Annual Report & Financial Statements

Shore Capital Group Limited

Year ended 31 December 2023

SHORE CAPITAL

Contents

Officers and Professional Advisers

Directors

Howard Shore (Chairman)
Andrew Whittaker
Simon Fine
David Kaye
Heydan von Frankenberg
Dr Zvi Marom*
James Rosenwald III *

*Non-executive

Legal Adviser

Carey Olsen
Carey House
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Secretary

Apex Administration (Guernsey) Limited

Independent Auditor

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Company Number

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Bankers

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Registrar

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GY1 1WD

Broker

Shore Capital Stockbrokers Limited
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London
SW1A 1LD

Chairman's Statement

The Group has recorded revenues of £65.2m and pre-tax profits of £7.5m for the year to 31 December 2023, delivering basic earnings per share of 18.0p.

Financial highlights

	2023	2022
Revenue	**£65.2m**	£61.5m
Profit before tax	**£7.5m**	£5.7m
Basic earnings per share	**18.0p**	14.3p

Whilst the overall economic environment in the UK has continued to be challenging, the Group has responded robustly, increasing both its pre-tax profits and earnings per share, as we continue to benefit from our diversified business model.

Our Asset Management business has continued to record excellent inflows across its suite of investment products, growing assets under management to £1.8bn and expanding operations with the opening of a new office in Manchester.

Our Capital Markets business continued to operate profitably in very challenging market conditions. The business has supported a number of clients on significant sale and take-private activities and has been active in various secondary capital raises. The business won several new retained corporate clients in the year and is well-placed to benefit when sentiment improves.

Chairman's Statement (contd.)

Asset Management

The Asset Management division continued its growth trajectory, with AUM increasing to £1.8 bn and year-on-year revenues growing by 14% to £34.7 million, delivering pre-tax profits of £6.8 million.

Puma Investments, the UK fund management business, has recorded strong inflows across its suite of retail investment products, whilst deployment levels have remained robust. The Puma offerings are increasingly being selected on preferred panels for a growing number of wealth management networks and platforms. Ongoing momentum in the business led to the opening of a new office in Manchester during the year, unlocking origination for this fast-growing region of the UK.

In our Puma Private Equity division, our flagship evergreen Venture Capital Trust, Puma VCT 13, filled both its initial and its extended fundraising target in the 2022/23 tax year, securing £50m of new funding to support the growth businesses that are the backbone of the UK economy. Alongside its newer Puma Alpha VCT, the company is again open for fundraising as we approach the end of the 2023/24 tax year. Our nimble business model has allowed us to respond quickly to a dynamic economic environment, capitalising on low valuations and hesitancy from competitors, with seven new companies being added to the portfolio during the year.

In our Puma Property Finance division, the size of Puma Heritage Estate Planning Service is approaching £300m and continues to raise funds at an impressive rate, providing significant firepower to grow market share in our chosen space of UK development and stabilisation lending to institutional and professional developers and investors. Several lending records were broken in the year, including arranging the division's largest loan to date in the shape of a £73m facility for a student accommodation project in Nottingham.

Investment performance has remained good, notwithstanding the economic headwinds. Puma VCT 13 topped the Citiwire league tables for generalist VCT performance over the last 3 and 5 years, with returns of 49.1% and 54.2% respectively, exclusive of dividends. Puma Heritage has continued to exceed its target returns for the seventh year in succession. The Puma AIM Service has maintained its strong record against its key benchmarks, having recorded a lifetime outperformance as at December 2023 of 99.7% against the AIM Index and 79.4% against the FTSE All Share Index, and a compound annual growth rate since inception in July 2014 of 7.4% p.a.

The institutional investment companies that we advise, Brandenburg Realty and Puma Brandenburg, continued to implement their targeted asset management initiatives and deliver value for investors. We assisted with the ongoing condo sales programme in city centre locations in Berlin where there remains very stable demand and oversaw construction activity to deliver further high quality accommodation.

Capital Markets

The Capital Markets business recorded revenues of £29.6 million in the year, delivering pre-tax profits of £0.7 million, both figures broadly in line with the prior year.

Market headwinds experienced in 2022 continued into 2023 and market conditions remained challenging throughout the year. Successive increases in base rates by the Bank of England, and persistent high inflation, negatively impacted market sentiment and resulted in a subdued level of IPOs and secondary fundraisings. Against this backdrop, we have seen an elevated level of public to private transactions in the small to mid-cap space driven by interest from both strategic and financial buyers.

Despite these headwinds, our Corporate Advisory and Broking business has remained active in the market continuing to raise new funds for clients and supporting an increasing number of M&A advisory transactions. Across the full year, our Capital Markets business acted on 10 M&A deals worth in total over £2 billion, as well as adding 6 new retained corporate clients.

Our Market Making business has increased year-on-year revenues, whilst remaining adept at managing risk appropriately in the face of rapidly evolving trading conditions. Going into 2024 the team has been further strengthened with some key new hires.

Within a challenging market context, our Research and Equity Sales teams remained focused on seeking to identify equity valuation anomalies and supporting our institutional client base. We continue to maintain a high level of quality equity research output, increasing our presence in selected sectors including food delivery, industrials and digital.

Our Capital Markets franchise remains highly respected and valued in the equity research market, which in turn supports our high-quality corporate broking list and execution presence. The business is well placed to benefit from an improvement in market sentiment.

Principal Finance

Principal Finance investments recorded an increase in net valuations during the year of £0.8m, with returns also being supplemented by interest earned on our strong cash holdings in this higher rate environment.

As previously advised, in relation to the Group's interest in German regional radio spectrum licences, we have been informed that the Administrative Court of Cologne has found against us in the injunctive proceedings taken against the German Federal Network Agency. We continue to await the result of our formal appeal of the decision of the German Federal Network Agency to revoke the licences. The licences remain fully impaired and this has therefore had no impact on the financial position of the Group.

Current Trading and Prospects

We are optimistic about the continued growth of our Asset Management business and are expecting an improvement in Capital Markets sentiment at some point. We will continue to make additional key hires to improve our competitive position, and at the same time explore any strategic options that would further enhance our businesses.

Howard Shore
Chairman

20 March 2024

Financial Review

Income and expenditure

Revenue for the year increased by 6.0% to £65.2 million (2022: £61.5 million), whilst administrative expenses increased by 9.5% to £58.4 million (2022: £53.4 million).

Group operating profit before impairment decreased by 17.6% to £6.7 million (2022: £8.2 million). During the prior year, an impairment of £2.1m was made against the Group's spectrum licences. Statutory profit before tax was £7.5 million (2022: £5.7 million).

Divisional performance was as follows:

- Capital Markets: revenue of £29.6 million (2022: £30.1 million). Profit before tax was £0.8 million (2022: £0.7 million) with a net margin of 2.6% (2022: 2.2%).
- Asset Management: revenue of £34.7 million (2022: £30.5 million). Profit before tax was £6.8 million (2022: £6.7 million) with a net margin of 19.6% (2022: 21.9%).
- Principal Finance: pre-tax profit of £1.1 million (2022: £1.3 million loss).

Further detail on the performance of each division is given in the Chairman's Statement.

Basic Earnings per Share

The Group generated earnings per share of 18.0p (2022: 14.3p).

Liquidity

As at the balance sheet date, available liquidity was £44.7 million, comprising solely of cash (2022: £39.7 million). In addition, the Group had a £20 million working capital facility which was unused at the year end.

Capital resources

Capital resources in our regulated businesses were on average more than four times FCA requirements.

Balance sheet

The Group's balance sheet remains strong. Total equity at the year end was £74.4 million (2022: £72.8 million), the movement reflecting the profit generated in the year less dividends and capital distributions paid to shareholders and minority interests.

In addition to the £44.7 million of cash referred to above, at the year end the Group held £4.2 million (2022: £4.4 million) in various of its Puma Funds; £3.3 million (2022: £8.5 million) net in quoted equities and a further £0.5 million (2022: £1.3 million) in other unquoted holdings. Other non-current assets included £4.4 million (2022: £4.0 million) of fixed assets, and £2.3 million (2022: £2.3 million) of investment properties.

The remainder of the balance sheet was £15.0 million net (2022: £12.6 million), which included £6.1 million (2022: £5.9 million) of net market and other debtors in the Company's stockbroking subsidiary.

Net Asset Value per Share

Net asset value per share at the year end was 302.4p (2022: 290.7p).

Dividend

The Group proposes to pay an ordinary dividend of 15.0p per share for the year ended 31 December 2023 (2022: nil). The ordinary dividend is expected to be paid on Friday 5 April 2024 to shareholders on the register as at Monday 25 March 2024. Shares will be marked ex-dividend on Friday 22 March 2024.

Board of Directors

Howard Shore - Chairman

Howard Shore founded Shore Capital in 1985. He began his career in private client discretionary fund management with Grieveson Grant & Co. After obtaining a degree in Economics from Cambridge, he worked as a financial futures broker when LIFFE was being established. As Chairman he is responsible for the strategy of the Group, having relinquished all operational responsibilities in 2017. He is a Director of Brandenburg Realty Limited, as well as being a Director of Puma Brandenburg Limited, an investment vehicle through which he conducts private investment activities. He is also a trustee of the Tate.

Simon Fine - Co-Chief Executive Officer

Simon Fine joined as Chief Executive Officer of Shore Capital Markets in 2002 and became co-CEO of Shore Capital Group Limited in April 2017. He is the former Managing Director and Co-Head of Pan European Equity Cash Trading at Lehman Brothers. Prior to joining Lehman Brothers, Simon spent the previous 14 years at Dresdner Kleinwort Benson, latterly as Head of Pan European Equity Cash Trading – developing its UK operations into one of the leading players in UK and German equities.

David Kaye - Co-Chief Executive Officer

David Kaye graduated from Oxford University with a degree in law and was called to the Bar in 2000. David practised as a barrister at a leading London set of chambers for five years, advising on a range of complex commercial legal issues with a particular focus on financial investments and real estate. He joined Shore Capital in January 2006 and, having been Commercial Director and General Counsel for the Group, he became Chief Executive Officer of the asset management division in 2012. David became Co-CEO of Shore Capital Group Limited in 2017.

