Company registration number: 03146580

Hargreave Hale Limited

Reports and financial statements

For the year ended

31 March 2022

Contents

Company Information

The Board of Directors	D Esfandi R Hallett S Massey J McAleenan
Registered Office	88 Wood Street London EC2V 7QR
Registered number	03146580
Auditor	Ernst & Young LLP 25 Churchill Place London E14 5EY
Bankers	Royal Bank of Scotland 56 Market Street Chorley FY4 5PU

Strategic Report

The directors present their Strategic Report for Hargreave Hale Limited (the "Company") for the year ended 31 March 2022.

Principal Activities

The principal activity of the Company is the provision of fund management services.

The Company is authorised and regulated by the Financial Conduct Authority.

Review of the business

The Company's key performance indicators are set out in the table below.

	2022	2021
Year end funds under management (£ million)	5,454	5,530
Net inflows/outflows (£ million)	84	(473)
Revenue (£'000)	25,418	18,718
Profit before tax (£'000)	9,128	4,667

The AUM started the year at £5.5bn and increased to £6.2bn by 30 June 2021 and then further increased to £6.5bn by 31 December 2021. The decline in the markets at the start of 2022 resulted in a fall of the AUM to £5.4bn at the end of the year. The company's revenue is derived from the AUM during the year and whilst AUM reduced marginally year on year the average AUM during the year was higher resulting in the increased revenue in the year. Net inflows during the year were £84m.

The Company continues to operate a hybrid/flexible working policy which facilitates, where in the interests of the Company and its clients, continued working from home for part of the working week centred around a minimum of 3 days per week on the Company premises, thus emphasising that the Company still operates as "an office-based business".

The Company also continues to monitor the ongoing recovery, be it economic or societal, from the Covid-19 pandemic and any government policy statements on working practices or similar should the recovery deviate from the current trajectory.

However, at the time of writing, there is ongoing volatility caused by rising inflation across the world and the war in Ukraine. The Company is well positioned to meet the continuing challenges of this uncertainty, it has a strong balance sheet and significant cash resources.

Strategic Report *(continued)*

Principal risks and uncertainties

The Company maintains an effective and appropriate corporate governance and risk management infrastructure through a committee structure. The key level 1 risks facing the Company, are financial, conduct, and operational risks. Underlying each of these risks, the firm has identified level 2 risk categories which include, but are not limited to, reputational, regulatory, processing, credit, market, and liquidity risk. Full details on the firm's risk taxonomy and principal risks are summarised below. In the case of risks related to financial instruments those are also detailed further in note 18 to the financial statements.

