Ravenscroft

Annual Report & Consolidated Financial Statements
2022

CONTENTS

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RAVENSCROFT HOLDINGS LIMITED (THE "COMPANY")[1]

DIRECTORS

CURRENT DIRECTORS
(collectively referred to as the "Directors" or "the Board")

D C Jones
(Non-Executive Chairman)

C D Barling
(Senior independent Non-Executive Director)

R A Hutchinson
(Independent Non-Executive Director)

M T Kingston
(Independent Non-Executive Director)

R A Collenette
(Non-Independent Non-Executive Director)

J R Ravenscroft
(Group Chief Executive Officer)

M L C Bousfield
(Group Managing Director of Investments)

B M O'Mahoney
(Group Finance Director)

R J Newbould (appointed 10 October 2022)
(Group Managing Director of Operations)

COMPANY SECRETARY

D J McGall (resigned 5 April 2023)
(Group Company Secretary)

S J Wright (appointed 5 April 2023)
(Group Company Secretary)

REGISTERED OFFICE

PO Box 222
20 New Street
St Peter Port
Guernsey
GY1 4JG

TISE LISTING SPONSOR

Carey Olsen Corporate Finance Limited
Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

INDEPENDENT AUDITOR

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4ND

[1] Ravenscroft Holdings Limited and its subsidiaries (together the "Group" or "Ravenscroft")

BUSINESS AND FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER 2022

RECURRING REVENUES INCREASED BY **10%** TO **£27.39m**

£625m NET ASSETS INTRODUCED BY **NEW CLIENTS**[1]

LAUNCH OF A NEW FUND, **RAVENSCROFT GLOBAL SOLUTIONS FUND**

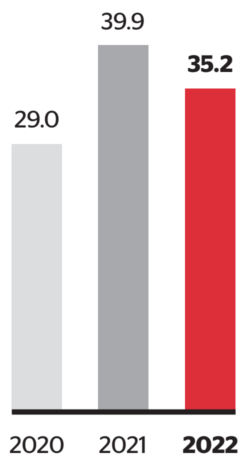
EXCLUDING MARKET MOVEMENTS, ASSETS UNDER ADMINISTRATION (“AUA”) INCREASED BY **9%**[2]

THE BOARD OF DIRECTORS DECLARED A FINAL DIVIDEND OF **16p** PER SHARE

[1] Assets from new clients less assets from lost clients.
[2] For details of all AUA movements see pages 12 and 13.
[3] The Board evaluates the performance of the Group using the trading profit disclosed above, as the Board believes that this provides period to period comparability before the effects of the amortisation of client relationships, share based payment schemes and other extraordinary events are recognised.
[4] Total dividend for 2022 consists of the interim dividend of 11p and the final dividend of 16p.

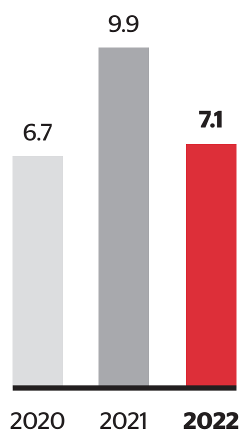
Revenue (£'m)

£35.2m



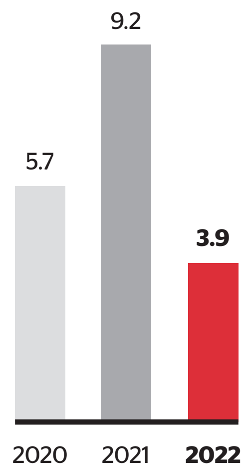
Trading profit[3] (£'m)

£7.1m



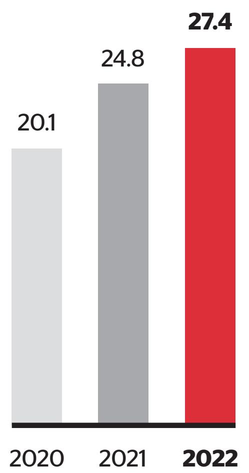
Profit before tax (£'m)

£3.9m



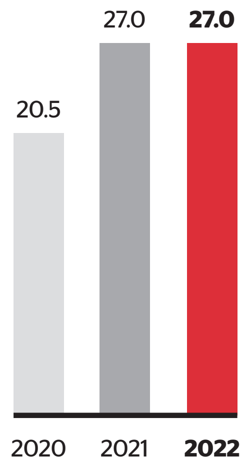
Recurring revenue (£'m)

£27.4m



Total dividend[4] (p)

27.0p



AUA (£'bn)

£8.6bn

Financial Calendar

2023

27 April 2023	Dividend declaration date and publication of the Annual Report & Consolidated Financial Statements 2022
28 April 2023	Ex-dividend date
2 May 2023	Dividend record date
12 May 2023	Dividend payment date

THE BOARD OF DIRECTORS

YEAR ENDED 31 DECEMBER 2022

Dominic Jones

Non-Executive Chairman

Tenure: 8 years*

Board committees:
Nomination,
Remuneration (Chairman)

Dominic holds a degree in law from the University of Bristol and was admitted to the English Bar in 1987 and the Paris Bar in 1992. He started his career in 1988 with Slaughter and May, and after a period in investment banking with Morgan Stanley joined Mourant, where he was a partner of Mourant Equity Compensation Solutions. He also held senior group board positions at leading European private equity fund administrators IPES and Alter Domus. In 2010, he joined his family's business, JPRestaurants, and holds the position of Chief Executive Officer. Dominic is an independent Chairman of the General Partner of a leading Nordic private equity fund and a former council member of the National Trust for Jersey. He was appointed to the Ravenscroft Limited Board on 18 March 2014 and subsequently appointed Chairman of the Ravenscroft Holdings Limited Board on 8 July 2021. Dominic is a member of the Nomination Committee and is Chairman of the Remuneration Committee.

Christopher Barling

Senior Independent
Non-Executive Director

Tenure: 4 years

Board committees:
Audit, Nomination
(Chairman), Remuneration

Chris holds a first class honours degree in computer science from Brunel University and has over 40 years' IT industry experience. For eight years he was a Non-Executive Director of Hargreaves Lansdown plc, latterly as Senior Independent Director and Chairman of the Remuneration Committee. He was the co-founder of Actinic Software Limited, a software company specialising in e-commerce solutions for SMEs. Chris specialises in product development and digital business with current directorships including Powered Now Ltd, which provides software and services for small trade companies, and The Bot Platform Limited, which develops chatbots for large companies. He was appointed to the Ravenscroft Holdings Limited Board as a Non-Executive Director and Chairman of the Nomination Committee on 1 September 2018. Chris is also a member of the Remuneration and Audit Committees.

Robert Hutchinson

Independent
Non-Executive Director

Tenure: 4 years

Board committees:
Audit (Chairman),
Nomination, Remuneration

Rob qualified as a Chartered Accountant in 1990 and spent 28 years with KPMG. He led the firm's fund and private equity practices for seven years and served as Head of Audit for KPMG in the Channel Islands for five years until 2013. Rob retired from practice in 2014. He is a Fellow of the Institute of Chartered Accountants in England and Wales and has served as President of the Guernsey Society of Chartered and Certified Accountants between 2007 and 2009. Rob now holds several non-executive directorships including a board position on the Guernsey Sports Commission LBG, a registered charity. He was appointed to the Ravenscroft Holdings Limited Board as a Non-Executive Director and Chair of the Audit Committee on 1 November 2018 and is also a member of the Nomination and Remuneration Committees.

Theresa Kingston

Independent
Non-Executive Director

Tenure: 2 years

Theresa joined the Ravenscroft Holdings Limited Board in June 2021 with more than 30 years' experience in the financial services industry. She was the first full-time employee of Hargreaves Lansdown, leaving for a short period in the mid 1980s to widen her experience by working in the marketing department of Abbey Unit Trust Managers in the City of London. On return to Hargreaves Lansdown, Theresa undertook a variety of operational, administration, marketing and strategic roles, ultimately becoming the Group Marketing Director. Theresa is Chair of Trustees for the Bristol Sport Foundation Charity and holds a degree in politics from the University of Bristol.

* Includes tenure of Ravenscroft Limited and Ravenscroft Holdings Limited

Richard Collenette

Non-Independent
Non-Executive Director

Tenure: 2 years

Board committees:
Audit, Nomination,
Remuneration

Richard was appointed to the Ravenscroft Holdings Limited Board on 25 March 2021 as a Non-Independent Non-Executive Director of the Company to represent the interests of the Lansdown family office, Pula Limited. He was educated at Elizabeth College in Guernsey and obtained a degree in accounting and financial studies from the University of Exeter. Richard is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Deloitte in 2003. He went on to be a Finance Director within a US listed group gaining exposure to the stringent requirements of the Sarbanes-Oxley Act over internal controls and corporate governance. Richard has worked for Pula Limited since 2016, firstly as Chief Financial Officer and, more recently, as Chief Executive Officer. During 2021 he was appointed as member to the Audit, Nomination and Remuneration Committees.

Jon Ravenscroft

Group Chief
Executive Officer

Tenure: 17 years*

Jon founded Ravenscroft in 2005. He has more than 30 years' experience in stockbroking. Jon started his career in stockbroking in 1983 as a trainee dealer at Sheppards & Chase and then spent a short time in the Isle of Man before returning to Guernsey to establish a stockbroking office that is now Canaccord Genuity Wealth (International) Limited (formerly Collins Stewart (CI) Limited). He was educated at Elizabeth College in Guernsey and Millfield School in the UK. Jon is a Fellow of the Chartered Institute for Securities and Investment ("CISI").

