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Panmure Gordon Group Limited

Registered number 10593768

Annual report and accounts

31 December 2022

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COMPANIES HOUSE

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Directors and Advisers

Directors

M Dalman
H Fakhreddine
T Kacani
T C King
J S Lambert
R H W Morecombe
S Raimi
R T Ricci
B W Saunders
D I Schamis

Registered office

40 Gracechurch St
London
EC3V 0BT

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

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STRATEGIC REPORT

Introduction

In accordance with Section 414A of the Companies Act 2006, the directors of Panmure Gordon Group Limited (the 'Company') are pleased to present the strategic report on the progress and developments of the business of the Panmure Gordon Group of companies (the 'Group') for the year ended 31 December 2022, as well as an overview of its principal risks.

In this report we provide an assessment on the Group's performance for the year ended 31 December 2022 and discuss the outlook for the Group in 2023.

Principal Activities

The Group's principal activities are Investment Banking and Equities. Investment Banking includes Advisory, Equity Capital Markets, Corporate Broking, Growth Capital Solutions and Mergers & Acquisitions. Equities includes Research, Sales and Trading.

Business Review

2022 was a challenging year for the Group, navigating a difficult economic environment.

In 2022 revenues decreased by 43% to £27.6m (2021: £48.3m; 2020: £38.2m). The Group made a comprehensive loss for the year of £16.3m (2021: £3.1m profit; 2020: £5.5m loss).

Key to the strength of the Group's core business is its corporate brokership, NOMAD, trading and research relationships which have grown to 152 at the end of 2022 (2021: 137; 2020: 121).

The Company's non-compensation costs increased to £12.2m (2021 £10.8m). Operating expenses are £41.6m (2021: £42.5m).

The Group continues to deliver on its key objectives of focusing on its core business of Investment Banking and Equities to service clients.

The Board will continue to support the management team on implementing the Group's strategy while at the same time considering potential new strategic opportunities which would further strengthen the core business as they arise.

Financial Review

Statutory results for 2022 include revenues of £27.6m (2021: £48.3m), cost of sales of £1.7m (2021: £1.9m), total operating expenses of £41.6m (2021: £42.5m) and a loss after tax of £16.3m (2021: £3.1m profit). The net asset value of the Group at 31 December 2022 was £13.5m (2021: £26.5m).

Outlook

The Group is executing on the strategic transformation of the business while retaining and building on its corporate broking track record. The business remains adequately capitalised and continues to carefully manage its regulatory capital requirements and has achieved capital savings through the exit of the prime broking services business and other capital optimisation steps.

Multiple mandated transactions have been added to our Investment Banking pipeline. The business has continued to invest in its secondary trading business, adding incremental hires where appropriate. The Group will continue to build on the success of the new teams that were recently added to the business through strategic hires of individuals, teams, and acquisitions. The Board is positive about the outlook for its core UK equity capital markets and will continue to assess and execute on strategic opportunities which it expects to arise.

We have assessed the impact of the global macro-economic environment on the Group, including the conflict in Ukraine, and do not consider that it would result in a significant direct financial impact. The impact of the conflict on markets are actively monitored and managed by the business and management.

Risk Management

The Group has continued to strengthen its Risk function and risk management processes. Risk is managed on a prudent and conservative basis in line with the Board-approved Risk Appetite, which informs the level of risk appropriate to each part of the business and legal entity.

The Group is subject to capital requirements under the UK Capital Requirements Regulation ("CRR") and the Prudential sourcebook for Investment Firms ("IFPRU") of the FCA's handbook. The Group was previously required to complete the Internal Capital Adequacy Assessment Process ("ICAAP") on a consolidated basis. From 1st January 2022, the Investment Firm Prudential Regulation ("IFPR") came into force and replaces the previous ICAAP and Individual Liquidity Adequacy Assessment ("ILAA") with the Internal Capital Adequacy and Risk Assessment ("ICARA"). In addition, ICARA process consolidates recovery planning and wind-down planning into a single document. The Group has developed an ICARA governance framework to measure, monitor, report all material risks and adopt an efficient capital and liquidity planning process to ensure sufficient capital and liquidity resources are available to meet the usual business activities and any unforeseen contingencies.

The Risk function is independent from the business and reports directly to the CEO and the Board's Audit Risk and Compliance Committee. The key risk committees of the Group are the weekly Market and Credit Risk Committee and the monthly Operational Risk Committee.

The key risks of the Group are financial, market, credit, liquidity, operational, people, cyber security and data protection, regulatory and strategic. Details of the Group's financial risks can be found in Note 20 of the financial statements.

Operational Risk: The Group operates a three lines of defence operating model, designed to manage risk appropriately. The business forms the first line of defence, with Risk, Finance, Infrastructure and Compliance operating as the second line of defence and an outsourced Internal Audit as the third line of defence. An established Operational Risk Committee meets monthly to review existing, and pre-empt possible, operational risks. The Audit, Risk & Compliance Committee of the Board is updated on the status of identified risks at each meeting.

People Risk: The retention and development of our employees, as well as the ability to attract new talent is essential to maintain the Group's competitive advantage and the long-term success of the business. The Group believes in supporting and developing staff through formal annual performance review process which includes objective setting, half-year reviews and 360 feedback. There are also on-going development opportunities, internal training and a formal nomination process for promotions.

Cyber Security and Data Protection Risk: The Group places high priority on cyber security and data protection, including client data. The Group recognises that this is a fast changing and dynamic area which requires ongoing monitoring and control updates. The Group has invested in both staff, systems and support to ensure this challenge is met.

Regulatory Risk: The Group operates in a highly regulated environment and ensures it is compliant with all existing regulation as well as preparedness for upcoming changes to the regulatory environment.

Capital Resources

The Group's policy on capital management is to maintain a strong capital base. Further discussion on this can be found in Note 21. The Group complies with its regulatory capital requirements. The Group's ICARA is used to ensure the Group has sufficient capital for future business plans in both normal and stressed environments.

The Group raised £3.5m equity during the year (2021: £0.1m).

Board engagement with our stakeholders

The directors have considered section 172 of the Companies Act 2006 and are aware of their wider responsibilities not only to the Company and its members but also to a wider group of stakeholders. As a Group, we believe in forming strong, open and direct relationships with our key stakeholders, including clients, employees, regulators and suppliers.

Clients: The Board receives regular updates from senior management on the Group's interaction with clients.

Employees: The Board receives regular updates from senior management on various metrics and feedback tools in relation to employees. Senior management keep staff updated on major developments within the business and regularly meet with colleagues, inviting questions and feedback.

Regulators: The Board receives regular updates from senior management on engagement with our regulators. Senior management engages regularly in open, candid discussions with our regulators and prioritise meeting all necessary regulatory requirements.

Suppliers: Signed contracts with all major suppliers are in place and contractual obligations to all suppliers are met.

By order and on behalf of the Board of Directors.

T Kacani
Director
25 April 2023

40 Gracechurch St
London
EC3V 0BT

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DIRECTORS' REPORT

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

General information

The Company is a private company, limited by shares, incorporated in England and Wales. The Company's registered number is 10593768. The address of the registered office is 40 Gracechurch St, London EC3V 0BT.

See the strategic report on page 1 for details of the principal activities of the Group.

Results and dividends

The Group reported a loss on ordinary activities before taxation of £16.6m for the year (2021: £3.8m profit). The performance of the Group during the year is examined in the Strategic Report.

The Board does not recommend a payment of a dividend (2021: £nil).

Principal risks and risk management

The Group's principal risks and risk management is set out in the strategic report on page 2. Details of the Group's financial risks can be found in Note 20 of the financial statements.

Outlook

The outlook of the Group is detailed in the strategic report on page 1.

