global markets on the trading performance of some of the Group's business units in the first half of the year, in particular the reduction in the cash generation of the stockbroking and corporate finance businesses, and
- The conversion and disposal of part of the £4m holding of CULS yielding a profit of £0.4m, and
- the disposal of our holding of 1,851,967 Liontrust ordinary shares, which yielded a loss of £0.6m, and
- the revaluation of remaining CULS at the year end generating a revaluation gain of £0.8m.

Earnings per share for the year of 25.21 pence (2012 0.77 pence restated) reflect the impact of the above non-operating items.

Walker Crips Group plc

Chief Executive's Report (continued) Year ended 31 March 2013

Investment Management

The Board's strategic vision of 'Making Investment Rewarding' is revitalising both our Private Client Portfolio Investment Management and Stockbroking revenue streams. We have utilised our robust balance sheet to acquire new investment managers and can boast a total of 20 new client-facing recruits since March 2012. Nearly all brought strong client relationships which have had an immediate impact on group revenue and which we anticipate will more than replace the lost WCAM revenues.

Discretionary and advisory assets under management (AUM) at the year end were £1,030m (31 March 2012 £628m excluding WCAM), a 64% increase reflecting the greater emphasis we now place on growing our fee-based revenue streams. Total assets under management and administration also increased by 43% to £2.0 billion over the comparable amount for the prior year.

We have also upgraded our systems and developed new products and services which have been successfully launched to the market, including our discretionary investment portfolio models which are aimed at building IFA client access channels, and extending the traditional private client base.

We have embraced industry-wide rule changes to deliver more transparent fee structures, which we will continue to streamline. We are also looking to continue growing our fee based income and look forward to reporting progress on this in future results.

As well as traditional bonds and equities and alternative asset classes, and in line with clients' demand, the internally managed Private Client division's services have increased activity in covered options where suitable for individual clients.

Our traditional advisory and execution-only business bore the brunt of the turbulent markets in the first half of the year. However, in the second half year it generated £4.7m of commission income, an encouraging 47% increase compared to the first half.

The Structured Investments team produced a record year largely unaffected by the changes resulting from the FCA's Retail Distribution Review which took effect on 31 December 2012. The product range has achieved impressive returns and continues to be popular amongst professional advisers.

With low interest rates making Cash ISAs unattractive, subscriptions into our Stocks and Shares ISA product increased by 32% year on year, justifying once again our policy of incubating products for several years until more lucrative future returns can be enjoyed.

Fund Management

The Group retained the management of the CF Corporate Bond Fund following the disposal of WCAM. This fund totalled £22.7m at the time of the WCAM disposal and, at the year end, stood at £24.7m reflecting a successful strategy of income generation with lower risk than most of its peers. The fund management team have a clear strategy to continue to grow funds under management and to increase profitability.

The decision was taken to wind up the Global Growth and Select Income Funds which were felt to have become less attractive propositions for investors and clients. This process concluded after the year end with almost all of the funds being reinvested via the investment management and wealth management services of Walker Crips.

Walker Crips Group plc

Chief Executive's Report (continued) Year ended 31 March 2013

Wealth Management (previously referred to as Financial Services)

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

In the year to 31 March 2013, the York operation delivered a record operating profit and, post the advent of RDR, activity remains strong. Income related to assisting small and medium sized corporates to meet the new rules for auto enrolment of employee pension schemes, boosted the year's revenues and continues to support revenues in the current year

Overall assets under management in the pensions subdivision at the year end were £301m (2012 £291m). The SIPP (Self Invested Personal Pension) product enjoyed a strong year with 10% growth in new SIPP plans to 330 at the year end (31 March 2012 300). Assets under administration at the period end also were up 10% at just over £95m (2012 £87m). In addition, the SSAS (Small Self Administered Scheme) product experienced acceptable growth and is now being more overtly marketed to small corporate and family controlled companies in need of dedicated pension services. SSAS plans under administration at the year end amounted to £206m (2012 £204m).

Liquidity

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

Going Concern

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

Staff

It is the collegiate atmosphere at Walker Crips which makes it the special company it is and I would like to thank all members of the team, both staff and associates, for their efforts during the year, in particular for their positive reaction to our decision to relocate to new office space and in accommodating the ongoing stream of new investment managers, advisers and clients joining our ranks.

Special thanks goes to the individuals in our IT department, who unwaveringly demonstrated great support and flexibility in ensuring the office moves were smooth and efficient and enabled us to continue to serve our clients seamlessly. I thank them all for their outstanding fortitude in maintaining the highest standards of service under immense pressure.

Walker Crips Group plc

Chief Executive's Report (continued) Year ended 31 March 2013

Outlook

We are encouraged by the growing number of quality revenue generators who are attracted to the Walker Crips platform, with its compelling offering in this exciting phase of expansion, and who bring their own capabilities and client bases. Since the year end we have added six more investment managers and their clients and assets under management to the team.

Overall trading activity in the opening weeks of the new financial year has been strong, with the current global optimism reflected in investor sentiment. Your Board believes that the Group is well positioned to capitalise on improvements in its markets over the longer term and that the right strategy for delivering underlying growth in the next phase of the Group's development is in place.

R A FitzGerald FCA
20 June 2013



Walker Crips Group plc

Directors' Report Year ended 31 March 2013

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 2013

Principal activities and business review

The principal activities of the Group are investment management, fund management, administration of Individual Savings Accounts, the provision of investment advice and managing clients' deposits in the course of conducting investment business. In recent years, these activities have expanded to include pension management and advice, structured investments design and distribution, corporate trustee services and personal financial planning and wealth management.

A review of the business can be found in both the Chairman's statement and Chief Executive's report, and below.

Long-term strategy and business objectives

The objective for the Group is to build upon the historical private client business to create a broader financial services group and, by accelerating growth and profitability, to create real shareholder value. For the foreseeable future this will comprise building on the core divisions of investment management and wealth management. The strategy will be to grow these divisions both organically and by acquisition in a manner that creates recurring revenue and shareholder value. There are three key elements to implementing the Group's strategy while we strive to provide quality advice to our clients. They are:

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

Our progress on our strategic objectives is monitored by the Board by reference to several key performance indicators (KPIs) applied on a group wide basis. Performance in 2013 is set out in the table below together with prior year performance data which has not been adjusted for and excludes the data for WCAM, a subsidiary which was sold early in the year in April 2012. No changes have been made to the source of data or calculation methods used in the year.

	2013	2012
Transaction volumes	100,278	90,711
Investment funds under management 31 March	£1,030 million	£628 million
Non-broking income to total income	62.1%	60.3%

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

Walker Crips Group plc

Directors' report (continued) Year ended 31 March 2013

Results and dividends

Results, distributions and retained profits are as follows

	2013 £'000	Restated 2012 £'000
Retained earnings at 1 April	4,498*	5,212*
Profit for the year after taxation	9,153	281*
Dividends paid	(3,221)	(995)
	<hr/>	<hr/>
Retained earnings at 31 March	10,430	4,498*

The directors recommend a final dividend of 0.9p per ordinary share to be paid on 26 July 2013 to ordinary shareholders on the register on 28 June 2013

* Amounts have been restated explained further in Note 35

Capital Structure

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

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

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

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

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

Risks and uncertainties

Risks to the business are reviewed monthly and monitored by the board-appointed Business Risk Panel, they are formally reviewed by the Board once a year. The Group's risk management policies and procedures are also discussed in the Report by the directors on Corporate Governance matters with financial risks and their risk management explained further note 26 to the financial statements.

Walker Crips Group plc

Directors' report (continued) Year ended 31 March 2013

The principal risks of the Group are as follows

Risk Type	Risk	Key Mitigators
Credit Risk	Counterparty risk	Majority of clients are small All institutional transactions are cash against delivery
Conduct Risk	Loss arising from any breach of FCA rules	Strong compliance culture and large training budget is augmented by sound control framework and experienced well resourced compliance team
Liquidity Risk	Bank default and other systemic risk	Several banks are used to hold both clients' and firm's money, with levels being constantly reviewed Credit risk assessments are carried out in conjunction with credit ratings set by external agencies
	Settlement failure	Experienced management team monitors settlement performance
	Capital Adequacy	Capital adequacy surplus maintained well in excess of regulatory requirements Material surplus cash balances are always carried

Directors and their interests

The directors of the Company who served during the year, are listed below together with their beneficial interest in the shares of the Company

	Ordinary Shares		Share options	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
D M Gelber (non-executive chairman)*	78,478	69,156	-	-
R A FitzGerald (chief executive)	230,870	221,470	-	-
S J Bailey (resigned 12 April 2012)	175,475	399,591	300,000	300,000
D Hetherton	664,221	656,556	-	-
S K W Lam	157,399	149,762	75,000	75,000
H M Lim (non-executive)	-	-	-	-
M J Wright (non-executive)*	4,500	4,500	-	-
R A Elliott (non-executive)*	388,702	379,459	-	-
M J W Rushton (appointed 13 April 2012)	33,778	n/a	n/a	n/a

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

Walker Crips Group plc

Directors' report (continued) Year ended 31 March 2013

**Brief biographies of the directors eligible and standing for election at the Annual General Meeting are set out below*

David Gelber, Non Executive Chairman

David Gelber served as Group Chief Operating Officer of ICAP plc from 1994 to 2005 and previously held the position of Chief Operating Officer of HSBC Global Markets. Prior to joining the Intercapital group, he held senior trading positions with Citibank and Chemical Bank. His other directorships include IPGL (Intercapital Private Group Limited), , Krupaco Finance (UK) Limited, DDCAP Limited, Exotix Limited, Altus Resource Capital LLC, Castellain Capital LLP and eSeclinding Inc. He joined Walker Crips Group plc as a non-executive director in January 2007 and was appointed Chairman in May 2007.