Mark Bousfield

Group Managing Director
of Investments

Tenure: 6 years*

Mark joined Ravenscroft in 2008, having previously been head of discretionary portfolio management at Brewin Dolphin Limited, Guernsey. Prior to that, he worked at Matheson Securities Limited and Credit Suisse (Guernsey) Limited. Mark was educated at Elizabeth College, Guernsey and the University of Leeds where he studied geography and politics. He is a Fellow of the CISI, having completed the CISI Diploma, and also a Chartered Wealth Manager.

Brian O'Mahoney

Group Finance Director

Tenure: 7 years*

Brian joined Ravenscroft as Group Finance Director in July 2015 having previously worked at Legis Group where he performed a similar role. He was instrumental in steering Legis Group through its initial management buyout and subsequent industry sales. Prior to Legis, Brian worked at Kleinwort Benson for 13 years, ultimately becoming Chief Financial Officer for the Channel Islands, a role he held for a number of years. Brian is a Fellow of the Institute of Chartered Accountants in Ireland and holds a finance based MBA from Manchester Business School.

* Includes tenure of Ravenscroft Limited and Ravenscroft Holdings Limited

THE BOARD OF DIRECTORS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

Robin Newbould

Group Managing Director of Operations

Tenure: <1 year

Robin co-founded Ravenscroft with Jon Ravenscroft in 2005. He has been Chief Operating Officer since July 2021 and was appointed Managing Director of Operations during 2022. During his first spell with Ravenscroft he headed up the Jersey office before leaving to set up BullionRock; which specialised in the selling and storage of gold, silver, platinum and palladium. In 2017, BullionRock (now Ravenscroft Precious Metals Limited) was acquired by the Group and Robin rejoined the business. He previously served as a Non-Executive Director for The International Stock Exchange and is a Fellow of the Chartered Institute for Securities and Investment.

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2022

Dominic Jones

Chairman

A backdrop of war, population displacement and widespread political unrest, paired with rapidly rising interest rates, supply chain issues and fears around inflation has left markets reeling. During the past year, bond and equity markets collapsed practically in unison and property markets plateaued as higher interest rates stalled borrowing.

Headlines spurred fears of a cost of living crisis and there was very little positive news during the year to counter the tidal wave of negative sentiment. The majority of investors experienced a decline in the value of their investment portfolios over the course of the year. This decline in value has touched everyone including the Board of Ravenscroft, the vast majority of whom as well as being shareholders, also invest in the discretionary funds, securities and other assets held by our clients.

Our discretionary strategies defended well on the downside and, despite negative returns being reported across all five of our managed strategies, relative to both our peers and markets generally, returns were comparatively good. Of course this offers little consolation for recent investors whose portfolios are currently underwater. As ever, adversity presents opportunity and our discretionary team are focused on identifying these areas and recouping losses for our clients. We would encourage investors to be as patient as they possibly can. Whilst these types of market events are certainly not pleasant, they are normal and, historically, temporary and we are already seeing signs of positive movements in the first quarter of 2023.

> As a business, we and our clients have benefitted from diversification during the period.

There have been other positive developments during the year. Unrest in stock markets saw more demand for our precious metals and cash management services, where clients benefitted from higher returns, underpinned by higher interest rates.

The net result of this is that our assets under administration have been steady in the face of harsh conditions, falling in value by only 2%. We have also seen recurring revenues, a key indicator of our future success, rise by 10% in the last year; the successful launch of our Global Solutions Fund; and welcomed new colleagues and clients from the acquisition of MitonOptimal; all of which have all made a positive contribution to the business.

In these year-end accounts, you will note the write-off representing the nil settlement of our relationship with a prospective provider of a new operating system, with whom we have chosen not to proceed. This was highlighted in the interim accounts and is in line with our expectations. We do not foresee any future impact to the business as a result.

I would like to thank my colleagues at Ravenscroft for all their hard work and dedication this year, and also welcome Robin to the Board as Managing Director of Operations.

> We are also extremely pleased to be in a position to report a final dividend of 16p for our shareholders and, as always, we thank you for your ongoing support.

Like 2021, 2022 has not been without its challenges, however with the support of our clients and our team we will continue to build on the past successes at Ravenscroft.

Dominic Jones
Chairman

26 April 2023

BUSINESS AND FINANCIAL REVIEW

YEAR ENDED 31 DECEMBER 2022

Jon Ravenscroft
Group Chief Executive Officer

GROUP BUSINESS REVIEW

	31 December 2022 £'000	31 December 2021 £'000	Year on Year Change
Revenue			
Recurring revenue	27,387	24,842	10%
Non-recurring revenue	7,797	15,098	(48%)
Total revenue	**35,184**	**39,940**	**(12%)**
Gross profit	**30,029**	**33,248**	**(10%)**
Operating expenses[1]			
Administrative expenses	(22,213)	(22,440)	1%
Depreciation and amortisation	(723)	(876)	17%
Trading profit[2]	**7,093**	**9,932**	**(29%)**
Assets under administration (£'m)	8,557	8,756	(2%)

[1]This excludes amortisation and impairment of acquired client relationships and goodwill, share based payment expense and other extraordinary events.

[2]The Board evaluates the performance of the Group using the trading profit disclosed above, as the Board believes that this provides period to period comparability before the effects of the amortisation of client relationships, share based payment schemes and other extraordinary events are recognised. The only adjustments to the statutory International Financial Reporting Standards as adopted by the European Union ("IFRS") information presented in determining these alternative performance measures is the deduction of amortisation on client relationships, the relevant period's shared based payment expense and the write-off of capitalised expenses associated with the Group's operating system implementation.

Group business review

As Big Ben returned to signal the end of 2021 and the beginning of a new year, you would have been forgiven for thinking we were back to life as we know it; markets were rallying and the world looked to be on its way to recovery. However just months after saying goodbye to what had been for many, a fantastic year, we were dragged back into a state of flux. Global conflict is having a knock-on effect for everyone in their day to day lives and our business is not immune to the issues that we are all facing; through growing inflation, resource demand and rising interest rates. The Group has again shown it's ability to weather these storms, thanks to the diversification of our services, as well as the hard work by our staff and the loyalty and trust shown by our clients and shareholders. We continue to be dedicated to offering outstanding quality of service to all our current clients and look forward to welcoming new clients in the future.

Although during the financial year the market backdrop has been challenging, as a business we continued to seek out growth potential. The end of Q1 saw us complete on our acquisition of MitonOptimal Portfolio Management (CI) Limited (now Ravenscroft Optimal Portfolio Management Limited) and it's been fantastic to have the associated team and clients on board. Our investment management team continues to extend our fund offering to clients, with the Ravenscroft Global Solutions Fund launching in Q1 2022, as well as plans to launch a new higher income fund during Q2 2023. Our cash management clients have enjoyed the return of some 'real' interest rates and I know the team are working hard as the demand for their services increases.

Revenue

Against a back drop of falling markets globally, the Group has seen its revenues drop by 12% from prior year to £35.18m (2021: £39.94m). We always look first to the Group's recurring revenues as a mark of our stability and it is great to see this growing by 10% year-on-year to £27.39m (2021: £24.84m). This has been boosted by the introduction of new assets but also a strong end to 2021 with an asset base which began the year just shy of £8.8bn.

Non-recurring revenue saw a drop of 48% to £7.80m (2021: £15.10m). This was again an impact of the market conditions throughout the year which led to a drop in trading demand, but should also be caveated against what was an exceptional prior year, thanks to some significant corporate finance transactions and higher trading demand across our Channel Islands ("CI") stockbroking divisions.

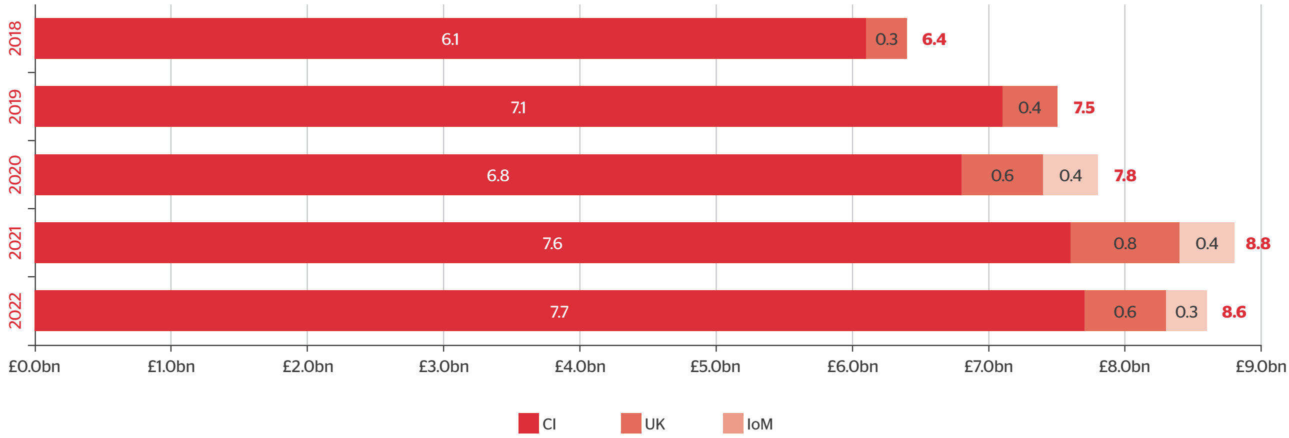
Trading profit

A reduction of revenue and higher inflation driven costs had a dual effect on the reduction of trading profit by 29% to £7.09m (2021: £9.93m).