Directors

The directors who held office during the year and up to the date of signing (unless otherwise indicated) were as follows:

M Dalman
H Fakhreddine
T Kacani
T C King
J S Lambert
R H W Morecombe
S Raimi
R T Ricci
B W Saunders
D I Schamis

Going concern

The directors have formed a judgment, at the time of approving the financial statements, taking into account the available cash and liquid resources, the business forecasts for 2023 and 2024, and the economic environment, that there is a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future. Management has undertaken stress scenario analysis on the financial performance of the Group and determined that no additional financial support than already committed by investors, would be required under these stressed scenarios. For these reasons the directors 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 £5m capital from its investors by issuing 8.3m new ordinary shares at a subscription price of £0.60 each. 0.4m new ordinary shares were issued to its investors in February 2023 raising £0.3m. A further capital injection will be made by existing investors in the second quarter of 2023.

Prudential disclosures

The Group's Investment Firm Prudential Regime ("IFPR") disclosure document for 31 December 2022 is publicly available via written request to the Company Secretary at the registered office: 40 Gracechurch St, London EC3V 0BT.

Share capital

The share capital of the Company increased by £3.5m during 2022 through the issuance of ordinary shares to existing investors (2021: £0.1m).

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ESG Statement

The Group continues to put Environmental, Social and Governance ('ESG') considerations at the heart of our decision-making. During 2022, we made considerable progress in embedding this into our business. Highlights include:

- Our ***ESG Working Group***, drawn from amongst our own people, published the Group's first ESG policy during 2021. During 2022 we moved to integrating the policy into the business. The policy details our commitments to Environmental, Social and Governance issues, and are aligned to the United Nation's Sustainable Development Goals. The policy is also proportionate to our wider corporate governance controls and procedures.
- We are pursuing ***Carbon Neutrality*** by measuring Green House Gas ('GHG') Protocol emissions for Scope One, Scope Two and indirect carbon emissions relating to business travel in Scope Three. We have used this data to fully offset our carbon footprint relating to these specific emissions, using an accredited partner company, to ensure full disclosure and appropriate offset projects. Our main environmental impact lies in the indirect carbon emissions from the purchased heating and electricity used in our office. For 2022, the Group's office, based on the UK Government GHG Conversion Factors, consumed 15.40 tCO2e Scope 1 heating (2021: 16.28 tCO2e) and 57.66 tCO2e Scope 2 electricity (2021: 71.30 tCO2e), totalling 73.06 tCO2e (2021: 87.58 tCO2e) of energy. The indirect emission from business travel for 2022 is 53.51 tCO2e (2021: 33.78 tCO2e). The intensity measurement of tCO2e per FTE is 0.86 (2021: 0.87), based on the average number of employees of 147 (2021: 139). We continue to encourage cycling as a form of commuting, with storage and facilities made easily accessible. We offer the Cycle to Work Scheme which allows employees a tax-free loan to purchase the necessary equipment. We have also partnered with an external provider to offer a salary sacrifice scheme for Ultra Low Emission Vehicles. The Group continues to work with our facilities manager to find ways to reduce the Group's carbon footprint where practical. Recycling bins are provided for a range of materials in our office and we work with suppliers to minimise waste. Waste transfer notes are held, which ensures that there is a clear audit trail from when the waste is produced, until it is disposed of.
- The ***Diversity and Inclusion Committee*** has been created to drive our diversity, equity & inclusion ('DE&I') agenda with the purpose of making Panmure Gordon a more open, inclusive and equitable working environment for all our people. Initiatives throughout the year included:
  - We ran "Inclusive Leadership" training for our Senior Leadership Team ('SLT') to help embed inclusive management expertise;
  - We created our first DE&I Agenda which sets out our priorities over the next 12 months, and beyond;
  - We launched our mentoring programme to increase cross-functional collaboration;
  - DE&I questions were incorporated into our first firm-wide engagement survey;
  - We signed a partnership agreement with 'City Pay It Forward', a UK charity started by a group of finance professionals (and parents), who saw a gap in financial literacy in education and decided to work with schools to do something about it. What City Pay It Forward needs most is time, not money, and thus over the following year we will be working with them on various initiatives, such as work experience for A level students from disadvantaged backgrounds, career days, mentoring opportunities and investment competitions;
  - We established an annual charity partnership with the official partner being selected by our own people.
- ***Supporting clients*** Capital markets in both the UK and abroad are increasing their expectations that public companies, both new and existing, have strong ESG credentials. Throughout 2022 we partnered with exemplar ESG companies to raise capital. We have reinforced our ESG screening processes when taking on new clients to ensure they are both appropriate for the UK public markets and are consistent with our own ESG values.
- ***Mental Health support*** The COVID-19 pandemic created a spike in mental health cases and we are committed to supporting our people with this critical part of health and wellbeing. We are proud to offer Qwell and Kooth to our people and their dependents, both adults and children. Qwell provides three types of anonymous support for mental wellbeing:
  - Professional support 1-2-1 with accredited counsellors and emotional wellbeing practitioners
  - Personal self-help tools to manage personal mental health discreetly through easy-to-use online resources.
  - Community support in moderated, safe and supportive discussion forums

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Disclosures *As part of our strengthened governance, compliance and reporting procedures* we are fully in line with the 2006 Companies Act requirements, FCA reporting requirements and a full audit process in accordance with both International Standards on Auditing and the FRC's Ethical Standard.

Directors' indemnity arrangements

The Group has purchased and maintained on behalf of the Company 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 director's 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.

By order and on behalf of the Board.

T Kacani
Director
25 April 2023

40 Gracechurch St
London
EC3V 0BT

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

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 group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company 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 Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANMURE GORDON GROUP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Panmure Gordon Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise of the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity, the Company 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, and as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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 Group or Parent 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.

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Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of directors responsibilities in respect of the strategic report, 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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 in conformity with the requirements of the Companies Act 2006) as well as those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities.

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- 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 Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Timothy West
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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).

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Consolidated statement of profit and loss and other comprehensive income
for the year ended 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Turnover	*3*	27,637	48,286
Cost of sales		(1,704)	(1,882)
Gross profit		**25,933**	**46,404**
Operating expenses		(41,648)	(42,516)
Total operating (loss)/profit		**(15,715)**	**3,888**
Net interest expense	*9*	(870)	(119)
(Loss)/profit on ordinary activities before taxation		**(16,585)**	**3,769**
Taxation (charge)/credit	*10*	(127)	56
(Loss)/profit on ordinary activities after taxation		**(16,712)**	**3,825**
Discontinued operations	*27*	364	(720)
(Loss)/profit after taxation		**(16,348)**	**3,105**
Attributable to:			
Equity holder of parent		(16,348)	3,105
Other comprehensive income net of income tax:			
Debt instruments at fair value through other comprehensive income		22	2
Total comprehensive (loss)/profit for the year		**(16,326)**	**3,107**

All the activities of the Group are from continuing operations, apart from the prime services business, which ceased trading in May 2021. The Group has elected to disclose the post-tax loss relating to discontinued operations as a single amount. See Note 27 for a detailed disclosure on the discontinued operations.

The notes on pages 18 to 47 form an integral part of these financial statements.