Level 1 Risk	Level 2 Risk	Description
Financial Risk	*Credit risk*	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from deposits with banks. An impairment analysis is performed at each reporting date on an individual basis for major clients and counterparties. In addition, many minor receivables are grouped into homogenous groups and assessed for impairment collectively. Credit risk exposure arising from the placement of deposits with banks is mitigated through the placement of funds with banks with high credit ratings. The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Company's maximum exposure to credit risk.
	Liquidity risk	Liquidity risk is the risk that the Company is unable to generate sufficient cash or other liquid assets in a timely and cost-effective manner to meet its commitments as they become due. The Company has several systems, policies and processes in place to monitor and manage regulatory capital requirements, working capital needs and cash flows to help provide a sufficient buffer against liquidity risk. Given the nature of the Company's business, the Company does not run liquidity mismatches. Financial liabilities are on the whole short term and the Company maintains sufficient cash resources to cover its immediate liabilities as disclosed in note 18.
	Market risk	The Company has no direct exposure to market risk on its balance sheet however a significant proportion of its revenue stream is based on the value of the investments that it manages for clients. The Company mitigates this risk by active management of its clients' assets, by maintaining the ability to reduce costs in the event of revenue declines and by maintaining sufficient capital and liquidity buffers to absorb short term losses.
Conduct Risk	*Business model & strategy risk*	Business model & strategy risk is the risk that the Company does not respond in an optimal manner to changing market conditions such that sustainable growth, market share or profitability is adversely affected. This risk can arise from both strategic decisions which fail to consider the current operating environment or can be influenced by external factors such as material changes in regulation, or legislation within the financial services sector. The firm's business model is reviewed on a frequent basis within the context of its risk appetite statement.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Level 1 Risk	Level 2 Risk	Description
Conduct Risk	*Performance & advice risk*	Performance & advice risk is the risk that clients receive inappropriate financial, planning or investment advice, inadequate documentation or unsuitable portfolios resulting in a failure to meet client's investment and/or other objectives or expectations. This can arise through a failure to appropriately understand the wealth management needs of our clients and a failure to apply suitable advice or investment strategies, along with having inadequate tools and systems in place to support our client facing financial professionals. The firm has implemented a range of tools to support client facing financial professionals to ensure products and services are suitable and result in positive outcomes for clients. Furthermore, a centralised investment process, including advice and solution panels for wealth planning, is in place to ensure consistency across client portfolios and suitable models.
	Regulatory risk	The Company's business is regulated by the FCA and a breach of regulations could lead to a fine or disciplinary action against the Company. The Company monitors actual and impending changes in regulation in order to assess the impact on its business and plans, to ensure any changes are implemented in a timely manner. The firm has a dedicated Compliance function to provide advice and support the business in maintaining adherence to the regulatory requirements. Furthmore, monitoring is in place to ensure operational adherence to systems and controls implemented by the firm for regulatory purposes.
	Reputational risk	Reputational risk is the risk that an entity's ability to conduct business will be damaged as a result of its reputation being tarnished, including as a result of regulatory censure. The Company has policies and procedures in place to manage this risk to the extent possible which include, inter alia, procedures for employee hiring, the taking on of new business and conduct of business rules. It also has policies and procedures to counter fraud and corruption.
Operational risk	*Business change & integration*	Where the firm is undertaking a change initiative, there is the risk that planning or implementation of the change, including the integration of an acquired firm, is ineffective or fails to deliver the desired outcome. The impact of which may lead to unmitigated financial exposures. This risk can emerge if the business is too aggressive and unstructured within its change programme to manage project risks, resource capacity and capabilities to deliver business benefits. Failure may also result in adverse client outcomes, inefficiencies and economic cost or a reduction in the sustainability and effectiveness of the Company's operating model.A Business Change Management Committee is in place to oversee all change activities ensuring that the level of change remains reasonable and proportionate in the context of business nature and size, and any identified risks are mitigated prior to implementation.
	Business continuity	Business continuity risk is the risk that an internal or external event results in either failure or detriment to core business processes or services. The firm is exposed to interruption of services which may impact its ability of to conduct client business as a result of system failure, corruption or failure of network infrastructure, denial of access to premises, denial of services through a cyber security threat, cessation of a vendor or service provider, and failure in the firm's disaster recovery plan to address any particular incident. The firm has business continuity arrangements in place that are aligned with international standards to ensure and maintain resilience where a disruptive event was to occur.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Level 1 Risk	Level 2 Risk	Description
Operational risk	*Data security & Integrity*	Data security & integrity risk is the risk of a lack of integrity, inappropriate access to (or disclosure of) client or company sensitive information. This risk can arise from the firm failing to maintain and keep secure at all times sensitive and confidential data through its operating infrastructure, including activities of employees and cyber threats. Applicable information security and data privacy systems and controls have been put in place to manage and mitigate any exposure to this area of risk in accordance with industry standards and regulatory requirements.
	Fraud risk	Fraud risk is the risk of fraudulent action, either internal or external, being taken against the firm and its clients. This risk can arise from failures to implement appropriate management controls to detect or mitigate impropriety either within or external to the business and services provided. To mitigate this risk, all firm controls require segregation of duties and 4-eye checks were applicable. Furthermore, monitoring is undertaken across those areas considered to be of higher fraud risk.
	Legal risk	Legal risk is the risk of legal action being taken against the firm or failure to comply with legislative requirements resulting in financial loss and reputational damage. The risk can arise from inappropriate behaviour of individuals or from the inadequate drafting of the firm's contractual documentation. The firm has access to appropriate legal resources, internally and externally, to ensure all legal risks are mitigated.
	Outsourcing risk	Outsourcing risk is the risk that one or more third-party service providers fail to provide or perform outsourced services to standards expected by the firm, impacting the ability to deliver core services to its clients. This risk can arise due to significant unknown operational changes at key outsourced relationships, or material changes to their business model which affects their ability to provide the required services to the firm. The firm has implemented appropriate third-party risk management tools to ensure that adequate information across a number of risk areas, such as legal, regulatory, data processing, operational resilience, etc., is gathered on all outsource providers and vendors. Performance of outsource providers and vendors is reviewed and considered on a periodic basis by management.
	People risk	People risk is the risk of loss of key staff, lack of skilled resources and inappropriate employee behaviour or actions. These could lead to lack of capacity or capability threatening the delivery of business objectives or negative behaviours leading to complaints, regulatory action or litigation. This risk can arise across all areas of the business as a result of resource management failures or from external factors such as increased competition or material changes in regulation. Support is provided to the business through its Human Resources department to ensure all potential people risks are mitigated.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Operational risk	*Processing risk*	This is the risk that the design or execution of client / financial / settlement transaction processes (including dealing activity) are inadequate or fail to deliver an appropriate level of service and protection to client or company assets. This can arise due to failure of management to implement and control operational processes and systems to support the volumes of transactions processed on a daily basis. The effectiveness of systems and controls implemented to mitigate processing risk are assessed on a periodic basis through the risk & control self-assessment process. Where risk event reporting identifies weaknesses in controls, lessons learned and enhancements are considered and implemented on a timely basis.
Other risk	*Concentration risk*	The firm recognises the risk that it could be overexposed to one particular client relationship which could materially impact its financial performance if it was to lose that relationship. This risk may arise if the firm does not have adequate tools to monitor exposure to client relationships to ensure that the firm maintains a diverse client base. Management have monitoring tools in place to assess concentration exposure to particular clients or groups; enabling management to take appropriate action where required. The firm does not have any material concentration exposure beyond its business risk appetite.