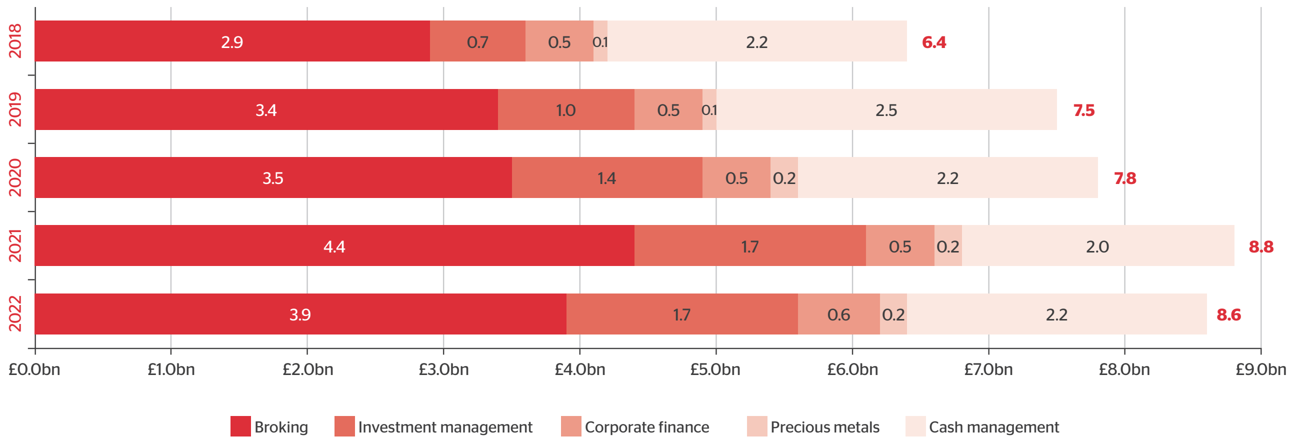
Administrative expenses have remained consistent with the prior year and the Group has looked to manage the effects of inflation and its impact upon us. We remain focused on controlling this area of the business in the current environment and optimising any operational leverage we can provide.

Assets under administration ("AUA")

AUA by jurisdiction

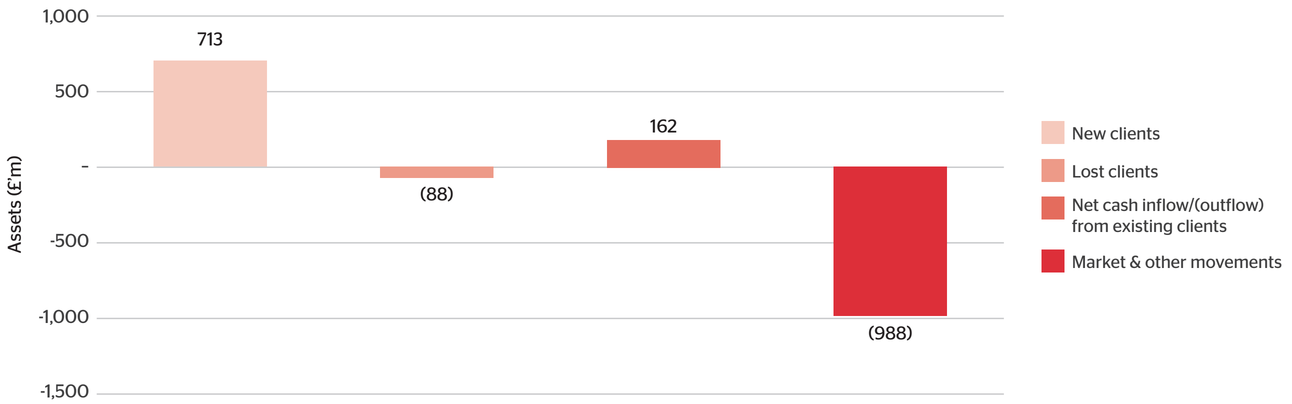


AUA by service line



Assets under administration ("AUA") continued

Although our teams work hard to limit client exposure to negative market forces, we will always be dictated by the direction of the tide. The Group's AUA have reduced during the year by 2% to £8.56bn (2021: £8.76bn). Removing the effects of the market and focusing on net AUA movements however, the AUA grew by 9% (2021: 6%). This reinforces our strategy in continuing to grow our business and AUA in our chosen jurisdictions. All movements for the year are detailed below:



Earnings per share

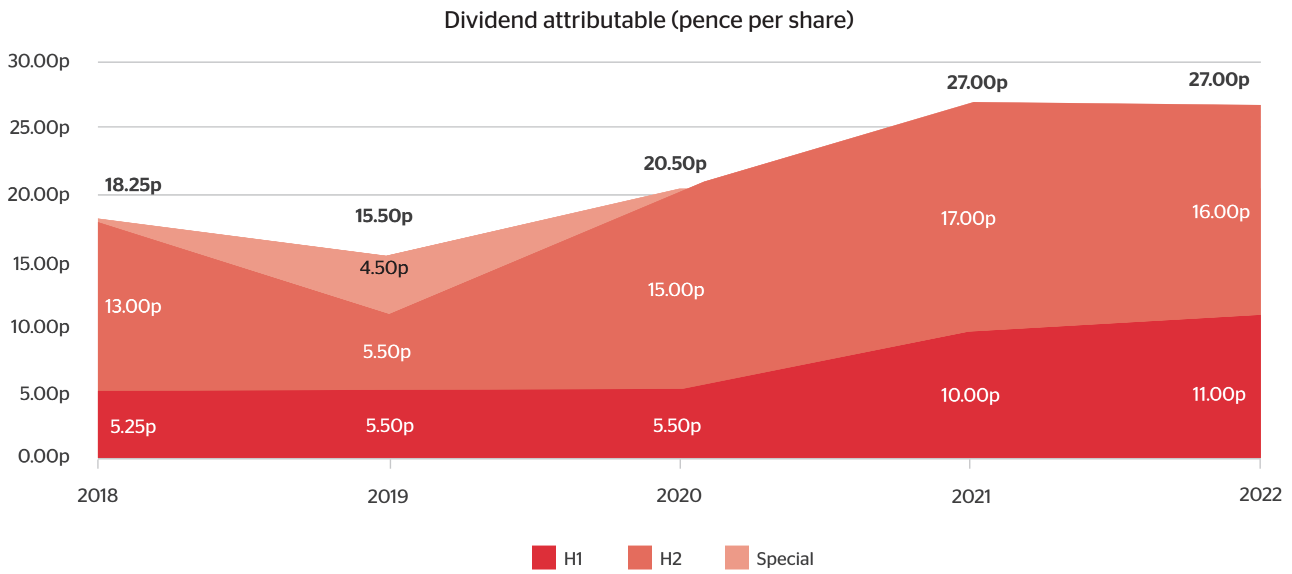
Basic earnings per share of 24.09p have decreased by 34.20p (2021: basic earnings per share of 58.29p) due primarily to lower revenues from reduced transactional activity and extraordinary asset write-offs.

As mentioned in the interim report, the decision was taken to cease our project to implement a new operating system, resulting in a write-off of associated capitalised expenses. In light of the current environment and Group's strategy, the Board and I believe this was the best decision in order to take the business forward.

Dividend

The Board have declared a dividend of 16p per share in respect of the period 1 July 2022 to 31 December 2022 ("the 2022 H2 dividend") (2021 H2 dividend: 17p per share) to be paid on 12 May 2023.

This results in a total annual dividend attributable to 2022 results of 27p (2022 H1 dividend of 11p per share) being consistent with the prior year total of 27p.



Jon Ravenscroft
Group Chief Executive Officer

26 April 2023

Consolidated statement of financial position and cash flows

At the year ended 31 December 2022, the Group had net assets of £29.77m (2021: £29.99m), including cash balances of £10.23m (2021: £11.20m).

The Group manages its capital to ensure that all Group entities will be able to continue as going concerns while aiming to maximise the return to shareholders. The capital structure of the Company consists of borrowings (see note 15) and equity attributable to shareholders of the Company: comprising issued share capital, share premium and reserves as disclosed in the consolidated statement of changes in equity.

It is the responsibility of the Board to review the Group's gearing levels on an ongoing basis and as such it carries out extensive on-going cash flow forecasting. As described in note 15, the Group is considering refinancing it's position with Royal Bank of Scotland International ("RBSI"), which is valued at £2.9m at year end. A decision will be made on this prior to the loan term date, taking into consideration forecast interest rates and available cash within the business. The position held with Investec Bank (CI) Limited stands at £0.9m at year end and this will be fully repaid by October 2023.

