WALKER CRIPS
GROUP PLC

News Release

Walker Crips Group plc

Strong second half of year helps lift annual revenues by nearly 12% and assets under management and administration increase by 26.8%

Walker Crips Group plc ("Walker Crips", the "Company" or the "Group"), the financial services group with activities covering stockbroking, investment and wealth management services, announces audited results for the year ended 31 March 2017.

Highlights

- Group revenues increased by 12% to £29.2 million (2016: £26.1 million)
- Underlying operating profit, before tax and exceptional items, increased to £1,142,000 (2016: £651,000)
- Reported profit before tax decreased to £804,000 (2016: £944,000)
- Discretionary and advisory assets under management increased by 39.1% to a high of £3.2 billion (2016: £2.3 billion)
- Non-broking income as a percentage of total income remains steady at 61.7% (2016: 61.8%)
- Proposed final dividend increased by 1.6% to 1.29 pence per share (2016: 1.27 pence per share), bringing total dividends for the year to 1.87 pence per share (2016: 1.85 pence per share)
- Achieved £5bn AUMA target a year ahead of strategic objective
- Record turnover for second year in succession

David Gelber, Chairman, Walker Crips, says:

“The delivery of personal investment advice and investment management remains at the core of our approach as we looked to refine our client-focused strategy regularly during the year. Our aim is to increase shareholder value by growing revenue, improving efficiency and continuing to increase our dividend payments.

“We continue to advance the delivery of our strategy for growth in a fast-moving sector in which the pace of change in regulation and technology are a constant.

“In recent years we have achieved substantial growth, continuing to refine our strategy and business model to make further strides towards attaining our long-term strategic goals. We are now even more committed to increasing our service proposition through greater use of technology that is relevant to clients, intermediaries and our own advisers.”

For further information, please contact:

Walker Crips Group plc Tel: +44 (0)20 3100 8000
Geri Jacks/Bridgette Campbell, Media Relations

Four Broadgate Tel: +44 (0)20 3697 4200
Roland Cross/Anthony Cornwell

Cantor Fitzgerald Europe Tel: +44 (0) 20 7894 7667
Marc Milmo

Further information on Walker Crips Group is available on the Company’s website at www.wcgplc.co.uk

Chairman's Statement

This year has shown strong performances for the business, in which we have reached record highs and have concentrated on delivering initiatives to move forward with confidence into 2017/2018.

Overview of 2016/2017

The financial year ended 31 March 2017 can be split into two halves. In the first six months of the financial year, the uncertainty surrounding the run-up to the Brexit referendum and the subsequent challenging markets slowed revenue growth. This, coupled with a combination of non-recurring employment costs and growth-related development costs, saw our profitability fall well below our expectation. We saw a stronger performance, in the last six months, when improved market conditions favourably impacted by the result of the US presidential elections, helped increase both revenues and profit.

Importantly our assets under management and administration, a key metric of performance, continue to grow. Whilst we have recently experienced the benefits of more upbeat market conditions, the full ramifications of the negotiations on Brexit, together with the uncertainty arising from the outcome of the UK general election, have yet to emerge. Therefore, we will be monitoring developments closely in the interests of both shareholders and clients.

Dividend

In recognition of this year's progress, and notwithstanding the need to continue monitoring an increasing cost base, the Board is recommending a 1.6 % increase in the final dividend to 1.29 pence per share (2016: 1.27 pence per share). This increase in the dividend reflects the Board's confidence in the Group's long-term prospects and prudent use of available reserves.

Combined with the interim dividend of 0.58 pence per share (2016: 0.58 pence per share), the total dividend for the year is 1.87 pence per share (2016: 1.85 pence per share), a 1.1 % increase. The final dividend will be paid on 15 September 2017 to shareholders on the register at the close of business on 1 September 2017.

Strategy

The delivery of high quality personal investment advice and strong investment management capability remains at the core of our approach. As highlighted at the time of the interim results, we have sought to refine our client-focused strategy during the year to ensure premium service and integrity in all that we do for our clients. We aim to increase shareholder value by growing revenue, improving efficiency and continuing to increase our dividend payments.