Andrew Whittaker - Director

Andrew Whittaker is a Chartered Management Accountant and is a Member of the Chartered Institute for Securities and Investment, having gained over twenty years of experience in the investment sector and the fund industry across multiple jurisdictions. Andrew is currently Managing Director of Aver Partners, having previously been Managing Director at Ipes (Barings/Apex) and preceding that Managing Director at Capita. He has held senior management roles at Moscow Narodny and DML, having qualified whilst at Midland (HSBC/Montagu). Andrew is currently Chair of the British Venture Capital Association (BVCA) Channel Islands Working Group and is a previous Chair of the Guernsey Investment Fund Association (GIFA).

Heydan von Frankenberg - Director

Heydan von Frankenberg joined Shore Capital in 2017 as the Managing Director of Shore Capital International and is responsible for the German real estate and asset advisory activities. Prior to joining Shore Capital, Heydan was a director at EY, having worked for 15 years in their Frankfurt, Abu Dhabi and Berlin offices where he advised banks, institutional investors and private equity firms on all real estate related matters. He is a qualified chartered surveyor (MRICS) and graduated with a degree in business administration from Freie Universität Berlin.

Dr Zvi Marom - Non-executive Director

Dr. Zvi Marom founded BATM in 1992 and served as CEO until January 2023. A former first lieutenant in the Israeli Navy, he graduated with excellence from the officers course of the Naval Academy and with excellence from the Advanced Naval Command Course. He has a post-graduate degree in medicine from the Sackler–Goldschleger School of Medicine, Israel and an MSc in Electronics. Dr. Marom was the Chairman of the Hi-Tech Union of the Manufacturers' Association of Israel until January 2021, and he now serves as the head of its quantum forum. In March 2024 he was awarded the Knight's Cross of the Order of Merit of Hungary. He is Chairman of Ador Diagnostics, an associate company of BATM.

James Rosenwald III - Non-executive Director

Mr. Rosenwald is a Founding Partner and Chief Investment Officer at Dalton Investments. He is a recognized authority in Pacific Rim investing with more than 41 years of investment experience. He formerly co-managed and founded Rosenwald, Roditi & Company, Ltd., now known as Rovida Asset Management, Ltd., which he established in 1992 with Nicholas Roditi. Mr. Rosenwald advised numerous Soros Group funds between 1992 and 1998.

Mr. Rosenwald holds an MBA from New York University and an AB from Vassar College. He is a CFA charterholder and a director of numerous investment funds. He is a member of the CFA Society of Los Angeles and the CFA Institute, and is an Adjunct Professor of Finance at New York University's Stern Business School.

Directors' Report

The Directors present their annual report and the audited financial statements of the Group for the financial year ended 31 December 2023.

Activities and business review

The main activities of the Group consist of investment related activities, including stockbroking, market-making, corporate finance advice, asset management including specialist fund management, and principal finance.

A review of the year and future developments is contained in the Chairman's Statement and financial review on pages 5 to 8. The statement also includes details of the key performance indicators which management use.

Results and dividends

The results for the financial year are set out on page 22. No interim dividend was paid during the year (2022: nil). The Group proposes to pay an ordinary dividend of 15.0p per share for the year ended 31 December 2023 (2022: nil). The ordinary dividend is expected to be paid on Friday 5 April 2024 to shareholders on the register as at Monday 25 March 2024. Shares will be marked ex-dividend on Friday 22 March 2024.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 24 of the financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provision of the Articles of Association. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Regulatory Capital

Three of the Group's operating subsidiaries are regulated by the Financial Conduct Authority in the UK which imposes a minimum level of regulatory capital which must be maintained by each company. Each company has maintained a surplus throughout the year over its regulatory capital requirements.

Risk management

The Group's policies for managing the financial risks arising from its activities, including the use of derivative instruments, are set out in note 25. In addition, the Group has policies and procedures in place to mitigate the other risks to which it is exposed, including reputational risk, operational risk, cyber risk and insurance risk. The Group's activities comprise equity market activities, asset management and principal finance and its income is therefore subject to the level of general activity, sentiment and market conditions in each of the markets in which it operates.

Directors

The Directors who served the Company during the financial year and their beneficial interests in the ordinary shares of the Company were:

	Ordinary shares of Nil par value	
	31 December 2023	31 December 2022
Howard Shore	**10,802,433**	10,802,433
Andrew Whittaker	**-**	-
Simon Fine	**-**	283,407
David Kaye	**57,944**	57,944
Dr Zvi Marom	**95,182**	95,182
James Rosenwald III	**538,412**	538,412
Heydan von Frankenburg	**-**	-

The beneficial interests of the Directors in share options over ordinary shares of the Company are set out in note 7e.

The Company makes qualifying third-party indemnity provisions for the benefit of its Directors which are in force at the date of this report.

Charitable donations

The Group made charitable donations of £137,000 (2022: £48,000) during the year.

Going concern

As set out above in the Chairman's statement, the Group had a debt-free balance sheet and liquidity at the year end of approximately £44.7 million, as well as a further £20 million undrawn working capital facility available. In addition, each of the Group's regulated entities has a very high level of Capital adequacy, on average more than four times FCA requirements.

The Directors have reviewed highly stressed forecasts which include material reductions in variable revenues from the base case forecasts across both Capital Markets and Asset Management divisions. On the basis of these, the directors consider that the Group has the financial resources to continue in operation for at least 12 months from the date of these financial statements being approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Environmental policy

The Group aims wherever appropriate to be environmentally conscious. During the year, it recycled a large amount of waste paper and arranged for used printer cartridges and office furniture and equipment to be collected for recycling and environmentally sound disposal. It has adopted low energy lighting systems where appropriate.

Major shareholdings

Other than Directors, the following shareholders had notified the Company of holdings of 3% or more of the shares of the Company as at 28 March 2024:

	Ordinary Shares	%
G B Shore (direct and beneficial interest)	**2,116,009**	**9.94**
M van Messel (direct and beneficial interest)	**967,127**	**4.54**

Independent 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 Directors have taken all the steps which they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s249(2) of the Companies (Guernsey) Law, 2008.

BDO LLP has expressed its willingness to continue in office. A resolution to re-appoint them as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Directors' Report (contd.)

Statement of Director's responsibilities

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

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

The Directors are required to prepare Group financial statements for each financial year, in accordance with applicable Guernsey law and those International Financial Reporting Standards (IFRS) as adopted by the European Union, which give a true and fair view of the financial position of the Group and the financial performance and cash flows of the Group for that period.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: "Accounting Policies, Changes on Accounting Estimates and Errors" and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group has complied with IFRS, 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 Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group 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 on the Company's website.

By order of the Board

Andrew Whittaker
Director
28 March 2024

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Guernsey GY1 2HL

Independent Auditor's Report to The Members of Shore Capital Group Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Group for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement, and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- We have discussed, evaluated and challenged the Directors' assessment of the Group's ability to continue as a going concern;
- We have reviewed the directors' trading and cash flow forecasts for a period of at least 12 months from the date when the financial statements were authorised for issue;
- We have substantiated key inputs into forecasts used in the directors' cash flow forecasts;
- We have considered the ability of the directors to forecast accurately, by comparing actual performance to forecasts in the prior year;
- We have challenged the directors' assessment including their stress test analysis and reverse stress testing, to determine the risk posted to the Group in respect of going concern;
- We have critically assessed the assumptions used by the directors' in making their assessment and have considered whether the events or conditions that impact going concern give rise to management bias; and
- We have read the disclosures in the financial statements regarding the directors' going concern assessment and assessed whether it met the requirements of the financial reporting framework and was in line with our understanding gained throughout the audit.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor’s Report to The Members of Shore Capital Group Limited (contd.)

Overview

Coverage*	100% (2022: 100%) of Group profit before tax 91% (2022: 100%) of Group revenue 86% (2022: 100%) of Group net assets
Key audit matters	see below
Materiality	Group financial statements as a whole £1,328,000 (2022: £1,243,000) based on 2% of revenue* (2022: 2% of revenue). *Revenue was determined at the planning stage of the audit.

Key audit matters

	2023	2022
KAM 1: Revenue recognition – Capital Markets division - corporate finance and research commissions	✓	✓
KAM 2: Valuation of principal finance investments – unlisted	✓	✓
KAM 3: Valuation of investment property	×	✓
KAM 4 Revenue recognition – Asset Management division – management fees	✓	✓

‘Valuation of investment property’ is no longer considered to be a key audit matters as we do not consider it to have the greatest impact on audit strategy or allocation of resources throughout the audit.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its operations from 5 locations in Europe: Guernsey, London, Liverpool, Edinburgh and Berlin and consists of the Parent Company and a number of subsidiary undertakings.

The Group audit engagement team carried out full scope audits for the Parent Company and the 14 (2022:14) significant components based in the UK and Guernsey. For non-significant components 19 (2022:19) the Group engagement team performed specified audit procedures including analytical procedures, based on their individual financial significance to the Group with reference to their profit before tax, revenue, and net assets.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Capital Markets division- Corporate finance and research commissions The Group's accounting policy for revenue is described in Notes 1 and 3 to the financial statements.	There is a risk that revenue is not recognised in line with the contractual obligations resulting in the wrong fee being recognised, as they are not standard. There is also a risk that revenue is recognised at the incorrect point in time, i.e. before the work is completed, or in the incorrect period. The risk could be increased if contractual terms, including amounts to be billed change during the period or if additional fees are agreed however engagement letters are not updated. Based on the above, the revenue recognition of the Capital Markets division is considered to be a key audit matter and a fraud risk.	Our procedures performed included: • We have obtained a listing of corporate finance and research commissions and agreed this to the trial balance as at 31 December 2023. • We recalculated the amount due in respect of a sample of corporate finance transactions based on the terms set out in the relevant engagement letters. • We considered the status of open projects at the year end to determine whether it was appropriate for revenue to be recognised during the year and confirmed appropriate posting of this to the general ledger. • We have tested cut off for fees booked around the year end and assessed whether revenue had been booked in the correct period. • We have reviewed complaints registers for client complaints regarding incorrect fees being charged. • We have reviewed board meeting minutes in order to identify significant fee changes which haven't otherwise been captured. Key observations: Based on the procedures performed, no issues have been identified regarding the recognition of revenue in respect of the Capital Markets division.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr>
<td>Valuation of principal finance investments - unlisted

The Group accounting policy for investments are described in Notes 1 and 17 to the financial statements.</td>
<td>The Group holds a number of unlisted investments that are measured at fair value through profit and loss.