Consolidated statement of financial position

as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Intangible assets	*11*	759	973
Goodwill	*11*	792	792
Property, plant and equipment	*12*	1,327	451
Deferred tax asset	*13*	63	174
Trade and other receivables	*16*	-	413
		2,941	**2,803**
Current assets			
Securities held for trading	*15*	6,405	9,135
Financial investments	*14*	2,770	3,793
Trade and other receivables	*16*	36,200	84,202
Cash and cash equivalents		4,826	8,613
		50,201	**105,743**
Total Assets		**53,142**	**108,546**
Current liabilities			
Securities held for trading	*15*	(3,688)	(4,098)
Trade and other payables	*17*	(19,790)	(77,470)
Overdrafts		(15,535)	-
		(39,013)	**(81,568)**
Non-current liabilities			
Deferred tax liability	*18*	(130)	(161)
Trade and other payables	*17*	(459)	-
Provisions	*22*	-	(274)
		(589)	**(435)**
Total Liabilities		**(39,602)**	**(82,003)**
Net assets		**13,540**	**26,543**
Capital and reserves			
Called up share capital	*23*	478	420
Share premium	*23*	81,936	78,524
Retained losses and other reserves		(68,874)	(52,401)
Total Equity		**13,540**	**26,543**

The notes on pages 18 to 47 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

Consolidated statement of changes in equity
for the year ended 31 December 2022

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

	Share capital £'000	Share premium £'000	Retained losses £'000	Other reserves £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2022	**420**	**78,524**	**(52,323)**	**(766)**	**688**	**26,543**
Total comprehensive loss for the year						
Loss for the year and movement on other reserves for the period	-	-	(16,348)	22	-	(16,326)
Other items recorded directly in equity						
Issue of shares	58	3,412	-	-	-	3,470
Share-based payments	-	-	-	-	(147)	(147)
Balance at 31 December 2022	**478**	**81,936**	**(68,671)**	**(744)**	**541**	**13,540**

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

	Share capital £'000	Share premium £'000	Retained losses £'000	Other reserves £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2021	**420**	**78,424**	**(55,428)**	**(768)**	**270**	**22,918**
Total comprehensive income for the year						
Profit for the year and movement on other reserves for the period	-	-	3,105	2	-	3,107
Other items recorded directly in equity						
Issue of shares	1	99	-	-	-	100
Share-based payments	-	-	-	-	418	418
Balance at 31 December 2021	**420 ***	**78,524 ***	**(52,323)**	**(766)**	**688**	**26,543**

** Numbers does not cast correctly due to rounding.*

The notes on pages 18 to 47 form an integral part of these financial statements.

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Consolidated statement of cash flows
as at 31 December 2022

	Note	**31 December 2022 £'000**	**31 December 2021 £'000**
(Loss)/profit on ordinary activities before tax		(16,585)	3,769
Finance income	*9*	(32)	-
Finance costs	*9*	902	-
Foreign exchange on capitalised shareholders loan		313	-
Depreciation	*12*	965	870
Amortisation	*11*	225	691
Change in operating assets		50,800	(56,281)
Change in operating liabilities		(57,871)	44,840
Change in other non-cash items		28	384
Discontinued operations	*27*	-	(720)
Utilisation of provision	*27*	(97)	(533)
Tax paid		(181)	(52)
Net cash used in operating activities		**(21,533)**	**(7,032)**
Investing activities			
Acquisition of intangible assets and property, plant and equipment	*11, 12*	(616)	(116)
Interest received		32	-
Sale of financial investments		1,367	485
Net cash (used in)/generated from investing activities		**783**	**369**
Financing activities	*30*		
Funds raised from shareholders	*23*	2,950	100
Overdrafts		15,535	-
Interest paid		(672)	-
Interest paid on lease liabilities		(23)	-
Lease repayments		(827)	(815)
Net cash generated from/(used in) financing activities		**16,963**	**(715)**
Net decrease in cash and cash equivalents		**(3,787)**	**(7,378)**
Cash and cash equivalents at the beginning of the year		8,613	15,991
Cash and cash equivalents at the end of the year		**4,826**	**8,613**

The notes on pages 18 to 47 form an integral part of these financial statements.

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Company statement of financial position
as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Non current assets			
Investment in subsidiaries	*25*	81,634	78,684
Current assets			
Amounts owed by subsidiary undertakings	*16*	13	167
Receivables	*16*	112	163
Cash and cash equivalents		1	32
		126	**362**
Total Assets		**81,760**	**79,046**
Current liabilities			
Payables: amounts falling due within one year	*17*	(87)	-
Accruals and deferred income	*17*	(42)	(19)
Amounts owed to subsidiary undertakings	*17*	(4,439)	(4,197)
Total Liabilities		**(4,568)**	**(4,216)**
Net assets		**77,192**	**74,830**
Capital and reserves			
Called up share capital	*23*	478	420
Share premium	*23*	81,936	78,524
Retained losses and other reserves		(5,222)	(4,114)
Equity shareholders' funds		**77,192**	**74,830**

The Company's loss for the year ended 31 December 2022 was £1,108k (2021: £260k loss).

The notes on pages 18 to 47 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

Registered number 10593768

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Company statement of changes in equity
for the year ended 31 December 2022

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

	Share Capital	Share premium	Retained Losses	Other Reserves	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	**420**	**78,524**	**(4,114)**	**-**	**74,830**
Total comprehensive income for the year					
Loss for the year	-	-	(1,108)	-	(1,108)
Other items recorded directly in equity					
Issue of shares	58	3,412	-	-	3,470
Balance at 31 December 2022	**478**	**81,936**	**(5,222)**	**-**	**77,192**

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

	Share Capital	Share premium	Retained Losses	Other Reserves	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	**420**	**78,424**	**(3,854)**	**-**	**74,990**
Total comprehensive income for the year					
Loss for the year	-	-	(260)	-	(260)
Other items recorded directly in equity					
Issue of shares	1	99	-	-	100
Balance at 31 December 2021	**420 ***	**78,524 ***	**(4,114)**	**-**	**74,830**

** Numbers does not cast correctly due to rounding.*

The notes on pages 18 to 47 form an integral part of these financial statements.

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Company statement of cash flows
as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Operating loss before tax		(1,108)	(260)
Finance costs		476	-
Foreign exchange on capitalised shareholders loan		313	-
Change in operating assets		51	(142)
Change in operating liabilities		110	(270)
Net cash used in operating activities		**(158)**	**(672)**
Investing activities			
Investment in subsidiary	*25*	(2,950)	(100)
Cashflow from subsidiary undertakings		396	597
Net cash (used in)/generated from investing activities		**(2,554)**	**497**
Financing activities			
Interest paid		(269)	-
Funds raised from shareholders	*23*	2,950	100
Net cash generated from financing activities		**2,681**	**100**
Net decrease in cash and cash equivalents		(31)	(75)
Cash and cash equivalents at the beginning of the year		32	107
Cash and cash equivalents at the end of the year		**1**	**32**

The notes on pages 18 to 47 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

The Group financial statements consolidate those of the Company and its subsidiaries (the 'Group'). Both the Group and the Company financial statements have been prepared in accordance with UK Adopted International Accounting Standards ('IASs') and applicable law and regulations. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from publishing its individual income statement, statement of other comprehensive income and related notes. The Company's loss for the year ended 31 December 2022 was £1,108k (2021: £260k loss).

The financial statements are prepared on the historical cost basis except for financial assets and liabilities classified as at fair value through the profit or loss ('FVTPL') or as at fair value through other comprehensive income ('FVOCI').

The accounting policies set out below have, unless otherwise stated, been applied consistently to the financial statements of the Group and the Company, for all periods presented in these financial statements.

Going concern

The directors have formed a judgment, at the time of approving the financial statements, taking into account the available cash and liquid resources, the business forecasts for 2023 and 2024, and the economic environment, that there is a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future. Management has undertaken stress scenario analysis on the financial performance of the Group and determined that no additional financial support than already committed by investors, would be required under these stressed scenarios. For these reasons the directors continue to adopt the going concern basis in preparing the financial statements.

Note 20 and 21 includes the Group'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.