We continue to advance the delivery of our strategy for growth in a fast-moving sector in which the pace of change in regulation and technology are a constant. Whilst preserving our healthy cash balance as a buffer for unforeseen events in these potentially turbulent times, we remain committed to providing a complete range of services through our core business of investment management and advice, not only to high net worth and mass affluent clients but also to clients with smaller portfolios. We also remain committed to our financial planning and wealth management division as we increasingly look to position ourselves favourably with intermediary professionals and their clients.

After four years of rapid expansion, including the corporate acquisition of Barker Poland Asset Management LLP in 2015, we are currently concentrating on successfully delivering the many continuing initiatives to deliver growth and satisfy increasing regulatory obligations. The Board is acutely aware of the demands our recent expansion has placed on our personnel, particularly the financial, compliance and operational teams in Romford, where we maintain investment and increase resources to mitigate the risks associated with growth.

Culture, Governance and the Board

By setting the right example at the top, the Board has prioritised the communication of good conduct and the appropriate culture across all who represent the Company. We expect all personnel to exemplify good culture and behaviour to achieve good outcomes for clients and market contacts. Those aspects which need to be cascaded down throughout the organisation are identified by implementing a formal process of measuring and reporting against suitable metrics. The executive directors and senior management, through daily contact with employees and associates alike, endeavour to demonstrate strong leadership and to be inspiring role models while providing effective supervision.

Directors, Account Executives and Staff

After another year of attracting new revenue generators to the group, and absorbing their additional investment business through transfers of clients and their assets, we would like to thank all our fellow Directors, Investment Managers and Advisers, and members of our operations team for their hard work and diligence in assisting in this process.

The Board and in particular the Executive Directors have undergone a year of structural change in the governance and oversight of the business. We reported last year the newly created role of Group Compliance Director into which Guy Jackson has made an effective contribution since joining in May 2016. After managing the York office profitably for over ten years, David Hetherton has taken retirement from his role as Executive Director, Wealth Management and we wish him well. Last year, Robert Elliott advised the Board of his intention to retire as Non-executive Director and also as Chairman of the Audit Committee and he will not be seeking to be re-elected to the Board at the forthcoming AGM. We will still benefit from his experience as a business leader and Chartered Accountant within our divisions. Clive Bouch, whom many colleagues will remember as a former partner with Deloitte LLP, has a long-standing relationship with the Company and we are delighted that he has joined the Board to serve as Chairman of the Audit Committee. His guidance, based on his recent relevant Board experience in several sectors of financial services, will be an invaluable asset to the Group.

Looking Ahead

In recent years we have achieved substantial growth, continuing to refine our strategy and business model to make further strides towards attaining our long-term strategic goals. We are now even more committed to increasing our service proposition through greater use of technology that is relevant to clients, intermediaries and our own advisers. Our willingness to innovate beyond our traditional business using our stable capital base is well established.

D. M. Gelber
Chairman
17 July 2017

CEO’s Statement

The year to 31 March 2017 saw a rise in annual revenue of 12 % to a record £29.2 million and underlying operating profit before tax and exceptional items of £1.14 million, an improvement of 75.4 % over last year, reflecting the continuing strength of our strategy for growth.

Overview

After a difficult first half, it is pleasing to report that the Group saw a rise in annual Revenue of 12 % to a record £29.2 million for the current full year. Profit before tax fell 14.8 % to £0.8 million from £0.94 million. However, when adjusted for exceptional administrative expenses and the prior year gain of £0.94 million on the sale of Euroclear shares, there was an underlying improvement of 49 % to £1.16 million from £0.78 million.

Notwithstanding the improvement, the Board and executive management remain focused on improving the gross margin, managing the administrative cost-base and maintaining revenue growth.

The market’s strength since September has demonstrated its resilience to the potential repercussions of the Brexit vote and also the surprise at the Trump victory in the USA. This strength, alongside inflows of new assets (being mainly client lists acquired during the year) has enabled our Assets under Management and Administration (AUMA) to grow by 26.8 % to a record high of £5.2 billion, with a corresponding positive effect on our portfolio managed revenues in our final quarter.