Significant judgement is required in respect of the valuation of these assets and in some cases, information available on which to value the assets may be limited.

Therefore, there is a risk that the valuations and resultant gain/(losses) recognised in the consolidated statement of comprehensive income could be materially incorrect.

Based on the above the valuation of principal finance investments – unlisted, is considered to be a key audit matter and a fraud risk.</td>
<td>Our procedures performed included:

• We assessed a sample of the valuation reports prepared by management and considered the justification for the valuation basis, method, and value with reference to available observable inputs.

• We challenged the validity of the assumptions inherent in the valuation of a sample of unlisted investments with reference to market data and other observable inputs.

• We reviewed the historical financial statements where available and recent management information for a sample of unlisted investments used to validate assumptions used in the valuations.

• We independently recalculated the valuation of a sample of unlisted investments and fair value movement to verify mathematical accuracy.

• We have assessed the competency of management and obtained assurance that they have the appropriate skills and resources to prepare the valuations.

• For a sample of new instruments in the year, we have reviewed documentation and agreed to the acquisitions. Where relevant, we have agreed to cash paid.

Key observations:

Based on the procedures performed we have not identified any issues regarding the judgments and assumptions made by management in valuing the unlisted investments.</td>
</tr>
</table>

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Asset Management division – management fees The Group's accounting policy for revenue is described in Note 1 and Note 3 to the financial statements.	Management fee income was considered to be an area of focus for our audit as there is a risk of human error in the inputting of data into systems and models that are used to calculate the management fee income. There is also a risk of incorrect manual inputs within excel maintained spreadsheets and while they can be traced back to source being an application/ facility/ investor agreement, journals posted often rely on various spreadsheets being accurate. Based on the above, the revenue recognition of management fees, is considered to be a key audit matter and fraud risk.	Our procedures performed included: • We have verified a sample of the inputs into the management fee calculation by agreeing the underlying fund asset values to audited accounts or the latest available financial information for the intervening periods. • We have obtained the latest audited information available for the underlying funds and have considered the impact on the unaudited values used in the calculation of management fees. • In order to ensure completeness of management fees, on a sample basis, we have ensured 12 months of fees have been recognised. Key observations: Based on the procedures performed no issues have been identified regarding the recognition of management fee revenue.

Independent Auditor's Report to The Members of Shore Capital Group Limited (contd.)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Group financial statements		
	2023 £	2022 £
Materiality	1,328,000	1,243,000
Basis for determining materiality	2% of revenue (2022: 2% of revenue)	
Rationale for the benchmark applied	Profits are impacted by different parts of the business and fluctuate significantly such that profit before tax is less representative of the Group's underlying performance. Therefore, revenue is considered to be the most appropriate benchmark for users of the financial statements.	
Performance materiality	996,000	932,000
Basis and rationale for determining performance materiality	75% of materiality on the basis of our risk assessment, together with our assessment of the Group's overall control environment and history of past misstatements.	

Component materiality

Our audit work on each significant component of the group was executed at levels of materiality applicable to the individual entity, dependent on the size and our assessment of the risk of material misstatement of that component, we selected an appropriate base which included 3 year average revenue, 3 year average profit before tax, current year revenue, gross expenditure, investment in subsidiaries, total asset basis or allocated group materiality, as a benchmark for different components. Component materiality levels ranged from £4,000 to £1,195,000 (2022: £8,000 to £745,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Board that we would report to them all individual audit differences in excess of £66,000 (2022: £62,150). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company; or
- the Parent Company financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

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

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

Independent Auditor's Report to The Members of Shore Capital Group Limited (contd.)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be Companies (Guernsey) Law, 2008, the FCA rules, requirements of PAYE and VAT legislation, IFRS as adopted by the European Union and the Bermuda Stock Exchange listing rules.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax experts in the audit;
- Review of breaches and complaints registers; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to detecting and responding to the risks of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the area's most susceptible to fraud to be revenue recognition of capital market segment, valuation of principal finance investments, revenue recognition over management fees and management override of controls.

Our procedures in response to the above included:

- The procedures set out in the Key Audit Matters section above;
- Testing a sample of journal entries throughout the year, which met a key risk characteristic such as identification of least used accounts, as well as sample outside this risk assessment by agreeing to supporting documentation; and
- Assessing whether the judgements made in making accounting estimates could be indicative of a potential bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, including management's assessment of going concern.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
Chartered Accountants
London, UK
Date: 28 March 2024

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

Consolidated Income Statement

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	**1, 3**	**65,157**	61,515
Administrative expenditure		**(58,443)**	(53,362)
Impairment loss	**4, 14**	-	(2,108)
Operating profit	**4**	**6,714**	6,045
Interest income	**5**	**1,245**	102
Finance costs	**6**	**(468)**	(417)
Share of results in associates		**(39)**	-
		738	(315)
Profit before taxation	**2**	**7,452**	5,730
Taxation	**8**	**(1,425)**	(1,030)
Profit for the year		**6,027**	4,700
Attributable to:			
Equity holders of the parent		**3,871**	3,085
Non-controlling interests		**2,156**	1,615
		6,027	4,700
Earnings per share			
Basic	**10**	**18.0p**	14.3p
Diluted	**10**	**17.8p**	14.2p

All transactions are in respect of continuing operations.

The accompanying notes form part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Profit after tax for the year	**6,027**	4,700
Items that may be reclassified to the income statement		
Exchange difference on translation of foreign operations	**(68)**	125
Other comprehensive (loss)/income during the year, net of tax	**(68)**	125
Total comprehensive income for the year, net of tax	**5,959**	4,825
Attributable to:		
Equity holders of the parent	**3,828**	3,154
Non-controlling interests	**2,131**	1,671
	5,959	4,825

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Property, plant & equipment	15	**4,368**	4,021
Right of use assets	12	**5,128**	6,268
Investment properties	16	**2,279**	2,279
Investments in associates		**111**	-
Investments	17	**4,269**	9,180
Deferred tax asset	8	**1,057**	1,241
		17,212	22,989
Current assets			
Trading assets	18	**4,300**	5,576
Trade and other receivables	11, 19	**37,894**	42,070
Derivative financial instruments		**35**	50
Tax assets		**1,118**	1,071
Cash and cash equivalents	20	**44,699**	39,740
		88,046	88,507
Total assets	2	**105,258**	111,496
Current liabilities			
Trading liabilities	13	**(530)**	(572)
Trade and other payables	11, 21	**(24,850)**	(31,240)
Derivative financial instruments		**-**	(33)
Lease liabilities	12	**(7)**	(1,400)
		(25,387)	(33,245)
Non-current liabilities			
Lease liabilities	12	**(5,404)**	(5,408)
Provision for liabilities and charges	22	**(59)**	(59)
		(5,463)	(5,467)
Total liabilities	2	**(30,850)**	(38,712)
Net assets		**74,408**	72,784
Capital and reserves			
Share capital	24	**-**	-
Share premium		**1,866**	1,866
Merger reserve		**14,336**	14,903
Other reserves		**1,572**	1,572
Retained earnings		**46,600**	44,377
Equity attributable to equity holders of the parent		**64,374**	62,718
Non-controlling interests		**10,034**	10,066
Total equity		**74,408**	72,784

The accompanying notes form part of the financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2024. Signed on behalf of the Board of Directors:

Andrew Whittaker
Director

James Rosenwald
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Share premium account	Merger reserve	Other reserves	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	-	1,866	14,903	1,572	51,857	11,017	81,215
Profit for the year	-	-	-	-	3,085	1,615	4,700
Foreign currency translation	-	-	-	-	69	56	125
Total comprehensive income	-	-	-	-	3,154	1,671	4,825
Equity dividends paid (note 9)	-	-	-	-	(9,708)	-	(9,708)
Dividends paid to non controlling interests/ rebalancing of non controlling interest (note 17)	-	-	-	-	(926)	(2,952)	(3,878)
Investment by non controlling interest in subsidiaries	-	-	-	-	-	330	330
At 31 December 2022	-	1,866	14,903	1,572	44,377	10,066	72,784

	Share capital	**Share premium account**	**Merger reserve**	**Other reserves**	**Retained earnings**	**Non-controlling interests**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2023	**-**	**1,866**	**14,903**	**1,572**	**44,377**	**10,066**	**72,784**
Profit for the year	**-**	**-**	**-**	**-**	**3,871**	**2,156**	**6,027**
Foreign currency translation	**-**	**-**	**-**	**-**	**(42)**	**(26)**	**(68)**
Total comprehensive income	**-**	**-**	**-**	**-**	**3,829**	**2,130**	**5,959**
Dividends paid to non controlling interests/ rebalancing of non controlling interest (note 17)	**-**	**-**	**-**	**-**	**(759)**	**(1,509)**	**(2,268)**
Repurchase/cancellation of own shares (note 1)	**-**	**-**	**(567)**	**-**	**-**	**-**	**(567)**
Capital distribution from subsidiary to non controlling interests	**-**	**-**	**-**	**-**	**-**	**(160)**	**(160)**
Increase in controlling interest in subsidiary	**-**	**-**	**-**	**-**	**(847)**	**(505)**	**(1,352)**
Investment by non controlling interest in subsidiaries	**-**	**-**	**-**	**-**	**-**	**12**	**12**
At 31 December 2023	**-**	**1,866**	**14,336**	**1,572**	**46,600**	**10,034**	**74,408**