Lim Hua Min, BSc(Hons), DIC, MSc, Non-Executive (Singapore)

Lim Hua Min was appointed as a non-executive director following the Phillip Group's acquisition of a significant shareholding in the Company. He is Chairman of Phillip Securities Pte Limited, a major stockbroker in Singapore, and he is the principal shareholder of Phillip Group. He joined Phillip Securities Pte Limited in 1975 having previously held senior positions in the Stock Exchange of Singapore and the Securities Research Institute. In 1997 he was appointed as Chairman of the Stock Exchange of Singapore (SES) Review Committee on Capital Markets. Phillip Group has operations in ten countries.

Martin Wright, Senior Independent Director, Non Executive

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

Robert Alan Elliott, FCA, Cert PFS, Non Executive Director

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

Supplier payment policy

The Company's policy, which is also applied by the Group, is to establish terms of payment with suppliers prior to transacting and to abide by the terms of payment. The aggregate amount owed to suppliers of the Company at 31 March 2013 represented 23 days (2012: 32 days) of purchases (based on the aggregate amount invoiced by suppliers during the financial year).

Corporate, social, environment and community

The Social Responsibility and Safety Committee consists of two subsidiary company directors and other senior managers, making recommendations to the Board on social, environmental and community issues.

Whilst recognising that the Group is a financial services organisation whose primary responsibility is to maximise investment returns to clients in accordance with their contractual relationship and stated risk

Walker Crips Group plc

Directors' report (continued) Year ended 31 March 2013

profile and investment objectives, there are non-financial considerations which may affect the long-term value of the subsidiary companies and close attention is paid to minimising their environmental impact

General policies to improve the environment and staff welfare

- Staff are encouraged to travel on public transport through the availability of interest-free season ticket loans,
- Secure parking spaces are provided to employees for bicycles,
- Video and telephone conferencing facilities are now available to reduce the necessity of travelling to attend internal meetings,
- Increasing electronic storage of documents rather than retention of paper versions,
- Electronic distribution of reports, contract notes, etc , to reduce paper consumption,
- Recycling of waste wherever possible, including printer toner cartridges ,
- All portable electronic appliances are safety tested every two years,
- Old fluorescent light tubes are disposed of in the appropriate manner, as is all computer and other electrical equipment,
- Measures to increase security and staff safety have been implemented, and
- WCG has adopted a 'corporate' Charity, currently "Room to Read" ([www roomtoread org](http://www.roomtoread.org)), and staff are involved in fundraising activities to support this

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

Political and charitable donations

The Group made no charitable donations during the year (2012 £50) No political donations were made during the year (2012 £nil)

Walker Crips Group plc

Directors' report (continued) Year ended 31 March 2013

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 £821,804 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 6²/₃p each in the share capital of the Company at a price or prices which will not be less than 6²/₃p and not be more than 5% above the average of the middle market quotation derived from the London Stock Exchange Daily Official List for the ten business days before the relevant purchase is made

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

They may further note that the total number of warrants and options to subscribe for equity shares in the Company that are outstanding as at 31 March 2013 is 1,215,750 share options (for further information refer to note 29 of the financial statements). The proportion of issued share capital of the Company that this represents as at 31 March 2013 is 3.3%. If the Company used the full authority to buy back the shares under resolution 11 they would then represent 3.7% of the issued share capital of the Company.

Substantial shareholdings

As at 31 March 2013, the following interests, excluding those of directors, in excess of 3% of the ordinary share capital of the Company were held

	Number	Percentage Held
Liontrust Investment Partners Limited	2,873,221	7.8
L W S Lim	2,512,176	6.9
L W Y Lim	2,512,176	6.9
L W J Lim	2,512,173	6.9
M J Sunderland	2,255,100	6.2
W H Saunders	1,156,366	3.2

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.wcgrp.co.uk

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Directors' report (continued) Year ended 31 March 2013

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/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006

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

By order of the board



R A FitzGerald FCA
Director

20 June 2013

Walker Crips Group plc

Report by the directors on corporate governance matters Year ended 31 March 2013

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

Compliance

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

The Board of directors

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

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

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

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

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

Walker Crips Group plc

Report by the directors on corporate governance matters (continued) Year ended 31 March 2013

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

Number of meetings	Board	Remuneration Committee	Audit Committee	Nomination Committee
	7	2	3	1
D M Gelber (non executive chairman)	7	2	3	1
R A FitzGerald (chief executive)	7	n/a	n/a	n/a
S J Bailey	-	n/a	n/a	n/a
S K W Lam	7	n/a	n/a	n/a
H M Lim	-	2	n/a	1
M J Wright	7	2	3	1
R A Elliott	7	n/a	3	1
D Hetherton	7	n/a	n/a	n/a
M J W Rushton	7	n/a	n/a	n/a

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

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

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

M J Wright, the senior independent director, has served on the Board for fifteen years since the Company's full listing on the London Stock Exchange. The firm of solicitors, Speechly Bircham LLP, of which he is a partner, provided legal services to the group during the year totalling £284,000 (2012 £262,000). The Board values his continuing contribution, particularly on legal matters, and has also determined that he is independent and would like him to continue. He will, therefore, be put forward for re-election to the Board at each Annual General Meeting henceforth, in accordance with the recommendations of the Higgs Report

Nomination Committee

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

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

Walker Crips Group plc

Report by the directors on corporate governance matters (continued) Year ended 31 March 2013

Audit Committee

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

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

Remuneration Committee

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

A staff profit share scheme which enables all employees to share directly in the future prosperity of the Group has been in operation for several years. Accordingly, an amount of £nil (2012 £40,431) has been allocated to the scheme for the operating loss making year being reported. However, in recognition of their efforts in helping to create and support the asset management subsidiary (WCAM), which was sold realising a profit of £11.7 million so enabling shareholders to receive two special dividends in 2012, a special bonus of £200,000 in total was awarded during the year to those personnel who played a part in helping to create that asset.

An employee Share Incentive Plan incentivises employees to join with the Company in making regular joint purchases of shares in the Company to be held in trust for a minimum of three years. The Share Incentive Plan replaces the employee share option schemes previously in operation. Existing share options will remain exercisable over their life, up to ten years from the date of grant.

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.

Walker Crips Group plc

Report by the directors on corporate governance matters (continued) Year ended 31 March 2013

Executive directors

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

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

The Management Committee and Business Risk Panel

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

Relations with shareholders

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

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

Internal control

The Board acknowledges its responsibility for the Group's system of internal control and has formalised the process for its review of internal control (including financial, operational and compliance controls as well as risk management) and defining the scope and frequency of reports to be received, both by the Board and the Audit Committee. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process has been in operation throughout the year ended 31 March 2013 and up to the date of approval of the annual report and accounts and is regularly reviewed by the Board and the Board is satisfied it accords with the Turnbull guidance. Due to the size of the Company and Group there is a simple organisational and reporting structure. Financial results and other information are regularly reported to the Board throughout the year. Operations are monitored closely.

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

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

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

Walker Crips Group plc

Report by the directors on corporate governance matters (continued) Year ended 31 March 2013

Going concern

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

Walker Crips Group plc

Statement of directors' responsibilities Year ended 31 March 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

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

Walker Crips Group plc

Statement of directors' responsibilities (continued) Year ended 31 March 2013

Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
- the management report, which is incorporated into the 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

By order of the Board



R A FitzGerald FCA
Director

20 June 2013

Walker Crips Group plc

Report by the board on directors' remuneration Year ended 31 March 2013

Introduction

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be received.

The regulations require the auditor to report to the Company's members on certain parts of the directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 2006 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Directors' remuneration policy

- The Group has a policy of rewarding the executive board with a basic salary close to industry market rates but taking account of the Group's size in relation to its competitors. An integral element of the package of emoluments will continue to be incentives, whether these be from a bonus linked to corporate or divisional profitability or performance-related share options which will enable the directors to join with shareholders in the share price performance of the Group. The policy supports effective risk management within the Group through the management of activities and consideration of risks taken when assessing performance where possible. In the Remuneration Committee's view the policy does not encourage excessive risk taking that exceeds tolerated risk levels of the Group or its risk appetite.

Where appropriate, long-term incentive plans have been introduced to ensure key personnel are properly incentivised and motivated to add value to the group.

Non-executive directors receive fixed remuneration.

Remuneration Committee

The members of the Remuneration Committee are D M Gelber, H M Lim, and M J Wright. The Committee is responsible for setting the remuneration and benefits of each executive director in accordance with the policy above.

Basic salary

During the year, two meetings were held by the Remuneration Committee which the Chief Executive was invited to attend. The primary purpose of these meetings was to review annual salaries for the executive directors, the division of the directors' bonus pool and the approval of the Remuneration Policy of the group. No salary increases were awarded in the year.

Walker Crips Group plc

Report by the board on directors' remuneration (continued) Year ended 31 March 2013

Share options

The Group's policy to grant options to executive directors under Share Option Schemes established in 1996 has been discontinued now that the schemes have expired. Existing share options will remain exercisable over their life up to ten years from the date of grant.