Changes in accounting policies and disclosures

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

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and subsidiaries controlled by the Group, prepared to 31 December each year. Where an entity is governed by voting rights, the entity is a subsidiary when the Company holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the financial statements (continued)

1 Accounting policies *(continued)*

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.

Impairment of investment in subsidiaries

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 profit and loss.

Foreign currency

The functional and presentational currency of the Group and 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 other comprehensive income or in the income statement depending on where the gain or loss on the underlying item is recognised.

Revenue Recognition

The Group recognises revenue from the following major sources:

- Investment Banking – commission and retainer and other advisory fees from Investment Banking activities;
- Equities – fees for research, the execution of equity transactions and the trading in equities; and
- Gains/(losses) on Financial investments held at fair value – the fair value movements of financial assets which were received as consideration for corporate finance services rendered.

Revenue is measured based on the consideration specified in a contract with a customer. This revenue is largely recorded at a point in time when the Group has fully completed the performance obligations per the contract, with revenue from retainer and research fees being recognised over time as performance of those contractual obligations are on going throughout the period under contract.

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

Revenue includes the gains or losses arising from changes in the fair value of Financial investments held at fair value which were received as consideration for corporate finance services rendered. The initial fair value of financial assets received for services is recognised in Investment Banking at the fair value of the financial assets, and the gain and loss on subsequent re-measurement is recognised as gains or losses on Financial investments held at fair value.

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 for the year, using tax rates that have been enacted or substantively enacted by the year end date.

Notes to the financial statements (continued)

1 Accounting policies *(continued)*

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 is charged or credited either to profit or loss, or to other comprehensive income, following the treatment of the related item. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle 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 in the foreseeable future against which deductible temporary differences can be utilised.

Employee Benefits

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Contributions are recognised as an expense in the income statement as the employee renders the service.

Discretionary employee rewards

The Group has an employee performance related rewards program in which rewards are granted conditional upon certain discretionary criteria. The obligation period spans the current performance year, plus a further twelve-month period from date of payment, subject to employees' continuous employment with the Group, and the cost is spread over the vesting period.

Share-based payments

Equity-settled share options over the shares of Panmure Gordon Group Limited are granted to employees. The fair value of services received in exchange for these options are determined indirectly by reference to the fair value of the option granted, which is measured using the Black Scholes model. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

Share-based payments are recognised as expense in profit or loss with corresponding credit to equity, and allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market conditions are included in assumptions about the number of options expected to become exercisable. Where estimates are subsequently revised, the adjustment to cumulative share-based payments is recognised in the current year. The number of vested options ultimately exercised by holders does not impact the expense recorded.

Property, plant and equipment ('PPE')

PPE is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of PPE. The estimated useful lives are as follows:

i)	Fixtures and fittings	4 - 10 years
ii)	Furniture and office equipment	4 - 10 years
iii)	Computer and telephone equipment	3 - 10 years
iv)	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 profit and loss.

Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Intangible assets

Intangible assets are recognised when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. 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.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (regarded as cost). Thereafter, such assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The estimated useful lives of all intangible assets are as follows:

i)	Brand	10 years
ii)	Customer relationships	3-5 years
iii)	Software	5-10 years

Impairment of PPE and Intangible assets with a finite life

At each statement of financial position date, the Group 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 Group 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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. New and reversing impairment losses are recognised in profit and loss.

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Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit and loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of profit and loss and other comprehensive income on the acquisition date.

Impairment of Goodwill

Impairment tests on Goodwill are undertaken annually at the financial year end. Where the carrying value of Goodwill exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are recognised in profit and loss. An impairment loss recognised for Goodwill is not reversed.

Financial instruments

a. Recognition and initial measurement

Trade receivables and debt securities issued are recognised when they are originated. All other financial assets and financial liabilities are recognised when the relevant Group entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value. The carrying value of financial instruments recognised at amortised cost includes transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is recognised at the transaction price.

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Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Financial instruments (continued)

b. Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as at amortised cost; FVOCI – debt investment; or FVTPL, based on the following:

A financial asset is classified as at amortised cost if 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. This includes the Trade and other receivables and Cash and cash equivalents.

The debt investment, presented as Financial investments, is classified as at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as at amortised cost or FVOCI are classified as FVTPL, which includes the Securities held for trading and the Derivative assets.

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

Subsequent measurement and gains and losses

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

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

Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss.

Financial liabilities and equity

Financial liabilities are classified as either at amortised cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

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Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Financial instruments (continued)

Fair value measurement

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

c. Impairment

Expected credit losses ('ECLs')

ECLs are an estimate of credit losses based on probability of default and expected loss on default. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), and are charged to profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

The Group considers a financial asset to be in default when:

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

If there is no evidence of a significant increase in credit risk (i.e. the risk of default occurring) since origination; the asset is not credit-impaired; and the Group is not using the simplified approach for qualifying trade receivables permitted by the Standard, then a 12-month ECL is recognised. 12-month ECLs are the portion of ECLs that result from estimating probable default events only within the 12 months after the reporting date (or a shorter period if the expected life of the instrument or the exposure to credit risk is less than 12 months).

If there is evidence of a significant increase in credit risk since origination, or the asset is considered to be credit-impaired or the Group is using the simplified approach permitted for qualifying trade receivables, then a lifetime ECL is recognised. Lifetime ECLs result from estimating probable default events over the expected life of a financial instrument. Lifetime ECLs are discounted at the effective interest rate of the financial asset where the impact of the time value of money is considered material to the impairment loss recognised.

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

Credit-impaired financial assets

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

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Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Financial instruments (continued)

Application

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument.

The Group measures loss allowances for debt securities and bank balances for which credit risk has not increased significantly since initial recognition as a 12-month ECL.

The Group measures loss allowances for all other financial assets subject to ECLs at an amount equal to lifetime ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL., estimated using a provision matrix under the simplified method permitted by the IFRS 9 'Financial Instruments'. The matrix is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Write-offs

The gross carrying amount of an impaired financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Cash and cash equivalents

Cash and cash equivalents (including money market funds) 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 Group's treasury function are included as a component of cash and cash equivalents. Cash and cash equivalents are held at amortised cost in the statement of financial position.

Provisions and contingent liabilities

Provisions are recognised when the Group 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 Group 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.

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.

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Notes to the financial statements (continued)

1 Accounting policies *(continued)*

Leases

At lease commencement date, or date of transition, the Group recognises a right-of-use asset and a lease liability on the 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 the statement of financial position prior to adoption of IFRS 16 Leases.

The Group depreciates the right-of-use assets 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group 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.

Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of profit and loss and other comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

2 Critical accounting judgement and key sources of estimation uncertainty

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 these financial statements include the impairment review of goodwill and investment in subsidiaries and the recognition of a deferred tax asset.

Impairment review of goodwill and investments in subsidiaries

Investment in Goodwill and 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 reviews can be found in Note 11 and Note 25.

Deferred tax asset

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 Group will generate sufficient profits in the foreseeable future to realise the deferred tax assets. This is a matter of judgment and is reviewed at each reporting date. Management have taken the decision not to recognise a deferred tax asset in respect of taxable losses (refer Note 13). This decision will be reviewed again at the next reporting date.

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Notes to the financial statements (continued)

3 Turnover

The following provides an analysis of turnover by major activity:

	31 December 2022 £'000	31 December 2021 £'000
Investment Banking	16,098	29,705
Equities	11,441	17,436
Gains/(losses) on Financial investments held at fair value	98	1,145
	27,637	**48,286**

The gains or losses on Financial investments held at fair value are the fair value of financial assets which were acquired through the acquisition of subsidiaries or received as consideration for corporate finance services rendered. The initial value of financial assets received for services is recognised in Investment Banking turnover, and any gain and loss on subsequent re-measurement is recognised as gains or losses on Financial investments held at fair value.

