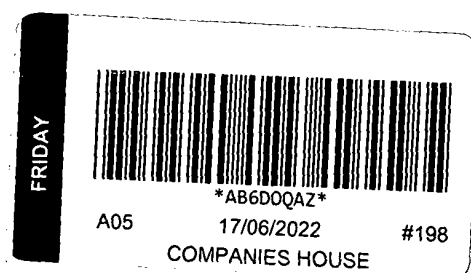


Registered number
02089582

Shore Capital Group plc
Annual Report and Financial Statements for the year ended
31 December 2021



Shore Capital Group plc
Annual Report and Financial Statements for the year ended 31 December 2021
Contents

	Page
Company Information	1
Strategic Report	2
Directors' Report	4
Independent Auditor's Report	6
Profit and Loss Account	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

**Shore Capital Group plc
Company Information**

Directors

M L van Messel
D R Kaye

Company Secretary
C Cumming

Registered Number
02089582

Registered Office
Cassini House
57 St James's Street
London SW1A 1LD
United Kingdom

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Bankers
The Royal Bank of Scotland plc
28 Cavendish Square
Marylebone
London W1G 0DB

Shore Capital Group plc Strategic Report

Review of the business

Shore Capital Group plc ("the Company") is a member of the Shore Capital Group of companies ("the group"). The Company is an intermediate holding company which incurs costs on behalf of the group. The Company receives Turnover in the form of Management Recharges which it receives from some of the operational entities of the group. The key performance indicators of the Company are therefore Turnover and Administrative expenses shown on page 9.

There have been no significant changes to the nature of the Company's principal activity during the year.

The Company's Profit and Loss Account on page 9 shows the Company continuing to make a loss in the year. This is reflective of the nature of the activity described above.

Principal risks and uncertainties

The principal risks of the Company are going concern and credit risk. The Company is loss making as it does not recover all costs incurred through recharges to fellow group companies. The Company forms one part of the Shore Capital group of companies, which has considerable financial resources and the Directors have a reasonable expectation of support for the Company in meeting its obligations as they fall due. For that reason, the Directors are satisfied that the Company remains a going concern.

In terms of credit risk, all amounts owed to the Company are from related entities within the Shore Capital group and as such the Directors believe the risk of default is negligible.

Future developments

The Directors do not expect any changes in the activities of the company in the foreseeable future.

Statement by the directors in performance of their statutory duties in accordance with c172(1) Companies Act 2006

The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006, which is summarised as follows:

"A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- (a) the likely consequences of any decisions in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct;
- and
- (f) the need to act fairly as between shareholders of the company."

Shore Capital Group plc Strategic Report

Statement by the directors in performance of their statutory duties in accordance with c172(1) Companies Act 2006 (continued)

The following paragraphs summarise how the directors fulfil these duties.

Long-term decision making

The Company prepares an annual budget and as part of the wider Shore Capital Group is focused on driving long-term performance in preference to chasing short-term wins. All directors are also shareholders (indirectly) in the Company, ensuring an alignment of long-term interests.

Employees

The Company seeks to maintain the highest standards of business conduct and thereby help safeguard its reputation for the long term. To achieve this, it retains experienced and stable teams, provides its people with support and remunerates its people to a level that motivates them to perform in line with the Company's strategic objectives.

Business Relationships

The Company supports the group wide strategy of putting its institutional, corporate, investment trust and retail clients at the centre of everything it does.

Community and Environment

The Company's approach is to use its influence to create positive change for the people and communities with which it interacts. It seeks to leverage its expertise and enable colleagues to support the surrounding communities.


Business Conduct

The Company is focused on ensuring a high level of conduct and integrity at all times.

Shareholders

The Company is owned by Shore Capital Group Limited, a Guernsey-registered company. One of the Directors of the Company is also Co-Chief Executive Officer of Shore Capital Group Limited, ensuring a high-level of shareholder engagement.

This report was approved by the Board of Directors on 15 June 2022.



D.R. Kaye
Director
Cassini House
57 St James's Street
London SW1A 1LD

Shore Capital Group plc

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

Going Concern

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

The Strategic Report describes why the Company continues to make a loss as it incurs central costs on behalf of the group.

