Panmure Gordon & Co Limited

Annual report and accounts
Registered number 02700769
31 December 2022

Contents

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

General information

The Company's parent company is Panmure Gordon Group Limited ("PGG Limited"), which is the lead entity for the Panmure Gordon group of companies ("the Group"). These results should be read in the context of the lead entity's accounts for the year ended 31 December 2022, which give a full picture of the Group's performance.

The Company is a private company, limited by shares, incorporated in England and Wales. The Company's registered number is 02700769. The address of the registered office is 40 Gracechurch St, London EC3V 0BT.

Principal activities

The principal activities of the business are providing administrative services to the Group and acting as intermediate holding company. The Company provides services to its subsidiaries which it recharges on an arm's length basis in accordance with certain transfer pricing arrangements.

Financial review

The Company reported management recharge of £3.3m (2021: £3.1m) during the current year; operating expenses of £3.2m (2021: £3.0m), and loss before tax of £0.1m (2021: £0.4m loss). An impairment charge of £0.2m (2021: £0.5m) was recognised on the intercompany loan to PrimeXtend Limited, a subsidiary of the Company that ceased trading in 2021.

During the year the Company raised £3.0m new equity by issuing ordinary shares to its parent company, PGG Limited at a subscription price of £1 (4p par value) in order to continue to support the Company's investments in its underlying subsidiaries, and the Group in its strategic ambitions.

Results and dividends

The Company recorded a loss after tax of £0.3m (2021: £0.4m loss). The directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: nil).

Principal risks and risk management

Given the significance of investments in subsidiaries to the Company, the principal risk is associated with these investments. The Company's risk management framework is set and monitored by the Group's risk function. For a full analysis of this framework and the key risks, including those that may impact the subsidiaries, refer to the strategic report included in the 2022 annual report and consolidated financial statements of PGG Limited. Details of the Company's financial risks can be found in Note 14 of the financial statements.

Outlook

The outlook for the Company is closely intertwined with the outlook for the Group and reference should be made to the consolidated financial statements of PGG Limited for the year ended 31 December 2022 for a complete description of the aims and strategic ambitions for the Group.

Directors

The directors who held office during the period and up to the date of signing (unless otherwise indicated) were as follows:
M Dalman
T Kacani
R H W Morecombe
R T Ricci
D I Schamis

Going concern

The Company had cash resources of £1k at 31 December 2022 (2021: £39k) and does not have any significant statement of financial position risk in the form of loans to third parties. As an administrative service provider to the Group, the Company has third party supplier contracts necessitating recognition of accruals and other payables that are recharged to group companies in future periods. The directors therefore have a reasonable expectation that the Company has adequate resource to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Events after the date of the statement of financial position

On 4 January 2023, the Company raised £5.0m capital from its parent, PGG Limited by issuing 5m new ordinary shares at a subscription price of £1 each. A further 0.3m new ordinary shares were issued to its parent in March 2023.

Directors' indemnity arrangements

The Company has purchased and maintained throughout the year third party directors' and officers' liability, professional indemnity, employer's liability and public and products liability insurance.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the Board at the time of approving the directors' report, having made enquiries of fellow directors and of the Company's auditors, confirms that:

- to the best of each directors' knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors is aware of that information.

Small companies note

In preparing this report, the director has taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

By order and on behalf of the Board.

T Kacani
Director
25 April 2023

40 Gracechurch St
London
EC3V 0BT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Adopted International Accounting Standards and applicable law and regulations ('IASs').

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IASs;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANMURE GORDON & CO. LIMITED

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 2022 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Panmure Gordon & Co Limited ("the Company") for the year ended 31 December 2022 which comprise of the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the 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 UK adopted international accounting standards.

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.

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.