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit for the year		**6,027**	4,700
Adjustments for:			
Depreciation and impairment charges	2	**1,998**	1,938
Impairment loss	14	**-**	2,108
Loss on disposal of fixed assets		**31**	-
Net fair value gains on Investments	17	**(484)**	(4,808)
Share of results of associate		**39**	-
Interest income		**(1,245)**	(102)
Finance costs		**468**	417
Tax expense	8	**1,425**	1,030
Operating cash flows before movements in working capital		**8,259**	5,283
Decrease in trade and other receivables		**4,191**	44,436
Decrease in trade and other payables		**(6,423)**	(42,485)
Decrease in trading liabilities		**(42)**	(280)
Decrease in trading assets		**1,176**	3,407
Cash generated by operations		**7,161**	10,361
Corporation tax paid		**(1,288)**	(2,375)
Net cash generated by operating activities		**5,873**	7,986
Cash flows from investing activities			
Purchase of property, plant & equipment	15	**(1,251)**	(1,303)
Disposal of investment property	16	**-**	308
Investment in associate		**(50)**	-
Purchase of investments	17	**(38)**	(1,022)
Sale of investments	17	**5,433**	6,506
Distribution from investments	17	**-**	3,962
Interest received	5	**1,245**	102
Net cash generated by investing activities		**5,339**	8,553
Cash flows from financing activities			
Repurchase of own shares		**(567)**	-
Increase in controlling interest in subsidiary		**(1,320)**	-
Investment from/ (capital distribution to) non controlling interests		**(148)**	330
Payment of lease liabilities	12	**(1,397)**	(1,324)
Interest paid on lease liabilities	12	**(334)**	(379)
Other interest paid	6	**(134)**	(38)
Dividends paid to equity shareholders	9	**-**	(9,708)
Dividends paid to non controlling interests		**(2,268)**	(3,878)
Net cash used in financing activities		**(6,168)**	(14,997)
Net increase in cash and cash equivalents		**5,044**	1,542
Effects of exchange rate changes		**(85)**	106
Cash and cash equivalents at the beginning of the year	20	**39,740**	38,092
Cash and cash equivalents at the end of the year	20	**44,699**	39,740

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. Accounting Policies

Basis of preparation

These consolidated annual financial statements of Shore Capital Group Limited (the "Company") and its subsidiaries (together referred to as the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Going concern

As set out above in the Chairman's statement, the Group had a debt-free balance sheet and liquidity at the year end of approximately £45 million, as well as a further £20 million undrawn working capital facility available. In addition, each of the Group's regulated entities has a very high level of Capital adequacy, on average more than four times FCA requirements.

The Directors have reviewed highly stressed forecasts which include material reductions in variable revenues from the base case forecasts across both Capital Markets and Asset Management divisions. On the basis of these, the directors consider that the Group has the financial resources to continue in operation for at least 12 months from the date of these financial statements being approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Presentation of the financial statements and financial information

In accordance with Section 244(5) of the Companies (Guernsey) Law, 2008, the financial statements of the parent company are not presented as part of these financial statements.

Adoption of new and revised standards

Standards, amendments and interpretations in issue

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- IFRS 17 Insurance contracts

These have not materially affected the Group.

New standards, amendments and interpretations in issue but not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

1. Accounting Policies (contd.)

General information

The Group is incorporated and registered in Guernsey and is listed on the Bermudan Stock Exchange. These financial statements are presented in pounds sterling, this being the currency of the primary economic environment in which the Group operates.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the treatment of certain financial instruments and investment properties. The financial statements are rounded to the nearest thousand (expressed as thousands and with no decimal place - £'000), except where otherwise indicated. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved if and only if the investor has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Rebalancing of non-controlling interest occurs where the Group has waived its right to a portion of the dividends from subsidiaries with non-controlling interest.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgements, assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Revenue

There is minimal judgement in determining the timing of satisfaction of performance obligations and the transaction price and the amounts allocated to performance obligations because contracts with each customer contain the defined performance obligations and transaction price associated with it.

However, some of the Group's revenue within the asset management division is variable on the performance of the underlying funds or companies managed by the Group. In these circumstances, the Group prepares a series of projections for potential scenarios and recognises variable revenue based on a blend of the outputs generated by those scenarios felt to be most reflective of likely future outcomes.

Fair value of unquoted equity instruments

Where there is no available representative external valuation, judgement is required to determine the most appropriate valuation method for unquoted equity instruments. Further details are set out later in this note 1 and in notes 17, 18 and 25(f).

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Management forecasts of business performance are analysed as part of this judgement. The carrying value of deferred tax assets is set out in note 8.

Investment properties

Investment property which is held to earn rental income is held at fair value at the balance sheet date. Fair value is determined by the directors with reference to appropriate investment yields and comparable market values as well as reference to an investment appraisal by an external independent qualified valuer with recent experience valuing investment properties held by the Group.

Revenue

Performance obligations and timing of revenue recognition

The following revenue streams have been recognised applying IFRS 15 Revenue from Contracts with Customers: commission income, corporate advisory fees, fund management and advisory fees, asset rental fees and other ancillary fees. This revenue is largely recorded at a point in time when the Group has fully completed the performance obligations per the contract. Identifying when an obligation has been completed generally relates to the completion of a financial transaction and is therefore a matter of fact rather than judgement.

Fees from advisory engagements for which the work is substantially complete or which are at a stage where work for which separate payment is due, and which will become due but are not yet invoiced are recorded on a right to consideration basis. Where such fees are contingent on the outcome of a transaction they are only accounted for after the transaction has exchanged.

Revenue from fund management fees and corporate retainer fees being recognised over time as performance of those contractual obligations are ongoing throughout the period under contract. Fees are fixed as per the contract. Fund management fees can also contain an element of variable consideration recognised only on the completion of contractual performance milestones based on the performance of the underlying fund.

Determining the transaction price

Revenue is measured based on the consideration specified in a contract with a customer. Where the contract includes multiple obligations, the contract states the consideration per obligation.

Included within revenue is the net profit/loss on principal trading and principal finance investments which are classified as financial assets at fair value through profit or loss. The fair value is determined in accordance with IFRS 13 fair value measurement. Principal Finance, trading assets and liabilities as are valued at closing out prices at the close of business on the balance sheet date, namely trading assets at the bid price and trading liabilities at the offer price.

Dividends and interest arising on trading assets and liabilities in securities form part of dealing profits and, because they are also reflected by movements in market prices, are not identified separately.

Revenue, including revenue from Stock Exchange transactions, is accounted for at trade/contract date rather than settlement date.

Contract assets and contract liabilities are included within “trade and other receivables” and “trade and other payables” respectively on the face of the statement of financial position. Contract assets arise primarily in the Asset Management operating segment and relate mainly to fees earned at a point in time but are not necessarily due from the customer at that point. Contract liabilities refer largely to retainers invoiced in advance each quarter.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

1. Accounting Policies (contd.)

Foreign currency translation

The Group's consolidated financial statements are presented in sterling, which is the parent company's functional currency. That is the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement with the exception of differences on foreign currency borrowings accounted for as a hedge of a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the balance sheet date and their income statements are translated at average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 balance sheet date.

Deferred tax

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 tax losses and temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items 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.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

The Group engages in equity settled share-based payment transactions in respect of services received from certain employees and directors. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the share options granted is recognised in the income statement over the period that the services are received, which is the vesting period, together with a corresponding increase in equity. The fair value of the options granted is determined using the Black-Scholes Option Pricing Model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the Company's share price over the life of the option and other relevant factors.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense for the year represents the movement in cumulative expense recognised at the beginning and end of the year.

Employer's National Insurance ("NI") is accrued at the current rate of NI on differences between the market value at the balance sheet date of the shares that would be acquired when the options are exercised and the exercise price of those options.

The dilutive effect of outstanding share options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in note 10).

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each 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.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its 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 (e.g. goodwill), the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount.

Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, impairment losses relating to goodwill may not be reversed.

1. Accounting Policies (contd.)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is calculated so as to write off the cost of property, plant and equipment by equal annual instalments over their estimated useful lives at the following rates:

Leasehold additions	over the unexpired term of the lease
Fixtures and equipment	25-33% per annum
Motor vehicles	16.7% per annum

Depreciation of an asset commences when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Leases

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

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

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

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

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

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

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

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

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount; and

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Investment property

Investment property which is held to earn rental income is held at fair value at the balance sheet date. Fair value is determined by reference to comparable market values. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Rental income is receivable in relation to short term occupancy licences in place on the Group's investment properties.

Financial instruments

Investments are recognised and derecognised on the trade date where the 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 fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The three principal classification categories for financial assets are: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Assets held at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

1. Accounting Policies (contd.)

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at OCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 uses an 'expected credit loss' (ECL) model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs for trade receivables and contract balances and 12 month ECLs for all other financial assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract which evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Merger reserve

This reserve comprises the capital reserves acquired by the Company when it acquired the entire share capital of Shore Capital Group plc on 26 March 2010 and subsequent cancellation of shares.

Repurchase of share capital (own shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Such shares may either be held as own shares (treasury shares) or cancelled. Where own shares are subsequently re-sold from treasury, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Other reserves

This reserve comprises amounts taken to equity in respect of i) share based payments; ii) deferred tax movements; and iii) revaluations of investments at fair value through other comprehensive income.

Dividends

Dividends are recognised when they become legally payable.

2. Segment Information

Additional analysis of revenue and results is presented in the Chairman's Statement.

For management purposes, the Group is organised into business units based on their services, and has four reportable operating segments as follows:

- Capital Markets provides research in selected sectors, broking for institutional and professional clients, market making in small and mid cap stocks, fixed income broking and corporate broking and advisory for large, mid and small cap companies.
- Asset Management provides advisory services, and manages specialist funds.
- Central Costs comprises the costs of the Group's central management team and structure.
- Principal Finance comprises investments and other holdings acquired, together with principal finance activities conducted, using the Group's own balance sheet resources.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated based on revenue and profit or loss before tax. Transfer prices between operating segments are on an arms-length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

2. Segment information (contd.)

Year ended 31 December 2023	**Capital Markets £'000**	**Asset Management £'000**	**Central costs £'000**	**Principal Finance £'000**	**Total £'000**
Revenue	**29,630**	**34,706**	**-**	**821**	**65,157**
Depreciation	**(905)**	**(943)**	**(150)**	**-**	**(1,998)**
Interest income	**764**	**74**	**7**	**400**	**1,245**
Interest expense	**(279)**	**(164)**	**(25)**	**-**	**(468)**
Profit/(loss) before tax	**761**	**6,774**	**(1,186)**	**1,103**	**7,452**
Assets	**63,148**	**10,952**	**3,247**	**27,911**	**105,258**
Liabilities	**(21,148)**	**(8,093)**	**(1,267)**	**(342)**	**(30,850)**

Year ended 31 December 2022	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Revenue	30,093	30,541	-	881	61,515
Depreciation	(905)	(812)	(221)	-	(1,938)
Interest income	40	14	1	47	102
Interest expense	(226)	(160)	(31)	-	(417)
Profit/(loss) before impairments	657	6,699	(283)	765	7,838
Impairment loss	-	-	-	(2,108)	(2,108)
Profit/(loss) before tax	657	6,699	(283)	(1,343)	5,730
Assets (note 11)	71,849	13,862	3,246	22,539	111,496
Liabilities (note 11)	(30,381)	(6,356)	(1,443)	(532)	(38,712)