The Company is dependent on financial support from its parent to continue its operations. The directors of Shore Capital Group Limited have indicated that it is their current intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, however this funding is not guaranteed. The dependence of the Company on continued support from its parent constitutes uncertainty that may cast a significant doubt upon the Company's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Notwithstanding this, the Company is part of a group that has considerable financial resources together with an established business model. Ongoing world events, such as the global pandemic and the crisis in Ukraine, have rendered business prospects uncertain and impossible to predict, however as the Company has demonstrated over the last twelve months, the business is extremely well prepared for a further period of disrupted activity. The Directors have reviewed highly-stressed forecasts which include a prolonged period of disruption and consider that the group has the financial resources to continue in operation throughout such a period. Accordingly, they continue to adopt the going concern basis in preparing this annual report and financial statements.

Dividends and results

The retained loss for the year is set out on page 9. No dividends were paid or are proposed (2020: £nil) on the ordinary shares.

Directors

The following persons served as directors throughout the year:

M L van Messel
D R Kaye

Directors' Indemnities

The group makes qualifying third-party provisions for the benefit of its Directors. These were made during the year and remain in force at the date of this report.

Political and charitable donations

Charitable donations of £162,500 (2020: £39,000) were made in the year. No political donations (2020: £nil) were made by the Company in the year.

Events after the balances sheet date

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

Approval of reduced disclosures

The Company as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Shore Capital Group Limited, as the immediate parent of the entity.

Shore Capital Group plc
Directors' Report (continued)

Disclosure of information to auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint BDO LLP as auditor of the Company will be proposed at the Company's Annual General Meeting.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic report, Directors' Report and the financial statements in accordance with applicable law and regulations.


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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

This report was approved by the Board of Directors on 15 June 2022.



D R Kaye
Director
Cassini House
57 St James's Street
London SW1A 1LD

Shore Capital Group plc
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHORE CAPITAL GROUP PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Shore Capital Group PLC ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements, which indicates the reliance of the company on the financial support of its parent company, Shore Capital Group Limited. Although intended, this financial support is not guaranteed, and may have an effect on the ability of the company to continue as a going concern. As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Shore Capital Group plc
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHORE CAPITAL GROUP PLC

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable law and regulations, including fraud. The Company monitors its compliance with these frameworks through its central compliance function. We held discussions with Management, reviewed correspondence with regulators and reviewed minutes of board meetings to assess how the Company is complying with the legal and regulatory framework.

We consider the significant laws and regulations to be the Companies Act 2006, the FCA rules, requirements of PAYE and VAT legislation and FRS 102 (UK GAAP).

We considered the risk of fraudulent revenue recognition that could give rise to material misstatement and performed testing over the existence of revenue transactions.

In respect of management override we have tested a risk based sample of journals back to supporting documentation, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Shore Capital Group plc
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHORE CAPITAL GROUP PLC

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

DocuSigned by:

Peter Smith

0F308806BCF046B...

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 15 June 2022

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

Shore Capital Group plc
Profit and Loss Account
for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Turnover	2	2,174	2,288
Administrative expenses		(7,971)	(4,164)
Operating loss	3	(5,797)	(1,876)
Dividend income		2,800	
Loss on ordinary activities before taxation		(2,997)	(1,876)
Tax credit	6	435	223
Loss for the financial year		(2,562)	(1,653)

Continuing operations

All transactions are in respect of continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

Shore Capital Group plc
Statement of Other Comprehensive Income
for the year ended 31 December 2021

	2021 £000	2020 £000
Loss for the financial year	(2,562)	(1,653)
Items that may be subsequently reclassified to the profit or loss:		
Gains arising on cash flow hedges during the period	-	72
Tax relating to items of other comprehensive income	-	(14)
Other comprehensive income	<u>-</u>	<u>58</u>
Total comprehensive loss	<u><u>(2,562)</u></u>	<u><u>(1,595)</u></u>

The notes on pages 13 to 20 form part of these financial statements.