The following provides an analysis of turnover by geographical location:

	31 December 2022 £'000	31 December 2021 £'000
United Kingdom	26,896	47,566
United States	741	720
	27,637	**48,286**

4 Operating expenses

(Loss)/profit before taxation is stated after charging:

	31 December 2022 £'000	31 December 2021 £'000
Staff costs (see Note 5)	29,473	31,703
Technology and information	4,803	4,668
Legal and professional	1,899	2,326
Amortisation of intangible assets (see Note 11)	225	691
Depreciation of property, plant and equipment (see Note 12)	965	870
ECL allowance on trade receivables (see Note 16)	1,037	287
Net foreign exchange loss	231	6

Notes to the financial statements (continued)

5 Staff numbers and costs

The number of persons employed by the Group (including directors) as at 31 December 2022 was 147 (2021: 143), consisting of professional and administration staff. The aggregate payroll costs of these persons were as follows:

	31 December 2022 £'000	31 December 2021 £'000
Professional and administration staff	25,852	26,681
Social security costs	2,657	3,661
Pensions (defined contribution scheme)	1,023	899
Share-based payments	(59)	462
	29,473	**31,703**

The Group operates a defined contribution pension scheme. At the balance sheet date, the Group had outstanding pension contribution liabilities of £138k (2021: £121k).

The average number of employees of the Group during the year was:

	2022	2021
Equities	67	65
Investment Banking	42	42
Other	38	32
Total	**147**	**139**

The Company did not have any employees or any paid directors throughout the reporting period.

6 Share-based payments

The Group recognised total income of £59k (2021: £462k expense) related to equity-settled share-based payment transactions in the year.

At the year end, the Group had 2,203,693 (2021: 3,261,985) share options outstanding. There were no options exercised during the year (2021: nil) and none forfeited (2021: nil). Options are forfeited if the employee leaves the Group before the options vest. The weighted average exercise price is £0.68. The aggregate of the estimated fair values of the options on grant date is £811k. These options vest over a period of 2 years. The inputs into the Black-Scholes model are: share price £0.77, risk-free rate 0.2% and expected volatility of 30%.

For a number of the options, the vesting conditions that needs to be met are non-market performance conditions that are tied to the future revenue and profit of the Group. During the year, the performance conditions were assessed against performance target and it was found that these conditions were not met.

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Notes to the financial statements (continued)

7 Directors' remuneration

The directors of the Company received £nil remuneration from the Company in their capacity as directors of the Company. The table below sets out the total remuneration for the directors of the Company received from the Group for the year.

	Emoluments 2022 £'000	Pension 2022 £'000	Loss of office 2022 £'000
Aggregate	867	4	-
Highest paid Director	356	4	-

	Emoluments 2021 £'000	Pension 2021 £'000	Loss of office 2021 £'000
Aggregate	2,954	4	-
Highest paid Director	1,616	4	-

8 Auditor's remuneration

Auditor's remuneration is analysed as follows:

	31 December 2022 £'000	31 December 2021 £'000
Fees payable to the Company's auditor for the audit of the consolidated annual report and accounts:		
Fees relating to current year payable	36	34
Fees payable to the Company's auditor for other services:		
Audit related services:		
Audit of the Company's subsidiaries - current year	226	231
Other services pursuant to legislation - current year	44	45
Total audit fees	**306**	**310**

9 Net interest expense

	31 December 2022 £'000	31 December 2021 £'000
Interest income	32	36
Interest expense	(879)	(80)
Interest unwind on lease liability	(23)	(75)
	(870)	**(119)**

Notes to the financial statements (continued)

10 Tax on 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/(charge) in period:		
UK corporation tax at 19.00% (2021: 19.00%)		
Current year tax credit/(charge)	-	-
Foreign tax	(48)	(102)
Deferred tax		
Prior year adjustments to deferred tax	-	-
Current year deferred tax (charge)/credit	(79)	158
Tax charge on profits/(losses) on ordinary activities	**(127)**	**56**
Factors affecting tax charge:		
Profit/(loss) on ordinary activities before tax	**(16,585)**	**3,769**
Profit/(loss) on ordinary activities multiplied by rate of UK corporation tax at 19.00% (2021: 19.00%)	3,151	(716)
Effects of:		
Expenses not deductible for tax purposes	(80)	(129)
Other non-taxable items	119	118
Permanent differences*	8	(12)
Capital gains differences	9	(16)
Unrecognised deferred tax asset	(3,251)	(2,223)
Tax expense related to prior year	46	-
Adjustment of deferred tax balances to corporate rate of 25%	(36)	3,501
Losses estimated	(94)	(365)
Foreign tax	1	(102)
Total tax charge	**(127)**	**56**

* Fixed asset difference included permanent difference

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.

Analysis of current tax recognised in consolidated statement of profit and loss:

	2022	2021
UK corporation tax (charge) / credit	(79)	158
Foreign tax	(48)	(102)
Total	**(127)**	**56**

Notes to the financial statements (continued)

11 Intangible assets and Goodwill

Intangible assets

	Computer Software	Equities customer relationships	Corporate broking customer relationships	Trade name	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2022	303	1,528	3,470	1,516	6,817
Additions	11	-	-	-	11
At 31 December 2022	**314**	**1,528**	**3,470**	**1,516**	**6,828**
Accumulated amortisation					
At 1 January 2022	(166)	(1,528)	(3,470)	(680)	(5,844)
Charge for the year	(74)	-	-	(151)	(225)
At 31 December 2022	**(240)**	**(1,528)**	**(3,470)**	**(831)**	**(6,069)**
Net book value					
At 31 December 2022	**74**	**-**	**-**	**685**	**759**

	Computer Software	Equities customer relationships	Corporate broking customer relationships	Trade name	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	482	1,528	3,470	1,516	6,996
Write down of fully amortised assets	(179)	-	-	-	(179)
At 31 December 2021	**303**	**1,528**	**3,470**	**1,516**	**6,817**
Accumulated amortisation					
At 1 January 2021	(275)	(1,528)	(3,000)	(529)	(5,332)
Charge for the year	(70)	-	(470)	(151)	(691)
Write down of fully amortised assets	179	-	-	-	179
At 31 December 2021	**(166)**	**(1,528)**	**(3,470)**	**(680)**	**(5,844)**
Net book value					
At 31 December 2021	**137**	**-**	**-**	**836**	**973**

The intangibles include customer relationships and trade name as part of the Panmure Gordon & Co Limited acquisition. Equities customer relationships were amortised over a useful life of 3 years and Corporate broking customer relationships over a useful life of 4 years, while trade name is amortising over a useful life of 10 years.

Notes to the financial statements (continued)

11 Intangible assets and Goodwill *(continued)*

Impairment review of Intangible assets

Intangible assets are reviewed for indicators of impairment at least annually. If an indicator is observed, the asset is evaluated for impairment, which requires significant management judgment in making a series of estimations, the results of which are highly sensitive to the assumptions used.

The Equities and Corporate Broking Customer Relationships intangible assets are fully amortised.

For the Trade Name, no indicators of impairment have been identified.

Goodwill

On 10 July 2020, the Group acquired 100% shareholding in Whitman Group Limited and its wholly owned subsidiary Whitman Howard Limited, and £0.8m was recognised as goodwill. The Goodwill was mainly attributable to the skills and talent of the workforce and the synergies that were expected to be achieved from integrating the businesses.

There were no additions (2021: none) and no impairments (2021: none) during the year.

Impairment review of Goodwill

The Group is required to test, on an annual basis, whether Goodwill has suffered any impairment. The recoverable amount is determined based on the value in use calculation.