Regulatory bodies and capital

Nine of the Group's subsidiaries, Ravenscroft (CI) Limited ("RL-CI") (formerly Ravenscroft Limited), Ravenscroft Investment Management Limited ("RIML")[1], Ravenscroft Investments (UK) Limited ("RIL-UK")[2], Ravenscroft Cash Management Limited ("RCML")[1], Ravenscroft Custody Services Limited ("RCSL"), Ravenscroft Optimal Portfolio Management Limited ("ROPML"), Ravenscroft Specialist Fund Management Limited ("RSFML"), Ravenscroft Consultancy & Listing Services Limited ("RCLSL"), Ravenscroft (IOM) Limited ("RL-IOM") and are required to maintain minimum financial resources in accordance with the rules of their respective regulators. These requirements vary from time to time depending on the business conducted by these companies. The companies' financial resources are reviewed on an ongoing basis and the levels maintained are considered by the Board as sufficient to meet the companies' commitments and withstand the risks to which they are subject.

RL-CI, through its Jersey branch, is regulated by the Jersey Financial Services Commission ("JFSC") under the Financial Services (Jersey) Law, 1998. The Group's Guernsey subsidiaries regulated by the Guernsey Financial Services Commission ("GFSC") are RL-CI, RIML[1], RCML[1], ROPML, RSFML and RCLSL. RIL-UK[2] and Ravenscroft Capital (UK) Limited ("RCL-UK") are both regulated by the Financial Conduct Authority ("FCA"). RL-IOM is regulated by the Isle of Man Financial Services Authority ("IOMFSA"). The Group's subsidiaries have complied with the applicable capital adequacy requirements to which they are subject during the period under review.

Principal risks and uncertainties

The principal risks and uncertainties currently faced by the Group are detailed below. During the period the Company further refined the Group's governance and '*Risk Management Framework*', which identified a number of risks which became more heightened during the year for various reasons. The development of the risk management tool allows the business to easily identify and address those risk areas that may need more focused attention and allow the Board to make informed decisions on key risk areas.

The risks outlined below are those that the Board believes may have the potential to have a significant detrimental impact on the Group's financial performance and future prospects.

Information security - Cyber & data risk

The Board continue to deem cyber & data risk as the number one risk facing the business at this time. The technological and information security systems are fundamental to the Group's business and its continued aspirations for growth. Cyber & data risk is defined as the risk of financial loss, operational disruption, or damage, from the failure of digital technologies via the unauthorised access, use, disclosure, disruption, modification, or destruction of the performing system. The Board notes that cyber-crime attacks continue to grow and there has been no let-up in this since the GFSC introduced The Cyber Security Rules and Guidance 2021. Although the business continues to make improvements to its protection and security of this area, the inherent risk associated means it remains as the number one risk.

The Group's internet traffic, both outgoing and incoming, is routed through state of the art cyber security mechanisms by its key service provider, CORVID Protect Limited ("Corvid"). Corvid constantly screen traffic for unusual or suspicious activity and the Group's email system employs an early warning function that allows staff members to report any suspicious activity directly to Corvid. External access to the Group's systems is protected by multiple authentication and all of the Group's traffic is encrypted end to end.

Internally, all drives are locked down to prevent data transfer unless specifically authorised and enabled. The Group's servers are housed in a highly secure and resilient data centre in Guernsey with a minimum of daily offsite backups. The network is protected with industry standard firewalls and anti-virus measures and all server patching is maintained to appropriate levels.

[1]On 3 January 2023, the Group completed the amalgamation of RIML, RCML and Ravenscroft Precious Metals Limited into RL-CI. RL-CI remains as the regulated entity by the GFSC and JFSC.
[2]RIL-UK forms a group with its subsidiary Ravenscroft (Bishops Stortford) Limited ("RBSL") for regulation purposes by the FCA. RBSL operates under the FCA licence of RIL-UK and regulatory requirements are met on a consolidated basis.

Principal risks and uncertainties continued

Information security - Cyber & data risk continued

The Group Cyber Security Committee continues to operate, headed up by the Group Managing Director of Operations and supported by the Group Head of Risk – with responsibilities for embedding and developing the Group's cyber risk framework and to ensure appropriate oversight over key third party suppliers and all Group-wide data protection matters.
A Group-wide data protection audit was completed in Q1 2022 and enhancements to the Group's policies and procedures have been rolled-out off the back of this. Cyber & data is now a standing agenda item on all Group regulated boards.

Reputational risk

The Board considers one of the greatest risk to its business to be from the potential loss of our reputation. Many of the risks highlighted in this review have the potential to impact the reputation of the business and are identified and managed accordingly. In addition, the Board recognise new business as a potential area for significant reputational risk and as a result all new business products and services are carefully considered and measured against the Group's *'Risk Appetite Statement'* and *'Risk Management Framework'* before launch. In addition, all employees are encouraged to develop new clients and varied streams of revenue. All new business and clients are subject to a rigorous take-on process and risk rating review. On-going controls and monitoring processes are employed to ensure that stringent requirements are met.

Environmental, jurisdictional and geopolitical risk

Ravenscroft are extremely cognisant to the impact that any macro-economic risk factors may have on its business and core services. These may be as a result of domestic or international developments and the Group carefully considers this risk to ensure that any sector specific variations are also thoroughly assessed, and to safeguard the business against any residual industries of firms that may face similar macro environmental threats.

On the geopolitical front, the Group undertakes regular horizon scanning against the Group's strategic business plan for any future threats that may directly or indirectly affect the business and its operations. The Group is able to take immediate steps to consider the impact that significant events may have on the client-base, systems and controls; such as the conflict in the Ukraine, and most recently the emergence of instability in the banking sector. The Group is quickly able to review these events against the *'Risk Management Framework'* to ensure, wherever possible, that services and client interests continue to be protected.

Regulatory risk

Regulatory risk may arise from any changes being introduced by the regulator in any of the Group's current jurisdictions. The Group's compliance and risk function regularly horizon scans for any regulatory changes or events which could potentially impair the Group's ability to provide services, and which may adversely impact our ability to trade and achieve our strategic objectives.

The business continues to evolve its technological and data driven operational model to allow it to rapidly respond to the ever-increasing volume of information requests and scrutiny from its various regulators. Before entering any new jurisdiction, the Group will undertake significant regulatory due diligence to ensure that it understands and can comply with the relevant regulations, so that it can successfully promote its core services.

Market abuse (insider dealing) risk

As a wealth management firm, which offers a number of differing service lines in external and internally controlled securities, the potential risk for insider trading is one that is permanently heightened across the Group. The Board are aware that market abuse typically consists of insider dealing, unlawful disclosure of inside information or market manipulation of the financial markets, which may be perpetrated by either a Ravenscroft employee, client or any other stakeholder.

Ravenscroft understands the trading landscape is increasingly complex with multiple platforms and types of trading, therefore the Group has employed specific technologies and focused training to mitigate the business against this risk. LiquidMetrix is an internal surveillance tool typically used by investment and wealth management firms to analyse all trading activities. The Group recognises that this as an essential industry-wide approach to identify market abuse, and in many cases, it is a regulatory requirement. In addition, the Audit-Co utilises an internal audit function to assess this area of the business and consider any recommended improvements.

Operational risk

Operational risk is the risk that the Group suffers a loss, directly or indirectly, from inadequate or failed internal processes, people, systems, or external events. Compliance personnel and senior management ensure that significant operational risks and the mitigation thereof, including appropriate control systems, are continually reviewed and where applicable, a corrective action plan is put in place.

During the reporting period, the Group has taken significant steps in enhancing systems and its control governance in order to mitigate the operational risks which could stem from the nature of the firm's business. The Board believe that the appropriateness and effectiveness of the controls in place to minimise the risk to the business, which is evidenced through the increased oversight and reporting in the Risk-Co, internal audit functions as well as Audit-Co supervision.

Business continuity risk

There is a risk that any incident the Group is affected by, directly or indirectly, such as disruption to utilities and services, office closures or pandemic occurrences, could potentially damage its infrastructure or affect key employees, which in turn could result in financial loss.

Principal risks and uncertainties continued

Business continuity risk continued

Business continuity planning is in place across the Group in order to maintain operations with minimum disruption through a combination of business continuity planning, duplicated infrastructure and remote facilities. The Group continues enhanced testing of its business continuity plan, with regular tests undertaken and the results of those being reported to the Group's Cyber Security Committee and Risk-Co.

All offices in the Group continue with the ability to work remotely. Measures remain in place and are constantly monitored and tested by the in-house information security team. This mitigates the risk of any further disruption should an event occur meaning staff are unable to go to their usual place of work.

Employee risk

Employees remain one of the Group's greatest assets and all future successes are dependent on the ability to attract and retain high quality people. The Group seeks to minimise employee risk by rewarding staff members through an attractive remuneration package, which includes performance-based payments that align the interests of both employees and shareholders, whilst avoiding the encouragement of excessive individual risk taking. Annual appraisals and semi-annual reviews are conducted, which include an assessment of whether the employee conforms to both regulatory and other Group-required standards. The Group also operates a succession plan program, which highlights key roles within the business and future candidates of those roles amongst its employees. The program looks to support those employees with necessary training and development, whilst also preserving the future activities of the Group.

Strategic risk

The Board are cognisant of issues that may impact the business, either through disruptions to the markets or the economy, or through services which other firms may be able to compete with the Group in respect to its services or through substitute products. The Group's business strategy is to deliver its core services centrally from Guernsey, to both existing and potential new jurisdictions.

The Group's ability to scale its operations efficiently and effectively is key to sustainable and geographically diverse growth. The business continues to assess the platforms and systems it uses in order to deliver an efficient and scalable business model.