The proportion of less volatile non-broking income as a percentage of total income has remained steady at 61.7 % (2016: 61.8 %) and cash reserves of £7.69m (2016: £7.20m) have also been maintained.

Reconciliation of Profit before tax to Adjusted profit before tax

	2017 £000	2016 £000
Profit before tax	**804**	944
Exceptional items	**360**	778
Gain on Euroclear sale	**–**	(942)
Adjusted profit before tax	**1,164**	780

Reconciliation of Operating profit/ (loss) to Operating profit before tax and exceptional items

	2017 £000	2016 £000
Operating profit (loss)	**782**	(127)
Exceptional items	**360**	778
Adjusted operating profit	**1,142**	651

Statement of Financial Position

As at 31 March 2017, the Group’s financial position remains strong with a 6.6 % increase in the level of net assets to £21.8m (2016: £20.5m), including an increase in net cash held at the year end date of £7.69m (2016: £7.2m) despite higher dividend payments of £716,000 (2016: £657,000) and acquisition cash consideration payments of £1,098,000 (2016: £823,000).

Operations

Although we have seen an increase in administrative expenses and development expenses, a material proportion of which relates to exceptional items and development expenses associated with enhanced systems and controls for meeting higher client service levels and regulatory standards, costs were strictly monitored and headcount has been largely restricted to incoming revenue earners, their support teams and administrative sections directly affected by our growth.

During the last eighteen months our Executive Directors and Investment Managers have been heavily engaged in a major upgrading of our systems, monitoring and record-keeping in order to develop our own rising regulatory standards and those seen across our sector. This has led to a significant re-definition of the way in which we communicate with our substantial client base alongside a much greater use of technology. We are moving forward to complete the hard yards of this exercise imminently. The outcome is intended to reinforce our current offering to clients by continuing to build and maintain a closer and deeper understanding of each client's circumstances and requirements, thereby ensuring the suitability of the individual service being provided. We are hugely appreciative of our clients' continuing understanding throughout this time-consuming but important process, which should see a much improved premium service delivered to our clients. We firmly believe it will underpin our prosperity with a stronger foundation to ensure a company-wide emphasis on good client outcomes in a manner aligned with our culture. The costs associated with these developments and improvements were recorded mainly in the prior year and in the first half of the current financial year.

Preparations are well underway to meet the challenges posed by the UK's adoption of the European Parliament's MiFID II Directive. We continue to fully support and reinforce Financial Conduct Authority ('FCA') guidance on its drive to ensure that advice given to clients by our account executives is suitable, well-explained and properly recorded.

Encouragingly, following its acquisition in March 2015, Barker Poland Asset Management LLP (BPAM) has delivered its second full contribution to our results above our expectations which has helped our stated aim of materially increasing the proportion of our revenues earned as fees, rather than through transaction-driven commissions. This is a key performance indicator reflecting the changing shape of the business from traditional stockbroking to an increasingly integrated investment and wealth management model.

Investment Management

The Group's assets under management have grown to record levels. We recognise the growing importance of scale, which gives clients and market participants a degree of reassurance of the security of their assets and the strength and stability of the organisation. With total Assets Under Management and Administration (AUMA) at the year end standing at a high of £5.2 billion (31 March 2016: £4.1 billion), our target of £5bn AUMA by 2018 has already been achieved with £10bn being a realistic milestone for the future.

Discretionary and Advisory Assets Under Management (AUM) at the year end were £3.2bn (31 March 2016: £2.3bn). This pleasing increase resulted partly from the inflow of AUM from the clients of new Advisers and Investment Managers, alongside transactional revenue and positive investment markets. Commission income from broking and investment activity showed a strong recovery in the second half of the year, after a poor first half that had been negatively affected by Brexit. Net investment management fees signalled growth on the back of new AUM and portfolio values increased by 5.1 % to £8.2m (2016: £7.8m).