On 1 September 2003 the board decided that share options awarded to directors would be exercisable only if certain performance criteria tailored to the individual were met. At that time S J Bailey, investment director, was awarded 300,000 share options which are exercisable only if unit trusts funds under management by his division have grown to exceed between £20 and £30 million at the date of exercise depending on the year of exercise. S K W Lam, Group Managing Director, was awarded 75,000 share options in March 2004 which are exercisable if group overheads remain below 65% to 75% of total revenue depending on the year of exercise.

Long-Term Incentive Plan

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 are framed to entitle MR to receive five percent of the growth in the value of the core businesses carried on in the Company's subsidiary Walker Crips Stockbrokers Limited (WCSB), calculated from 1 April 2012.

The LTIP operates through a new class of share in WCSB, designated as growth shares. The growth shares carry the entitlement to growth in the value of the core businesses of WCSB from a base value of £2,000,000, calculated from 1 April 2012. MR is entitled to 5% of these shares. He will be the only holder of such shares apart from the Company.

If there is a sale of WCSB or a takeover of the Company, MR will be entitled and obliged to sell his shares. In the absence of any such transaction, on 1 April 2018 (and on 1 April in each subsequent year up to and including 1 April 2022), MR will be entitled to require the Company to purchase one percent of the growth shares at fair value in exchange for either cash or shares in the Company.

In the event that MR leaves the Group as good leaver (or in the event of his death) the shares would be offered for sale at fair value. If he leaves as a bad leaver, his shares will be offered for sale at cost.

MR will be the sole participant in the LTIP and he first became eligible to participate in the LTIP on the date his employment commenced with the Company, being 1 February 2012.

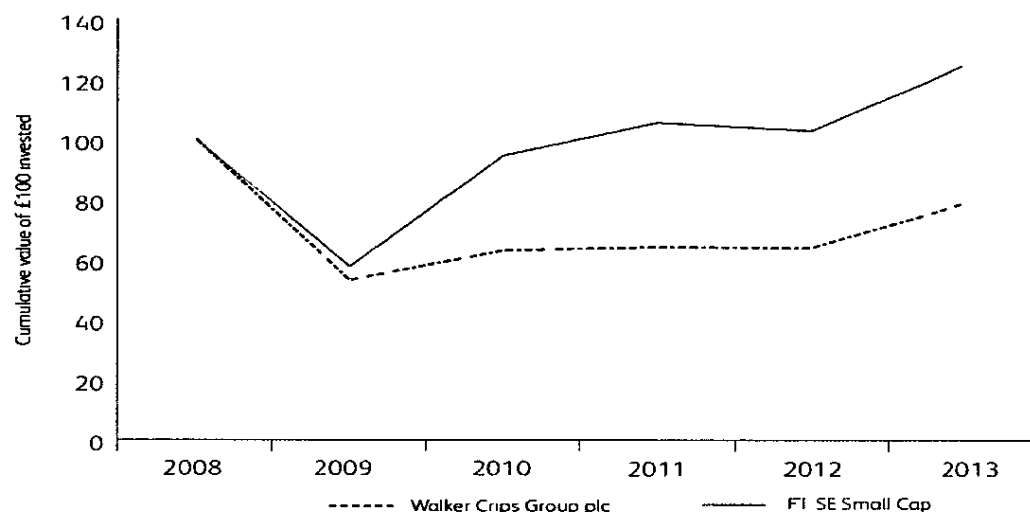
Performance graph

The graph below shows a comparison between the Company's Total Shareholder Return ("TSR") performance as compared with the companies in the FTSE Small Cap Index. The graph compares the value, by 31 March 2013, of £100 invested in Walker Crips Group Plc on 31 March 2008 with the value of £100 invested 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.

Walker Crips Group plc

Report by the board on directors' remuneration (continued) Year ended 31 March 2013

Walker Crips Group plc Total Shareholder Return Compared with FT-SE Small Cap Index



Pensions

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.

Service contracts

Executive directors

The executive directors have entered into service agreements with the Company taking account of previous continuous periods of service. The agreements are terminable on not less than six months' notice in writing at any time (12 months in the case of notice given by the Company to R A FitzGerald) and provide private health care for the executive director, his spouse and children under 24 under a scheme approved by the directors. All executive directors are now included under 'keyman' insurance cover arranged by the Company.

Non-executive directors

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 £36,772 per annum plus reimbursement of other specific expenses incurred on behalf of the Company.

M J Wright 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 £21,000 plus VAT per annum plus expenses payable to Speechly Bircham LLP quarterly in arrears.

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

R A Elliott 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

Walker Crips Group plc

Report by the board on directors' remuneration (continued) Year ended 31 March 2013

provides for Mr Elliott's re-election each year at the Company's Annual General Meeting. His remuneration is now £21,013 per annum plus expenses.

Audited information

Directors' emoluments

The total amounts for directors' remuneration and other benefits are shown below

	2013	2012
	£	£
Emoluments	993,930	1,034,333
Company contributions to personal pension schemes	79,535	71,495
	<hr/>	<hr/>
	1,073,465	1,105,828
	<hr/>	<hr/>

Walker Crips Group plc

Report by the board on directors' remuneration (continued) Year ended 31 March 2013

Directors' emoluments (continued)

Name of director	Fees/basic	Taxable	Bonus	Bonus Taken	Personal	Year ended	Year ended
	Salary	Benefits	£	as Pension	Pension	31 March	31 March
	£	£	£	Contribution	Contributions	2013	2012
						Total	Total
						£	£
Executive							
R A FitzGerald	162,872	2,943	65,000	18,208	17,411	266,434	173,012
S J Bailey (resigned 12 April 2012)	5,253	-	63,680	-	368	69,301	554,041
S K W Lam	162,872	1,971	81,000	-	11,401	257,244	167,137
D Hetherington	120,384	1,800	65,000	-	21,647	208,831	154,206
M J W Rushton (appointed 13 April 2012)	150,000	3,370	50,000	-	10,500	213,870	-
Non-executive							
H M Lim	-	-	-	-	-	-	-
M J Wright	-	-	-	-	-	-	-
D M Gelber	36,772	-	-	-	-	36,772	36,548
R A Elliott	21,013	-	-	-	-	21,013	20,884
Aggregate emoluments	659,166	10,084	324,680	18,208	61,327	1,073,465	1,105,828
Fees paid to third parties						21,000	20,500

Walker Crips Group plc

**Report by the board on directors' remuneration (continued)
Year ended 31 March 2013**

Fees to third parties comprise amounts paid to Speechly Bircham LLP under an agreement to provide the Group with the services of M J Wright as a non-executive director

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to, or held by, the directors and their connected parties. Details of the options are as follows

Name of director	Exercise period of option	Exercise Price £	1 April 2012			31 March 2013		Gains on exercise of Share Options £
			Granted	Exercised	Lapsed	Granted	Lapsed	
S J Bailey	Sep 2006 to Apr 2013	0 422	-	-	-	300,000	-	
S K W Lam	Mar 2007 to Mar 2014	0 492	-	-	-	75,000	-	
			375,000	-	-	375,000	-	

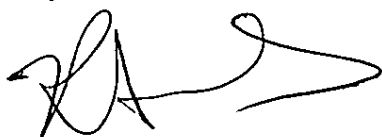
Walker Crips Group plc

Report by the board on directors' remuneration (continued) Year ended 31 March 2013

Directors' emoluments (continued)

No options were granted to directors during the year. Exercise of certain options granted in prior years is subject to attainment of appropriate performance related criteria. The market price of the ordinary shares at 31 March 2013 was £0.34 (2012: £0.45) and the range during the year was £0.455 to £0.255 (2012: £0.515 to £0.40).

By order of the board,

A handwritten signature in black ink, appearing to be 'R A FitzGerald', written in a cursive style.

R A FitzGerald FCA
Director

20 June 2013

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

We have audited the group financial statements of Walker Crips Group Plc for the year ended 31 March 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group 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 group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

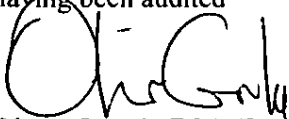
Matters on which we are required to report by exception

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

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Walker Crips Group plc for the year ended 31 March 2013 and on the information in the Directors' Remuneration Report that is described as having been audited



Oliver Grundy FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

20 June 2013

Walker Crips Group plc

Consolidated Income Statement Year ended 31 March 2013

	Notes	2013 £'000	Restated 2012 £'000
Continuing operations			
Revenue	4	20,372	20,306
Commission payable	6	(8,562)	(5,735)
Gross profit		11,810	14,571
Share of after tax profits of joint ventures	20	7	12
Administrative expenses – other		(12,841)	(13,779)*
Administrative expenses – exceptional item	7	(1,299)	(286)
Total administrative expenses		(14,140)	(14,065)*
Operating (loss) / profit		(2,323)	518*
Analysed as			
(Loss)/Profit before tax and exceptional item		(1,024)	804*
Administrative expenses – exceptional item	7	(1,299)	(286)
Operating (loss) / profit		(2,323)	518*
Gains and losses on disposal of investments	8	(189)	-
Gain on disposal of subsidiary undertaking	9	11,700	-
Unrealised gain on revaluation of investments	21	828	-
Goodwill impairment charges	10	(1,221)	-
Investment revenues	11	313	46
Finance costs	11	(5)	(5)
Profit before tax		9,103	559*
Taxation	14	50	(278)*
Profit for the year attributable to equity holders of the company		9,153	281*
Earnings per share			
Basic	16	25.21	0.77p*
Diluted	16	24.39	0.76p*