In addition to the core risks outlined above, the firm is cogniscent of the macro-economic and poilitcal risks connected to high levels of inflation following the Covid-19 lockdowns and Russia's invasion of Ukraine.

With relation to the Russia and Ukraine conflict, the firm has assessed its exposure to Russian / Belarussian clients, securities and the location of outsourced service providers. The firm does not have any exposure to sanctioned individuals or entities. The firm's stockbroking services have a very limited exposure to Russian listed or connected securities within client portfolios which has little to no impact on firm performance. The firm has continued to operate in accordance with normal service levels. Any procedural changes for Russian listed or connected securities have been reported to clients.

On behalf of the Board

DocuSigned by:
Stephen Massey
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S. L. MASSEY
Director:
Date: 26/7/2022

Directors' Report

The directors present their Directors' Report for the Company for the year ended 31 March 2022.

Directors and officers

The individuals who held office during the year, together with dates of appointment or resignation as applicable are set out below:

D Esfandi
R Hallett (appointed 07.07.21)
S Massey
J McAleenan

The Company Secretarial role is performed by an employee of a fellow subsidiary undertaking of the Company.

Dividends

A cash dividend of £2.0m (*2021 - £11.5m*) was declared and paid by the Company to its immediate parent undertaking Canaccord Genuity Wealth Group Limited ("CGWGL").

Future developments

The Company's immediate priorities are to ensure it can continue to provide market leading performance in the current volatile share price environment. Looking further ahead it plans to broaden its client base as well as attract greater inflows from existing relationships.

Going concern

As referred to in the Strategic Report, prospects are to a degree uncertain due to the conflict in Ukraine. However the Company's current financial and capital position and financial forecasts enable the Board to satisfy themselves that the Company is able to remain profitable, maintain capital requirements and have sufficient cash resources in the event of a range of possible outcomes, including that of a severe revenue decline.

The Company generated net cash from operating activities of its continuing business of £6.4m (*2021 - £4.6m*). Net cash and cash equivalent resources were £15.8m (*2021 - £11.4m*) as at 31 March 2022.

From April 2022 stress test scenarios are undertaken as part of the Internal Credit and Risk Assessment ("ICARA") review and continue to be updated. These tests model the impact of a variety of external and internal events, identifying their impact on the Company's income, costs, cash flow and capital and enable the directors to assess management's ability to implement effective actions that can be taken to mitigate the impact of the stress events. Reverse stress tests are performed to ascertain what severe scenarios would render the Company's business model unviable.

The directors believe the Company is well placed to manage its business risk successfully. The Company's forecasts and projections, taking account of possible adverse changes in trading performance as a result of the current economic uncertainties show that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt a going concern basis for the preparation of the financial statements. In forming their view, the directors have considered the Company's prospects until at least 31 July 2023.

Directors' Report *(continued)*

Financial Risk Management

The impact of financial instruments on the affairs of the Company is described in the Strategic Report on pages 2 to 6 and also in note 18 to the financial statements.

The Company's principal activity of the provision of fund management services is conducted entirely in the UK and all its employees are located in the UK. Revenues for the year totalled £25.4m (*2021 - £18.7m*) and the average number of full-time employees was 20 (*2021 – 20*).

Return on assets

The return on assets for the year to 31 March 2022 is 55.6% (*2021 - 27%*) and is based on an operating profit of £9.1m (*2021 - £4.7m*) and £16.4m (*2021 - £17.3m*) of average total assets for the year.

Post balance sheet events

There have been no material events subsequent to the reporting date that would require disclosure.

Disclosure of Information to Auditor

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

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

The Company has elected to dispense with the obligation to appoint its auditor annually. Ernst & Young LLP have indicated their willingness to be reappointed and therefore are deemed to be reappointed for a further term.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and UK adopted International Accounting Standards. 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 judgments and estimates that are reasonable and prudent;
- state whether applicable law and UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

On behalf of the Board

DocuSigned by:
Stephen Massey
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Director
S. L. MASSEY

Date: 26/7/2022

Independent Auditor's Report to the members of Hargreave Hale Limited

Opinion

We have audited the financial statements of Hargrave Hale Limited for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21, 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.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its profit 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.

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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 twelve months to 31 July 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

Independent Auditor's Report to the members of Hargreave Hale Limited *(continued)*

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 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 directors' responsibilities statement set out on page 9, 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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report to the members of Hargreave Hale Limited *(continued)*

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the Companies Act 2006, UK adopted international accounting standards, relevant tax compliance regulations and certain regulations of the Financial Conduct Authority that may have an effect on the determination of the amounts and disclosures in the financial statements.