Year ended 31 December 2023	**Capital Markets £'000**	**Asset Management £'000**	**Central costs £'000**	**Principal Finance £'000**	**Total £'000**
Additions to non-current assets	**116**	**1,100**	**13**	**-**	**1,229**

Year ended 31 December 2022	Capital Markets £'000	Asset Management £'000	Central costs £'000	Principal Finance £'000	Total £'000
Additions to non-current assets	531	981	11	1,022	2,545

3. Revenue

a) Revenue disaggregated by division and geographical market below:

Year ended 31 December 2023	**Capital Markets £'000**	**Asset Management £'000**	**Principal Finance £'000**	**Total £'000**
UK	**29,630**	**30,768**	**21**	**60,419**
Rest of Europe	**-**	**3,938**	**800**	**4,738**
	29,630	**34,706**	**821**	**65,157**

Year ended 31 December 2022	Capital Markets £'000	Asset Management £'000	Principal Finance £'000	Total £'000
UK	30,093	26,449	20	56,562
Rest of Europe	-	4,092	861	4,953
	30,093	30,541	881	61,515

b) Revenue disaggregated by division and timing of recognition below:

Year ended 31 December 2023	**Capital Markets £'000**	**Asset Management £'000**	**Principal Finance £'000**	**Total £'000**
Point in time	**23,754**	**13,943**	**821**	**38,518**
Over time	**5,876**	**20,763**	**-**	**26,639**
	29,630	**34,706**	**821**	**65,157**

Year ended 31 December 2022	Capital Markets £'000	Asset Management £'000	Principal Finance £'000	Total £'000
Point in time	24,264	19,550	881	44,695
Over time	5,829	10,991	-	16,820
	30,093	30,541	881	61,515

Of the total revenues recorded in the year, £64,154,000 (2022: £60,447,000) related to IFRS 15.

3. Revenue (contd.)

c) Contract assets

Contract asset balances included in Trade and Other receivables arise largely in the Group's Asset Management division in relation to management and advisory fees from its fund management business and also from arrangement fees arising in its property finance business.

	2023 **£'000**	2022 £'000
At 1 January	9,819	8,266
Impairment of contract assets	(20)	(40)
(Deficit)/ excess of revenue recognised over cash received	(2,881)	1,593
At 31 December	**6,918**	9,819

4. Operating Profit

	2023 **£'000**	2022 £'000
Operating profit has been arrived at after recognising /(charging):		
Impairments on intangible assets	**-**	(2,108)
Depreciation on property, plant and equipment	**(858)**	(828)
Depreciation of right to use assets	**(1,140)**	(1,110)
Exchange differences, excluding those arising on financial instruments		
Exchange differences	**8**	245

5. Interest Income

	2023 **£'000**	2022 £'000
Bank interest	**1,220**	63
Other interest receivable	**25**	39
	1,245	102

6. Finance Costs

	2023 **£'000**	2022 £'000
Interest on bank overdrafts	**134**	38
Interest on lease liabilities	**334**	379
	468	417

7. Employees and Directors

a) Employee numbers

The average number of employees, including Executive Directors, employed by the Group during the financial year was:

	2023 **No.**	2022 No.
Capital Markets		
- Securities	**106**	127
- Corporate Advisory	**17**	19
Asset Management	**137**	119
	260	265

b) The costs incurred in respect of these employees comprise:

	2023 **£'000**	2022 £'000
Salaries and commission	**32,183**	28,865
Social security costs	**4,108**	3,685
Pension costs	**767**	684
	37,058	33,234

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

7. Employees and Directors (contd.)

c) Employee Share Option Plan

The Group maintains a Share Option Plan (the "Plan") under which present and future employees of the Group may be granted options to subscribe for new share capital of the Company. The Plan is used to attract and retain high-calibre employees to continue to develop and expand the business of the Group. Such options are granted by the Board at a price no less than the average quoted market price of the Company's ordinary share on the date of grant. Options granted under the Plan are subject to vesting periods which are based on continuing service. Thereafter the options may be exercised for the rest of their 10 year life without further test. Options are forfeited if the employee chooses to leave the Group before the options vest under certain circumstances. If an employee holding vested options leaves the Group, the options held must be exercised within 6 months of the date of leaving. As at 31 December 2023 there are 1,742,727 (2022: 1,742,727) options in issue under the Plan that were exercisable at prices ranging from 110p to 335p. Details of the share options outstanding during the year were as follows:

	2023		2022	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding at the beginning and the end of the year	**1,742,727**	**185p**	1,742,727	185p
Exercisable at the end of the year	**1,742,727**		1,742,727	

The options outstanding at 31 December 2023 had a weighted average remaining contractual life of 6.1 years (2022: 4.6 years).

d) Emoluments of the Directors of the Company

2023	**Gross salary £'000**	**Bonus, commission and other income £'000**	**Benefits £'000**	**Total £'000**
Howard Shore	**200**	**-**	**62**	**262**
Andrew Whittaker	**35**	**-**	**-**	**35**
Simon Fine	**270**	**200**	**8**	**478**
David Kaye	**392**	**-**	**11**	**403**
Heydan von Frankenberg	**196**	**261**	**-**	**457**
Dr Zvi Marom	**45**	**-**	**-**	**45**
James Rosenwald III	**45**	**-**	**-**	**45**
	1,183	**461**	**81**	**1,725**

2022	Gross salary £'000	Bonus, commission and other income £'000	Benefits £'000	Total £'000
Howard Shore	200	-	55	255
Andrew Whittaker	35	-	-	35
Simon Fine	250	-	6	256
David Kaye	375	-	11	386
Heydan von Frankenberg	31	50	-	81
Dr Zvi Marom	45	-	-	45
James Rosenwald III	45	-	-	45
	981	50	72	1,103

e) The following options over unissued ordinary shares of nil par value have been granted to the directors:

	Number of options over unissued ordinary shares	**Date of grant**	**Exercise price per ordinary share**	**Last Exercise date**
Howard Shore	1,000,000	23 March 2020	200p	23 March 2030
David Kaye	245,000	Various between 2009 to 2012	250p	23 March 2030
Simon Fine	472,727	21 November 2002	110p	23 March 2030

The closing price of the ordinary shares at 31 December 2023 was 200.0p (2022: 200.0p) and the range during the year was 180.0p to 220.0p.

f) Related parties

The Directors and all other staff are entitled to deal in securities through a subsidiary company in accordance with in-house dealing rules, which include the provision that staff are entitled to reduced commission rates. The Directors are of the opinion that such transactions are not material to either the Group or the individual concerned. Transactions between Group companies comprise management charges for central overheads which are recharged throughout the Group.

The Group received income from Puma Brandenburg Limited ("PBL") as follows: £3,851,000 (2022: £3,770,000) to Puma Property Investment Advisory Limited. Amounts owed to the Group at the year end from PBL were £2,000,000 (2022: £935,000). PBL is a related party as it has a high degree of common ownership.

The Group holds an investment of £6,146,000 (2022: £6,342,000) in Brandenburg Realty Limited ("BRL"), a related party due to common key management personnel. Amounts owed to the Group at the year end from BRL were £854,000 (2022: £732,000).

The Group disposed of its investment in Nippon Active Value Fund plc during the year (2022: £3.4 million), an investment trust listed on the London Stock Exchange targeting capital growth through the active management of a focused portfolio of quoted small cap Japanese equity investments. The Group also has a 15% share in Rising Sun Management, the investment adviser to the fund. Both the Fund and its investment adviser are related parties to the Group as they have a director in common with the Group and Rising Sun Management is controlled by a Group director.

Howard Shore is considered to be the ultimate controlling party of the Group.

7. Employees and Directors (contd.)

g) Compensation of key management personnel

Including Directors of the parent company (see note 7.d) the remuneration of key management during the year was as follows:

	2023 £'000	2022 £'000
Salaries and other short-term benefits	**5,408**	4,859

8. Taxation

The tax charge comprises:	**2023 £'000**	2022 £'000
Current tax	**1,273**	842
Prior year underprovision	**(32)**	-
Movement in deferred tax	**184**	188
	1,425	1,030

Tax in Guernsey is charged at 0%. Tax on the Group's UK subsidiaries is charged at 23.50% (2022: 19.00%) as detailed below:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	**7,452**	5,730
Tax thereon at 0% (2022: 0%)	**-**	-
Effects of:		
Effect of different tax rates in other jurisdictions	**1,457**	1,291
Utilisation of tax losses	**-**	(261)
Prior year adjustment	**(32)**	-
	1,425	1,030

The average tax rate on the profit before tax for the Group's UK activities for 2023 was 23.5% (2022: 19%). The Group has used 25% to calculate the deferred tax. To the extent that deferred tax reverses at a different rate from that at which it is recognised, this will change the impact on the net deferred tax liability.

Deferred Taxation

	Share-based payments £'000	Temporary differences £'000	Total £'000
At 1 January 2022	81	1,348	1,429
Debit to income statement	-	(188)	(188)
At 31 December 2022	81	1,160	1,241
Debit to income statement	-	(184)	(184)
At 31 December 2023	**81**	**976**	**1,057**

The deferred tax asset largely relates to tax losses carried forward in connection with the trade of Stockdale Securities business prior to its acquisition by the Group in 2019. The total value of the losses carried forward as at 31 December 2023 amounts to £12.6 million (2022: £12.6 million). A deferred tax asset has only been recognised in respect of those losses anticipated to be relieved in the short term as this is the extent to which management can consider future profits to be probable.

9. Rates of Dividends Paid and Proposed

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2021 of 10.0p per share	-	2,157
Special dividend for the year ended 31 December 2021 of 35.0p per share	-	7,551
	-	9,708

The directors propose to pay an ordinary dividend for the year of 15.0p per share.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

10. Earnings per Share

The earnings and number of shares in issue or to be issued used in calculating the earnings per share and diluted earnings per share in accordance with IAS 33 were as follows:

	2023		2022	
	Basic	**Diluted**	Basic	Diluted
Earnings (£)	**3,871,000**	**3,871,000**	3,085,000	3,085,000
Number of shares	**21,522,852**	**21,735,579**	21,573,322	21,786,049
Earnings per share (p)	**18.0**	**17.8**	14.3	14.2

	2023		2022	
Calculation of number of shares	**Basic**	**Diluted**	Basic	Diluted
Weighted average number of shares	**21,522,852**	**21,522,852**	21,573,322	21,573,322
Dilutive effect of share option schemes	**-**	**212,727**	-	212,727
	21,522,852	**21,735,579**	21,573,322	21,786,049

As at 31 December 2023 there were 21,289,915 ordinary shares in issue (2022: 21,573,322). The total number of options in issue is disclosed in note 7 and were all included in the calculation of diluted earnings per share.