The value in use is calculated by discounting management's cash flow projections covering a 5 year period, which 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.

The impairment review was performed based on the cash generating units which have been identified as the Investment Banking and Equities businesses. There is sufficient headroom between the recoverable amount and carrying amount at year end and no impairment was required for 2022.

A sensitivity analysis was performed on the growth and discount rates, and a marginal percentage change to either of these inputs would not result in an impairment.

Notes to the financial statements (continued)

12 Property, plant and equipment

	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)	(385)	(1,291)	(536)	(3,936)
Disposal of fully depreciated assets	2,437	-	1,368	-	3,805
Charge for the year	(761)	(15)	(91)	(98)	(965)
At 31 December 2022	**(48)**	**(400)**	**(14)**	**(634)**	**(1,096)**
Net book value					
At 31 December 2022	**694**	**6**	**258**	**369**	**1,327**

	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)	(332)	(1,107)	(476)	(3,066)
Charge for the year	(573)	(53)	(184)	(60)	(870)
At 31 December 2021	**(1,724)**	**(385)**	**(1,291)**	**(536)**	**(3,936)**
Net book value					
At 31 December 2021	**219**	**14**	**77**	**141**	**451**

Notes to the financial statements (continued)

12 Property, plant and equipment *(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 liability

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**

13 Deferred Tax Asset

	Short term provisions £'000	Property, Plant and equipment £'000	Total £'000
Balance at 1 January 2022	**49**	**125**	**174**
Movement during the year	(49)	(62)	(111)
Balance at 31 December 2022	**-**	**63**	**63**

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 £17.2m (2021: £12.8m) 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.

14 Financial investments

	31 December 2022 £'000	31 December 2021 £'000
Gilts	1,490	1,512
Financial investments held at fair value	1,280	2,281
	2,770	**3,793**

The Gilts are held by the Group for liquidity purposes. These assets are intended to be held for an indeterminate period of time and may be sold in response to needs for liquidity as part of the Overall Financial Adequacy Rule ("OFAR").

Financial investments held at fair value of £1,280k (2021: £1,059k) were acquired through the acquisition of subsidiaries. The securities received as consideration for corporate finance services rendered (2021: £1,222k), were disposed of during the year. These financial assets are equity securities, and do not form part of the trading portfolio.

Notes to the financial statements (continued)

15 Securities held for trading

	31 December 2022 £'000	31 December 2021 £'000
Assets		
Investment funds	4,324	5,145
Equities - long positions	2,081	3,990
Total	**6,405**	**9,135**
Liabilities		
Equities - short positions	(653)	(926)
Investment funds short positions	(3,035)	(3,173)
Total	**(3,688)**	**(4,098)**

16 Trade and other receivables

	Group 31 December 2022 £'000	Company 31 December 2022 £'000	Group 31 December 2021 £'000	Company 31 December 2021 £'000
Amounts falling due within one year				
Market receivables	29,200	-	75,652	-
Trade receivables	863	-	1,311	-
Other receivables, including loans to employees	486	-	340	-
Stock borrows	3,544	-	4,357	-
Prepayments and accrued income	2,107	112	2,542	163
Owed by subsidiaries	-	13	-	167
	36,200	125	84,202	330
Amounts falling due - more than one year				
Loans to employees	-	-	413	-

Trade receivables are non-interest bearing and generally have a 30 to 90 day term. Market receivables are short term balances arising from the provision of stock broking services. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

The allowance for ECLs on trade receivables is as follows:

The Group	31 December 2022 £'000	31 December 2021 £'000
Allowance for ECLs at 1 January	**(80)**	**(443)**
Utilised against bad debts written off	910	76
Provided during the period	(1,180)	(80)
Recoveries during period	143	367
Allowance for ECLs at 31 December	**(207)**	**(80)**

The ECL allowance for trade receivables of the Company was nil at 31 December 2022 (2021: £Nil).

Notes to the financial statements (continued)

17 Trade and other payables

Trade payables comprise amounts outstanding for trade purchases and on-going costs. No interest is charged on the outstanding balance. The directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

	Group 31 December 2022 £'000	Company 31 December 2022 £'000	Group 31 December 2021 £'000	Company 31 December 2021 £'000
Amounts falling due within one year				
Market payables	14,199	-	65,891	-
Trade payables	760	-	921	-
Other taxation, social security and VAT	722	-	956	-
Lease liability	282	-	331	-
Other payables	280	87	306	-
Accruals and deferred income	3,547	42	9,065	19
Owed to subsidiaries	-	4,439	-	4,197
	19,790	**4,568**	**77,470**	**4,216**
Amounts falling due - more than one year				
Lease liability	459	-	-	-
	459	-	-	-

18 Deferred tax liability

	31 December 2022 £'000	31 December 2021 £'000
Balance at 1 January 2022	**161**	**279**
Deferred tax liability charge	(31)	(118)
Balance at 31 December 2022	**130**	**161**

The deferred tax liability reflects the difference between the carrying value and the tax value of intangible assets recognised on acquisition of Panmure Gordon & Co Limited.

Notes to the financial statements (continued)

19 Financial instruments

The accounting policies in Note 1 describe how different classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following tables analyse the carrying amounts of the Group's financial assets and liabilities by category and by statement of financial position classification:

	31 December 2022			
	Fair value through profit or loss	**Fair value through OCI**	**Amortised cost**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets:				
Securities held for trading	6,405	-	-	6,405
Financial investments	1,280	1,490	-	2,770
Trade and other receivables	-	-	34,094	34,094
Cash and cash equivalents	-	-	4,826	4,826
Total financial assets	**7,685**	**1,490**	**38,920**	**48,095**
Financial liabilities:				
Securities held for trading	(3,688)	-	-	(3,688)
Trade and other payables	-	-	(16,242)	(16,242)
Overdrafts	(15,535)	-	-	(15,535)
Total financial liabilities	**(19,223)**	**-**	**(16,242)**	**(35,465)**

	31 December 2021			
	Fair value through profit or loss	**Fair value through OCI**	**Amortised cost**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets:				
Securities held for trading	9,135	-	-	9,135
Financial investments	2,281	1,512	-	3,793
Trade and other receivables	-	-	81,660	81,660
Cash and cash equivalents	-	-	8,613	8,613
Total financial assets	**11,416**	**1,512**	**90,273**	**103,201**
Financial liabilities:				
Securities held for trading	(4,098)	-	-	(4,098)
Trade and other payables	-	-	(68,405)	(68,405)
Total financial liabilities	**(4,098)**	**-**	**(68,405)**	**(72,503)**

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Notes to the financial statements (continued)

19 Financial instruments *(continued)*

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by hierarchy level:

	31 December 2022			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Securities held for trading - assets	6,096	309	-	6,405
Financial investments	1,715	1,055	-	2,770
Securities held for trading - liabilities	(3,638)	(50)	-	(3,688)

	31 December 2021			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Securities held for trading - assets	8,308	827	-	9,135
Financial investments	3,017	777	-	3,793
Securities held for trading - liabilities	(4,070)	(28)	-	(4,098)

Notes to the financial statements (continued)

20 Financial risk management

The Group's financial instruments comprise cash and cash equivalents, trading positions, derivative financial instruments, trade and other receivables and payables arising from operations. The Group has recognised the following financial risks arising from these financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Group does not trade in financial instruments other than marketable securities, which are traded as part of market making activities.

Market risk

Market risk is the risk that changes in market prices such as equity prices, interest rates and foreign currency exchange rates will affect the Group's income or the value of its holdings in financial instruments. The Group manages these risks within pre-approved limits, while seeking to optimise the return on risk.

i. Equity price risk

The activities of the Group directly expose it to changes in market prices and indices. The Group is exposed to equity market risk in respect of its equity holdings through the normal course of its market making and trading activities. Trading assets and liabilities are marked to market on a daily basis.