- We understood how the Company is complying with those frameworks by making enquiries of senior management and those charged with governance. We corroborated our understanding through our review of board meeting minutes and correspondence received from regulatory bodies.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by consideration of both the risks inherent in the business and the processes and associated controls over financial reporting. We designed a suite of tests to address these risks, including testing of a sample of journal entries. This assessment was supplemented via discussion with management and those charged with governance.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; a review of the breaches and complaints register; and enquiries of senior management.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ernst & Young LLP

Denise Davidson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 27/07/2022

Statement of Financial Position
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Deferred tax assets	10	46	253
Total non-current assets		46	253
Current assets			
Trade and other receivables	11	2,660	2,671
Cash and cash equivalents		15,800	11,397
Total current assets		18,460	14,068
Total assets		18,506	14,321
Liabilities			
Current liabilities			
Trade and other payables	12	(3,338)	(4,241)
Current tax liability		(1,389)	(1,834)
Total current liabilities		(4,727)	(6,075)
Net assets		13,779	8,246
Equity			
Share capital	14	1,000	1,000
Capital redemption reserve	15	137	137
Share based payment reserve	15	984	846
Retained earnings	15	11,658	6,263
Total equity		13,779	8,246

The notes on pages 17 to 32 form part of these financial statements.

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

DocuSigned by:
Stephen Massey
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Director: S. L. MASSEY
Date: 26/7/2022
Company number 03146580

Statement of Comprehensive Income

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue		25,418	18,718
Administrative expenses		(16,291)	(14,076)
Operating profit	4	9,127	4,642
Finance income	7	1	25
Profit before tax		9,128	4,667
Taxation	8	(1,733)	(948)
Profit after tax		7,395	3,719
Profit for the year		7,395	3,719
Total comprehensive income		7,395	3,719
Total comprehensive income		7,395	3,719

The notes on pages 17 to 32 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2022

	Note	Share capital £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2020		1,000	137	398	14,044	15,579
Changes in equity in 2021						
Comprehensive income						
Profit for the year		-	-	-	3,719	3,719
Total comprehensive income		-	-	-	3,719	3,719
Transactions with owners						
Equity based incentive scheme		-	-	448	-	448
Dividends - cash	16	-	-	-	(11,500)	(11,500)
Total transactions with owners		-	-	448	(11,500)	(11,052)
Balance at 31 March 2021 and 1 April 2021		1,000	137	846	6,263	8,246
Changes in equity in 2022						
Comprehensive income						
Profit for the year		-	-	-	7,395	7,395
Total comprehensive income		-	-	-	7,395	7,395
Transactions with owners						
Current tax on share awards recognised directly in equity	8	-	-	107	-	107
Deferred tax on share awards recognised directly in equity	10	-	-	31	-	31
Dividends - cash	16	-	-	-	(2,000)	(2,000)
Total transactions with owners		-	-	138	(2,000)	(1,862)
Balance at 31 March 2022		1,000	137	984	11,658	13,779

Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit Before tax		9,128	4,667
Adjustments for:			
Finance income recognised in profit	7	(1)	(25)
Increase in share option reserve		-	448
Decrease/(increase) in trade and other receivables		11	(848)
(Decrease)/increase in trade and other payables		(903)	745
Cash generated from operating activities		8,235	4,987
Taxation paid		(1,833)	(382)
Net cash generated by operating activities		6,402	4,605
Cash flows from investing activities			
Interest received	7	1	25
Net cash generated from investing activities		1	25
Cash flows from financing activities			
Dividends paid to the owners of the Company	16	(2,000)	(11,500)
Net cash used in financing activities		(2,000)	(11,500)
Net increase/(decrease) in cash and cash equivalents		4,403	(6,870)
Cash and cash equivalents at the beginning of the year		11,397	18,267
Cash and cash equivalents at the end of the year		15,800	11,397

Notes to the financial statements

1. Corporate information

Hargreave Hale Limited (the "Company") is incorporated in England and Wales, with its registered office at 88 Wood Street, London, EC2V 7QR. The nature of the Company's operations and principal activities are set out in the Strategic Report.

The financial statements are presented in pounds sterling, rounded to the nearest thousand (expressed as thousands - £000's), except where otherwise indicated.

2. Principal accounting policies

Basis of preparation
The financial statements have been prepared in accordance with applicable law and UK adopted International Accounting Standards. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities at fair value through the profit or loss.

Adoption of new or revised accounting standards
The Company did not implement the requirements of any other Standards or Interpretations that were in issue but were not required to be adopted by the Company at the year-end date.

Standards issued but not yet effective
No other Standards or Interpretations have been issued that are expected to have a material impact on the Company's financial statements.

Going concern
The Company's business activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows, capital and liquidity position are set out in the Strategic report on pages 2 to 6. In addition, note 18 includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

Due to the quality and flexibility of our people and the strengths of our business, our ability to attract and win new clients remains strong. As already set out in Strategic Report and Directors' Report, the Company operates from a position of robust financial health both from the viewpoint of cash and capital.