11. Restatement

Within the comparative figures for the year ended 31 December 2022, each of Trade and Other Receivables and Trade and Other Payables have been restated following a reclassification of £3,509,000 between the two in relation to fees received in advance of being invoiced, so that they are correctly offset against accrued income.

12. Right of Use Assets and Lease liabilities

Nature of leasing activities

The Group leases a number of properties in the jurisdictions from which it operates. Rent is fixed over the lease term.

	Land & Buildings £'000	Total £'000
At 1 January 2022	7,159	7,159
Additions	219	219
Amortisation	(1,110)	(1,110)
At 31 December 2022	6,268	6,268
Amortisation	(1,140)	(1,140)
At 31 December 2023	**5,128**	**5,128**

Lease liabilities

	Land & Buildings £'000	Total £'000
At 1 January 2022	7,913	7,913
Additions	219	219
Interest expense	379	379
Lease payments	(1,703)	(1,703)
At 31 December 2022	6,808	6,808
Interest expense	334	334
Lease payments (total cash outflow)	(1,731)	(1,731)
At 31 December 2023	**5,411**	**5,411**
Of which Current and non Current at 31 December 2023:		
Current	**7**	**7**
Non-current	**5,404**	**5,404**
Of which Current and non Current at 31 December 2022:		
Current	1,400	1,400
Non-current	5,408	5,408

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

12. Right of Use Assets and Lease liabilities (contd.)

The table below reflects the contractual maturities including interest, of the Group's lease liabilities:

At 31 December 2023

	Up to 3 months £'000	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**
Lease commitments including interest	**154**	**428**	**1,789**	**5,013**	**198**

At 31 December 2022

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Lease commitments including interest	522	1,483	647	5,222	1,523

13. Categories of Financial Assets and Liabilities

As at 31 December 2023

	Note	Fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	20	-	44,699	44,699
Trading assets	18	4,300	-	4,300
Trade receivables in the course of collection	19	-	24,418	24,418
Interests in associates		-	111	111
Financial investments	17	4,269	-	4,269
Derivatives		35	-	35
Other assets		-	4,585	4,585
		8,604	73,813	82,417
Tax assets				1,118
Contract balances				8,891
Property, plant & equipment	15			4,368
Right of use assets	12			5,128
Investment properties	16			2,279
Deferred tax asset	8			1,057
Total assets per balance sheet				105,258
Financial liabilities				
Trading liabilities	25	530	-	530
Trade creditors	21	-	13,206	13,206
Lease liabilities	13	-	5,411	5,411
Other liabilities	21	-	8,577	8,577
Accruals	21	-	2,029	2,029
		530	29,223	29,753
Tax liabilities				-
Other taxation and social security	21			1,038
Provision for liabilities and charges	22			59
Total liabilities per balance sheet				30,850

Financial assets and liabilities not held at fair value are held at a carrying value considered to be approximate to the fair value.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

13. Categories of Financial Assets and Liabilities (contd.)

As at 31 December 2022		Fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	20	-	39,740	39,740
Trading assets	18	5,576	-	5,576
Trade receivables in the course of collection	19	-	26,319	26,319
Financial investments	17	9,180	-	9,180
Derivatives		50	-	50
Other assets		-	6,379	6,379
		14,806	72,438	87,244
Tax assets				1,071
Contract balances	11			9,372
Intangible assets	14			-
Property, plant & equipment	15			4,021
Right of use assets	12			6,268
Investment properties	16			2,279
Deferred tax asset	8			1,241
Total assets per balance sheet				111,496
Financial liabilities				
Trading liabilities		572	-	572
Trade creditors	21	-	18,264	18,264
Derivatives		33	-	33
Lease liabilities	12	-	6,808	6,808
Other liabilities	11, 21	-	5,757	5,757
Accruals	21	-	3,981	3,981
		605	34,810	35,415
Tax liabilities				-
Other taxation and social security	21			3,238
Provision for liabilities and charges	22			59
Total liabilities per balance sheet				38,712

Financial assets and liabilities not held at fair value are held at a carrying value considered to be approximate to the fair value.

14. Intangible assets

Cost

	Licences £'000
At 1 January 2022	2,101
Retranslation movement	7
At 31 December 2022 and 31 December 2023	**2,108**

Accumulated amortisation and impairment

	Total £'000
At 1 January 2022	-
Impairment	(2,108)
At 31 December 2022 and 31 December 2023	**(2,108)**

Net book value

	Total £'000
At 31 December 2023	**-**
At 31 December 2022	-

The intangible assets include the spectrum licences acquired through the acquisition of Deutsche Breitband Dienste Gmbh, which owns spectrum licences in Germany, comprising a series of regional licences that run into perpetuity.

During the prior year a full impairment was made against the value of the licences, previously held at £2.1m gross, £1.38m net of minority interests, following the German Federal Network Agency issuing the Group with a notification of revocation of the licences.

15. Property, Plant and Equipment

Cost	Leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
At 1 January 2022	3,347	6,593	159	10,099
Additions	158	1,145	-	1,303
Disposals	-	(200)	-	(200)
Retranslation movement	-	37	5	42
At 31 December 2022	3,505	7,575	164	11,244
Additions	4	1,247	-	1,251
Disposals	-	(36)	-	(36)
Retranslation movement	-	(17)	(2)	(19)
At 31 December 2023	**3,509**	**8,769**	**162**	**12,440**
Depreciation				
At 1 January 2022	1,486	4,927	152	6,565
Charge for the year	255	570	3	828
Disposals	-	(200)	-	(200)
Retranslation movement	-	26	4	30
At 31 December 2022	1,741	5,323	159	7,223
Charge for the year	274	580	4	858
Disposals	-	(5)	-	(5)
Retranslation movement	-	(2)	(2)	(4)
At 31 December 2023	**2,015**	**5,896**	**161**	**8,072**
Net Book Value				
At 31 December 2023	**1,494**	**2,873**	**1**	**4,368**
At 31 December 2022	1,764	2,252	5	4,021
At 1 January 2022	1,861	1,666	7	3,534

16. Investment property

	Total £'000
At 1 January 2022	2,587
Disposals	(308)
At 31 December 2022	2,279
At 31 December 2023	**2,279**

The investment properties are held at fair value and were subject to a director's valuation assessment as at 31 December 2023. This assessment has considered the prior year property value, as well as whether there were significant market movements which may impact the carrying value of the assets. As part of their assessment, they made reference to a desktop review by an independent third party assessor, which was based on vacant possession value. Investment properties are level 3 on the fair value hierarchy.

The last full red book valuation of the properties was conducted on 31 December 2019, with an external desktop review being performed as at 31 December 2020 by Rob Gascoigne MRICS. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting such uncertainties and are deduced from the fair value produced by valuation techniques.

The Group received rental income of £278,000 (2022: £245,000) in the year and incurred direct operating costs of £96,000 (2022: £104,000).

17. Investments

	Listed investments £'000	Unlisted investments £'000	Total £'000
At 1 January 2022	3,960	9,858	13,818
Additions	1,022	-	1,022
Disposals	-	(6,506)	(6,506)
Distribution from investment	-	(3,962)	(3,962)
Revaluation in the year	(568)	5,376	4,808
At 31 December 2022	4,414	4,766	9,180
Additions	-	38	38
Disposals	(5,433)	-	(5,433)
Revaluation in the year	1,019	(535)	484
At 31 December 2023	**-**	**4,269**	**4,269**

Classification	Fair value through profit or loss £'000	Total £'000
At 31 December 2023	**4,269**	**4,269**
At 31 December 2022	9,180	9,180

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

17. Investments (contd.)

Additional information on principal subsidiaries
The below subsidiaries are all included in these consolidated financial statements.

Subsidiary		Country of registration and principal place of business	Activity	Proportion of economic interests
Trading Companies				
Shore Capital Group Treasury Limited		Guernsey	Treasury company	100%
Shore Capital Group Investments Limited		England and Wales	Holds investments	100%
Shore Capital Group Rising Sun Limited		Guernsey	Holds investments	100%
Puma Property Investment Advisory Limited		Guernsey	Advisory services	100%
Spectrum Investments Limited	1	Cayman Islands	Holds investments	64.3%
DBD Deutsche Breitband Dienste		Germany	Telecoms	64.3%
Shore Capital Markets Limited	2	England and Wales	Intermediate Holding Co.	82.2%
Shore Capital Stockbrokers Limited	2	England and Wales	Broker/dealer	82.2%
Shore Capital and Corporate Limited	2	England and Wales	Corporate adviser	82.2%
Shore Capital International Asset Management Limited	3,6	Guernsey	Intermediate Holding Co.	68.2%
Puma Investment Management Limited	3,4,5	England and Wales	Fund Management	62.4%
Shore Capital Limited	3	England and Wales	Intermediate Holding Co.	68.2%
Shore Capital Group plc		England and Wales	Intermediate Holding Co.	100%
Shore Capital Treasury Limited		England and Wales	Treasury company	100%
Shore Capital International Limited		England and Wales	Advisory services	100%
Puma Property Finance Limited	4	England and Wales	Fund Management	56.0%
Puma Private Equity Limited	5	England and Wales	Fund Management	48.9%*
EA Capital Limited	6	Isle of Man	Intermediate Holding Co.	51.1%
EA Northampton Limited	6	England and Wales	Holds investment property	51.1%
EA Bedford Limited	6	England and Wales	Holds investment property	51.1%
Nominee Company				
Puma Nominees Limited		England and Wales	Nominee company	100%
Investment in associate				
BB Technology Limited	7	England and Wales		20%

* Entities with which we hold less than 50% proportion of economic interests are still controlled by the Group as it has over 50% of ownership in each entity, and their immediate parent. Further ownership details for each entity are described below.