Gross revenues from the Investment Management division increased by 14.4 % during the period to £27.0m (2016: £23.6m), which contributed to this segment's significantly improved reported result compared to the previous year. Management believe that the scope for additional expansion continues to be a realistic prospect. The new and meaningful increase in the annual ISA allowance from £15,240 to £20,000 provides an incentive to clients to continue investing into our ISA wrapper enabling income and capital gain to remain tax free. The number of new ISA subscriptions this year was higher by 9.7 %, alongside a similarly impressive increase for Junior

ISAs of 16.8 % . Assets under management within our ISAs soared by 26 % to £764 million from last year's £600 million.

The Structured Investments division has produced an excellent year of results for investors with many 'kick-out' style products maturing early with healthy gains against a backdrop of strong equity market performance. Despite a financial year dominated by political uncertainty, re-investment rates amongst investors have remained strong. Our competitive range of structured investment products continues to garner strong support amongst the financial adviser community, enabling us to broaden our client base and assets under management.

In addition, our Alternative Investments management team delivered substantial growth in revenues and funds under management through the Tier 1 (Investor) Visa Investment Programme and Short Term Lending (property financing) mandates. The equity arbitrage desk continues to perform well, delivering even greater profitability compared to last year.

Wealth Management

Our Wealth Management division, run from York, continues to be driven by a focused management team and a highly qualified team of Advisers, who provide a committed, quality service to a growing client base.

Complementing this division, our Ebor Pensions business administers Self Invested Personal Pensions (SIPP) and Small Self- Administered Schemes (SSAS), along with a small number of Funded Unapproved Retirement Benefit Schemes (FURBS).

AUMA of the combined divisions within our Wealth Management arm increased to £514 million (2016: £501 million). Turnover from Wealth Management fell slightly reflecting the shift towards taking lower recurring fees as opposed to higher initial revenue and this has contributed to the lower reported result for this segment compared to the previous year. However, a degree of cost cutting and growth in on-going activity has led to an anticipated improvement in profitability at the start of the current calendar year. There has been a pleasing continuation of this in the opening weeks of the new financial year.

Outlook

In keeping with our plans for expansion, we are finalising the move of our London head office to new more modern, high quality premises within central London before the end of 2017.

Trading activity in the opening weeks of the new financial year has continued the positive momentum seen in the last quarter of the year ended 31 March 2017 and your Board correspondingly looks to the immediate future with greater optimism, albeit tempered by potential political challenges and geopolitical headwinds.

Despite the present threat to political stability caused by the recent outcome of the UK general election and the significant demands we face from our continuing regulatory initiatives over the next 18 months, it is our emphasis on integrity, service and good customer outcomes which will drive our public profile and competitive positioning to deliver underlying growth in the next phase of the Group's development.

R. A. FitzGerald FCA
Chief Executive Officer
17 July 2017

Consolidated income statement

year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Revenue	3	**29,215**	26,070
Commission payable		**(10,009)**	(8,433)
Share of after tax profits of joint ventures		**12**	10
Administrative expenses – other		**(18,076)**	(16,996)
Administrative expenses – exceptional items	5	**(360)**	(778)
Total administrative expenses		**(18,436)**	(17,774)
Operating profit/(loss)		**782**	(127)
Analysed as:			
Operating profit before tax and exceptional item		**1,142**	651
Administrative expenses – exceptional items	5	**(360)**	(778)
Operating profit/(loss)		**782**	(127)
Gain on disposal of available-for-sale investments	6	**–**	942
Investment revenues		**24**	131
Finance costs		**(2)**	(2)
Profit before tax		**804**	944
Taxation		**(196)**	(149)
Profit for the year attributable to equity holders of the Company		**608**	795
Earnings per share			
Basic	7	**1.56**	2.11
Diluted	7	**1.56**	2.11

Consolidated statement of comprehensive income

year ended 31 March 2017

	2017 £'000	2016 £'000
Addition/(reversal) of revaluation of available-for-sale investments	**–**	(959)
Reversal of deferred tax charge on revaluation of available-for-sale investments	**–**	192
Net loss recognised directly in equity	**–**	(767)
Profit for the year	**608**	795
Total comprehensive income for the year attributable to equity holders of the Company	**608**	28