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 Company'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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANMURE GORDON & CO. LIMITED (continued)

Other Companies Act 2006 reporting

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

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

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 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of directors responsibilities in respect of the directors' report and the financial statements, 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 obtained an understanding of the legal and regulatory framework applicable to the entity. We determined that the most significant regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (international accounting standards).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANMURE GORDON & CO. LIMITED (continued)

- We inquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected, or alleged fraud. We corroborated our enquiries through review of the Board Committee minutes as well as through our review of the any correspondence with the regulator.
- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and determined the principal risks related to revenue recognition.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger.
- We evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Timothy West
3E18819C1A454EF
Timothy West (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26 April 2023

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

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Management recharge	*3*	3,272	3,094
Operating expenses		(3,210)	(2,955)
Net impairment charge	*18*	(180)	(461)
Operating loss		**(118)**	**(322)**
Net finance costs	*6*	(23)	(75)
Loss before tax from operations		**(141)**	**(397)**
Taxation credit	*8*	(110)	40
Total comprehensive loss for the year		**(251)**	**(357)**

All the activities of the Company are from continuing operations.

The notes on pages 11 to 23 form an integral part of these financial statements.

Statement of financial position
as at 31 December 2022

Assets	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Intangible assets	9	74	137
Property, plant and equipment	10	1,327	452
Investment in subsidiary undertakings	11	85,796	82,846
Amounts owed by group undertakings	18	2,325	-
Deferred tax asset	12	64	174
		89,586	**83,609**
Current assets			
Other receivables	13	267	829
Cash and cash equivalents		1	39
		268	**868**
Total Assets		**89,854**	**84,477**
Current liabilities			
Trade payables		(145)	(134)
Amounts owed to group undertakings	18	(12,054)	(9,459)
Accruals		(182)	(520)
Lease liabilities	10	(282)	(331)
		(12,663)	**(10,444)**
Non-current liabilities			
Lease liabilities	10	(459)	-
Total Liabilities		**(13,122)**	**(10,444)**
Net assets		**76,732**	**74,033**
Capital and reserves			
Issued share capital	16	2,594	2,476
Share premium		62,242	59,410
Merger reserve	17	1,715	1,715
Retained earnings		10,181	10,432
Total equity		**76,732**	**74,033**

The notes on pages 11 to 23 form an integral part of these financial statements.

These financial statements were approved by the Board of directors and were signed on its behalf by:

T Kacani
Director
25 April 2023

Statement of changes in equity

for the year ended 31 December 2022

Statement of changes in equity for the year ended 31 December 2022

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Merger reserve £'000	Total equity £'000
Balance as at 1 January 2022	2,476	59,410	10,432	1,715	74,033
Total comprehensive loss for the year	-	-	(251)	-	(251)
Other items recorded directly in equity					
Issue of shares	118	2,832	-	-	2,950
Balance at 31 December 2022	**2,594**	**62,242**	**10,181**	**1,715**	**76,732**

Statement of changes in equity for the year ended 31 December 2021

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Merger reserve £'000	Total equity £'000
Balance as at 1 January 2021	2,472	59,314	10,789	1,715	74,290
Total comprehensive loss for the year	-	-	(357)	-	(357)
Other items recorded directly in equity					
Issue of share	4	96	-	-	100
Balance at 31 December 2021	**2,476**	**59,410**	**10,432**	**1,715**	**74,033**

The notes on pages 11 to 23 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Cash flows from operating activities			
Loss before tax		(141)	(397)
Finance costs	6	23	-
Depreciation	10	966	870
Amortisation	9	74	70
Impairment charge	18	180	461
Decrease/(increase) in other receivables	13	562	(32)
Decrease in trade payables and accruals		(326)	(273)
Other non-cash items		-	75
Net cash generated from operating activities		**1,338**	**774**
Investing activities			
Investment in subsidiary undertakings	11	(2,950)	(100)
Cash flow from group undertakings	18	90	68
Acquisition of intangible assets and property, plant and equipment	9, 10	(616)	(116)
Net cash used in investing activities		**(3,476)**	**(148)**
Financing activities	22		
Funds raised from parent company	16	2,950	100
Interest paid on lease liabilities		(23)	-
Lease repayments		(827)	(815)
Net cash generated/(used) from financing activities		**2,100**	**(715)**
Net (decrease)/increase in cash and cash equivalents		**(38)**	**(89)**
Cash and cash equivalents at 1 January 2022		39	128
Cash and cash equivalents at 31 December 2022		**1**	**39**

The notes on pages 11 to 23 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with UK Adopted International Accounting Standards ('IASs') and applicable law and regulations.