Shore Capital Group plc
Balance Sheet
as at 31 December 2021
Company number: 02089582

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	7	804	924
Investments in subsidiaries	8	<u>35,784</u>	<u>39,027</u>
		36,588	39,951
Current assets			
Debtors: amounts due within one year	9	5,946	5,813
Cash at bank and in hand		<u>1,443</u>	<u>507</u>
		7,389	6,320
Creditors: amounts falling due within one year	10	(43,062)	(44,670)
Net current liabilities		<u>(35,673)</u>	<u>(38,350)</u>
Total assets less current liabilities		915	1,601
Creditors: amounts falling due after more than one year	11	(59)	(33)
Net assets		<u>856</u>	<u>1,568</u>
Capital and reserves			
Called up share capital	12	460	423
Share premium account	13	20,090	18,277
Revaluation reserve	14	5,596	5,596
Profit and loss account		<u>(25,290)</u>	<u>(22,728)</u>
Shareholders' funds		<u>856</u>	<u>1,568</u>

The notes on pages 13 to 20 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 15 June 2022.

They were signed on its behalf by:


M L van Messel
Director

Shore Capital Group plc
Statement of Changes in Equity
as at 31 December 2021
Company number: 02089582

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and Loss account £000	Total £000
At 1 January 2020	390	16,660	5,538	(21,075)	1,513
Loss for the financial year	-	-	-	(1,653)	(1,653)
Valuation change on cash flow hedge	-	-	72	-	72
Tax on cash flow hedge	-	-	(14)	-	(14)
Total comprehensive income/ (loss)	-	-	58	(1,653)	(1,595)
Issue of shares	33	1,617	-	-	1,650
At 31 December 2020	<u>423</u>	<u>18,277</u>	<u>5,596</u>	<u>(22,728)</u>	<u>1,568</u>
At 1 January 2021	423	18,277	5,596	(22,728)	1,568
Loss for the financial year	-	-	-	(2,562)	(2,562)
Total comprehensive loss	-	-	-	(2,562)	(2,562)
Issue of shares	37	1,813	-	-	1,850
At 31 December 2021	<u>460</u>	<u>20,090</u>	<u>5,596</u>	<u>(25,290)</u>	<u>856</u>

The notes on pages 13 to 20 form part of these financial statements.

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

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

1 Accounting policies

Company Information

Shore Capital Group plc is a public limited company domiciled and incorporated in England and Wales. The registered office is Cassini House, 57 St James's Street, London SW1A 1LD.

Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company's functional and presentational currency are both Sterling.

The Company is exempt from the requirement to prepare group accounts under s.401 of the Companies Act 2006. The Company is consolidated in the financial statements of its parent, Shore Capital Group Limited, which may be obtained from Head Office at 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. The Company has taken advantage of the disclosure exemption for transactions with group companies as provided by section 33 of Financial Reporting Standard 102.

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have significant effect on the amounts recognised in the financial statements.

Turnover:

Turnover comprises management recharges of costs incurred by the Company on behalf of other group companies all based in the UK. Management judgement is required to identify costs not in scope of this recharge and the allocation of the costs in scope to other group undertakings. These allocations are made with reference to the percentage of employees and revenue earned in each operating division of the group.

Taxation:

Management estimates the level of provision required for both current and deferred tax on the basis of professional advice and the nature of any current discussions with the tax authority concerned.

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. The carrying value of deferred tax assets is set out in note 6.

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

1 Accounting policies (continued)
Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Report on pages 2-5. Liquidity positions within the entity are actively managed on a daily basis to ensure sufficient liquidity is maintained at all times to support the business.

The Company is dependent on financial support from its parent to continue its operations. The directors of Shore Capital Group Limited have indicated that it is their current intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, however this funding is not guaranteed. The dependence of the Company on continued support from its parent constitutes material uncertainty that may cast a significant doubt upon the Company's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Notwithstanding this, the Company is part of a group that has considerable financial resources together with an established business model. After making enquiries with fellow group entities, the Directors have a reasonable expectation that the group would support the Company in meeting its obligations as they fall due and as such, the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives at the following annual rates:

Leasehold improvements :	ten years
Fixtures and equipment :	four years
Motor vehicles :	six years

Debtors

Other debtors, intercompany receivables and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows.

Trade creditors and other payables

Trade creditors, intercompany payables and other payables are measured at initial recognition at fair value, and are subsequently measured at amortised cost.

Pension costs

The charge against profits is the amount of contributions payable in respect of personal defined contribution pension arrangements for Directors and employees in the year.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The translation differences are included within the profit and loss account.