* Amounts have been restated explained further in Note 35

Walker Crips Group plc

Consolidated Statement of Comprehensive Income Year ended 31 March 2013

	Notes	2013 £'000	Restated 2012 £'000
Profit/(loss) on revaluation of available-for-sale investments taken to equity	21	180	(484)
Deferred tax on (profit)/loss on available-for-sale investments		(35)	138
Deferred tax on share options		(2)	(4)
Net profit/(loss) recognised directly in equity		143	(350)
Profit for the year		9,153	281*
Total comprehensive income/(loss) for the year attributable to equity holders of the company		9,296	(69)*

* Amounts have been restated explained further in Note 35

Walker Crips Group plc

Consolidated Statement of Financial Position 31 March 2013

	Notes	Group 2013 £000	Restated Group 2012 £000	Restated Group 1 April 2011 £000
Non-current assets				
Goodwill	17	2,901	5,121	5,121
Other intangible assets	18	1,249	346	461
Property, plant and equipment	19	636	660	767
Investment in joint ventures	20	31	35	34
Available-for-sale investments	21	5,792	699	1,183
		<u>10,609</u>	<u>6,861</u>	<u>7,566</u>
Current assets				
Trade and other receivables	22	36,409	57,316	35,847
Trading investments	21	634	384	720
Deferred tax asset	24	182	360*	26
Cash and cash equivalents	23	7,848	1,335	4,281
		<u>45,073</u>	<u>59,395*</u>	<u>40,874</u>
Total assets		<u>55,682</u>	<u>66,256*</u>	<u>48,440</u>
Current liabilities				
Trade and other payables	27	(35,776)	(52,032)*	(33,438)*
Current tax liabilities		(175)	(391)	(512)
Bank overdrafts	25	-	(407)	-
Shares to be issued		(226)	-	-
		<u>(36,177)</u>	<u>(52,830)*</u>	<u>(33,950)*</u>
Net current assets		<u>8,896</u>	<u>6,565*</u>	<u>6,924*</u>
Net assets		<u>19,505</u>	<u>13,426*</u>	<u>14,490</u>
Equity				
Share capital	28	2,470	2,470	2,470
Share premium account		1,630	1,626	1,626
Own shares	28	(312)	(312)	(312)
Retained earnings		10,430	4,498*	5,212*
Revaluation reserve		619	474	820
Other reserves		4,668	4,670	4,674
Equity attributable to equity holders of the company		<u>19,505</u>	<u>13,426*</u>	<u>14,490</u>

* Amounts have been restated explained further in Note 35

The financial statements of Walker Crips Group plc (Company Registration No 01432059) were approved by the board of directors and authorised for issue on 20 June 2013

Signed on behalf of the board of directors

R A FitzGerald FCA
Director
20 June 2013



Walker Crips Group plc

Consolidated Statement of Cash Flows Year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Operating activities			
Cash generated by/(used) by operations	30	2,413	(1,959)
Interest received		231	26
Interest paid		(5)	(5)
Tax paid		(23)	(592)
		<hr/>	<hr/>
Net cash generated/(used) by operating activities		2,616	(2,530)
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(490)	(195)
Net (purchase)/sale of investments held for trading		(250)	336
Net sale of available for sale investments		3,236	-
Net proceeds on sale of subsidiary		5,451	-
Acquisition of businesses		(453)	-
Dividends received		27	31
		<hr/>	<hr/>
Net cash generated by investing activities		7,521	172
		<hr/>	<hr/>
Financing activities			
Issue of new shares		4	-
Dividends paid		(3,221)	(995)
		<hr/>	<hr/>
Net cash used in financing activities		(3,217)	(995)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		6,920	(3,353)
Net cash and cash equivalents at beginning of year		928	4,281
		<hr/>	<hr/>
Net cash and cash equivalents at end of year		7,848	928
		<hr/>	<hr/>
Cash and cash equivalents		7,848	1,335
Bank overdrafts		-	(407)
		<hr/>	<hr/>
		7,848	928
		<hr/>	<hr/>

Walker Crips Group plc

Consolidated Statement of Changes in Equity Year ended 31 March 2013

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Capital Redemption £'000	Other £'000	Revaluation £'000	Restated Retained earnings £'000	Restated Total Equity £'000
Equity as at 31 March 2011	2,470	1,626	(312)	111	4,563	820	5,387*	14,665*
Restatement (Note 35)	-	-	-	-	-	-	(175)	(175)
Restated Equity as at 31 March 2011	2,470	1,626	(312)	111	4,563	820	5,212	14,490
Revaluation of investment at fair value	-	-	-	-	-	(484)	-	(484)
Deferred tax credit to equity	-	-	-	-	-	138	-	138
Movement on deferred tax on share options	-	-	-	-	(4)	-	-	(4)
Profit for the year	-	-	-	-	-	-	440	440
Restatement (Note 35)	-	-	-	-	-	-	(159)	(159)
Restated profit for the year 2012	-	-	-	-	-	-	281*	281*
Dividends paid	-	-	-	-	-	-	(995)	(995)
Equity as at 31 March 2012	2,470	1,626	(312)	111	4,559	474	4,498*	13,426*
Revaluation of investment at fair value	-	-	-	-	-	180	-	180
Deferred tax credit to equity	-	-	-	-	-	(35)	-	(35)
Movement on deferred tax on share options	-	-	-	-	(2)	-	-	(2)
Profit for the year	-	-	-	-	-	-	9,153	9,153
Dividends paid	-	-	-	-	-	-	(3,221)	(3,221)
Issue of shares on exercise of options	-	4	-	-	-	-	-	4
Equity as at 31 March 2013	2,470	1,630	(312)	111	4,557	619	10,430	19,505

* Amounts have been restated explained further in Note 35

Walker Crips Group plc

Notes to the accounts Year ended 31 March 2013

1. General information

Walker Crips Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in note 4 and in the directors' report on pages 8 to 14.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Adoption of new and revised Standards

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9, 'Financial instruments' (effective from 1 January 2013). The standard contains two primary measurement categories for financial assets: amortised costs and fair value. The standard eliminates the existing IAS 39 categories of 'held to maturity', 'available-for-sale' and 'loans and receivables'. The potential effect of this standard is currently being evaluated but it is expected to have some impact not least on how assets and liabilities are presented in the financial statements.

IFRS 12, 'Disclosure of Interests in Other Entities'. The standard will impact the disclosure of interests the Group has in other entities. The standard should allow users of financial statements to evaluate the nature of, and the risks associated with the interests in other entities. This standard is being evaluated but it is not expected that it will have an impact on the presentation of these financial statements.

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.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

2. Significant accounting policies (continued)

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

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date

Intangible assets

(a) Client Lists

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

(b) Unit Trust Management Contracts

Acquired Unit Trust Management Contracts are capitalised as intangible assets based on an estimate of the expected future cashflows 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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

2. Significant accounting policies (continued)

Shares to be issued

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

Revenue recognition

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

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

Foreign currencies

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

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

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

Property, plant and equipment

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

Computer hardware	33 $\frac{1}{3}$ % per annum on cost
Computer software	between 20% and 33 $\frac{1}{3}$ % per annum on cost
Leasehold improvements	Over the term of the lease
Furniture and equipment	33 $\frac{1}{3}$ % per annum on cost

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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

2. Significant accounting policies (continued)

Taxation

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

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

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

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

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

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

Financial Assets and Liabilities

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

Trade receivables

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

Investments

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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

2. Significant accounting policies (continued)

Financial Assets and Liabilities (continued)

Investments (continued)

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

Trade payables are recognised at fair value.

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.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

2. Significant accounting policies (continued)

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2008. The Group has also early adopted IFRIC 11 from 7 November 2002.

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

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

Pension costs

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

Leases

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

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Chief Executive's report on page 2 and 4.

In addition, note 26 to the financial statements includes details of risk management objectives, policies and processes for managing its capital.

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

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

3. Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate of 12% has been adopted in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £2.9 million (2012: £5.1 million).

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

3. Key sources of estimation uncertainty (continued)

Other intangible assets

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

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

Valuation of Investments in Available for Sale Assets

The fair valuation of the Company's investment in Euroclear plc is based upon the Company's share of net assets (discounted for market factors) and the directors' assessment of marketability. The fair valuation of the Company's investment in Liontrust Asset Management plc, by way of a holding of Convertible Unsecured 6% Loan Stock, is based upon a combination of the value of the option component as well as the host instrument.

Recoverability of funds under the Special Administration Regime

The Group has receivables due from a company currently subject to the Special Administration Regime which governs the resolution arrangements to ensure minimum disruption to financial markets as a result of a firm's failure.

Based on interim payments and other information received to date, the Board has, since the year end, contracted to sell the remaining balance outstanding without a material impact on the financial or trading position of the Group. To be prudent, an appropriate provision of £77,000 remained in place at the year end, to cover the cost of debt assignment, which has largely been offset by favourable foreign exchange movements since October 2011 on the total original debt of USD2.1m.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

4. Revenue

An analysis of the Group's revenue is as follows

	2013	2012
	£'000	£'000
Investment Management	16,957	14,005
Corporate finance	309	274
Wealth Management	2,590	2,062
Fund Management	516	3,965
	<hr/>	<hr/>
Revenue	20,372	20,306
Net investment revenue (Note 11)	308	41
	<hr/>	<hr/>
Total Income	20,680	20,347
	<hr/>	<hr/>

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

5. Segmental analysis

For management purposes the Group is currently organised into four operating divisions – Investment Management, Corporate Finance, Wealth Management (previously referred to as Financial Services) and Fund Management. These divisions, all of which conduct business in the United Kingdom only, are the basis on which the Group reports its primary segment information.