Liquidity risk

The Group has in place a robust liquidity risk management framework for the management of all short, medium and long-term funding, and any liquidity management requirements. It manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Given the nature of the business, other than borrowings, the Group does not run any significant liquidity mismatches. Financial liabilities are, on the whole, short term and there is sufficient cash retained to cover all non-client and market liabilities. The Group manages its liquidity risk on funding by continuously assessing the Group's cash flow, forecasting forward, and horizon scanning to ensure that the Group maintains sufficient cash flow to repay both the principal and interest requirements as they fall due.

Client asset custody risk

While not considered to be a principal risk to the business due to the strong control framework employed, the Board recognises that it has a physical asset custody risk as a result of storage requirements for Ravenscroft Precious Metals Limited, due to the inherent risk associated with custody of this asset type. This risk is mitigated through sector specific insurance policies, enhancements to the physical storage unit undertaken, reviews of segregated duties of all associated staff and an independent review of these controls by internal audit function. In addition, a programme of independent counts are performed throughout the year.

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

The Directors present their report on the consolidated financial statements of Ravenscroft Holdings Limited and its subsidiaries (together the "Group" or "Ravenscroft") for the year ended 31 December 2022. Ravenscroft Holdings Limited ("the Company") was registered in Guernsey on 4 May 2016 and is listed on The International Stock Exchange ("TISE"). Prior to the Group reorganisation in April 2018, Ravenscroft (CI) Limited ("RL-CI") (formerly Ravenscroft Limited) was the TISE listed holding company of the Group.

Principal activity

The Group is an investment services business providing advisory investment, execution only trading, market making, discretionary investment management, institutional fund management, corporate finance services, cash management, property management and precious metals dealing and storage, to private and institutional clients in Guernsey, Jersey, Isle of Man and the United Kingdom.

Directors

The directors of the Company who held office during the current year and to the date of signing are as follows:

Current directors (collectively referred to as the "Directors" or "the Board")

D C Jones
C D Barling
R A Hutchinson
M T Kingston
R A Collenette
J R Ravenscroft
M L C Bousfield
B M O'Mahoney
R J Newbould (appointed 10 October 2022)

Election and re-election of directors

In accordance with the Company's Articles of Incorporation, the Directors are obliged to retire by rotation and are eligible for re-election at the third Annual General Meeting ("AGM") after their initial election. Any director appointed by the Board holds office only until the next AGM when they are eligible for re-election.

At the Company's AGM held on 17 June 2022, all appointed Directors were re-elected to their respective roles.

Attendance at meetings

Attendance at scheduled Company board meetings	Company Board Meetings
Total number of meetings in the year	**7**
D C Jones	7
C D Barling	7
R A Hutchinson	6
M T Kingston	7
R A Collenette	7
J R Ravenscroft	7
M L C Bousfield	7
B M O'Mahoney	7
R J Newbould (appointed 10 October 2022)	3

Attendance at meetings continued

Attendance at scheduled Committee meetings	Audit Committee	Nomination Committee	Remuneration Committee
Total number of meetings in the year	**4**	**2**	**2**
D C Jones			
C D Barling			
R A Hutchinson			
R A Collenette			

Directors' interests in ordinary shares of Ravenscroft Holdings Limited

The current Directors had interests in the ordinary share capital of the Company as shown below:

	31 December 2022		31 December 2021	
	No. of shares	Interest	No. of shares	Interest
J R Ravenscroft [1]	1,825,000	12.31%	1,715,000	11.57%
B M O'Mahoney [2]	300,000	2.02%	292,500	1.97%
M L C Bousfield [3]	493,000	3.32%	480,000	3.24%
R J Newbould [4]	25,793	0.17%	-	0.00%
D C Jones [5]	75,000	0.51%	75,000	0.51%
R A Hutchinson	11,350	0.08%	11,350	0.08%
R A Collenette [6]	1,200	0.01%	1,200	0.01%
C D Barling	-	0.00%	-	0.00%
M T Kingston	30,000	0.20%	-	0.00%

[1] These are held by TEMK Investments Limited, an investment company where the beneficial owners are Mr J and Mrs J Ravenscroft.

[2] 12,500 of these shares are held by the Trustees of the Powerscourt RATS where the beneficial owner is Mr B O'Mahoney with the remaining 287,500 being held directly by Mr B O'Mahoney.

[3] 36,750 of these shares are held by the Trustees of the Bozz RATS where the beneficial owner is Mr M Bousfield with the remaining 456,250 being held directly by Mr M Bousfield.

[4] 14,793 of these shares are held by the Trustees of the Fig Roll RATS where the beneficial owner is Mr R Newbould with the remaining 11,000 being held directly by Mr R Newbould.

[5] 60,000 of these shares are held by Les Teurs Champs Investments Limited where the beneficial owner is Mr D Jones with the remaining 15,000 being held directly by Mr D Jones.

[6] Mr R A Collenette represents the interests of Pula Investments Limited, of which Stephen Lansdown is the beneficial owner. At 31 December 2022, Pula Investments Limited was holder of 5,954,751 Company shares, which amounted to 40.16% of the ordinary share capital.

Directors' interests in share options in Ravenscroft Holdings Limited

As at 31 December 2022, only Jon Ravenscroft had options over the ordinary shares in the Company. These are detailed in note 21 of the consolidated financial statements.

Non-Executive Directors' remuneration

Each of the Non-Executive Directors have signed a letter of appointment with the Company setting out the terms of their appointment including their annual remuneration. Under the terms of these letters each director is entitled to receive annual remuneration of £40k per annum, with exception of the Chairman, who receives an additional £20k per annum which is reflective of the additional duties performed.

In addition to these fees, the Company reimburses all reasonable travel and other incidental expenses incurred by the Non-Executive Directors in the performance of their duties.

All remuneration of the Non-Executive Directors is in the form of annual remuneration and did not include any performance-related compensation.

Dividend

The Board declared a dividend of 16p per share in respect of the period 1 July 2022 to 31 December 2022 ("the 2022 H2 dividend") (2021 H2 dividend: 17p per share) to be paid on 12 May 2023. A dividend of 11p per share in respect of the period 1 January 2022 to 30 June 2022 ("the 2022 H1 dividend") (2021 H1 dividend: 10p per share) was declared by the Board. This results in a total annual dividend attributable to 2022 of 27p per share (2021: 27p per share).

Going concern

After making enquiries with management and reviewing the Group's forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these consolidated financial statements. Forecast and projections included; reviewing repayment and servicing of borrowings, taking account of possible changes in trading performance and stress testing such performance given the current geopolitical uncertainty. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Directors' and officers' liability insurance

The Group maintains liability insurance for the benefit of the Group's directors and officers.

Auditor

The independent Group auditor, PricewaterhouseCoopers CI LLP, has indicated its willingness to continue in office. A re-appointment resolution will be proposed at the Annual General Meeting.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing consolidated financial statements for each financial year that give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The maintenance and integrity of the Group's website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors on 26 April 2023 and signed on its behalf by:

Brian O'Mahoney
Director

Rob Hutchinson
Director

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YEAR ENDED 31 DECEMBER 2022

Over the last three years, Ravenscroft has been actively seeking to build on its previous environmental, social and governance ("ESG") practices and fully integrate ESG considerations into its working and investment management practices. The Group views ESG issues as a set of responsibilities, risks and opportunities to be assessed and monitored on an on going basis. The Directors believe that integrating ESG into processes can help to reduce business and investment risks, make the business more sustainable and enhance the value of the Group and long-term portfolio returns.

Sustainability committee

During 2022, the sustainability committee, chaired by the Chief Investment Officer, Kevin Boscher, continued to work to increase an understanding of all three factors, environmental, social and governance and how they impact the business and other stakeholders. The committee have been considering the Group's approach to environmental, social and governance topics, and more particularly how ESG can contribute to the long-term success of Ravenscroft. With increased scrutiny from regulators, government and clients the Group has taken a number of steps to assess its current position and how it can improve on all aspects of ESG, not only as a business but on behalf of clients and their investments.

United Nations Principles for Responsible Investment

In 2020, Ravenscroft became signatories to the United Nation's Principles for Responsible Investment ("UNPRI"). The UNPRI is a United Nations-supported international network of investors working together to implement its six aspirational principles, often referenced as "the Principles". Its goal is to understand the implications of sustainability for investors and support members to facilitate incorporating these issues into their investment decision-making and ownership practices.

The Group recognises that signing up to the internationally recognised set of principles will allow it to publicly demonstrate the existing commitment to responsible investment and enable membership to the ever-growing global community driving change. The sustainability committee were pleased with the feedback received from the first assessment, which was signed up to voluntarily, and look forward to the 2023 reporting cycle which begins in May 2023.

How does the Group make considerations for the environment and how its actions have an impact?

Environment and Social Impact ("ESI") Monitor

Ravenscroft has signed up for its first year with ESI Monitor, who have created a framework that will help the Group measure and manage its environmental impact. Upon completion of the report, which is due this year, a clearer assessment of the business' impact on the environment will be achievable. The sustainability committee look forward to sharing this information once it has been received.

How does the Group treat the people it interacts with such as clients, employees, and the surrounding community?

Clients

Clients remain at the heart of everything Ravenscroft does and interaction occurred even more regularly in 2022 in light of the geopolitical instability which impacted markets. Core service presentations and round table updates with intermediary clients were held and the Group hosted many clients at both social and investment-based events. Weekly updates, Boscher's Big Picture, topical editorials and factsheets are sent to those clients who opt in but are also posted on the website, social media and the portal to increase accessibility for all clients.