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

1 Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. These differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements and deferred taxation is provided thereon at the anticipated tax rates.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. This has been disclosed in current assets. Furthermore, the change in deferred tax asset arising as a consequence of the movement in the parent's share price during the period has been charged/(credited) to the profit and loss account.

Share-based payments

The company engages in equity settled share-based payment transactions in respect of services received from certain employees and directors via its parent company's group share-based payment plan. Such options are granted by the parent company board at a price no less than the average quoted market price of the parent company's share on the date of the 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.

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 on a straightline basis over the period that the services are received, which is the vesting period. 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 parent company's share price over the life of the option and other relevant factors. When shares options are exercised, they are equity settled by the ultimate parent company. The Company is exempt from some of the disclosures for Share-based payment as it is a qualifying entity under FRS 102.

2 Turnover

Turnover consists of management recharges to group companies all based in the UK.

	2021 £000	2020 £000
Management recharges	2,139	2,246
Other	35	42
	<u>2,174</u>	<u>2,288</u>

3 Operating loss

Operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation of fixed assets	149	153
Directors' emoluments	429	424
Impairment of investment in subsidiaries	3,645	207

Fees payable to the company's auditor:

Audit of the company's financial statements

	2021 £000	2020 £000
	<u>5</u>	<u>5</u>

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

4 Directors' emoluments	2021 £000	2020 £000
Highest paid Director	429	424
	<u>429</u>	<u>424</u>

Further pension payments were made on behalf of the Directors of £20,000 in the year (2020: £20,000).

5 Staff costs	2021 £000	2020 £000
Wages and salaries	1,959	2,445
Social security costs	252	320
Pension and other costs	232	220
	<u>2,443</u>	<u>2,985</u>
Average number of employees during the year	Number	Number
Staff numbers (including Directors)	<u>10</u>	<u>10</u>

6 Tax credit	2021 £000	2020 £000
Analysis of tax credit in year		
Current tax:		
UK corporation tax credit on loss in the year - Group relief receivable	(416)	(224)
Adjustments in respect of previous periods	1	(22)
Total current tax	<u>(415)</u>	<u>(246)</u>
Deferred tax (credit)/charge	(20)	23
Total tax credit	<u>(435)</u>	<u>(223)</u>

The differences between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 £000	2020 £000
Loss on ordinary activities before tax	<u>(2,997)</u>	<u>(1,876)</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
Loss on ordinary activities multiplied by the standard rate of corporation tax	(569)	(356)
Effects of:		
Short term timing differences	(28)	43
Income not chargeable to tax	(532)	-
Expenses not deductible for tax purposes	693	112
Adjustments in respect of previous periods	1	(22)
Current tax credit for year	<u>(435)</u>	<u>(223)</u>

Factors that may affect future tax charges

The average tax rate on the profit before tax for the Group's UK activities for 2021 was therefore 19% (2020: 19.00%). The Company has used 19% 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.

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

6 Tax credit on ordinary activities (continued)
Deferred tax

The deferred tax asset relates to temporary differences with regards to the the cash flow hedge, staff payments accrued and share based payments that have been expensed, in the financial statements but only become payable, and hence deductible for tax, in a future accounting period.

	2021	2020
	£000	£000
At 1 January	139	162
Credit/(charge) to profit and loss account	20	(23)
At 31 December	<u>159</u>	<u>139</u>

7 Tangible assets

	Leasehold improvements £000	Fixtures and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2021	194	907	77	1,178
Additions		29		29
At 31 December 2021	<u>194</u>	<u>936</u>	<u>77</u>	<u>1,207</u>
Depreciation				
At 1 January 2021	31	162	61	254
Charge for the year	25	111	13	149
At 31 December 2021	<u>56</u>	<u>273</u>	<u>74</u>	<u>403</u>
Net book value				
At 31 December 2021	<u>138</u>	<u>663</u>	<u>3</u>	<u>804</u>
At 31 December 2020	<u>163</u>	<u>745</u>	<u>16</u>	<u>924</u>