The Company's parent undertaking, PGG Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of the Group are prepared in accordance with UK Adopted International Accounting Standards and applicable law and regulations.

The financial statements are prepared on the historical cost basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Company had cash resources of £1k at 31 December 2022 (2021: £39k) and does not have any significant statement of financial position risk in the form of loans to third parties. As an administrative service provider to the Group, the Company has third party supplier contracts necessitating recognition of accruals and other payables that are recharged to group companies in future periods. The directors therefore have a reasonable expectation that the Company has adequate resource to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Changes in accounting policies and disclosures

a. **New and amended Standards and Interpretations adopted by the Company**

The amendments and interpretations applicable for the first time in 2022 have had no significant impact on the financial statements of the Company.

b. **Future accounting developments**

The following new standards are not mandatory for the year ending 31 December 2022 and have not been adopted in preparing these financial statements. They are not expected to have a material impact on the Company:

- IFRS 17 'Insurance Contracts': establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The standard becomes effective as of 1 January 2023.

Foreign currency

The functional and presentational currency of the Company is sterling.

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the rate of exchange at the initial transaction date. Foreign exchange differences are included in the statement of profit or loss and other comprehensive income.

Revenue Recognition

The Management recharge is measured based on the consideration specified in a contract with a subsidiary and is largely recorded at a point in time when the Company has fully completed the performance obligations per the contract. The management recharge arrangement that is levied on Panmure Gordon (UK) Limited ('PGUK'), facilitates the recharge to PGUK of certain direct operating costs incurred on a cost plus 10% basis.

Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Taxation

Taxation on the profit or loss for the year comprises current tax and adjustments in respect of prior years. The current tax charge is based on the taxable profit or loss for the year, using tax rates that have been enacted or substantively enacted by the year end date.

Deferred taxation

Deferred taxation arises on timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not reversed at the statement of financial position date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right and the Company intends to settle on a net basis.

Deferred tax liabilities are generally recognised for all taxable temporary differences. The carrying amount of deferred tax assets are reviewed at each reporting date and recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Intangible assets

Intangible assets comprise software in development for use by the business ("work in progress") and software in use. Intangible assets are recognised when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

Work in progress is carried on the statement of financial position at cost. When brought into use it is transferred to software intangibles. Software intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life, typically 3 – 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

Property, plant and equipment

Property, plant and equipment ("PPE") is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Fixtures and fittings	4 - 10 years
Furniture and office equipment	4 - 10 years
Computer and telephone equipment	3 - 10 years
Right-of-use lease asset	Lease term

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis. An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset, and a gain or loss is recognised in the statement of profit or loss and other comprehensive income.

Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Impairment of PPE and intangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit or group of cash-generating units to which the asset belongs. If any such indication exists, the recoverable amount of the asset (also defined as cash-generating units where applicable) is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Investment in subsidiaries and impairment of investment in subsidiaries

Entities are recognised as a subsidiary by the Company when the Company holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. The Company's investments in subsidiaries are stated at cost less impairment losses. On an annual basis, the Company reviews the carrying amounts of its investment in subsidiaries to determine whether there is any indication of impairment. If the recoverable amount of an asset is estimated to be less than its carrying amount, based on its value-in-use ('VIU'), the carrying amount of the asset is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognised. New and reversing impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for items measured at amortised cost, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

The financial assets and liabilities of the Company are classified at amortised cost. A financial asset is measured at amortised cost if it meets both of the following conditions:

- 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.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, impairment and any gain or loss on derecognition are recognised in the statement of profit or loss and other comprehensive income.