Podcasts were used more regularly and the Group has started using video as a different way of engaging and informing clients, intermediaries and prospects. Key members of the investment team also spoke at third party events which further strengthened Ravenscroft's credibility as a topical but accessible commentator.

Employees

One of the most important assets of Ravenscroft is its employees and this has been recognised by the appointment of David Chan OBE as chief of staff to ensure a dedicated resource focused on the team.

Study and relevant qualifications continued in 2022 with Ravenscroft investing heavily in the skills and expertise of all employees who are actively encouraged and financially supported to identify courses and qualifications which will increase their knowledge. Employees are encouraged and sponsored to take part in community challenges and sporting events including marathons, sporting fundraisers, basketball, touch rugby and many play an active role in the community. Within the Group's staff there are football coaches, basketball coaches, school directors, employment tribunal panel members and committee members for a number of charities. The Group upholds these values as part of its culture and therefore looks to support all staff where possible to meet the demands of these additional roles within society.

The quarterly staff magazine had its 20th issue at the end of 2022 and provides staff with a good understanding of what is happening across different offices and teams, with regular multi-jurisdictional meetings held to improve communication.

Mental health first aiders have also been appointed and trained to provide staff with qualified support should they require it.

How does the Group treat the people it interacts with such as clients, employees, and the surrounding community? continued

Ravenscroft in the community

Ravenscroft's community support has been well documented in local media, on the Ravenscroft website and social media but below is a small selection of sponsorships and charitable donations the Group has made during 2022.

Sport

With many staff playing sport regularly, Ravenscroft recognises the many benefits it provides and is passionate about making sport accessible for the communities within which it operates.

Nationally, the Group continued its association with Bristol Bears becoming the official shorts partner for both the men's and women's teams and through this supported the Bristol Bears Community Foundation which uses rugby to tackle social issues in low income areas in Bristol and the surrounding area.

At a grass roots level, which is where Ravenscroft feels it can really make a difference, there is a focus on inclusivity and development programmes. This includes CricStart in the Isle of Man and Future Stars with Guernsey Cricket and Football for Everyone in Guernsey, JS Juniors in Jersey and Bishop's Stortford Community Football Club. In hockey, the Group supported the Guernsey Hockey Club and Bishop's Stortford Hockey Club's junior programmes.

Other sports supported during 2022 including dancing, show jumping and surfing.

Supporting future professional sportsmen and women from within the communities in which the Group operates is something done each year. In 2022, this included fencer Oakley Francart, Olympic athlete Cameron Chalmers and Island Games triathlete Jack Kennedy. There was also support for Michael Ellis, who is visually impaired and on the autism spectrum, and the Group is working closely with the Guernsey Sports Commission to make sports more accessible to those with additional needs.

2022 also saw much activity around the Island Games in Guernsey, for which the Group is a significant sponsor. Originally due to happen in 2021, it was delayed to 2023 and as well as providing financial support, many of the Group's staff are also volunteering. The Games will bring together athletes from three of Ravenscroft's jurisdictions as well as leave a legacy for sport in Guernsey.

Community and business events

To increase brand awareness and provide opportunities to interact with a wide range of people, Ravenscroft has continued to support a number of community events. The majority of these events have a fundraising focus to help those in need; such as Lions Club Jersey Swimarathon, which celebrated its 50th anniversary in 2022 and which the Group recommitted to for a further three years; the Christmas Toy Appeals in Guernsey, Jersey and the Isle of Man; the "Pride of" awards in Guernsey and Jersey; True Grit and Tour de Jersey.

The Group also recognises the value of supporting business events in both providing financial support but also in offering the opportunity to meet clients and intermediaries. In 2022, this included the Institute of Directors in the Isle of Man, Jersey and Guernsey and STEP in Guernsey.

Culture and the Arts

The Group continues to sponsor local culture and arts in Guernsey, via its support of St James Concert Hall and the Guernsey Arts Society amongst others.

In Jersey, Ravenscroft sponsored an art exhibition and the Jersey Dance Awards for the second time. The Group also committed to being the principal sponsor of the Alderney Literary Trust.

For further insight into how Ravenscroft supports the community, social media channels are regularly updated via Facebook, Twitter, Instagram and LinkedIn.

How does the Group ensure it has a responsible and accountable governance structure?

Ravenscroft as a Group ensures that it adheres to responsible governance through a multitude of factors, including its corporate structure, culture, and internal policies within the business.

An extensive review of the Group's governance is detailed separately in the corporate governance report on page 22.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 31 DECEMBER 2022

Introduction

The Board of Directors are responsible for upholding the highest standards of corporate governance and understand and acknowledge the wider regulatory requirements in this area across the whole Group. While the Company itself is not subject to the Finance Sector Code of Corporate Governance (the "Code"), which is issued by the Guernsey Financial Services Commission ("GFSC"), it has elected to follow the Code by way of best practice. By promoting a culture of transparency and effective stewardship, the Board is fully aligned with the business and understands the responsibilities by which the Company and all of the Group entities are governed. It is the Board's opinion that throughout the year ended 31 December 2022 the Company has complied fully with the principles set out in the Code.

The role of the Board

The Board hold quarterly Board meetings scheduled throughout the year and follow an annual corporate governance timetable, with a key focus on Group strategic considerations and encouraging good corporate culture, while also maintaining oversight of the Group's operational strategy. Ad hoc meetings are also held as and when required. Each Director brings a broad range of relevant business experience to the Board, which is considered essential for the effective management of the Group. The Board is responsible for: the Group's core values & standards, Group risk appetite, internal controls and key policies, as well as setting the strategic goals and a clear governance structure for the Group; which appropriately considers and reflects the demands and complexities of the external environment. The Board also reviews: financial performance, regulatory compliance, monitors key performance indicators, risk management processes and will regularly consider all matters of significance to the Group; including but not limited to corporate activity.

The composition of the Board

The Board consists of four Executive and five Non-Executive Directors, who each provide a broad range of complementary skills, balance, knowledge and experience. Details of the individual directors and their biographies are set out on pages 7 to 9.

Roles of Chairman and Group Chief Executive Officer

The roles of the Chairman and Group Chief Executive Officer are distinct to ensure there is a clear segregation of authority and lines of responsibility at the most senior level within the Group.

Chairman

The Non-Executive Chairman is Dominic Jones. He is responsible for the leadership of the Board and setting the standard of governance and corporate behaviours while ensuring the strategy and management of the Group is adhered to and effective. He is also responsible for the Board's oversight of the Group's affairs, which includes working with the Group Company Secretary to ensure that the Directors receive accurate and timely management information and that all shareholders receive clear and effective communications. He also oversees the engagement of the Non-Executive Directors.

Group Chief Executive Officer, Group Finance Director and Group Managing Directors

The Group Chief Executive Officer is Jon Ravenscroft. His responsibilities include the promotion and development of all strategic objectives for the Group, as well as overseeing the Group's executive leadership and ensuring that the Group's culture is aligned with its strategic ambitions and that those objectives are also aligned with those of the shareholders.

Brian O'Mahoney as Group Finance Director, Mark Bousfield as Group Managing Director of Investments and Robin Newbould as Group Managing Director of Operations each support Jon in his role. Together, Brian, Mark and Robin are responsible for upholding the strong entrepreneurial culture of the Group, which is built on a diverse and collaborative working environment that fully implements the strategic goals of the Board. More specifically, Brian and Robin are also responsible for the day-to-day oversight of the Group's operational functions, managing the Group's risk exposure, implementing the Board's decisions and communicating with regulatory bodies.

A senior management team comprising of a number of key personnel across the Group and including the Group Chief of Staff, Group Financial Controller, Group Chief Investment Officer and Group Head of Risk ably assists the Executive Directors.

Non-Executive Directors

As at 31 December 2022, the Board comprises four Non-Executive Directors, together with the Non-Executive Chairman, who each bring independent judgement, knowledge and a depth relevant experience to the Board.

The Board is of the opinion that each Non-Executive Director acts in an objective manner. The Board's opinion is determined by considering whether each Non-Executive Director is independent in character, thought and judgement. This is further determined by taking into account their conduct at Board and committee meetings, whether they, or any other Director, have any interests that may give rise to a potential or an actual conflict of interest and whether they always act in the best interests of the Company.

The Non-Executive Directors also scrutinise the performance of the Group's senior management team and monitor the reporting of performance in order to support the objectives of the Group.

Board meetings and information to the Board

Aside from the regular scheduled Board meetings, the Directors will from time-to-time attend ad-hoc meetings to discuss the business of the Group. The Executive Directors are in regular contact with the Non-Executive Directors regarding any key matters and new developments.

During the year, there were four scheduled Board meetings where the Board were able to consider the Group's strategic framework, including:

- how the Company's strategy interacted with the goals of the wider Group, shareholders and other stakeholders;
- how the Board evaluation process identified a clear understanding of the balance and skills required by the Group to achieve the strategy;
- considerations for future Board recruitment and succession planning requirements;
- a review of the Group's risk appetite and the Group's approach to sustainability and relevant environmental issues; and
- areas where information flow and management information could be improved on and agreed upon the procedures to remedy those specific areas.