As at 31 March 2022, the Company's funds under management were slightly down on the prior year due to a decline in the markets. June 2022 shows funds under management of £4.46bn and net outflows of £324m due to a further downtown in the markets however the Company does not have concerns for the medium to longer term outlook.

Having performed this analysis management believes regulatory capital requirements will continue to be met and the Company will have sufficient liquidity to meet its liabilities until at least 31 July 2023 and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Notes to the financial statements *(continued)*

2. Principal accounting policies *(continued)*

Functional currency
The Company's financial statements are presented in pounds sterling which is also the Company's functional currency.

Translation of foreign currency transactions
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the exchange rate in effect at the reporting date. All differences upon translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling using historic rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates effective at the date when the fair value is determined.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Accrued Income
Fund management fees are calculated either daily, monthly or at the end of the calendar quarter and amounts receivable are unbilled revenue which are not dependent on future performance.

Financial Instruments
Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

(I) Financial assets
Initial recognition and measurement
Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is applied, the trade date being the date at which the Company commits itself to either the purchase or sale of the asset. Upon initial recognition, the Company classifies financial assets as either fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost.

Classification and subsequent measurement
(a) Financial assets classified as FVTPL
Financial assets are classified as FVTPL when they either fail the contractual cash flow test or are held in a business model in which the aim is to realise the asset's value through a short-term sale. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognised in the Statement of Comprehensive Income. The net gain or loss recognised in the Statement of Comprehensive Income includes any dividend or interest earned on the financial asset. The Company did not designate any financial assets upon initial recognition as fair value through profit and loss.

(b) Financial assets classified as FVOCI
The Company does not have any financial assets designated as FVOCI.

(c) Financial assets at amortised cost
The Company measures financial assets at amortised cost when they are held within a business model with the objective of collecting contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost comprise the Company's cash and cash equivalents and trade and other receivables.

Impairment of financial assets
The Company has adopted a forward-looking expected credit loss (ECL) approach in its assessment of the impairment of financial assets. The Company applies a simplified approach in calculating ECLs and does not track changes in credit risk but recognises a loss allowance based on lifetime ECLs at each reporting date. This utilises the Company's historic loss experience by age banding, adjusted for forward looking estimates and other considerations as applicable. Any losses are recognised in the Statement of Comprehensive Income.

Notes to the financial statements *(continued)*

2. Principal accounting policies *(continued)*

Financial instruments (continued)

(ii) Financial liabilities
Initial recognition and measurement
All financial liabilities are recognised initially at fair value and classified as either FVTPL or other financial liabilities.

Classification and subsequent measurement
(a) Financial liabilities classified as FVTPL
Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. The Company did not designate any financial assets upon initial recognition as FVTPL.

(b) *Financial liabilities classified as other financial liabilities*
After initial recognition, financial liabilities classified as other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income through the effective interest rate method of amortisation. Other financial liabilities include trade payables and accrued liabilities. The carrying value of other financial liabilities approximates their fair value.

(iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by referencing quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate and reliable valuation techniques. Such techniques may include recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; and discounted cash flow analysis or other valuation models. Valuation techniques may require the use of estimates or management assumptions if observable market data is not available. When the valuation technique is not considered as reliable, then the financial instrument is measured at cost.

(v) De-recognition of financial assets and liabilities
The Company de-recognises financial assets when the contractual rights to cash flows arising from a financial asset have expired, or it transfers the financial asset including substantially all of the risks and rewards of the ownership of the asset.

Revenue recognition
The Company's revenue is accounted for in accordance with the requirements of IFRS 15. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable and represents gross commission, investment management fees, other fees and income, excluding VAT, receivable in respect of the period. Commissions are accounted for on a trade date basis. Fees received are spread over the period over which the service has been provided. The revenue streams are considered in more detail below:

Notes to the financial statements *(continued)*

2. Principal accounting policies *(continued)*

Revenue recognition *(continued)*

Management fees
Investment management fees are generally billed in arrears based on a percentage of assets under management. Fees represent revenue earned over time under IFRS 15. Fee calculation reference dates correspond with the accounting reference date and accordingly income incorporated in the financial statements is not dependent upon future performance.

Other miscellaneous transactional charges
These include fees for making payments or transfers which are accounted for at the point the performance obligation is satisfied.

Dividends
The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Dividends are recognised directly in equity. When the Company transfers assets by way of a dividend in specie then the book value of the assets transferred is recognised as a reduction in equity.

Leased assets
For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date 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.

Notes to the financial statements *(continued)*

2. Principal accounting policies *(continued)*

Leased assets *(continued)*

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Current taxation
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, when the Company generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxation
Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognised directly against equity.