Consolidated statement of financial position

year ended 31 March 2017

	Group 2017 £'000	Restated Group 2016 £'000	Restated Group 2015 £'000
Non-current assets			
Goodwill	**4,388**	4,388	4,388
Other intangible assets	**8,294**	7,992	6,631
Property, plant and equipment	**836**	841	1,110
Interest in joint ventures	**40**	28	28
Available-for-sale investments	**68**	57	2,417
	13,626	13,306	14,574
Current assets			
Trade and other receivables	**52,179**	38,799	28,332
Financial assets held for trading	**1,086**	1,237	2,701
Cash and cash equivalents	**7,729**	7,257	6,635
	60,994	47,293	37,668
Total assets	**74,620**	60,599	52,242
Current liabilities			
Trade and other payables	**(51,402)**	(36,572)*	(27,685)*
Current tax liabilities	**(288)**	(117)*	(215)*
Deferred tax liabilities	**(308)**	(512)*	(736)*
Bank overdrafts	**(35)**	(77)	(134)
Shares to be issued – deferred consideration	**(366)**	(912)	(298)
	(52,399)	(38,190)*	(29,068)*
Net current assets	**8,595**	9,103*	8,600*
Long-term liabilities			
Deferred cash consideration	**(372)**	(1,556)	(1,930)
Shares to be issued	**–**	(218)	(453)
Dilapidation provision	**–**	(132)	–
	(372)	(1,906)	(2,383)
Net assets	**21,849**	20,503*	20,791*
Equity			
Share capital	**2,826**	2,595	2,545
Share premium account	**3,502**	2,279	1,988
Own shares	**(312)**	(312)	(312)
Retained earnings	**11,165**	11,273*	11,135*
Revaluation reserve	**–**	–	767
Other reserves	**4,668**	4,668	4,668
Equity attributable to equity holders of the Company	**21,849**	20,503*	20,791*

* Amounts have been restated and are explained further in Note 9.

Consolidated statement of cash flows

year ended 31 March 2017

	2017 £'000	2016 £'000
Operating activities		
Cash generated/(used) by operations	**2,883**	(1,119)
Tax paid	**(229)**	(120)
Net cash generated/(used) by operating activities	**2,654**	(1,239)
Investing activities		
Purchase of property, plant and equipment	**(499)**	(247)
Net sale of investments held for trading	**151**	1,464
Net sale proceeds/cost of available-for-sale investments	**–**	2,044
Consideration paid on acquisition of client lists	**(1,098)**	(810)
Deferred consideration paid on acquisition of subsidiary	**–**	(13)
Dividends received	**4**	54
Interest received	**20**	85
Net cash (used)/ generated by investing activities	**(1,422)**	2,577
Financing activities		
Dividends paid	**(716)**	(657)
Interest paid	**(2)**	(2)
Net cash used by financing activities	**(718)**	(659)
Net increase in cash and cash equivalents	**514**	679
Net cash and cash equivalents at beginning of year	**7,180**	6,501
Net cash and cash equivalents at end of year	**7,694**	7,180
Cash and cash equivalents	**7,729**	7,257
Bank overdrafts	**(35)**	(77)
	7,694	7,180

Consolidated statement of changes in equity

year ended 31 March 2017

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption £'000	Other £'000	Revaluation £'000	Retained earnings £'000	Total equity £'000
Restated* equity as at 31 March 2015	2,545	1,988	(312)	111	4,557	767	11,135	20,791
Reversal of revaluation of available-for-sale investments	–	–	–	–	–	(959)	–	(959)
Reversal of deferred tax charge on revaluation of available-for-sale investments	–	–	–	–	–	192	–	192
Comprehensive income for the year	–	–	–	–	–	–	795	795
Total comprehensive income for the year	–	–	–	–	–	(767)	795	28
Contributions by and distributions to owners								
Dividends paid	–	–	–	–	–	–	(657)	(657)
Issues of shares on acquisition of intangibles and as deferred consideration	50	291	–	–	–	–	–	341
Total contributions by and distributions to owners	50	291	–	–	–	–	(657)	(316)
Restated* equity as at 31 March 2016	2,595	2,279	(312)	111	4,557	–	11,273	20,503
Total comprehensive income for the year	–	–	–	–	–	–	608	608
Contributions by and distributions to owners								
Dividends paid	–	–	–	–	–	–	(716)	(716)
Issue of shares on acquisition of intangibles** and as deferred consideration	231	1,223	–	–	–	–	–	1,454
Total contributions by and distributions to owners	231	1,223	–	–	–	–	(716)	738
Equity as at 31 March 2017	**2,826**	**3,502**	**(312)**	**111**	**4,557**	**–**	**11,165**	**21,849**