2013

	Investment Management £'000	Corporate Finance £'000	Wealth Management £'000	Fund Management £'000	Consolidated Year ended 31 March 2013 £'000
Revenue					
External sales	16,957	309	2,590	516	20,372
Result					
Segment result	(1,223)	(48)	444	40	(787)
Unallocated corporate expenses					(1,536)
Operating loss					(2,323)
Gains and losses on disposal of investments					(189)
Gain on disposal of subsidiary undertaking					11,700
Unrealised gain on revaluation of investments					828
Goodwill impairment charges					(1,221)
Investment revenues					313
Finance costs					(5)
Profit before tax					9,103
Tax					50
Profit after tax					9,153

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

5. Segmental analysis (continued) 2013

	Investment Management £'000	Corporate Finance £'000	Wealth Management £'000	Fund Management £'000	Consolidated Year ended 31 March 2013 £'000
Other information					
Capital additions	470	15	27	6	517
Depreciation	509	16	9	6	541
Statement of Financial Position					
Assets					
Segment assets	39,310	417	1,591	197	41,515
Unallocated corporate assets					14,167
Consolidated total assets					55,682
Liabilities					
Segment liabilities	34,302	34	517	157	35,010
Unallocated corporate liabilities					1,167
Consolidated total liabilities					36,177

Walker Crips Group plc

**Notes to the accounts (continued)
Year ended 31 March 2013**

5. Segmental analysis (continued)

2012

	Investment Management £'000	Corporate Finance £'000	Wealth Management £'000	Fund Management £'000	Restated Consolidated Year ended 31 March 2012 £'000
Revenue					
External sales	14,005	274	2,062	3,965	20,306
Result					
Segment result	(721)*	(94)	213	2,359	1,757*
Unallocated corporate expenses					(1,239)
Operating profit					518*
Investment revenues					46
Finance costs					(5)
Profit before tax					559*
Tax					(278)*
Profit after tax					281*

Walker Crips Group plc

**Notes to the accounts (continued)
Year ended 31 March 2013**

5. Segmental analysis (continued)

2012

	Investment Management £'000	Corporate Finance £'000	Wealth Management £'000	Fund Management £'000	Restated Consolidated Year ended 31 March 2012 £'000
Other information					
Capital additions	172	8	10	5	195
Depreciation	272	12	10	8	302
Statement of Financial Position					
Assets					
Segment assets	56,929	355	1,168	1,154	59,606
Unallocated corporate assets					6,544
Consolidated total assets					<u>66,150</u>
Liabilities					
Segment liabilities	51,372*	55	402	549	52,378*
Unallocated corporate liabilities					346
Consolidated total liabilities					<u>52,724*</u>

* Amounts have been restated explained further in Note 35

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

6. Commission payable

Commission payable comprises

	2013 £'000	2012 £'000
To authorised external agents	62	63
To approved persons	8,500	5,672
	<hr/>	<hr/>
	8,562	5,735
	<hr/>	<hr/>

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

	2013 £'000	2012 £'000
Leasehold improvements written off	228	-
Discretionary bonuses	486	-
Legal and professional costs on one-off transactions	585	286
	<hr/>	<hr/>
	1,299	286
	<hr/>	<hr/>

The Group has re-located a large part of its operations to more cost effective premises Leasehold improvement costs incurred for the old lease premises have therefore been written down during the period to a level more accurately reflecting their value in use These costs amounted to £228,000 during the period

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

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

In the prior period, up to the 31 March 2012, the Company had incurred substantial non-success based legal & professional fees and other costs relating to the disposal of WCAM

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

8. Gains and Losses on disposal of investments

Net gains and Losses comprise	2013 £'000	2012 £'000
(Loss) on sale of investment in Liontrust shares	(579)	-
Gain on partial disposal of investment in Liontrust CULS	390	-
	<hr/>	<hr/>
	(189)	-
	<hr/>	<hr/>

During the period the Group disposed of its entire holding of 1,851,967 Liontrust ordinary shares (received as part consideration on the disposal of WCAM), incurring a loss on disposal of £579,000. In addition, conversion and disposal of a part of the holding of Liontrust Convertible Unsecured Loan Stock yielded a profit of £390,000. Due to its level of materiality and one-off nature, the Board has decided to disclose these items separately.

9. Gain on disposal of subsidiary undertaking

On 12 April 2012, the Group completed the disposal of its subsidiary WCAM to Liontrust Asset Management plc (following FSA and shareholder approval).

10. Goodwill impairment charges

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

11. Investment revenues and finance costs

Net investment revenue comprises

	2013 £'000	2012 £'000
<i>Investment Revenue</i>		
Interest on bank deposits/fixed income securities	286	26
Dividends from equity investment	27	20
	<hr/>	<hr/>
	313	46
<i>Finance costs</i>		
Interest on bank overdrafts	(5)	(5)
	<hr/>	<hr/>
Net investment revenue (Note 4)	308	41
	<hr/>	<hr/>

Walker Crips Group plc

Notes to the accounts (continued)
Year ended 31 March 2013

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

12. Profit for the year

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

	2013 £'000	2012 £'000
Depreciation of property plant and equipment (see note 16)	541	302
Amortisation of intangibles (see note 15)	197	115
Staff costs (see note 13)	7,673	8,434
Auditor's remuneration	164	146
Lease payment	1,215	854
	<hr/>	<hr/>

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

	2013 £'000	%	2012 £'000	%
<i>Audit services</i>				
Fees payable to the Company's auditor for the audit of the Company's annual accounts	11	7	10	7
The audit of the Company's subsidiaries pursuant to legislation	119	73	122	83
<i>Non Audit services</i>				
Reported under AAF 01/06	12	7	-	-
Fees payable for interim profits review in April 2012 pursuant to regulatory requirements	10	6	-	-
FCA client assets reporting	12	7	14	10
	<hr/>		<hr/>	
	164	100	146	100
	<hr/>		<hr/>	

A description of the work of the Audit Committee is set out in the Report by the directors on corporate governance matters on page 15 and includes an explanation on how the auditor's objectivity and independence is safeguarded when non-audit services are provided by the auditor

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

13. Staff costs

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

	2013 £'000	2012 £'000
Employee costs during the year amounted to		
Wages and salaries	6,263	7,068
Social security costs	752	809
Other costs	658	557
	<hr/> 7,673	<hr/> 8,434
	<hr/> <hr/>	<hr/> <hr/>

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 57 self-employed account executives who were approved persons of the Group (2012: 49).

The monthly average number of staff employed during the year was

	2013 Number	2012 Number
Executive directors	4	4
Approved persons	46	52
Other staff	92	77
	<hr/> 142	<hr/> 133
	<hr/> <hr/>	<hr/> <hr/>

14. Tax

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

	2013 £'000	2012 £'000
UK Corporation tax at 24% (2012: 26%)	176	691
Deferred tax	(229)	(412)*
Overseas tax	4	3
Adjustment in respect of prior years	(1)	(4)
	<hr/> (50)	<hr/> 278*
	<hr/> <hr/>	<hr/> <hr/>

Corporation tax is calculated at 24% (2012: 26%) of the estimated assessable profit for the year

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

14 Tax (continued)

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

	2013	Restated
	£'000	2012
		£'000
Profit on ordinary activities before tax	9,103	559*
Tax on profit on ordinary activities at standard UK corporation tax rate of 24% (2012 26%)	2,185	145*
Effects of		
Small company rate differences	(1)	(8)
Expenses not deductible for tax purposes	207	111
Exempt chargeable gains	(2,757)	-
Prior year adjustment	(2)	(2)
Amortisation of intangible assets	321	30
Overseas tax	4	3
Other	(7)	(1)*
	(50)	278*

15. Dividends

	2013	2012
	£'000	£'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 March 2012 of 0.9p (2011 1.8p) per share	327	654
Interim dividend for the year ended 31 March 2013 of 0.47p (2012 0.94p) per share	171	341
Special interim dividend for the year ended 31 March 2013 of 4.5p (2012 nil) per share	1,634	-
Further special interim dividend for the year ended 31 March 2013 of 3p (2012 nil) per share	1,089	-
	3,221	995
Proposed final dividend for the year ended 31 March 2013 of 0.9p (2012 0.9p) per share	333	334

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

16. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £9,153,000 (2012 £281,000) and on 36,305,572 (2012 36,301,187) ordinary shares of 6²/₃p, 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 37,525,275 (2012 37,101,553) 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	2013	Restated
	£'000	2012
		£'000
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	9,153	281*
	<hr/>	<hr/>
Earnings for the purposes of diluted earnings per share	9,153	281*
	<hr/>	<hr/>
Number of shares	2013	2012
Weighted average number of ordinary shares for the purposes of basic earnings per share	36,305,572	36,301,187
Effect of dilutive potential ordinary shares		
- Share option schemes	1,219,703	800,366
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	37,525,275	37,101,553
	<hr/>	<hr/>

This produced unadjusted basic earnings per share of 25.21p (2012 0.77p*) and diluted unadjusted earnings per share of 24.39p (2012 0.76p*)