Measurement of expected credit losses ('ECLs')

ECLs are an estimate of credit losses based on probability of default x expected loss on default. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Financial instruments (continued)

If there is no evidence of a significant increase in credit risk and no indication that the asset is credit-impaired and the Company is not using the simplified approach for qualifying trade receivables permitted by the Standard, then the Company provides for expected losses in the next 12 months. If there is evidence of a significant increase in credit risk or the asset is considered to be credit-impaired, then the Company provides for expected losses over the full life of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable quantitative and qualitative information that is relevant and available without undue cost or effort, including the use of forward-looking information when relevant.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, which can be estimated reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle that obligation at the statement of financial position date. Contingent liabilities related to legal proceedings or regulatory matters are not recognised in the financial statements but are disclosed, unless the probability of settlement is remote.

Leases

At lease commencement date, or date of transition, the Company recognises a right-of-use asset and a lease liability on statement of financial position. The right-of-use asset is measured at cost or, on transition, at the value of the lease liability adjusted for the value of accruals on statement of financial position prior to adoption of IFRS 16 Leases.

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date (or date of transition) to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using an estimated incremental borrowing rate of 10%. Subsequent to initial measurement, the liability is reduced for payments made and increased for interest charges.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Notes to the financial statements (continued)

2 Critical accounting judgement and key sources of estimation uncertainty

Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the financial statements include the impairment review of investments in subsidiaries and the recognition of deferred tax assets.

Impairment review of investments in subsidiaries

Investments in subsidiaries are tested for impairment when there is an indication that the investment may be impaired. Impairment testing involves significant judgement in determining the value in use ('VIU'), and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment and the rates used to discount these cash flows.

A sensitivity analysis is performed on the growth and discount rates, assessing the marginal change in the valuation of these assets. Details of the impairment review can be found in Note 11.

Deferred tax

Deferred tax is calculated based on the taxable temporary differences and taxable losses arising. A deferred tax asset has been recognised. The assessment of the recoverability of the deferred tax asset is based mainly on the premise that the Company will generate sufficient profits in the future to realise the deferred tax assets. This is a matter of judgment and is reviewed at each reporting date.

3 Management recharge

	31 December 2022 £'000	31 December 2021 £'000
Management recharge receivable	3,272	3,094
	3,272	**3,094**

4 Operating expenses

The operating loss before taxation is stated after charging:

	31 December 2022 £'000	31 December 2021 £'000
Employee benefit expense	443	544
Buildings and Maintenance	750	743
Technology and information	434	512
Depreciation (see Note 10)	966	870
Amortisation (see Note 9)	74	70

Notes to the financial statements (continued)

5 Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	31 December 2022 £'000	31 December 2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
Fees relating to current year payable	34	31
Total audit fees	**34**	**31**

6 Net finance costs

	31 December 2022 £'000	31 December 2021 £'000
Interest unwind on lease liability	(23)	(75)
	(23)	**(75)**

7 Directors' remuneration

The directors of the Company received no remuneration in respect of their services to the Company.

Notes to the financial statements *(continued)*

8 Tax on (loss)/profit on ordinary activities

The analysis of the total income tax credit/(expense) is as follows:

	31 December 2022 £'000	31 December 2021 £'000
Analysis of tax credit in period:		
Deferred tax		
Current year deferred tax credit	(110)	40
Tax credit on loss on ordinary activities	**(110)**	**40**
Effective tax rate charge	**78.08%**	**(10.01)%**
Factors affecting tax charge:		
Loss on ordinary activities after tax	(251)	(357)
Tax credit on profit on ordinary activities	(110)	40
Loss on ordinary activities before tax	**(141)**	**(397)**
Loss on ordinary activities multiplied by rate of UK corporation tax at 19.00% (2021: 19.00%)	(27)	(75)
Effects of:		
Expenses not deductible for tax purposes	36	91
Other permanent differences	1	-
Fixed assets adjustments	(17)	12
Group relief claimed for £nil consideration	-	(26)
Change in corporation tax rate	37	(42)
Prior year adjustment to deferred tax	(44)	-
Unrecognised deferred tax asset	124	-
Total tax credit on loss on ordinary activities	**110**	**(40)**

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted in 2021. The deferred tax at 31 December 2021 has been calculated based on these rates.