1 Spectrum Investments Limited is the intermediate holding company of, and holds 100% of the ordinary shares and voting rights in, DBD Deutsche Breitband Dienste. As at 31 December 2023, the Company had a direct holding of 64.3% in Spectrum Investments Limited. The balance of the shares in Spectrum Investments Limited are held by external investors.
2 Shore Capital Markets Limited is the intermediate holding company of, and holds 100% of the ordinary shares and voting rights in, each of Shore Capital Stockbrokers Limited, Shore Capital and Corporate Limited. As at 31 December 2023 the Company had a direct holding of 82.2% in Shore Capital Markets Limited. The balance of the shares in Shore Capital Markets Limited are held by senior executives of that company and its subsidiaries.
3 Shore Capital International Asset Management Limited is the intermediate holding company of, and holds 100% of the ordinary shares and voting rights in, Shore Capital Limited. As at 31 December 2023 the Group had a direct holding of 68.2% in Shore Capital International Asset Management Limited. The balance of the shares is held by the senior executive of that company. Shore Capital Limited is the intermediate holding company of, and holds 91.9% of the ordinary shares and voting rights in, Puma Investment Management Limited. The balance of the shares in Puma Investment Management Limited are held by senior executives of that company.

4 Puma Investment Management Limited is the intermediate holding company of, and following the acquiring of shares held by non controlling interests during the year, now holds 89.5% of the economic interests in, Puma Property Finance Limited.
5 Puma Investment Management Limited is the intermediate holding company of, and holds 78.0% of the ordinary shares and voting rights in, Puma Private Equity Limited. The balance of the shares are held by senior executives of that company.
6 Shore Capital International Asset Management Limited is the intermediate holding company of, and holds 75.0% of the ordinary shares and voting rights in, EA Capital Limited. EA Capital Limited holds 100% of the ordinary shares in and voting rights in STACC Properties Limited, EA Northampton Limited and EA Bedford Limited.
7 Shore Capital Stockbrokers owns 20% holding in BB Technology Limited. This has been included in the consolidated financial statements using the equity method and is immaterial to the Group. BB Technology recorded a loss of £200,000 in 2023.

Non-controlling interests

Summarised financial information about subsidiaries in the Group with non-controlling interests is as follows:

			Relating to non-controlling interests		
	Profit/(loss) for the year £'000	**Net assets at 31/12/2023 £'000**	**Profit/(loss) for the year £'000**	**Net assets at 31/12/2023 £'000**	**Dividends paid in the year £'000**
Spectrum Investments Limited / DBD	**(100)**	**49**	**(36)**	**18**	**-**
Shore Capital Markets Limited	**531**	**42,000**	**94**	**7,486**	**-**
Puma Investment Management Limited	**4,032**	**5,822**	**320**	**534**	**327**
Puma Private Equity Limited	**907**	**737**	**200**	**27**	**302**
Puma Property Finance Limited	**1,895**	**697**	**282**	**54**	**92**
EA Capital Limited	**(26)**	**946**	**(7)**	**40**	**-**
Shore Capital International Asset Management Limited	**4,093**	**774**	**1,303**	**1,848**	**1,547**
Shore Capital Management Limited	**-**	**-**	**-**	**27**	**-**
			2,156	**10,034**	**2,268**

			Relating to non-controlling interests		
	Profit/(loss) for the year £'000	Net assets at 31/12/2022 £'000	Profit/(loss) for the year £'000	Net assets at 31/12/2022 £'000	Dividends paid in the year £'000
Spectrum Investments Limited / DBD	(2,287)	156	(823)	81	-
Shore Capital Markets Limited	770	41,469	137	7,392	713
Puma Investment Management Limited	2,977	5,722	244	550	540
Puma Private Equity Limited	2,092	638	502	153	836
Puma Property Finance Limited	2,100	(703)	391	(128)	622
EA Capital Limited	(66)	973	(16)	47	-
Shore Capital International Asset Management Limited	3,706	1,391	1,180	1,942	1,167
Shore Capital Management Limited	-	284	-	29	-
			1,615	10,066	3,878

18. Trading assets

Fair value through profit or loss	**2023 £'000**	2022 £'000
Listed holdings at market value		
Equities	**3,861**	4,652
	3,861	4,652
Unlisted holdings		
Other (including hedge funds)	**439**	924
	439	924
	4,300	5,576

The fair value of financial assets has been determined as follows:

1. for listed holdings the fair value is determined, in whole, by reference to published bid price quotations (level 1); and
2. for unlisted holdings the fair value is estimated wherever possible using observable direct or indirect inputs other than level 1 inputs (level 2). Where none exist, the fair value is determined by the Directors at the most recent available representative arm's length price or valuation (level 3).

19. Trade and Other Receivables

	2023 £'000	2022 £'000
Trade receivables	**24,418**	26,319
Other receivables	**4,585**	6,379
Prepayments and contract balances (note 11)	**8,891**	9,372
	37,894	42,070

The Directors consider that the carrying value of trade and other receivables approximates to their fair value. The table below shows the ageing of trade debtors which are past their due date for payment.

The expected loss rate for the Group is a forward looking assessment. Due to expected low levels of write offs of less than 1% and it is not considered material to the Group.

	2023 £'000	2022 £'000
Between 30 and 60 days	**80**	28
Between 60 and 90 days	**408**	366
Greater than 90 days	**912**	475
	1,400	869
Amounts not yet due (note 11)	**34,366**	38,139
	35,766	39,008
Prepayments	**2,128**	3,062
Total trade receivables and other receivables	**37,894**	42,070

20. Cash and Cash Equivalents

Analysis of Changes in Net Funds

	As at 1 January 2023 £'000	Cash flows £'000	As at 31 December 2023 £'000
Cash at bank and in hand	39,740	4,959	44,699
	39,740	4,959	**44,699**

21. Trade and Other Payables

	2023 £'000	2022 £'000
Trade creditors	**13,206**	18,264
Other creditors (note 11)	**8,577**	5,757
Other taxation and social security	**1,038**	3,238
Accruals	**2,029**	3,981
	24,850	31,240

The Directors consider that the carrying value of trade and other payables approximates their fair value.

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

22. Provision for Liabilities and Charges

	National insurance on options £'000	Other £'000	Total £'000
At 31 December 2022 and 31 December 2023	**59**	**-**	**59**

The provision for National Insurance contributions on share options will be utilised when staff exercise their options during the period of 1 January 2024 to 23 March 2030.

23. Capital Commitments

There were no amounts which were contracted for but not provided in the financial statements (2022: £nil).

24. Share Capital

Shore Capital Group Limited – ordinary shares of nil par value	Number of shares	£'000
At 1 January 2022 and 31 December 2022	21,573,322	-
Shares repurchased and cancelled	(283,407)	-
At 31 December 2023	**21,289,915**	**-**

25. Financial Instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents (see note 20), and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings (see Consolidated Statement of Changes in Equity).

The Group's financial instruments comprise cash and liquid resources, trade and other receivables and trade and other payables, trading assets and liabilities in equities, financial assets designated at fair value and derivative instruments.

The profit and loss arising from dealings in financial instruments is included within Revenue. This is analysed by financial instrument as follows:

Net gains or losses arising from dealings in financial instruments	Fair value through P&L £'000	Total £'000
2023		
Equities	**9,090**	**9,090**
Debt	**7**	**7**
	9,097	**9,097**
2022		
Equities	11,651	11,651
Debt	2	2
	11,653	11,653

The main risks arising from the Group's financial instruments are market risk, currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

a) Market Risk

The Group is exposed to market risk in respect of its trading in equities and other holdings. The carrying value at the year end of positions arising from these activities as disclosed in note 18 for trading assets and the carrying value of the trading liabilities as disclosed on the face of the balance sheet are equal to their fair value.

Other holdings mainly comprise of other investments that are held in the Principal Finance division.

The year end positions arising from market-making activities are in line with those maintained throughout 2023. Both the permitted size of each trading book and the size of individual positions are predetermined and dealers are set prescribed limits within which they can deal. Day-to-day risk monitoring is carried out by the Head of the Capital Markets division, the Finance Department and the Compliance Department.

Based on a 10% movement in the market price of equities, with all other variables remaining unchanged, the effect on profit for the year and equity would be as set out in the table below. The Group's sensitivity to equity prices has not changed significantly from the prior year.

	2023			2022		
	£'000	**Change in price of UK equities %**	**Effect on profit and on equity £'000**	£'000	Change in price of UK equities %	Effect on profit and on equity £'000
Trading assets - equities (note 18)	**3,861**	**10%**	**386**	4,652	10%	465
Trading liabilities	**(530)**	**10%**	**(53)**	(572)	10%	(57)
Listed Principal Finance Investments	**-**	**10%**	**-**	4,414	10%	441

b) Currency Risk

The Group's foreign currency cash and bank balances at the year end were not material and are not separately disclosed in the financial statements. Where relevant, currency is bought or sold at the time of trading in order to meet the funds due or receivable on settlement.

The fair value at the year end of investments, trading assets and other holdings which were denominated in foreign currencies was immaterial.

The Group enters into forward contracts for the sale of foreign currencies in order to hedge its exposure to fluctuations in currency rates in respect of trading assets and other holdings. These forward contracts are fair valued at the balance sheet date on a discounted cash flow basis using relevant market data on foreign exchange and interest rates, with any change in value taken to the income statement. They are reported in derivative financial instruments in the Statement of Financial Position.

25. Financial Instruments (contd.)

The table below illustrates the sensitivity of the profit for the year and of equity with regards to currency movements on net currency exposure.

Based on a 10% movement in the Euro and US Dollar against sterling exchange rates, the effect on profit for the year and equity would be as follows:

	2023		2022	
	Euro £'000	**US Dollar £'000**	Euro £'000	US Dollar £'000
10% Stronger against GBP	**788**	**15**	787	44
10% Weaker against GBP	**(645)**	**(12)**	(644)	(36)

c) Interest Rate Risk

The interest bearing financial assets and liabilities of the Group comprise cash and cash equivalents, bank overdrafts and bank borrowings as shown in the consolidated statement of financial position. Cash and cash equivalents receive, and bank overdrafts pay, interest at floating rates linked to either bank base rates or money market rates. The Group has a £20m revolving credit facility which is renewable annually. This facility pays interest at rates linked to money market rates.