Equity risk is managed through approved stock and position limits. Single underlier and portfolio limits are in place and take account of such things as the average traded volume and market capitalisation of a specific stock. The trading system holds the market value of each trading position along with the holding value limit attributed to it. An embedded alarm within the trading system visually alerts management when the value of the individual trading positions passes 80% of the calculated limit. Calculated limits are monitored daily and independently by the Risk function. In addition, they are reviewed and updated periodically.

Segregation of the static data, input and amend functionality, within the trading system ensures that traders and order takers have no ability to amend stock limits. Amendments which reflect changes in the calculated limits can only be made upon instruction from Risk function. Approval of limit changes must be by both Risk and Trading Management.

The trading positions are reported to, and reviewed by, management on a daily basis and the Market and Credit Risk Committee every week. The Risk function establishes an acceptable level of maximum net long position based on current market conditions. Expected Shortfall ('ES') and Value at Risk ('VaR') are calculated daily to monitor potential losses on the trading books.

Sensitivity analysis
If the net value of securities held for trading as at 31 December 2022 were to increase by 10%, this would result in an increase in net assets and an increase in profit before tax of £279k (2021: £635k). A reduction of 10% would result in an equal reduction in net assets and decrease in profit before tax.

ii. Interest rate risk

In the trading books, the Group has no interest rate exposure as it does not hold fixed income securities such as bonds or interest rate swaps.

The Group holds short-dated UK government bonds (gilts) as part of its liquidity management to meet the IFPR's liquidity requirements. Those gilts have a duration less than one year and have minimal interest rate exposure. In addition, the Group is exposed to interest rates through its overdraft facility with the interest rate variable to the Bank of England rate. The Group dynamically manages its overdraft. For every 100bps increase in the Bank of England rate, the increase in interest payment on a £1m overdraft is £10k.

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Notes to the financial statements (continued)

20 Financial risk management *(continued)*

Market risk *(continued)*

iii. Foreign currency risk

The Group is exposed to transactional foreign currency risk, predominantly on USD and EUR payables to suppliers and receivables from clients, and cash held in foreign currency balances (mainly USD and EUR). The foreign exchange risk is minimal.

Credit risk

Credit risk represents the possibility that the Group will suffer a financial loss resulting from a counterparty failing to meet its contractual obligations. This risk arises principally from the settlement of equity trades carried out in the normal course of business. Credit risk is managed in a number of ways, namely:

- new client account opening procedures which include approval of all clients by the Chief Operating Officer or Head of Finance and Risk, and Head of Legal and Compliance;
- the general policy of dealing only with counterparties authorised by the FCA (or equivalent overseas regulators) or listed on a recognised investment exchange;
- entering in to netting agreements;
- The implementation of a firmwide credit risk framework and enhanced credit control with regard to pre-settlement counterparty credit exposure for delivery versus payment ('DvP') clients. This includes a Dealing Authority on Counterparty DvP Credit Risk;
- All trading counterparties are credit assessed when on-boarded and each is given an appropriate credit limit that is reported and monitored daily against their utilisations, and regularly re-assessed;
- Clear ownership of client accounts by the business units; and
- Clear escalation procedure regarding client credit assessment and client trading patterns. Any material deviations from a client's stated trading patterns are noted and discussed.

Credit limits are established for each trading counterparty based on their credit worthiness. Given that almost all trades are settled on a delivery versus payment basis and the vast majority of counterparties are highly rated financial institutions, the risk of non-settlement of trades is not considered by management to be significant. The risk to the Group of non-settlement is based on the stock price movement between trade date and settlement date and is monitored daily.

Where, in a small number of cases, a trade is executed Free of Payment, the Group will ensure that it has possession of either the stock or cash from the client before releasing assets.

There is a risk of non-payment of retainers by corporate clients; again, this is considered a low risk as the amounts involved are relatively small and overdue amounts are actively pursued. All outstanding receivables are reviewed monthly and when required, provisions are raised. All new corporate clients are reviewed at the New Business Committee and then subjected to a due diligence test.

The carrying value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as presented in the Group's statement of financial position.

Exposure to credit risk in respect of market receivables represents net credit exposure to market counterparties arising from the provision of stock broking services. The majority of Cash and cash equivalents are with four major financial institutions rated 'A' and above. Where Cash and cash equivalents are held at financial institutions rated below "A", the amount is lower than the threshold guaranteed for depositors in the relevant regulatory jurisdiction.

Notes to the financial statements (continued)

20 Financial risk management *(continued)*

Credit risk *(continued)*

A summary of the Group's exposure to credit risk for trade receivables by past due status, based on historic recoverability rates during the year, is as follows:

31 December 2022	Gross balances £'000	Allowance for ECL £'000
Not past due	544	(7)
Past due 31-60 days	57	(32)
Past due 61-90 days	346	(48)
Past due 91-120 days	21	(12)
Past due 121+ days	102	(108)
Total	**1,070**	**(207)**

31 December 2021	Gross balances £'000	Allowance for ECL £'000
Not past due	1,062	(29)
Past due 31-60 days	78	-
Past due 61-90 days	200	-
Past due 91-120 days	25	(25)
Past due 121+ days	26	(26)
Total	**1,391**	**(80)**

Liquidity risk

Liquidity risk is the risk that the Group has insufficient funds to meet its obligations as they fall due.

The Group manages liquidity risk by assessing cash-flows, and monitoring the Group's statement of financial position structure, its book of securities and liquidity asset buffer, taking action where necessary, in order to ensure the diversity and availability of funding sources.

The Group manages its funding liquidity risk through the following tools:

- monitoring of cash positions on a daily basis;
- control over ensuring timely settlement by trade debtors;
- control over timely settlement of market debtors and creditors;
- maintenance of its liquidity asset buffer.

Liquidity risk is controlled by a process that is designed to ensure that cumulative financing requirements are considered both in the short term and for the next year.

Notes to the financial statements (continued)

20 Financial risk management *(continued)*

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

As part of the Internal Capital Adequacy and Risk Assessment ("ICARA") process, the Group has performed a detailed analysis of the liquidity requirements and its liquid resources. The Group continuously monitors and forecasts the value of core and non-core liquid assets against the liquid requirements. This includes proactively managing the level of liquid assets which includes, but is not limited to, assessing up-to-date cash flow movements and forecasts to ensure the Overall Financial Adequacy Rule ("OFAR") is met at all times. Any breach of the OFAR will be reported to the FCA. As at 31st December 2022, no breach has been recorded.

The contractual maturities of financial liabilities (Note 19), excluding the effect of netting arrangements, were all less than one year. A maturity analysis of property lease liabilities is given in Note 12.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural. Operational risk is inherent in all of the Group's activities.

An established Operational Risk Committee (comprising senior management from all operational and front-line business areas) meets monthly to discuss current issues and to pre-empt future risks that arise within the Group's business. The Group operates a number of operational risk management processes including for example, maintaining an Operational Risk Register which tracks all identified operational risks where these are scored depending on their likely frequency of occurrence and potential impact on the Group. Also contained within the register are details of mitigation strategies and required actions to address the risk as the Group recognises that not all risks can be eliminated. Where risks are judged to be severe, the Group concentrates on putting stringent controls and mitigation strategies in place to reduce the likelihood of occurrence and impact magnitude of the possible risk to a minimum. The Audit, Risk and Compliance Committee of the Board is updated on the contents of the Group's risk register regularly. The register also feeds into the production of the ICARA.