Analysis of current tax recognised in statement of comprehensive income:

	2022	2021
UK corporation tax credit	**(110)**	**40**

9 Intangible assets

Software	2022 £'000	2021 £'000
Cost		
At 1 January	303	303
Additions	11	-
At 31 December	**314**	**303**
Accumulated amortisation		
At 1 January	(166)	(96)
Charge for the year	(74)	(70)
At 31 December	**(240)**	**(166)**
Net book value		
At 31 December	**74**	**137**

Notes to the financial statements *(continued)*

10 Property, plant and equipment

2022	Right-of-use lease asset £'000	Furniture and office equipment £'000	Fittings £'000	Computer and telephone equipment £'000	Total £'000
Cost					
At 1 January 2022	1,943	399	1,368	677	4,387
Disposal of fully depreciated assets	(2,437)	-	(1,368)	-	(3,805)
Additions	1,236	7	272	326	1,841
At 31 December 2022	**742**	**406**	**272**	**1,003**	**2,423**
Accumulated depreciation					
At 1 January 2022	(1,724)	(384)	(1,291)	(536)	(3,935)
Disposal of fully depreciated assets	2,437	-	1,368	-	3,805
Charge for the year	(761)	(15)	(91)	(99)	(966)
At 31 December 2022	**(48)**	**(399)**	**(14)**	**(635)**	**(1,096)**
Net book value					
At 31 December 2022	**694**	**7**	**258**	**368**	**1,327**

2021	Right-of-use lease asset £'000	Furniture and office equipment £'000	Fittings £'000	Computer and telephone equipment £'000	Total £'000
Cost					
At 1 January 2021	1,943	399	1,368	561	4,271
Additions	-	-	-	116	116
At 31 December 2021	**1,943**	**399**	**1,368**	**677**	**4,387**
Accumulated depreciation					
At 1 January 2021	(1,151)	(331)	(1,107)	(476)	(3,065)
Charge for the year	(573)	(53)	(184)	(60)	(870)
At 31 December 2021	**(1,724)**	**(384)**	**(1,291)**	**(536)**	**(3,935)**
Net book value					
At 31 December 2021	**219**	**15**	**77**	**141**	**452**

Notes to the financial statements *(continued)*

Leased property

Right-of-use lease asset

The right-of-use lease asset is for the lease of the Company's offices in London and Leeds.

The London lease is for a 22 month period terminating October 2024, with no options to extend or purchase at the end of the lease term. Payments are a fixed amount with no rent reviews due over the remaining life of the lease.

The Leeds lease is for a 10 year period, ending January 2032 with an option to terminate the lease after 5 years in January 2027 and no option to purchase at the end of the lease term. Payments are a fixed amount with a rent review after 5 year, in January 2027.

Maturity analysis of lease liabilities

The maturity analysis of lease liabilities as at 31 December 2022 is as follows:

	Within one year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	Total £'000
Lease payments	349	452	23	23	847
Finance charge	(67)	(34)	(3)	(2)	(106)
Net present value	**282**	**418**	**20**	**21**	**741**

11 Investment in subsidiary undertakings

	2022 £'000	2021 £'000
At 1 January	82,846	82,746
Investments in subsidiaries during the year	2,950	100
At 31 December	**85,796**	**82,846**

During 2022, the Company acquired 2,950k additional ordinary shares in a subsidiary company, Panmure Gordon (UK) Limited, for £1 each.

Impairment testing of investments in subsidiaries

At each reporting period end, the Company reviews its investments in subsidiaries for indicators of impairment. An impairment is recognised when the carrying amount exceeds the recoverable amount for that investment. The recoverable amount is the higher of the investment's fair value less costs of disposal and its value in use.