Before each meeting the Board receives comprehensive papers and reports from across the Group to consider and the Directors are regularly updated with additional information between scheduled meetings. The Group maintains a conflicts of interest policy and register, and the Board has put in place a procedure to identify and address situations where conflicts of interest may arise and implement a programme of mitigation wherever necessary.

Board evaluation

The annual Board evaluation is carried out by each Director and seeks to identify areas for improvement and whether the Board has demonstrated the appropriate standards in practice, in line with the Code. Each Director has taken part in a review process that analyses the individual and collective skills, expertise and independence required for the Group to achieve its objectives. Among other matters, the evaluation process challenges the Directors to consider if they have received appropriate management information, consider the Board's balance and composition, delegation, succession planning and if they have committed the required time to the Company in order for them to be able to discharge their responsibilities effectively.

Support to the Board

Ad-hoc meetings may also be held by the Board-appointed committees in order to provide additional support to the Board when deemed necessary. Any Director wishing to do so may take independent professional advice, at the expense of the Company, and all Directors are able to consult the Group Company Secretary, who is responsible for supporting the Directors and ensuring that Board procedures have been followed throughout the year.

Board committees

The Board has established a number of committees to which it delegates certain authorities. These committees analyse and review specific issues and their activities and recommendations are considered by the Board at each quarterly Board meeting. The day-to-day management of the Company's business is delegated to the Executive Directors.

The Board has three committees and one management committee; namely the Audit Committee ("Audit-Co"), the Remuneration Committee ("Rem-Co"), the Nomination Committee ("Nom-Co") and the Risk Committee ("Risk-Co") respectively, as described below. Each committee's *'Terms of Reference'* are regularly reviewed by the Board and clearly define each committee's role, responsibilities and duties. During the period, each committee of the Board has taken part in an evaluation process that analyses the individual and collective skills of the members and the performance of the committee to ensure that it is achieving its objectives in line with the committees' *'Terms of Reference'*.

The Board

- Sets Group strategy, risk appetite, core values and governance framework.
- Ensures that a strong cultural and ethical environment is upheld across the Group.
- Reviews performance in accordance with the financial and strategic objectives of the Group.
- Thoroughly evaluates the principal risks faced by the Group, and defines the Group 'Risk Management Framework'.
- Ensures effective engagement with shareholders.

Committees of the Board			
Audit-Co	Rem-Co	Nom-Co	Risk-Co
Responsibilities			
• Oversee the Group's financial reporting and advise the Board on whether the Annual Report is fair, balanced and understandable. • Evaluate the appointment and independence of the auditor. • Assess whether appropriate accounting policies have been adopted. • To monitor the Group's '*Risk Management Framework*' and internal controls. • To receive reports from the Group Head of Risk to consider and make recommendations on any Group-wide risk management and control issues.	• Sets the Group's remuneration policy. • Oversight of the remuneration of the Company's Executive Directors. • To review the remuneration of the Group's senior management. • Oversee the Group's EBT and share option plan, which provides long-term incentives to the employees. • To ensure management rewards are aligned with those of shareholders.	• Recommend Board appointments and to review appointments to the subsidiaries of the Company. • Advise the Board on the re-election and proposals of Directors at the Company's AGM. • Review Board composition and oversees succession planning. • Support the Chair in carrying out the Board evaluation each year. • To review time required for Non-Executive Directors to adequately discharge their responsibilities.	• A management committee of the Board with delegated authority for Group-wide risk concerns. • To assist the Board in the discharge of its responsibilities for the management of risk and compliance across the Group. • To assist with the implementation of the Group's '*Risk Management Framework*'. • To consider the Group's compliance with all regulatory requirements and responsibilities by which it is governed. • To report to the Audit-Co Chair and identify any Group-wide risk management or control issues.
Membership			
• Rob Hutchinson - Chair • Chris Barling • Richard Collenette	• Dominic Jones - Chair • Chris Barling • Rob Hutchinson • Richard Collenette	• Chris Barling - Chair • Rob Hutchinson • Dominic Jones • Richard Collenette	• Group Head of Risk - Chair • Group Managing Director of Operations • Group Compliance Officer • Group Legal Counsel • Group Chief Investment Officer • Group Financial Controller • Group Treasury Officer • A senior representative from each of the Group's core services and jurisdictions as required

Board committees continued

Further details of the scope and responsibilities of each of the committees are set out within the *'Terms of Reference'* and are available upon request from the Group Company Secretary. Alternatively, they may be downloaded from the Group's website; www.ravenscroftgroup.com

Audit Committee

The Audit-Co meets formally at least three times a year, plus additional ad hoc meetings when necessary. Other directors, members of staff and the external auditor may be invited by the Audit-Co chairman to attend these meetings, as deemed appropriate.

External auditor

The Audit-Co is responsible for making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor. PricewaterhouseCoopers CI LLP were appointed as the Group's external auditor on 11 October 2013. There are currently no plans to re-tender. The Audit-Co receives and reviews audit plans and reports from the external auditor. It is standard practice for the external auditor to meet with the Chair and Audit-Co in private, without the Executive Directors present.

In assessing the effectiveness of the external audit process, the Audit-Co reviewed the overall performance and the independence of the external auditor, taking into account its regular dealings with the external auditor, the views of the management team, the cost effectiveness of the audit and the maintenance of objectivity. The decision to recommend the re-appointment of the external auditor was based on the Audit-Co's monitoring of the external auditor's performance, behaviour and effectiveness during the exercise of its duties.

Safeguarding auditor objectivity and independence

The external auditor reports to the Audit-Co on its independence once a year during the audit planning stages. The Audit-Co and the Board consider that the approach taken by the external auditor in evaluating its independence from the Group is sufficiently comprehensive, covering regulatory, professional and relevant ethical requirements, and is in line with the non-audit services policy. However, the Audit-Co continues to review the fees charged for non-audit services and gives due consideration as to whether any additional work performed by the external auditor may potentially compromise its independence. The Audit-Co also gives due consideration to appointing other firms where it is felt that the impact of an assignment may compromise the independence of the external auditor.

For further details on remuneration paid to the external auditor for audit and non-audit services during the year ended 31 December 2022, see note 4 to the consolidated financial statements.

Internal audit

KPMG Channel Islands Limited were appointed as internal auditors to the Company with effect from 28 January 2021 and have since worked with the Audit-Co chairman and the Group Head of Risk on a defined internal audit programme covering a number of key risk areas including: fraud, market abuse/insider trading, vault controls (relating to precious metals), money laundering and tax evasion and the '*Risk Management Framework*'. This programme reviewed the associated polices and controls of these areas and evaluate the operating effectiveness of the Group's overall control framework. During the reporting period two reviews were successfully completed that produced no significant findings.

Following a recent review of the current internal audit arrangements, the Audit-Co carried out a detailed review of the current engagement, and subsequent to a recommendation to the Board, it was decided that the Company would go out to tender for the internal audit function and advised KPMG of the decision to terminate the engagement. The Group Head of Risk will work alongside the Audit Co Chairman to prepare the tender process and identify a new internal auditor in due course.

Financial reporting and significant financial issues

The Audit-Co assesses whether suitable accounting policies have been adopted and whether the management team has made appropriate estimates and judgements and taken into account all internal and external factors before providing adequate management information to the Audit-Co when considering these matters. The Audit-Co reviews reports from the external auditor that highlight any issues in respect of the work undertaken on the audit when looking at various risks and uncertainties faced by the Group, and, where necessary, accounting papers from the management team that provide details on the main financial reporting judgements.

Following a review of the reports from the external auditor and management team, and consulting where necessary with the external auditor, the Audit-Co is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect of the amounts reported and the disclosures). The Audit-Co is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Internal control and risk management

The Board is responsible for identifying, evaluating and managing significant risks faced by the Group. It acknowledges that it is responsible for the Group's system of internal controls and for setting the control framework including financial, operational, contingency, compliance controls and risk management systems.

The Board reviews the Group *'Risk Appetite Statement'* annually and has appointed the Risk-Co, chaired by the Head of Risk for the Group, to manage risk. The Risk-Co meets quarterly and reports to the Board via the Audit-Co. A dynamic tool is used to manage risk: the *'Risk Management Framework'* identifies risks and assesses the effectiveness of their controls. The Risk-Co discusses the top 20 highest risk/weakest control combinations in order to decide what action could or should be taken to reduce the risk to an acceptable level.

The Head of Risk for the Group formally met with the Audit-Co and Chairman five times during the period and also attended each Group board meeting to provide a report on the effectiveness of the Group's systems and controls, in line with the Group's *'Risk Management Framework'*. Emerging risks, updates to the Group's operating systems and principal risks are presented to the Board for analysis.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and as such can only provide reasonable and not absolute assurances against material misstatement or loss. The Board, through the Audit-Co and the Risk-Co, regularly reviews the effectiveness of the system of internal controls. The Audit-Co regularly assesses the status of the Group's internal control framework and also considers how risks are identified, monitored, mitigated and reported throughout the Group.

Following these reviews, the Audit-Co agreed that the internal control framework continues to provide reasonable assurances that appropriate internal controls are in place. Accordingly, the Board confirms that throughout the year ended 31 December 2022 and up to the approval date of these financial statements, there had been an ongoing process of identifying, evaluating, managing, and where appropriate improving significant risks faced by the Group.

Remuneration Committee
Membership of the Rem-Co is limited to Non-Executive Directors and meets at least twice a year in order to ensure that it discharges its duties in determining the remuneration policy for the Group.