* Amounts have been restated explained further in Note 35

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

17. Goodwill

	£'000
Cost	
At 1 April 2011	5,569
	<hr/>
At 1 April 2012	5,569
	<hr/>
At 31 March 2013	5,569
	<hr/>
Accumulated impairment losses	
At 1 April 2011	448
	<hr/>
At 1 April 2012	448
Impaired during the year for disposed business	999
Impaired during the year for existing businesses	1,221
	<hr/>
At 31 March 2013	2,668
	<hr/>
Carrying amount	
At 31 March 2013	2,901
	<hr/>
At 31 March 2012	5,121
	<hr/>

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

	2013 £'000	2012 £'000
Unit trust funds (a single CGU)	-	63
Southard Gilbey McNish & Co (a single CGU)	-	79
Keith, Bayley, Rogers & Co (comprising several CGUs)	-	2,526
London York (comprising several CGUs)	2,901	2,901
	<hr/>	<hr/>
	2,901	5,569
	<hr/>	<hr/>

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

17. Goodwill (continued)

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

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

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

18. Other intangible assets

	Unit Trust Management Contracts £'000	Client lists £'000	Total £'000
Cost			
At 1 April 2011	240	911	1,151
At 1 April 2012	240	911	1,151
Additions in the year	-	1,100	1,100
At 31 March 2013	240	2,011	2,251
Amortisation			
At 1 April 2011	144	546	690
Charge for the year	24	91	115
At 1 April 2012	168	637	805
Charge for the year	24	173	197
At 31 March 2013	192	810	1,002
Carrying amount			
At 31 March 2013	48	1,201	1,249
At 31 March 2012	72	274	346

The intangible assets are both amortised over their estimated useful lives. 'Unit trust management contracts' are amortised over 10 years and 'Client lists' are amortised over 3-10 years.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

19. Property, plant and equipment

	Leasehold improvements furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
At 1 April 2011	1,732	1,955	1,609	5,296
Additions	14	119	62	195
	1,746	2,074	1,671	5,491
At 1 April 2012	1,746	2,074	1,671	5,491
Write down	(56)	-	-	(56)
Additions	368	92	57	517
	2,058	2,166	1,728	5,952
At 31 March 2013	2,058	2,166	1,728	5,952
Accumulated depreciation				
At 1 April 2011	1,253	1,732	1,544	4,529
Charge for the year	131	119	52	302
	1,384	1,851	1,596	4,831
At 1 April 2012	1,384	1,851	1,596	4,831
Eliminated on write down of assets	(56)	-	-	(56)
Charge for the year	379	103	59	541
	1,707	1,954	1,655	5,316
At 31 March 2013	1,707	1,954	1,655	5,316
Carrying amount				
At 31 March 2013	351	212	73	636
At 31 March 2012	362	223	75	660

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

20. Interest in joint ventures

	2013 £'000	2012 £'000
Aggregated amounts relating to joint ventures		
Total assets	66	77
Total liabilities	(4)	(7)
	<hr/>	<hr/>
Net assets	62	70
	<hr/>	<hr/>
Group's share of joint venture's net assets	31	35
	<hr/>	<hr/>
Group's share of Revenue	55	71
	<hr/>	<hr/>
Profit for the period	7	12
	<hr/>	<hr/>

21. Investments

Available for sale investments

	Equity investments £'000	Convertible unsecured loan stock £'000	Total £'000
Fair value			
At 1 April 2011	1,183	-	1,183
Movement on revaluation	(484)	-	(484)
	<hr/>	<hr/>	<hr/>
At 1 April 2012	699	-	699
Additions in the year	-	5,270	5,270
Disposals in the year	-	(1,185)	(1,185)
Movement on revaluation			
Recognised in comprehensive income	125	55	180
Recognised in the income statement	-	828	828
	<hr/>	<hr/>	<hr/>
At 31 March 2013	824	4,968	5,792
	<hr/>	<hr/>	<hr/>

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) and the directors' assessment of marketability. The gain on revaluation of £125,416 is recognised in equity.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

21. Investments (continued)

Convertible unsecured loan stock comprises the Company's investment in Liontrust Asset Management plc, by way of a holding of Convertible Unsecured 6% Loan Stock. The Company acquired 4,000,000 £1 Convertible Unsecured 6% Loan Stock and disposed of 900,000 £1 Convertible Unsecured 6% Loan Stock during the year. The fair value is based upon a combination of the value of the option component and the host instrument. The fair value of the option component has been calculated using a binomial option model and the fair value of the debt host instrument has been calculated using a discounted cashflow model, applying a discount rate of 9%.

The following inputs have been applied in calculating the fair value of the equity conversion option:

Volatility	36%
Risk free rate	1.01%
Dividend yield	0%
Placing discount	3%

£827,850 of the gain on revaluation is attributable to the option component and is recognised in the income statement. £54,900 of the gain is attributable to the debt host instrument and is recognised in equity.

The total gain on revaluation recognised in equity amounts to £180,316 (2012: £484,000).

	2013 £'000	2012 £'000
Trading investments		
Fair value	634	384

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.

The opening fair value of Available-for-sale investments which are Level 3 financial assets is reconciled to its closing balance by a fair value adjustment of £180,316 (2012: £484,000) recognised in comprehensive income.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

22. Other financial assets

Trade and other receivables	2013	2012
	£'000	£'000
Amounts falling due within one year		
Due from clients, brokers and recognised stock exchanges	32,353	54,911
Other debtors	1,661	759
Prepayments and accrued income	2,395	1,646
	<hr/>	<hr/>
	36,409	57,316
	<hr/>	<hr/>

23. Cash and cash equivalents

	2013	2012
	£'000	£'000
Short term cash deposits held at bank, repayable on demand with penalty	6,175	683
Cash deposits held at bank, repayable on demand without penalty	1,673	652
	<hr/>	<hr/>
	7,848	1,335
	<hr/>	<hr/>

Cash and cash equivalents does not include deposits of client monies placed by the Group with banks and building societies in segregated client bank accounts (free money and settlement accounts) All such deposits are designated by the banks and building societies as clients' funds and are not available to satisfy any liabilities of the Group The amount of such net deposits which are not included in the consolidated statement of financial position at 31 March 2013 was £157,000,000 (2012 £119,000,000)

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

24. Deferred tax asset/(liability)

	Revaluation £'000	Capital Allowances £'000	Short-term timing differences & other £'000	Total £'000
At 1 April 2012	(150)	22	488*	360*
Use of loss brought forward	-	-	(370)	(370)
Credit to the income statement	-	39	190	229
Charge to the Statement of Comprehensive Income	(35)	-	(2)	(37)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	(185)	61	306	182
	<hr/>	<hr/>	<hr/>	<hr/>

In accordance with IAS 12, at the year end date, deferred tax on share options of £nil (2012 £3,000) has been recognised and included in 'short term timing differences and other' above

25. Bank overdrafts

	2013 £'000	2012 £'000
Bank overdrafts	-	407
	<hr/>	<hr/>

The borrowings of the prior year were repayable on demand and were all denominated in sterling Letters of set-off are in place allowing the bank to utilise the Group's funds in credit to satisfy overdraft repayment

26. Financial Instruments and Risk Profile

Financial Risk Management

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

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

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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

26. Financial Instruments and Risk Profile (continued)

Financial Risk Management (continued)

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

- (i) credit risk,
- (ii) liquidity risk, and
- (iii) market risk

Financial Risk management is a central part of the organisation's strategic management which recognises that an effective risk management programme can increase a business' 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 yearend date. The amounts presented in the statement of financial position are net of allowances for doubtful receivables.

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

Trade receivables (includes settlement balances)

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

In the vast majority of cases, control of the stock purchased will remain with the Group until client monetary balances are fully settled. Free deliveries, in the limited circumstances where they arise, are carefully monitored.

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

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

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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

26. Financial Instruments and Risk Profile (continued)

Trade receivables (includes settlement balances)

Maximum Exposure to Credit Risk

	2013 £'000	2012 £'000
Cash	7,848	1,335
Trade receivables	32,353	54,911
	40,201	56,246

Analysis of trade receivables

		2013 £'000	2012 £'000
Neither past due nor impaired		28,805	52,236
Past due but not impaired	< 30 Days	2,886	2,217
	> 30 Days	376	240
	> 3 Months	286	218
		32,353	54,911

The tables above represents a worst case scenario of credit risk exposure to the Group at 31 March 2013 and 2012 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

The Group has a material portion of credit risk exposure to Liontrust Asset Management plc by way of the holding of £3,100,000 million Convertible Loan Stock currently valued at £4,968,000 on the balance sheet. Otherwise the Group has no other concentration of credit risk, with exposure spread over a large number of market counterparties and clients. Large exposures are monitored daily in line with FCA requirements.

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.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

26. Financial Instruments and Risk Profile (continued)

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

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

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

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

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

2013	Less than 1 year £'000	Total £'000
Bank overdrafts	-	-
Trade and Other Payables	35,776	35,776
	<hr/> 35,776	<hr/> 35,776
	<hr/> <hr/>	<hr/> <hr/>
2012	Less than 1 year £'000	Total £'000
Bank overdrafts	407	407
Trade and Other Payables	52,032	52,032
	<hr/> 52,439	<hr/> 52,439
	<hr/> <hr/>	<hr/> <hr/>

(iii) Market Risk

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument will fluctuate because of market interest rates. The group is exposed to some interest rate risk as it holds excess funds in cash and short term deposits.