* Equity as at 31 March 2015, restated Note 9.

** The acquisition of intangibles includes the deferred taxation at 20% arising on consolidation.

Extract from Statement of Directors' Responsibilities

Pursuant to Rule 4 of the Disclosure Guidance and Transparency Rules, each of the Directors, whose names and functions are listed on page 24 of the Annual Report and Accounts confirm that, to the best of their knowledge:

- The Group Financial Statements have been prepared in accordance with IFRSs as adopted by the EU and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The Annual Financial Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

D Gelber
Chairman
17 July 2017

Notes to the Accounts

year ended 31 March 2017

1. Basis of preparation of financial statements

The financial information set out in these financial statements does not constitute the Group's statutory accounts for the years ended 31 March 2017 and 2016.

The statutory accounts for 31 March 2017 to which these non-statutory accounts relate have not been delivered to the registrar of companies.

The auditor's report has been signed and was unqualified.

This preliminary announcement is based on the Group financial statements which are prepared in accordance with IFRS.

2. **Going concern**

The Group continues to maintain a robust financial position. Having conducted detailed cash flow and working capital projections and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, the Board is satisfied the Group is well placed to manage its business risks adequately; and that it will be able to operate within the level of its current financing arrangements and regulatory capital limits imposed by our regulator, the Financial Conduct Authority (FCA). Accordingly, the Board continues to adopt the going concern basis for the preparation of the financial statements.

3. Revenue

An analysis of the Group's revenue is as follows:

	2017 Broking income £'000	**2017 Non-broking income £'000**	**2017 Total £'000**	2016 Broking income £'000	2016 Non-broking income £'000	2016 Total £'000
Stockbroking commission	**11,194**	**—**	**11,194**	10,007	—	10,007
Fees and other revenue*	**—**	**15,795**	**15,795**	—	13,632	13,632
Investment Management	**11,194**	**15,795**	**26,989**	10,007	13,632	23,639
Wealth Management	**—**	**2,226**	**2,226**	—	2,431	2,431
Revenue	**11,194**	**18,021**	**29,215**	10,007	16,063	26,070
Net investment revenue	**—**	**22**	**22**	—	129	129
Total income	**11,194**	**18,043**	**29,237**	10,007	16,192	26,199
% of total income	**38.3**	**61.7**	**100.0**	38.2	61.8	100.0

* Includes Investment Management, Structured Investments, Alternative Investments.

4. Segmental analysis

For segmental reporting purposes, the Group currently has two operating segments, Investment Management, being portfolio based transaction execution and investment advice and Wealth Management, being financial planning and pension advice. Unallocated corporate expenses, assets and liabilities are not considered to be allocable accurately, or fairly, under any known basis of allocation and are therefore disclosed separately.

The investment management division activities focus predominantly on investment management of various types of portfolios and asset classes.

The wealth management division provides advisory and administrative services to clients in relation to their financial planning, life insurance, inheritance tax and pension arrangements. These divisions, both of which conduct business in the United Kingdom only, are the basis on which the Group reports its primary segment information.