Notes to the financial statements *(continued)*

2. Principal accounting policies *(continued)*

Deferred taxation *(continued)*

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Value Added Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the tax authority. In these circumstances, sales tax is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of trade receivables or trade payables in the Statement of Financial Position.

Share based payments

The Company's parent, CGGI, has several share-based incentive plans which employees across the wider CGGI group may be eligible to participate in. Certain employees of the Company participate in these plans and receive some remuneration in the form of share-based payments, whereby employees render services in consideration for equity instruments of CGGI. As such share plans are under the control of CGGI, awards are accounted for as equity or cash settled by the Company. Further details are provided in note 17.

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards at the grant date. The Company estimates the number of equity instruments that will ultimately vest when calculating the amortisation expense. No expense is recognised for awards that do not ultimately vest.

Pension contributions

The Company operates a defined contribution scheme for all employees. The funds of the scheme are administered by trustees and are separate from the Company. The scheme has been operating since 1st October 1996. The Company's liability is limited to the amount of the contributions. Contributions to defined contribution schemes are recognised in the Statement of Comprehensive Income in the period in which they become payable.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Impairment of non-financial assets

Impairment may exist when the carrying value of an asset exceeds its recoverable amount. The Company assesses at each reporting date whether there is any indication that an asset may be impaired. Such an assessment will involve identifying the higher of the asset's disposal value or its value in use. A value in use assessment involves identifying the discounted cash flows attributable to the non-financial asset which are then compared to its carrying value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss can be reversed up to the lower of its recoverable amount and the carrying amount that would have resulted had no impairment been recognised in prior periods. Any reversal of impairment is recognised in the Statement of Comprehensive Income. Impairment losses relating to goodwill cannot be reversed in future periods.

Notes to the financial statements *(continued)*

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those of estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out below. From time to time management applies judgement in legal matters that may require provision or disclosure as a contingent liability. During the year there were no legal matters that required disclosure.

Going concern
Management have concluded that it is appropriate to prepare the financial statement on a going concern basis. The basis for this conclusion is set out in note 2, Going concern.

Share-based payments
The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments are disclosed in note 17.

Deferred tax assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profit. Refer to note 10.

4. Profit for the year

Profit for the year has been arrived at after charging:

£'000	2022 £'000	2021 £'000
Staff costs (note 5)	14,154	11,708
Auditors' remuneration		
- Fees payable to the Company's auditor for the audit of the company's annual accounts	65	68
- Fees payable to the Company's auditor for audit related assurance services	12	20

Notes to the financial statements *(continued)*

5. Staff numbers and costs

The number of persons employed by the Company (including directors) at year end, analysed by category, was as below.

	2022 Number of employees	2021 Number of employees
Business staff	18	16
Functional staff	3	4
Total staff	21	20

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	12,179	9,798
Share based payments	165	505
Social security costs	1,689	1,336
Other pension costs	121	69
Total staff costs	14,154	11,708

6. Directors Remuneration

	2022 £'000	2021 £'000
Salaries and bonuses and other short term employee benefits	1,902	226
Pension contributions	7	8
Total Directors' remuneration	1,909	234

A number of directors are also directors of other Group companies. No costs are borne by the Company for these directors as the directors believe that it is not practicable to apportion their time between their services as directors of the Company and their services as directors of other Group companies. Remuneration disclosed represents the costs incurred by the Company. One director was directly employed by the Company and began their position as a director in July 2021 replacing the previous director whose remuneration for the period April 2020 to February 2021 was £233,857.

Retirement benefits are accruing for one director (*2021 - one*) under a defined contribution pension scheme.

Notes to the financial statements *(continued)*

7. Finance income

	2022 £'000	2021 £'000
Interest income on cash and bank balances	1	25
Total finance income	1	25

8. Taxation

The tax charge on profits for the year was as follows:

	2022 £'000	2021 £'000
UK Corporation Tax at 19%	1,388	1,071
Tax credit to equity in respect of share scheme	107	-
Total current tax	1,495	1,071
Deferred tax charge/(credit)	238	(123)
Deferred tax expense/(credit)	238	(123)
Income tax expense	1,733	948

Income tax expense is attributable to:

	2022 £'000	2021 £'000
Income tax expense	1,733	948
Income tax expense	1,733	948

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the time apportioned tax rate applicable to profits as follows:

	2022 £'000	2021 £'000
Profits before taxation	9,128	4,667
Profit multiplied by the standard rate of tax in the UK of 19% (PY - 19%)	1,734	887
Tax effect of:		
- Tax effect of share awards	(1)	61
Tax charge for the year	1,733	948

Notes to the financial statements *(continued)*

9. Investment in subsidiaries

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company 2022	2021
Hargreave Hale Fund Management Limited	Dormant	England and Wales	100%	100%

The registered office of the above subsidiary is Talisman House, Boardmans Way, Blackpool, England, FY4 5FY. The subsidiary is valued at £1.