If market interest rates had been 100 basis points lower throughout the year, with all other variables held constant, pre-tax profit for the year would have been £51,000 (2012 £26,000) lower.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

26. Financial Instruments and Risk Profile (continued)

Foreign Exchange Risk

The Group is primarily focused on conducting business in the UK markets and does not hold significant positions other than in sterling

Foreign exchange transactions are occasionally conducted on an agency basis to aid the settlement of clients' overseas transactions

The Group does not consider itself to have any material exposure to foreign currency risk and, therefore, no sensitivity analysis is presented

Equity Risk

Available-for-sale investments

The Group holds investments in Euroclear plc shares and Liontrust Asset Management plc Convertible Unsecured Loan Stock as available-for-sale investments in non-current assets. The valuation of these investments is based on either the discounted net assets of the underlying entity or the underlying share price and volatility, which may be subject to some fluctuation from year to year. At 31 March 2013, a 5% fall in the net assets or share price and volatility of the underlying entities would result in a post-tax impact on equity of £31,744 (2012 £26,562) in relation to Euroclear plc and £248,350 in relation to Liontrust Asset Management plc

Trading Investments

The Group manages a relatively small principal book under the overall direction of the Private Clients Director, the total permitted maximum value of open positions being set by the Business Risk Panel (BRP). The portfolio is actively managed on a daily basis.

The Group designs and distributes structured investments issued by major credit institutions, through intermediary clients to sophisticated investors via the Walker Crips Structured Investments (WCSI) team. To secure advantageous pricing for clients and mitigate risk on group profit margin, WCSI commits to buy various structured investments, as principal, at the time of product launches and periodically within the launch period which typically lasts six weeks.

The maximum value of these exposures is determined by the BRP and is monitored on a daily basis. These exposures are in most cases fully mitigated by the sale of WCSI plan units to clients, prior to the plan launch date. The group, on occasion, holds a small residual principal position in relation to these instruments, where the securities were unsold as plan units during the marketing period. These exposures are subsequently reduced usually within one or two business days or as soon as is expedient.

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

At 31 March 2013, the fair value of securities recognised on the statement of financial position was £634,000 (2012 £384,000).

A 10% fall in global markets would, in isolation, result in a post-tax reduction in the income statement of £48,184 (2012 £29,184).

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

26. Financial Instruments and Risk Profile (continued)

Capital Risk Management

The Group has an Internal Capital Adequacy Assessment Process (commonly known as the ICAAP), which it uses to manage regulatory capital. The risk profile of the business is assessed and stress-tested in order to determine whether any additional capital is needed.

The Group adheres to the Capital Requirement Directive (CRD) which requires the daily monitoring of the excess of Capital Resources over the Capital Resources Requirement. The Group's Capital Resources surplus is reported to the Board on a monthly basis.

The Finance department also provides details of Pillar 1 and 2 requirements in its reports to the Chief Executive Officer, any major variations being highlighted. Significant business initiatives, for instance an acquisition, can then be modelled through the ICAAP process to determine the impact on the level of regulatory capital.

The Group uses the basic indicator approach for operational risk to calculate its Pillar 1 requirements.

Compliance with FCA regulatory requirements was maintained throughout the year.

As at 31 March 2013, the Group had total equity capital of £19,505,000 (2012 Restated £13,426,000*), available for use within its operations and to meet its regulatory capital requirements as laid down by the FCA.

Fair value of financial instruments

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

27. Other financial liabilities

Trade and other payables

	2013 £'000	Restated 2012 £'000
Amounts owed to clients, brokers and recognised stock exchanges	30,153	48,248
Other creditors	2,766	2,542*
Accruals and deferred income	2,857	1,242
	<hr/>	<hr/>
	35,776	52,032*
	<hr/>	<hr/>

* Amounts have been restated explained further in Note 35

Trade creditors and accruals comprise amounts outstanding for investment-related transactions, to customers or counterparties, and ongoing costs. The average credit period taken for purchases in relation to costs is 23 days (2012 32 days).

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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

28. Called up share capital

	2013 £'000	2012 £'000
Called up, allotted and fully paid		
37,063,187 (2012 37,051,187) ordinary shares of 6 ² / ₃ p each	2,470	2,470

During the year the Company allotted 12,000 ordinary shares (2012 nil) in connection with the exercise of share options. The Company received £5,060 consideration during the year in respect of the exercise of share options (2012 £nil).

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

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

	Number of shares subject to option	Exercisable period of option	Exercise price £
Ordinary shares of 6 ² / ₃ p each	510,000	September 2006 to September 2013	0.422
Ordinary shares of 6 ² / ₃ p each	75,000	March 2007 to March 2014	0.492
Ordinary shares of 6 ² / ₃ p each	630,750	June 2008 to June 2015	0.780
	<u>1,215,750</u>		

29. Share-based payments

Share options

The company has granted market-priced share options to directors, employees and other approved persons. The vesting period is generally three years subject to the satisfaction of performance conditions relating to real EPS growth. Further details of the options and performance conditions are set out in the Report by the board on Directors' Remuneration on pages 22 to 28. 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.

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

29. Share-based payments (continued)

Share options (continued)

	2013		2012	
	Options	Weighted average exercise price (in £)	Options	Weighted average exercise price (in £)
Outstanding at beginning of year	1,254,750	0.61	1,322,436	0.61
Forfeited/lapsed during the year	(27,000)	0.78	(67,686)	0.47
Exercised during the year	(12,000)	0.42	-	-
Outstanding at the end of the year	1,215,750	0.61	1,254,750	0.61
Exercisable at the end of the year	1,215,750	0.61	1,254,750	0.61

12,000 share options were exercised during the year. The options outstanding at 31 March 2013 had a weighted average remaining contractual life of 1.0 years (2012: 2.0 years).

The Company recognised total expenses of £nil and £nil related to equity-settled share-based payment transactions in 2013 and 2012 respectively. A complete listing of all options series outstanding as at 31 March 2013 is included in Note 28.

30. Cash generated from operations

	2013 £'000	Restated 2012 £'000
Operating (loss)/profit for the year	(2,323)	518*
Adjustments for		
Amortisation of intangibles	197	115
Share of joint venture income	(7)	(12)
Depreciation	541	302
Decrease/(increase) in debtors	20,907	(21,476)
(Decrease)/increase in creditors	(16,902)	18,594*
Net cash inflow/(outflow)	2,413	(1,959)*

* Amounts have been restated explained further in Note 35

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

31. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £249,000 (2012 £78,000) contracted but not provided for and £nil (2012 £78,000) capital commitments authorised but not contracted for

Lease commitments

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

	2013 £'000	2012 £'000
Within 1 year	508	639
Within 2 - 5 years	1,357	7

32. Related parties

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

	2013 £'000	2012 £'000
Commissions received from directors, employees, approved persons and their spouses	122	159

Other related parties include Speechly Bircham LLP, of which M J Wright, non-executive director, is a partner. Speechly Bircham LLP provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £284,000 (2012 £262,000)

In addition, commission of £5,000 (2012 £19,000) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H M Lim is a director) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore where H M Lim is a director) again all on standard commercial terms

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

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

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

33. Subsidiaries and associates

Group	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Trading subsidiaries</i>			
Keith Bayley Rogers & Co Limited	United Kingdom	Corporate Finance	Ordinary shares 100%
Walker Crips Stockbrokers Limited	United Kingdom	Investment Management	Ordinary shares 100%
London York Fund Managers Limited	United Kingdom	Management services company	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%
<i>Non-trading subsidiaries</i>			
Walker Crips Financial Services Limited	United Kingdom	Financial Services	Ordinary shares 100%
G & E Investment Services Limited	United Kingdom	Holding company	Ordinary shares 100%
Ebor Pensions Management Limited	United Kingdom	Dormant Company	Ordinary shares 100%
Monkgate Nominees Limited	United Kingdom	Dormant Company	Ordinary shares 100%
InvestorLink Limited	United Kingdom	Agency Stockbroking	Ordinary shares 100%
Southard Gilbey, McNish & Co Limited	United Kingdom	Agency Stockbroking	Ordinary shares 100%
W B Nominees Limited	United Kingdom	Nominee Company	Ordinary shares 100%
WCWB (PEP) Nominees Limited	United Kingdom	Nominee Company	Ordinary shares 100%
WCWB (ISA) Nominees Limited	United Kingdom	Nominee Company	Ordinary shares 100%
WCWB Nominees Limited	United Kingdom	Nominee Company	Ordinary shares 100%
Walker Crips Investment Management Limited (formerly Walker Crips Asset Management Limited)	United Kingdom	Dormant Company	Ordinary shares 100%
<i>Jointly controlled entities</i>			
JWPCreers Wealth Management Limited	United Kingdom	Financial Services advice	Ordinary shares 50%

Walker Crips Group plc

Notes to the accounts (continued) Year ended 31 March 2013

34. Subsequent event

On 31 May 2013 all of the conditions relating to the completion of the disposal of the entire issued share capital of our wholly-owned subsidiary, Keith Bayley Rogers & Co Limited (KBR), including the approval of the Financial Conduct Authority of the change in control of KBR, have been satisfied

In view of the regulatory approval after the balance sheet date, the subsidiary was not classified as 'held for sale' at the balance sheet date, and hence was included in 'continuing operations'

35. Restatement

Due to a misinterpretation of guidance regarding the basis of its calculation of tariff data submitted to the Financial Conduct Authority used to determine the Financial Services Compensation Scheme levy for the company's regulated subsidiary, Walker Crips Stockbrokers Limited, for the years to 31 March 2011 and 31 March 2012, the Company has made adjustments for these material underpayments of £441,000 in these financial statements as follows