2017	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2017 £'000
Revenue			
External sales	26,989	2,226	29,215
Result			
Segment result	2,420	72	2,492
Unallocated corporate expenses			(1,710)
Operating profit			782
Gain on disposal of available-for-sale investments			–
Investment revenues			24
Finance costs			(2)
Profit before tax			804
Tax			(196)
Profit after tax			608

2017	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2017 £'000
Other information			
Capital additions	497	2	499
Depreciation	486	18	504
Statement of financial position			
Assets			
Segment assets	67,362	2,213	69,575
Unallocated corporate assets			5,045
Consolidated total assets			74,620
Liabilities			
Segment liabilities	51,623	738	52,361
Unallocated corporate liabilities			410
Consolidated total liabilities			52,771

2016	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2016 £'000
Revenue			
External sales	23,639	2,431	26,070
Result			
Segment result	987	165	1,152
Unallocated corporate expenses			(1,279)
Operating loss			(127)
Gains on disposal of available-for-sale investments			942
Investment revenues			131
Finance costs			(2)
Profit before tax			944
Tax			(149)
Profit after tax			795

2016	Restated Investment Management £'000	Wealth Management £'000	Restated Consolidated year ended 31 March 2016 £'000
Other information			
Capital additions	231	16	247
Depreciation	497	19	516
Statement of financial position			
Assets			
Segment assets	52,131	1,963	54,094
Unallocated corporate assets			6,505
Consolidated total assets			60,599
Liabilities			
Segment liabilities	39,137*	543	39,680*
Unallocated corporate liabilities			416
Consolidated total liabilities			40,096*

*Amounts have been restated and are explained further in Note 9

5. **Administrative expenses – exceptional items**

As a result of its materiality the Directors decided to disclose certain amounts separately in order to present results which are not distorted by significant exceptional events.

	2017 **£'000**	2016 £'000
Costs incurred on suitability project	**(58)**	778
Exceptional employment-related costs	**418**	—
	360	778

During the period to 31 March 2016, and as disclosed in the prior year, the Group incurred substantial legal and professional adviser costs of an exceptional nature to improve its regulatory control framework in relation to suitability of advice given to clients.

In the year to 31 March 2017, £58,000 of the estimated costs provided in the prior year were not required and therefore have been reversed. In the year to 31 March 2017, the Group also incurred significant legal fees and other costs in connection with employment matters of an exceptional nature.

6. **Gain on disposal of available-for-sale investments**

Net gains comprise:

	2017 **£'000**	2016 £'000
Gain on disposal of available for sale investments	_	942

There were no gains or losses on the disposal of investments in the current period.

During the period to 31 March 2016, the Group disposed of its holding of 1,809 shares in Euroclear plc realising a gain of £942,000. Due to their level of materiality and one-off nature, the Board has decided to disclose this item separately

7. **Earnings per share**

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £608,000 (2016: £795,000) and on 38,974,002 (2016: 37,678,525) Ordinary Shares of $6^{2}/_{3}$ pence, being the weighted average number of Ordinary Shares in issue during the year.

8. **Contingent liability**

During the year, two Group companies, Walker Crips Group plc (WCG) and Walker Crips Stockbrokers Limited (WCSB), received draft proceedings in respect of a potential claim, from a former listed corporate client of Keith Bayley Rogers & Co (KBR), a former subsidiary of the Group.

The corporate client alleges that its former Executive Chairman and his associates misappropriated assets of £5.6 million from it between 2010 -2014 and used these assets to purchase and sell shares in the client through the brokerage of WCG, WCSB and KBR. The client asserts that WCG and WCSB acted dishonestly to assist the Chairman to perpetrate the alleged fraud and was party to an unlawful means conspiracy to cause it loss. It is also claimed that WCG, WCSB are vicariously liable for any wrongdoing on the part of KBR. The potential quantum of the claim is in excess of £1 million. The claims are strenuously denied by the Directors and the Directors consider the claim to be without any merit, as supported by a legal opinion obtained by WCG and WCSB, which advises that the claims are "weak". A detailed response denying liability for the claims was submitted to the client's representatives in December 2016. The Directors have heard nothing further from the former KBR client since then.

9. **Prior year adjustment**

An adjustment has been made to retained earnings brought forward at 1 April 2015 to reflect unused holiday entitlement costs of £148,000 at 31 March 2015 together with the tax impact of £29,000 and reducing retained earnings by £119,000 as at 31 March 2015 and 2016. Movements in the liability since are considered immaterial and there is therefore no impact to profit before tax for subsequent years.