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	2022 £'000	2021 £'000
Deferred tax asset	46	253
Total deferred tax asset	46	253

Deferred income tax assets are attributed to the following:

	2022 £'000	2021 £'000
Employment compensation	46	253
Total deferred tax asset	46	253

Movements in deferred tax during the year

	2022 £'000	2021 £'000
Balance at the beginning of the year	253	130
Credit to equity for the year	31	-
(Charge)/credit to income in the year	(238)	123
Balance at the end of the year	46	253

The corporation tax rate will increase from 19% to 25% from 1 April 2023. Deferred tax has been recognised at the rate the deferred tax asset is expected to be realised. The Company has not recognised a deferred tax asset in respect of capital losses of gross £542,417 and net £103,059 (*2021- gross £542,417 and net £103,059*) since it is uncertain that these losses will be utilised. Capital losses can be carried forward indefinitely for offset against future capital gains.

Notes to the financial statements *(continued)*

11. Trade and other receivables

	2022 £'000	2021 £'000
Prepayments and accrued income	2,660	2,671
Total current trade and other receivables	2,660	2,671

12. Trade and other payables

	2022 £'000	2021 £'000
Amounts due to fellow subsidiary undertakings	100	42
Accruals and deferred income	3,238	4,199
Total current trade and other payables	3,338	4,241

Intercompany balances are unsecured, interest free and repayable on demand.

13. Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £121,840 *(2021 - £69,041).*

14. Share capital

	2022 £'000	2021 £'000
867,286 'A' ordinary shares of £1 each	867	867
132,714 'B' ordinary shares of £1 each	133	133
Total number of shares allotted, called up and fully paid	1,000	1,000

All shares are owned by Canaccord Genuity Wealth Group Limited and rank pari passu. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the financial statements *(continued)*

15. Other reserves and retained earnings

Capital redemption reserve
The capital redemption reserve of £137,148 *(2021 - £137,148)* arises from the purchase of 137,148 'A' ordinary shares of £1 each for a consideration of £100,000 in March 2007.

Share based payment reserve
The share based payment reserve £983,637 (*2021- £845,786*) represents the cumulative charge to the Statement of Comprehensive Income for certain equity-settled share-based payment schemes, as described in Note 17.

Retained earnings
The movements in retained earnings during the year were as follows:

	2022 £'000	2021 £'000
At beginning of the year	6,263	14,044
Profit for the year	7,395	3,719
Dividends paid	(2,000)	(11,500)
At end of the year	11,658	6,263

16. Dividends

Amounts recognised as distributions to equity holders of the Company in the year were as follows:

	2022 £'000	2021 £'000
Dividend - cash	2,000	11,500
Total dividend paid	2,000	11,500

17. Share based payments

On 1 June 2018, CGGI created a performance stock option ("PSO") plan that was approved at the parent CGGI Annual General Meeting held on 2 August 2018. On 14 June 2018 CGGI granted 200,000 options to a number of HHL employees. The options have an exercise price of C$6.73 per share.

For accounting purposes under IFRS 2, the grant date of the PSO's is 2 August 2018 being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest rateably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on pay-out value (i.e. the gain on the exercise of the options is limited to three times the exercise price). The PSO will expire on 14 June 2023

	2022 Number of PSO's	2022 Exercise price C$	2021 Number of PSO's	2021 Exercise price C$
Beginning of year	200,000	6.73	200,000	6.73
Exercised	(133,334)	6.73	-	-
End of year	66,666	6.73	200,000	6.73

Notes to the financial statements *(continued)*

17. Share based payments *(continued)*

Under IFRS 2, "Share Based Payments", the impact of market conditions, such as target share price upon which vesting is conditioned, should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modelling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made in the year ended 31 March 2022.

Dividend Yield	2.16%
Expected Volatility	40.92%
Risk-free interest rate	2.24%
Expected Life	4 years

The weighted average fair value of the PSOs awarded is C$1.93 per option. Compensation expense of £27,448 (*2021-£56,560*) was recognised for the year ended 31 March 2022.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a single measure of the fair value of the Company's PSOs.

Other Share Based Payment Plan

On 1 March 2019, the Company, along with certain other group companies entered into an equity incentive arrangement with a senior executive that matured on or before 31 March 2021, or at the executive's option, could be extended to 31 March 2022. In order to receive the full benefit of this scheme the executive must be employed by the Company at the maturity date of 31 March 2021 or the extension date of 31 March 2022 as applicable. The arrangement was modified to a cash-settled award and closed in 2021 and a compensation expense, excluding employer payroll taxes, of £448,501 was recorded based on the measurement period ended 31 December 2020.

18. Financial risk management

In conducting its business activities, the Company is exposed to a number of types of risk. The Company has assessed its risks and subdivided these into Principal Risk Categories. Each Principal Risk Category encompasses a set of risks that are similar in nature and therefore, require a similar approach.