8 Investments in subsidiaries

	2021	2020
	£000	£000
Cost		
At 1 January	49,694	49,742
Additions	402	
Return of capital		(48)
At 31 December	<u>50,096</u>	<u>49,694</u>
Impairments		
At 1 January	(10,667)	(10,460)
Impairments in the year	(3,645)	(207)
At 31 December	<u>(14,312)</u>	<u>(10,667)</u>
Net book value		
At 31 December	<u>35,784</u>	<u>39,027</u>

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

8 Investments in subsidiaries (continued)

Additional information on subsidiaries

Subsidiary	Country of registration and operation	Activity	Portion of ordinary shares and voting rights held
Trading companies			
Shore Capital Treasury Limited	England and Wales	Treasury company	100%
Shore Capital International Limited	England and Wales	Advisory services	100%
Nominee Company			
Puma Nominees Limited	England and Wales	Nominee company	100%

The subsidiaries listed above are registered in England and Wales and all share the same registered office as Shore Capital Group plc.

9 Debtors

	2021	2020
	£000	£000
Other debtors	75	23
Corporation tax	494	479
Deferred tax	159	139
Amounts owed by group undertakings and undertakings in which the company has a participating interest	5,145	5,132
Prepayments and accrued income	73	40
	<u>5,946</u>	<u>5,813</u>

10 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	23	-
Other creditors	952	1,087
Amounts owed to group undertakings and undertakings in which the company has a participating interest	5,428	7,629
Loan from subsidiary	35,784	35,784
Accruals and deferred income	875	170
	<u>43,062</u>	<u>44,670</u>

The loan from subsidiary is repayable on demand. No interest is payable on the loan.

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

11 Creditors: amounts falling due after one year	2021	2020
	£000	£000
Other creditors	<u>59</u>	<u>33</u>

Other creditors relates to National Insurance payable on share options granted to employees of the Group and will be payable on exercise of these options, the last of which expire in 2024.

12 Called up share capital	2021	2020
Authorised:		
Ordinary shares of 2p each	<u>625,000,000</u>	<u>625,000,000</u>
	2021	2020
	Number	Number
	of shares	of shares
	£000	£000
Allotted, called up and fully paid:	21,150,000	19,500,000
Shares issued in the year	<u>1,850,000</u>	<u>1,650,000</u>
Balance c/f	<u>23,000,000</u>	<u>21,150,000</u>

13 Statement of movement on Share premium account	2021	2020
	£000	£000
At 1 January	18,277	16,660
Shares issued	<u>1,813</u>	<u>1,617</u>
At 31 December	<u>20,090</u>	<u>18,277</u>

14 Revaluation reserve	2021	2020
	£000	£000
At 1 January	5,596	5,538
Valuation change of cash flow hedge, net of tax	<u>-</u>	<u>58</u>
At 31 December	<u>5,596</u>	<u>5,596</u>

The revaluation reserve relates to the historic movement arising on the retranslation of an investment in a subsidiary that was denominated in a foreign currency. The investment was rebased to GBP.

15 Cash Flow Statement

Under FRS 102 the Company is exempt from the requirement to prepare a cash flow statement since the cash flows of the Company are included in Shore Capital Group Limited's financial statements for the year ended 31 December 2021, which are publicly available. The shareholders of the company were notified and did not object to the use of this exemption.

Shore Capital Group plc
Notes to the financial statements
for the year ended 31 December 2021

16 Related Party Transactions

The Directors and all other staff are entitled to deal in securities through a fellow Group 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 all such transactions are not material to either the Company or the relevant individuals.

The Company has not disclosed normal trading transactions with other group companies due to an exemption afforded to it by FRS 102 by virtue of it being a qualifying entity under FRS 102.

Central group overheads of the ultimate parent company are recharged throughout the group, including to the company, by way of a management charge. Amounts charged during the year were as follows.

	2021	2020
	£000	£000
Recharged from Shore Capital Group plc to other group entities	<u>2,139</u>	<u>2,246</u>

17 Parent Company

The immediate and ultimate parent company and controlling party is Shore Capital Group Limited, a company incorporated in Guernsey. Shore Capital Group Limited is the parent of the only group for which 2021 consolidated financial statements are prepared. Group financial statements are available on application from Shore Capital Group Limited, 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey GY1 1WD.

18 Post Balance Sheet events

There were no significant post balance sheet events.