The value in use ('VIU') is calculated by discounting management's cash flow projections for the investment. The cash flow projections for each investment covering a 5 year period are based on the latest board-approved plans, and a conservative long-term growth rate of 2% (2021: 2%) is used to extrapolate the cash flows in perpetuity. The rate used to discount the cash flows of 10.5% (2021: 12.3%) is based on the cost of capital, which is derived using a weighted average cost of capital ('WACC'). WACC depends on a number of inputs reflecting financial and economic variables, including risk-free rate and premium to reflect the inherent risk of business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement.

No impairment was deemed necessary in relation to the Company's investment in subsidiaries (2021: no impairment).

Notes to the financial statements *(continued)*

11 Investment in subsidiary undertakings (continued)

Sensitivities of key assumptions in calculating VIU
In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the model. These include the external range of observable discount rates, and risks attaching to the key assumptions underlying cash flow projections.

The long-term growth rate and the WACC is considered the most sensitive inputs to the model.

Sensitivity of VIU to changes in long-term growth rate and WACC

£'000		WACC				
		10.5%	11.5%	12.5%	13.5%	14.5%
Long-term growth rate	1%	112,697	100,514	90,276	81,725	74,484
	2%	123,713	109,160	97,169	87,314	79,080
	3%	137,659	119,842	105,512	93,966	84,476

Additional information on subsidiary undertakings
At 31 December 2022 the Company owned 100% of the ordinary share capital of the following subsidiary undertakings, unless otherwise stated:

Name	Principal place of business and country of incorporation	Nature of business
Panmure Gordon (UK) Limited	United Kingdom – A1	Stockbroking, corporate finance and market making
Panmure Gordon Securities Limited	United Kingdom – A1	Stockbroking and market making
PrimeXtend Limited	United Kingdom – A1	Dormant (in liquidation)
Panmure Gordon (Broking) Limited	United Kingdom – A1	Dormant (in liquidation)
Durlacher Research Limited	United Kingdom – A1	Dormant (in liquidation)
Life Capital Limited	United Kingdom – A1	Dormant (in liquidation)
Rotherfield Nominees Limited [1]	United Kingdom – A1	Dormant (in liquidation)
Web Angel Limited	United Kingdom – A1	Dormant (in liquidation)
United Energy Limited [2]	United Kingdom – A1	Dormant (in liquidation)
Panmure Gordon Holdings US LLC	United States of America – A2	Dormant

[1] Direct subsidiary of Panmure Gordon (Broking) Limited
[2] Direct subsidiary of Web Angel Limited

A1 – 40 Gracechurch St, London, United Kingdom, EC3V 0BT
A2 – Registered agent: National Registered Agents, Inc, 160 Greentree Drive, Dover, Delaware 19904, USA

Notes to the financial statements *(continued)*

12 Deferred tax asset

	Short term provisions £'000	PPE £'000	Total £'000
Balance at 1 January 2022	49	125	174
Movement during the year	(49)	(61)	(110)
Balance at 31 December 2022	**-**	**64**	**64**

A deferred tax asset of £63k (2021: £174k) has been established to reflect the tax benefit which is expected to arise from accelerated capital allowances. A deferred tax asset of £163k (2021: £nil) in relation to trading losses carried forward has not been recognised in the financial statements. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted in 2021. The deferred tax at 31 December 2022 has been calculated based on these rates.

13 Other receivables

	31 December 2022 £'000	31 December 2021 £'000
Current assets		
Other receivables	-	300
Prepayments	267	529
Total	**267**	**829**

14 *Financial instruments and risk profile*

The Company's financial instruments comprise cash and cash equivalents, receivables and payables arising from operations. The Company has recognised the following risks arising from these financial instruments:

- Credit risk
- Liquidity risk

Credit risk
Credit risk represents the possibility that the Company will suffer a financial loss resulting from a counterparty failing to meet its contractual obligations. For the Company, credit risk primary arises from intercompany trade debtors and other receivables.