A positive 100 basis point movement in interest rate applied to the average value of balance sheet items which are subject to floating interest rates would result in the following impact on profit for the year:

	2023 £'000	2022 £'000
+100 basis point movement in interest rates	**104**	93
As percentage of total shareholders' equity	**0.159%**	0.148%

The Group would experience an equal and opposite impact on profit should the interest rate move by negative 100 basis points.

d) Credit Risk

The Group's principal financial assets which are subject to credit risk are cash and cash equivalents, trade and other receivables.

The Group's cash and cash equivalents are held with a diversified range of banks, each of which is a major UK clearing bank.

The Group's main credit risk is attributable to its trade and other receivables. The amounts shown in the balance sheet arise from trading in equities. The Group seeks to deal with credit-worthy counterparties and the majority are financial institutions. As a result, the counterparties are generally subject to certain minimum capital requirements which serves to limit the credit risk to the Group.

The Group monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available, external credit ratings and/or reports on customers and other counterparties are obtained and used. The carrying value of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's top five trade receivables counterparty exposures are as follows:

	2023 £'000
Interactive Investor Trading	**1,182**
Hargreaves Lansdown	**1,161**
Clear Capital Markets	**1,031**
Novum Securities	**331**
Shard Capital Partners	**318**
	4,023

	2022 £'000
Interactive Investor Trading	2,453
Merrill Lynch International	662
Halifax Share Dealing	480
TS Capital	319
Shard Capital Partners	296
	4,210

Notes to the Financial Statements (contd.)

For the financial year ended 31 December 2023

25. Financial Instruments (contd.)

e) Liquidity Risk

Ultimate responsibility for liquidity management rests with the board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and borrowing facilities to meet its actual and forecast cash flows and matching maturity profiles of financial assets and liabilities. Note 25 (c) includes details of undrawn facilities available to the Group.

Maturity profile of financial liabilities

The table below reflects the contractual maturities, including interest payments, of the Group's financial liabilities as at 31 December:

2023	**Repayable on demand £'000**	**Due within 3 months £'000**	**Due between 3 months and 12 months £'000**	**Due between 1 year and 5 years £'000**	**Due after 5 years £'000**	**Total £'000**
Trading liabilities	**-**	**530**	**-**	**-**	**-**	**530**
Trade payables	**382**	**12,707**	**117**	**-**	**-**	**13,206**
Lease liabilities	**-**	**154**	**428**	**6,802**	**198**	**7,582**
Other liabilities	**-**	**8,577**	**-**	**-**	**-**	**8,577**
Accruals	**-**	**2,029**	**-**	**-**	**-**	**2,029**
	382	**23,997**	**545**	**6,802**	**198**	**31,924**

2022	Repayable on demand £'000	Due within 3 months £'000	Due between 3 months and 12 months £'000	Due between 1 year and 5 years £'000	Due after 5 years £'000	Total £'000
Trading liabilities	-	572	-	-	-	572
Trade payables	443	17,821	-	-	-	18,264
Derivatives	-	33	-	-	-	33
Lease liabilities	-	522	1,483	5,869	1,523	9,397
Other liabilities* (11)	-	5,757	-	-	-	5,757
Accruals	-	3,981	-	-	-	3,981
	443	28,686	1,483	5,869	1,523	38,004

* This comparative has been correctly restated to exclude Other taxation and social security as it is a non-financial liability.

f) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Based on the established fair value and model governance policies and the related controls and procedural safeguards the Group employs, management believe the resulting estimates in fair values recorded in the statement of financial position are reasonable and the most appropriate at the balance sheet date.

For trading assets and liabilities, financial assets and liabilities designated at fair value and financial investments through other comprehensive income which are listed or otherwise traded in an active market, for exchange-traded derivatives, and for other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices (level 1).

For financial instruments which do not have quoted market prices directly available from an active market, fair values are estimated using valuation techniques, based wherever possible on assumptions supported by observable market prices or rates prevailing at the balance sheet date (level 2). This is the case for some unlisted investments and other items which are not traded in active markets.

For some types of financial instruments, fair values cannot be obtained directly from quoted market prices, or indirectly using valuation techniques or models supported by observable market prices or rates. This is the case for certain unlisted investments. In these cases, fair value is estimated indirectly using valuation techniques for which the inputs are reasonable assumptions, based on market conditions (level 3).

For the financial year ended 31 December 2023

25. Financial Instruments (contd.)

f) Fair value of financial instruments (contd.)

At 31 December 2023	**Level 1 Quoted market price £'000**	**Level 2 Market observable inputs £'000**	**Level 3 Non-market observable inputs £'000**	**Total £'000**
Principal Finance Investments	**-**	**-**	**4,269**	**4,269**
Trading assets and other holdings at fair value	**3,911**	**86**	**303**	**4,300**
Derivative financial instruments	**-**	**35**	**-**	**35**
Total financial assets	**3,911**	**121**	**4,572**	**8,604**
Trading liabilities	**530**	**-**	**-**	**530**
Total financial liabilities	**530**	**-**	**-**	**530**

At 31 December 2022	Level 1 Quoted market price £'000	Level 2 Market observable inputs £'000	Level 3 Non-market observable inputs £'000	Total £'000
Principal Finance Investments	4,414	-	4,766	9,180
Trading assets and other holdings at fair value	4,652	924	-	5,576
Derivative financial instruments	-	50	-	50
Total financial assets	9,066	974	4,766	14,806
Trading liabilities	572	-	-	572
Derivative financial instruments	-	33	-	33
Total financial liabilities	572	33	-	605

Included in the fair value of financial instruments carried at fair value in the statement of financial position are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates (level 3). For such financial instruments, the Directors have generally made reference to published net asset values (derived by the manager of such investments) and used judgement over the use of those net asset values. The net asset values are generally derived from the underlying portfolios which are themselves valued using unobservable inputs. The significant unobservable inputs comprise the long term revenue growth rate, long term pre-tax operating margin and discounts for lack of marketability. A change in any of these inputs may result in a change in the fair value of such investments.

There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting such uncertainties and are deduced from the fair value produced by valuation techniques.

An increase / (decrease) of 10% in the underlying NAV per share of our Principal Finance Investments would result in an increase/ (decrease) in value of £427,000 / (£427,000).

There have been no significant movements between Level 1 and Level 2 during the year.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

	At 1 January 2023 £'000	Losses recorded in profit or loss £'000	Purchases and transfers £'000	Sales and transfers £'000	At 31 December 2023 £'000
Total financial assets	**4,766**	**(535)**	**341**	**-**	**4,572**

26. Subsequent events

There were no significant subsequent events.

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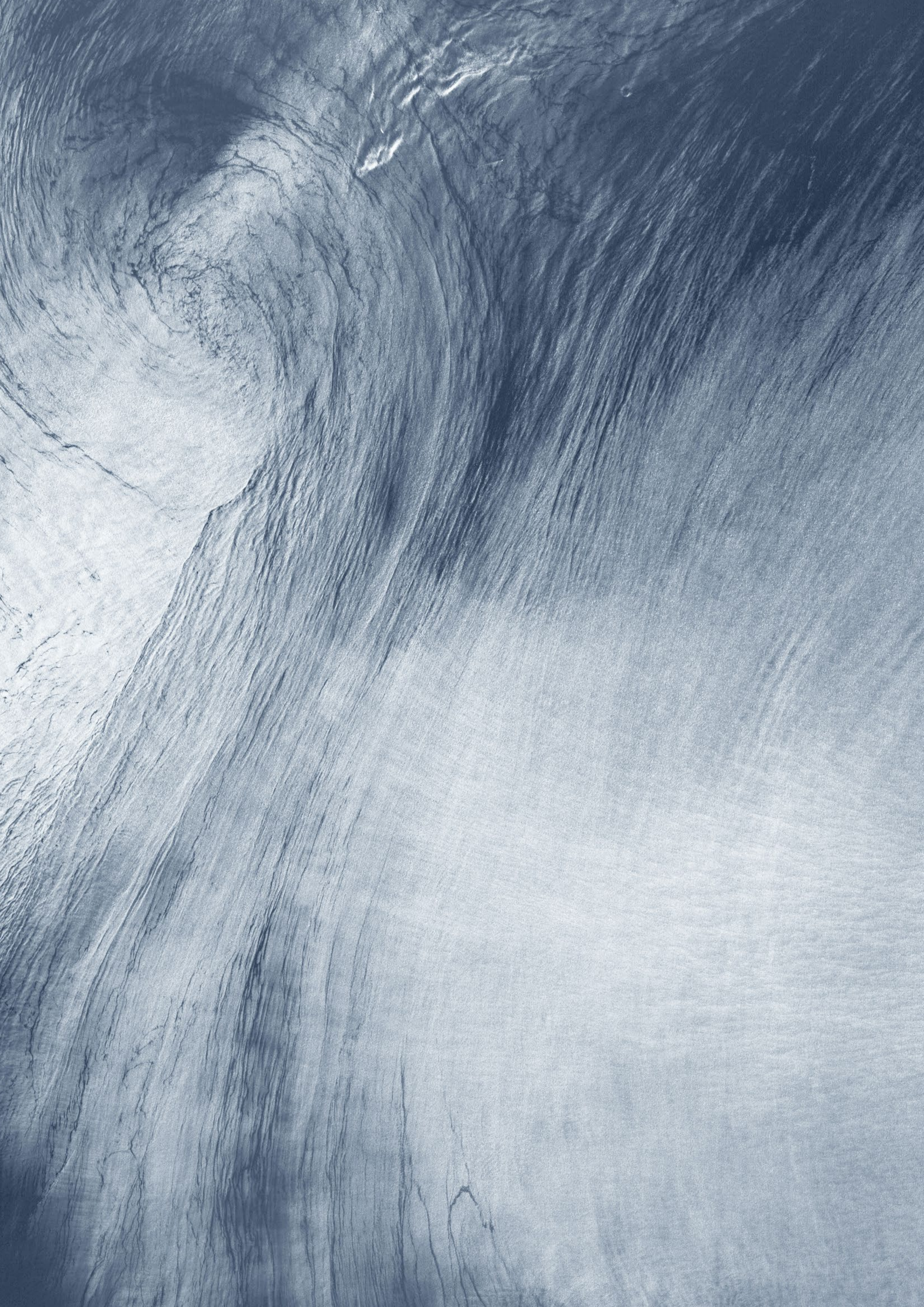

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