The Group operates a Risk and Control Self-Assessment ("RCSA") process through which operational risks are proactively identified, assessed, monitored and reported to facilitate timely risk mitigation activities. The Group uses RCSA to proactively identify material operational risks and evaluating key controls that mitigate these risks. RCSA is a key tool that supports senior management decision making, enabling prioritisation and allocation of resources, to ensure significant weaknesses are proactively identified, continuously monitored and timely mitigated and the risk remains within the firm's risk appetite.

21 Capital Management

The Group'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 manages its risk profile and its capital resources with the objective of maintaining an excess and buffer over the Capital Resources Requirement. As part of the Internal Capital Adequacy and Risk Assessment ("ICARA") process, the Company undertakes a regular review of its capital requirements and own funds resources both for its own internal management needs and for regulatory compliance. The ICARA document is reviewed by the Audit, Risk & Compliance Committee of the Board and is approved by the Board itself. The Company complies with its capital obligations under Overall Financial Adequacy Rule ("OFAR").

The Company's regulatory capital is comprised solely of common equity ('Tier 1') which includes ordinary share capital and retained earnings. The Company had sufficient capital at year end to meet its regulatory capital requirements.

Notes to the financial statements (continued)

22 Provisions

	31 December 2021 £'000	31 December 2021 £'000
Balance at 1 January	274	807
Movement during the year	(274)	(533)
Balance at 31 December	-	**274**

The provision is recognised in respect of onerous supplier contracts for the prime services business transacted with subsidiary entity PrimeXtend Limited, see Note 27 for further detail. These contracts related to IT services and £97k was utilised during the year (2021: £533k). The remaining provision of £177k was released.

23 Called up share capital and share premium

Date	Share transaction	Allotted, called up and fully paid shares	Share capital £'000	Share premium £'000
As at 31 December 2021		**42,026,935**	**420**	**78,524**
On 30 November 2022	Issued ordinary shares of £0.01 each at a price of £0.60 per share	5,783,045	58	3,412
As at 31 December 2022		**47,809,980**	**478**	**81,936**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium. These investments support the Company and Group in its strategic investment ambitions.

The shares were issued on 30 November 2022 in a loan to equity conversion whereby the £2,950k received during 2022 was convérted to shares.

24 Contingent liabilities and commitments

Contingent liabilities

The Group had no material contingent liabilities at 31 December 2022 (2021: £nil).

Commitments

At 31 December 2022, underwriting commitments to clients, which are undertaken from time to time, totalled £nil (2021: £nil).

Notes to the financial statements (continued)

25 Investment in subsidiaries

Apart from its investment in Whitman Group Limited, with its wholly owned subsidiary Whitman Howard Limited, all other subsidiaries are held via the Company's direct shareholding in Panmure Gordon & Co Limited, which owns 100% of the ordinary share capital of the subsidiaries, unless otherwise stated.

	2022	2021
Cost and net book amount	**£'000**	**£'000**
At 1 January	78,684	78,584
Additions	2,950	100
At 31 December	**81,634**	**78,684**

During 2022, the Company acquired 3.0m additional ordinary shares in Panmure Gordon & Co Limited, for £1 each (2021: £0.1m Panmure Gordon & Co Limited).

As at 31 December 2022, details of the Group's subsidiaries, which are all included in the consolidated financial statements of the Group, are as follows:

Name of company	Principal place of business and country of incorporation	Nature of business
Whitman Group Limited	United Kingdom – A1	Holding Company
Whitman Howard Limited	United Kingdom – A1	Holds investments in securities
Panmure Gordon & Co Limited	United Kingdom – A1	Holding Company
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 (in liquidation)

[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

Impairment testing of investment in subsidiaries

At each reporting period end, the Company reviews its investment 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 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 its subsidiaries (2021: no impairment).

Notes to the financial statements (continued)

25 Investment in subsidiaries *(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

26 Related party transactions

During the year the Company reported the following related party transactions.

Intra-Company transactions with wholly owned subsidiaries

At 31 December 2022, the Company was due from subsidiaries Whitman Group Limited £12.8k (2021: £nil) and Panmure Gordon Securities Limited £nil (2021: £35k). The Company owed subsidiaries Panmure Gordon & Co Limited £2,325k (2021: £132k due), Panmure Gordon (UK) Limited £1,255k (2021: £3,334k) and Whitman Group limited £859k (2021: £864k). These loans are unsecured and repayable on demand.

Intra-Company transactions between subsidiaries

The Management recharge is levied on Panmure Gordon (UK) Limited by Panmure Gordon & Co Limited and Panmure Gordon Securities Limited and facilitates the recharge of certain direct operating costs incurred on a cost plus 10% basis.

There is a revenue and expense share agreement between Panmure Gordon (UK) Limited and Panmure Gordon Securities Limited.

Transactions with the investors

On 30 November 2022, the Company raised £3.5m of capital from existing investors through the issue of 5,783,045 ordinary shares of 1p each at a price of £0.60 per share. The shares were issued in a loan to equity conversion whereby the £2,950k received during 2022, accumulated interest and foreign exchange on the shareholders loan were converted to shares.

An investor extended a guarantee to Barclays in respect of the £5m overdraft facility. The terns of the agreement between the investor and the Company are on an arms-length basis.

Transactions with key management personnel

The compensation paid to key management is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	31 December 2022 £'000	31 December 2021 £'000
Short term employment benefits	762	2,573
Post-employment benefits	4	4
Other long-term employment benefits	(95)	381
Termination benefits	-	-
	671	**2,958**

Further information on director's remuneration, can be found in Note 7.

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Notes to the financial statements (continued)

26 Related party transactions *(continued)*

At 31 December 2022, the Group was due from a director in respect of an employee loan advanced £423k (2021: £413k).

During the year 2 directors (2021: 2) were accruing benefits under a long-term incentive scheme and no directors exercised share options in the year (2021: 0).

27 Discontinued operations

The post-tax loss on discontinued operations was determined as follows:

Result of discontinued operations	31 December 2022 £'000	31 December 2021 £'000
Revenue	-	540
Release of provision and accruals/(expenses) other than finance cost	364	(1,259)
Finance cost	-	(1)
Tax expenses	-	-
Profit/(loss) for the year	**364**	**(720)**

The statement of cash flow includes the following amounts relating to discontinued operations:

Statement of cash flow	31 December 2022 £'000	31 December 2021 £'000
Operating activities	(97)	(1,253)
Net cash utilised by discontinued operations	**(97)**	**(1,253)**

During 2020, the decision was made to terminate the prime services business PrimeXtend Limited. In February 2021 the clients and staff impacted by the closure were notified and the business ceased trading in May 2021.

A provision for onerous contracts was recognised in respect of a number of supplier contracts at 31 December 2020. These contracts related to IT services and £97k was utilised during the year (2021: £533k). The remaining provision of £177k was released.

£187k release of accruals was in respect of dormant entities which are in liquidation.

28 Events after the date of the statement of financial position

On 4 January 2023, the Company raised £5m capital from its investors by issuing 8.3m new ordinary shares at a subscription price of £0.60 each. 0.4m new ordinary shares were issued to its investors in February 2023 raising £0.3m. A further capital injection will be made by existing investors in the second quarter of 2023.

29 Ultimate parent undertaking

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

Notes to the financial statements (continued)

30 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	Shareholders loan	Total
	£'000	£'000	£'000	£000
	(Note 17)	(Note 17)	(Note 26)	
Balance at 1 January 2022	-	331	-	331
Cashflows	-	(827)	2,950	2,123
Non-cash flows				
- New leases	459	778	-	1,237
- Interest accruing in period	-	-	207	207
- Effects of foreign exchange	-	-	313	313
- Debt converted into equity	-	-	(3,470)	(3,470)
Balance at 31 December 2022	**459**	**282**	**-**	**741**