As at 31 December 2021, all cash and cash equivalents were held at a major financial institution, rated 'A' and above. The maximum credit exposure on cash and cash equivalents was £1k (2021: £39k). The Company's allowance for ECL is £nil (2021: £nil)

Liquidity risk
Liquidity risk represents the possibility that the Company has insufficient funds to meet its obligations as they fall due. The Company manages liquidity risk by assessing cash-flows and monitoring the Company's statement of financial position, in particular:

- monitoring of cash positions; and
- ensuring timely settlement by trade debtors and payment of creditors.

The Company holds its cash and cash equivalents with rated financial institutions. All cash and cash equivalents are short–term, liquid investments that are readily convertible to known amounts of cash without penalty.

Notes to the financial statements *(continued)*

15 Capital management

The Company's policy on capital management is to maintain a strong capital base so as to retain investor, creditor and market confidence and to sustain future development of the business.

The Company's regulatory capital is comprised solely of common equity ('Tier 1') which includes ordinary share capital and retained earnings.

16 Called up share capital

	31 December 2022 £'000	31 December 2021 £'000
Allotted, called up and fully paid		
64,848,341 (2021: 61,898,341) ordinary shares of £0.04 each	**2,594**	**2,476**

The Company issued 2,950,000 ordinary shares of £1 each to its parent company, PGG Limited during the year. The shares were issued on 30 November 2022 in a loan to equity conversion whereby the £2,950k received during 2022 was converted to shares. These investments support the Company in its strategic investment ambitions.

17 Merger reserves

The merger reserve of £1,715k represents the difference between the market value of shares issued on business acquisitions and their nominal value and resulted from the acquisition of Panmure Gordon (UK) Limited in 2005.

18 Related party transactions

Intra-Company transactions with wholly owned subsidiaries

	Owed to Subsidiaries 31 Dec 2022 £'000	Owed to Subsidiaries 31 Dec 2021 £'000
Panmure Gordon (UK) Limited	4,093	924
Panmure Gordon Securities Limited	-	30
Dormant entities	7,961	8,373
Balance	**12,054**	**9,327**

The amount owed by subsidiary, PrimeXtend Limited has been impaired in full, and a charge of £180k was recognised during the year (2021: £461k).

In addition, the Company reported £2,325k due from it's parent company, PGG Limited (2021: £132k due to).

These loans are unsecured and repayable on demand.

	Management recharge 31 Dec 2022 £'000	Management recharge 31 Dec 2021 £'000
Panmure Gordon (UK) Limited	3,272	3,094

Transactions with key management personnel

No key management personnel or directors of the Company received remuneration for their services to the Company.

Notes to the financial statements *(continued)*

19 Commitments and contingent liabilities

The Company had no commitments or contingent liabilities at 31 December 2022 (2021: none).

20 Events after the date of the statement of financial position

On 4 January 2023, the Company raised £5.0m capital from its parent, PGG Limited by issuing 5m new ordinary shares at a subscription price of £1 each. A further 0.3m new ordinary shares were issued to its parent in March 2023.

21 Ultimate parent undertaking

The Company is a subsidiary undertaking of Panmure Gordon Group Limited which is incorporated in England and Wales. The company in which the results of the Company are consolidated is Panmure Gordon Group Limited. The consolidated financial statements of this company are available to the public and may be obtained from Companies House.

The ultimate parent undertaking of the Company is AMC Luxco Holding IV SARL, incorporated in Luxembourg.

22 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises Cash at bank available on demand.

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions in the table below.

	Non-current Lease	Current Lease	Total
	£'000	£'000	£000
	(Note 10)	(Note 10)	
Balance at 1 January 2022	-	331	331
Cashflows	-	(827)	(827)
Non-cash flows			
- New leases	459	778	1,237
Balance at 31 December 2022	**459**	**282**	**741**