The Board of Directors has overall responsibility for the establishment and maintenance of an appropriate control framework around these risks. The Board has defined, documented and annually reviews its risk appetite. A Committee structure, reporting to the Board, is in place to ensure that procedures, controls and limits are consistent with the stated risk appetite.

The most significant types of risk arising from the Company's activities and the methods by which such risks are managed are summarised in the Strategic Report. In this respect the Company and its staff adhere to the principles and rules of the Handbook of the Financial Conduct Authority ("FCA") with particular regard to the principles and rules relating to the adequate management of risk. This note provides further detail regarding Financial risks only.

The Company's Principal Financial Risk Categories are:

- Market Risk
- Interest rate Risk
- Currency Risk
- Credit Risk
- Liquidity Risk

Notes to the financial statements *(continued)*

18. Financial risk management *(continued)*

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised in respect of each class of financial asset and financial liability are disclosed in note 2 of the financial statements.

Categories of financial instruments held by the Company

	Carrying Value	Fair value	Carrying Value	Fair value
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Financial assets -non-current				
Deferred tax assets	46	46	253	253
Financial assets -current				
Trade and other receivables	2,660	2,660	2,671	2,671
Cash and cash equivalents	15,800	15,800	11,397	11,397
Total financial assets - current	18,460	18,460	14,068	14,068
Total financial assets	18,506	18,506	14,321	14,321
Financial liabilities current	4,727	4,727	6,075	6,075
Total financial liabilities	4,727	4,727	6,075	6,075

Carrying value for all financial assets and financial liabilities equates to fair value as carrying value is considered to be the best estimate of fair value.

Interest rate risk
The Company's exposure to interest rate risk is minimal and limited only to interest earned on cash balances. Interest received totalled £1,379 in 2022 (*2021 - £25,753*), as such any future changes in interest rates would have an immaterial impact on the Company.

Currency risk
The Company holds minimum levels of foreign currency and sells foreign currency income into sterling on receipt. Limits are in place restricting net exposure by currency. At the reporting date the Company had net currency exposure of £nil (*2021- £nil*).

Credit risk
The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from deposits with banks. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Credit risk exposure arising from the placement of deposits with banks is mitigated through the placement of funds with banks with high credit ratings of at least AA-.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

Notes to the financial statements *(continued)*

18. Financial risk management *(continued)*

Liquidity risk
Given the nature of the Company's business, the Company does not run any liquidity mismatches, financial liabilities are on the whole short term and the Company maintains sufficient cash resources to cover immediate non-trade liabilities. The table below has been drawn up based on undiscounted contractual maturities of the financial assets and liabilities:

	Weighted average interest rate	Less than one month	Greater than one month less than one year	Greater than one year	Total
		£'000	£'000	£'000	£'000
2022					
Financial Assets	Non-interest bearing	697	1,963	46	2,706
Financial Liabilities	Non-interest bearing	(1,892)	(2,835)	-	(4,727)
Cash and cash equivalents	Non-interest bearing	15,800	-	-	15,800
Net financial assets		14,605	(872)	46	13,779
2021					
Financial Assets	Non-interest bearing	2,639	32	253	2,924
Financial Liabilities	Non-interest bearing	(1,356)	(4,719)	-	(6,075)
Cash and cash equivalents	Non-interest bearing	11,397	-	-	11,397
Net financial assets		12,680	(4,687)	253	8,246

19. Related parties

Control
At the balance sheet date the immediate parent undertaking of the Company is Canaccord Genuity Wealth Group Limited a company registered in England and Wales. The ultimate parent of the Company is Canaccord Genuity Group Inc. a public corporation incorporated under the laws of British Columbia, Canada with its registered office at Suite 1000-840 Howe Street, Vancouver, British Columbia, Canada V6Z 2M1.

Transactions
During the year ended 31 March 2022 the Company paid dividends to its immediate parent company as detailed in note 16.

The Company enters into transactions with fellow subsidiary undertakings and other related parties. The principal relationships are:

The Company is charged by Canaccord Genuity Wealth Limited ("CGWL") an administration charge of £1,909,852 (*2021 - £856,585)* to cover premises and other costs that CGWL incurs on its behalf of the Company. At the year-end an amount of £72,587 (*2021-£42,496*) was due to CGWL in respect of these and other arrangements.

The Company is recharged for the PSO share scheme by its parent Canaccord Genuity Group Inc. ("CGGI"). The amount recharged for the PSO share scheme during the year was £27,448 (*2021 - £nil*). At 31 March 2022 an amount of £27,448 (*2021 - £nil*) was due to CGGI.

Key management compensation
Key management personnel are defined as the board of directors as these persons have authority for planning, directing and controlling the activities of the Company. Compensation and related incentive plans related to the directors is disclosed in Note 6 and 17 of these accounts.

Notes to the financial statements *(continued)*

20. Pillar three disclosures

These can be found on the Company's website: www.canaccordgenuity.com.

21. Post balance sheet events

There have been no material events subsequent to the reporting date that would require disclosure.