Year ended

31 March 2011	£231,000
31 March 2012	£210,000

The net impact after tax on equity reserves of these adjustments is £334,000

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

We have audited the parent company financial statements of Walker Crips Group plc for the year ended 31 March 2013 which comprise the Parent Company Balance Sheet and the related notes 36 to 48. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the parent company's affairs as at 31 March 2013,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the group financial statements of Walker Crips Group plc for the year ended 31 March 2013



Oliver Grundy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

20 June 2013

Walker Crips Group plc

Company Balance Sheet 31 March 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible	38	266	338
Intangible		921	-
Investments	39	19,313	14,218
		<hr/>	<hr/>
		20,500	14,556
Current assets			
Debtors	40	88	115
Cash at bank and in hand		4,011	1
		<hr/>	<hr/>
		4,099	116
Creditors: amounts falling due within one year			
Other Creditors	42	(1,570)	(346)
Shares to be issued	43	(226)	-
		<hr/>	<hr/>
		(1,796)	(346)
Net current assets/(liabilities)		<hr/>	<hr/>
		2,303	(230)
Total assets less current liabilities		<hr/>	<hr/>
		22,803	14,326
Net assets		<hr/>	<hr/>
		22,803	14,326
Capital and reserves			
Called up share capital	47	2,470	2,470
Share premium account	48	1,630	1,626
Own shares held	47	(312)	(312)
Profit and loss account	48	13,728	5,400
Revaluation reserve	48	619	474
Other reserves	48	4,668	4,668
		<hr/>	<hr/>
Equity shareholders' funds	48	22,803	14,326
		<hr/>	<hr/>

The financial statements of Walker Crips Group plc (Company Registration No 01432059) were approved by the board of directors and authorised for issue on 20 June 2013

Signed on behalf of the board of directors

R A FitzGerald FCA
Director

20 June 2013



Walker Crips Group plc

Notes to the company accounts Year ended 31 March 2013

36. Significant accounting policies

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

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

Tangible fixed assets

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

Computer hardware	33 $\frac{1}{3}$ % per annum on cost
Computer software	between 20% and 33 $\frac{1}{3}$ % per annum on cost
Leasehold improvements	over the term of the lease
Furniture and equipment	33 $\frac{1}{3}$ % per annum on cost

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

Intangibles

(a) Client Lists

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

(b) Unit Trust Management Contracts

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

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

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

36. Significant accounting policies

Taxation

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

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

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax assets and liabilities are not discounted.

Investments – available-for-sale

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

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

Investments in subsidiaries

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Equity instruments

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

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

36. Significant accounting policies (continued)

Share-based payments

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

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

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

Leases

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

Valuation of Available for Sale Investments

The fair valuation of the Company's investment in Euroclear plc is based upon the Company's share of net assets (discounted for market factors) and the directors' assessment of marketability. The fair valuation of the Company's investment in Liontrust Asset Management plc, by way of a holding of Convertible Unsecured 6% Loan Stock, is based upon a combination of the value of the option component as well as the host instrument.

Shares to be issued

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

Financial Instruments

The Company has adopted FRS25 Financial Instruments Presentation and FRS26 Financial Instruments Recognition and Measurement Disclosures equivalent to that required under FRS 29 are given in the consolidated Group accounts, which are publicly available, the Company is exempt from the disclosures required by FRS 29 in its own accounts.

Going Concern

After conducting enquiries, the directors believe that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Chief Executive's report on pages 2 to 4.

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

37. Profit for the year

As permitted by section 230 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. Walker Crips Group plc reported a profit for the financial year of £9,153,000 (2012 restated profit of £281,000*)

An amount of £11,000 (2012 £10,000) related to the auditor's remuneration for audit services to the Company

38. Tangible fixed assets

	Leasehold improvements, furniture and equipment £'000	Computer software £'000	Computer hardware £'000	Total £'000
Cost				
At 1 April 2012	1,388	1,218	1,097	3,703
Additions	275	-	-	275
	1,663	1,218	1,097	3,778
Depreciation				
At 1 April 2012	1,050	1,218	1,097	3,365
Charge for the year	347	-	-	347
	1,397	1,218	1,097	3,712
Net book value				
At 31 March 2013	266	-	-	266
At 31 March 2012	338	-	-	338

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

39. Fixed Asset Investments

	2013 £'000	2012 £'000
Subsidiary Undertakings	13,521	13,519
Available for sale investments, at fair value	5,792	699
	<hr/> 19,313	<hr/> 14,218

Available-for-sale investments consist of two investments. The first is one of 1,809 Euroclear plc shares. In previous years the directors estimated the value of this holding based largely on the Group's share of net assets. Given that a number of similar financial institutions are currently valued by the stock market below their net asset value, the Directors feel it prudent and appropriate to more accurately estimate the value of this holding by additional reference to the discounts to book value prevailing amongst comparable financial institutions.

Secondly, the Company also has an investment in Liontrust Asset Management plc, by way of a holding of Convertible Unsecured 6% Loan Stock. The Company acquired 4,000,000 £1 Convertible Unsecured 6% Loan Stock and disposed of 900,000 £1 Convertible Unsecured 6% Loan Stock during the year.

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

40. Debtors

	2013 £'000	2012 £'000
Amounts due from subsidiary undertakings	-	86
Deferred tax asset (see note 41)	-	18
Prepayments and accrued income	83	11
Other debtors	5	-
	<hr/> 88	<hr/> 115

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

41. Deferred tax (liability)/asset

	2013 £'000	2012 £'000
At 1 April	18	(43)
Tax losses utilised as group relief	(170)	(249)
Deferred tax credit to equity	(35)	138
Credit to the income statement	37	172
	<hr/>	<hr/>
At 31 March	(150)	18
	<hr/>	<hr/>

42. Creditors

	2013 £'000	2012 £'000
Accruals and deferred income	623	346
Amounts due to subsidiary undertakings	478	-
Amount due to personnel under recruitment contracts	205	-
Deferred tax liability (see note 41)	150	-
Current tax liability	114	-
	<hr/>	<hr/>
	1,570	346
	<hr/>	<hr/>

43. Shares to be issued

	2013 £'000	2012 £'000
Amount due to personnel under recruitment contracts	226	-
	<hr/>	<hr/>
	226	-
	<hr/>	<hr/>

44. Fair value disclosures

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

The fair value of available-for-sale investments, which comprise 1,809 shares in unlisted Euroclear plc was determined with reference to the issuing entity's net asset value per share discounted appropriately (see note 39)

The fair value of the second investment, £3 1m of Convertible Unsecured Loan Stock in Liontrust Asset Management plc, is based upon a combination of the value of the option component and the host instrument. The fair value of the option component has been calculated using a binomial option model and the fair value of the debt host instrument has been calculated using a discounted cashflow model, applying a discount rate of 9%

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

44. Fair value disclosures (continued)

The following inputs have been applied in calculating the fair value of the equity conversion option

Volatility	36%
Risk free rate	1.01%
Dividend yield	0%
Placing discount	3%

45. Financial commitments

Capital commitments

At the end of the year, there were capital commitments of £234,000 (2012: £nil) contracted but not provided for and £nil (2012: £nil) capital commitments authorised but not contracted for

Lease commitments

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

	2013 £'000	2012 £'000
within 1 year	492	536
within 2 - 5 years	1,357	-

46. Related party transactions

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

47. Called up share capital

	2013 £'000	2012 £'000
Called up, allotted and fully paid		
37,063,187 (2012: 37,051,187) ordinary shares of 6 2/3p each	2,470	2,470

During the year the Company allotted 12,000 ordinary shares (2012: nil) in connection with the exercise of share options. The Company received £5,060 cash consideration during the year in respect of the exercise of share options (2012: £nil)

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.

Walker Crips Group plc

Notes to the company accounts (continued) Year ended 31 March 2013

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

	Number of shares subject to option	Exercisable period of option	Exercise price £
Ordinary shares of 6 ² / ₃ p each	510,000	September 2006 to September 2013	0.422
Ordinary shares of 6 ² / ₃ p each	75,000	March 2007 to March 2014	0.492
Ordinary shares of 6 ² / ₃ p each	630,750	June 2008 to June 2015	0.780
	<hr/>		
	1,215,750		
	<hr/>		

Walker Crips Group plc

**Notes to the company accounts (continued)
Year ended 31 March 2013**

48. Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Other £'000	Revaluation £'000	Profit and loss account £'000	Total equity £'000
As at 31 March 2011	2,470	1,626	(312)	4,668	820	5,407	14,679
Revaluation of investment at fair value	-	-	-	-	(484)	-	(484)
Deferred tax credit to equity	-	-	-	-	138	-	138
Profit for the year	-	-	-	-	-	988	988
Dividends paid	-	-	-	-	-	(995)	(995)
As at 31 March 2012	2,470	1,626	(312)	4,668	474	5,400	14,326
Revaluation of investment at fair value	-	-	-	-	180	-	180
Deferred tax credit to equity	-	-	-	-	(35)	-	(35)
Profit for the year	-	-	-	-	-	11,549	11,549
Share options exercised in year	-	4	-	-	-	-	4
Dividends paid	-	-	-	-	-	(3,221)	(3,221)
As at 31 March 2013	2,470	1,630	(312)	4,668	619	13,728	22,803