As well as oversight and consideration of the Executive Director's remuneration, the scope of the Rem-Co extends to the review of the Group's senior management. The Group maintains a policy to attract and retain individuals of the highest calibre and reward them appropriately, without encouraging excessive risk taking and to ensure staff rewards are aligned with those of shareholders. The Group's policy is to pay appropriate rewards only where it can be demonstrated that individual and team performances contributed to the profitability of the business and the return to shareholders.

Nomination Committee
Membership of the Nom-Co is limited to the Non-Executive Directors and meets at least twice a year. The Nom-Co is responsible for leading the process of all board appointments, and providing oversight and support in respect of all other director appointments within the Group, noting that each regulated board is responsible for its own appointments.

Senior Management Team
The Board now assisted by a Senior Management Team, which comprises of a number of key employees from across the Group, with a focus on supporting the Executive Directors in the dissemination of important information as well as implementing practical objectives and to provide support to all areas of the Group on certain project management issues.

Risk Committee
The Risk-Co is chaired by David McGall as the Group Head of Risk. Following a full review of the Risk-Co terms of reference and the Group's '*Risk Management Framework*', the composition of the Risk-Co was readdressed to appoint named risk owners for each named risk that the Group, its structures and services are subject to. The Risk-Co meets quarterly in order to monitor and measure the Group's risk management controls and the regulatory compliance requirements of the business. Ad hoc meetings are also held as and when required, in order to address current and significant matters which would have an impact on the Group.

The Group Head of Risk reports directly to the Audit-Co Chairman and highlights any Group-wide risk management and control issues that have been identified by the Risk-Co and reports via the compliance monitoring programme or through an internal audit review, which in turn the Audit-Co may escalate to the Board or seek to address directly through the Risk-Co. Through this process, the Risk-Co has been able to identify a number of emerging risks to the Audit-Co, which have been addressed and mitigated effectively and expeditiously.

The Risk-Co is the internal control unit tasked with the review processes, risks and controls; and can make recommendations to the Audit-Co and the Board on improvements. The Board is confident that all regulatory risks faced by the Group are clearly evidenced and appropriately identified and managed via the Risk-Co.

Shareholder relations
The Company places a great deal of importance on communicating clearly and openly with its shareholders and providing them with transparent and adequate information to assist them in making informed decisions. The next AGM is expected to be held on 4 July 2023, with any change to this to be communicated to shareholders in good time. Should shareholders have any queries in respect of the AGM they may contact the Company directly through its dedicated email address (IR@ravenscroftgroup.com) or by correspondence addressed directly to the Group Company Secretary (CoSec@ravenscroftgroup.com).

In addition, the Group Chief Executive Officer and Chairman remain available for regular contact with the Company's investors throughout the year and are responsible for ensuring that shareholders' views are communicated to the wider Board.

This report was approved by the Board of Directors on 26 April 2023 and signed on its behalf by:

Brian O'Mahoney
Director

Rob Hutchinson
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAVENSCROFT HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2022

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ravenscroft Holdings Limited (the "company") and its subsidiaries (together "the Group") as at 31 December 2022, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Audit scope

- The Group consists of 25 components, 13 of which are considered financially significant for the year ended 31 December 2022; Ravenscroft Investment Management Limited, Ravenscroft (CI) Limited, Ravenscroft Investments (UK) Limited, Ravenscroft (Bishops Stortford) Limited, Ravenscroft (IOM) Limited, Ravenscroft Services Limited, Ravenscroft Cash Management Limited, Ravenscroft Custody Services Limited, Ravenscroft Specialist Fund Management Limited, Ravenscroft Consultancy and Listing Services Limited, Ravenscroft Optimal Portfolio Management Limited, Ravenscroft Capital (UK) Limited and Ravenscroft Precious Metals Limited. Other than Ravenscroft Precious Metals Limited, all financially significant components are subject to a full scope financial statement audit.
- The Group's primary locations of operation are in Guernsey, in Jersey via Ravenscroft (CI) Limited, in the United Kingdom via Ravenscroft Investments (UK) Limited, Ravenscroft (Bishops Stortford) Limited and Ravenscroft Capital (UK) Limited and in the Isle of Man via Ravenscroft (IOM) Limited. The Group's financial statements are a consolidation of the parent company and underlying subsidiaries which are investment services businesses, between them providing advisory investment, execution only trading, market making, discretionary investment management, institutional fund management, corporate finance services, cash management, property investment and precious metals dealing and storage, to private and institutional clients.
- We conducted audit procedures appropriate to all components based on the lower of the Group materiality outlined below and the statutory components materiality.
- We conducted the majority of our audit work in Guernsey,with a small amount of work undertaken by a component auditor in the Isle of Man and reliance based on Group audit instructions issued to the component auditors Grant Thornton LLP for Ravenscroft Optimal Portfolio Management Limited.

Key audit matters

- Accounting treatment of business combinations for newly acquired entities.
- Risk of fraud in revenue recognition.

Materiality

- Overall Group materiality: GBP 298,350 (2021: GBP 485,450) based on 5% of Group profit before tax, less write-off of operating system implementation.
- Performance materiality: GBP 223,763 (2021: GBP 343,840).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Accounting treatment of business combinations for newly acquired entities Refer to business combinations note 7. Based on the current year acquisition of Ravenscroft Optimal Portfolio Management Limited (formerly "MitonOptimal Portfolio Management (CI) Limited"), as well as the complex accounting treatment of business combinations under IFRS 3, we have deemed that the accounting treatment for business combinations to be a significant risk area. Significant judgement is involved in calculating the fair value of acquired assets and the allocation of the purchase price to intangible assets (i.e. customer relationships and customer contracts). Judgements arise from the fact that there are a number of assumptions included in the valuation model used to determine the fair values of these intangible assets. These include estimates for the economic useful lives of the intangible assets, projected future earning levels, growth rates, client attrition rates and the discount rate.	We have assessed the acquisition of Ravenscroft Optimal Portfolio Management Limited to determine the appropriate accounting recognition in line with IFRS 3 and responded as below: • We obtained management's evaluation of the accounting treatment and ensured the valuations performed were appropriately accounted for in accordance with applicable financial reporting standards; • We obtained the acquisition agreement and agreed the terms of the acquisition to that of our understanding built through inquiry with management; • We challenged management on the assumptions used in the valuation models and purchase price allocations. This included benchmarking against comparable data; • We performed sensitivity analysis on the key assumptions used in the valuation model, including the: useful economic life, projected future earning levels, discount rate, growth rates; • We reconciled source data used in the model to underlying accounting records and applicable market data points; • We have recalculated the purchase price allocation including the split between goodwill and other intangible assets. We also recalculated the amortisation per annum; and • We recalculated the goodwill arising on acquisition ensuring this is recognised in accordance with IFRS 3. Based on our procedures, we have not identified any matters to report with respect to the new acquisition.

Key audit matter

Risk of fraud in revenue recognition

Refer to the revenue recognition section of note 2.

We focus on revenue recognition across the Group because it is material, is the primary determinant of the Group's profitability and one of the primary measures of performance communicated to investors. In addition, there is a further inherent risk of fraud in revenue recognition as revenue performance could impact the Company's share price and there are share incentive schemes in place for management. As in any organisation where there are incentives based on performance, there is an inherent risk of fraud in revenue recognition as there may be an incentive to overstate revenue. Revenue may also be misstated due to errors in automated calculations or manual processes. The automated calculations, trade and settlement systems have been outsourced to Pershing Limited, for which an ISAE 3402 controls report is prepared annually.

How our audit addressed the Key audit matter

We have assessed each revenue stream and determined the risks associated with the respective stream and responded to the risk as detailed below:

All revenue streams

- Obtained an understanding and performed walkthroughs of key controls associated with each of the revenue streams, to evaluate that these controls are appropriately designed and implemented;
- For relevant controls to the Group, we have tested their operating effectiveness;
- Ensured that revenue was recognized in the correct period and that the recognition criteria of IFRS 15 had been appropriately applied; and
- In addition, we performed risk-based target testing of journals posted revenue which did not follow the expected posting pattern, as this could be indicative of fraud or error. For those journals identified we understood the nature of the journal and agreed the appropriateness of the journal with reference to supporting documentation.

In addition to the above procedures, we also performed specific testing over the different revenue streams as below:

Corporate finance advisory fees and fund investment management fees

- We ensured that the contractual obligations to earn the revenue had been met;
- For corporate finance advisory fees, on a sample basis we agreed the revenue to source documentation for specific deals;
- Tested a sample of other manually calculated revenue items by recalculating these items through the use of supporting evidence;
- Agreed a sample of revenue transactions to subsequent cash receipts; and
- For fund investment management fees, agreed the fees to confirmations sourced from independent fund administrators.

Broking revenue and investment management fees

- Obtained and evaluated the Pershing Limited's ISAE 3402 controls report over the underlying trade and settlement system;
- For stockbroking revenue, agreed a sample of trades posted on the trade and settlement systems to the underlying trade notices/agreements to verify the respective inputs;
- Re-performed the stockbroking revenue calculation based on the fee rates and the broking transactions;
- For investment management fees, reconciled the reports produced by Pershing Limited's systems to underlying books and records of the Group;
- Agreed underlying rates for a sample of clients to original agreements signed between the Group and the client; and
- Re-performed the investment management fees for a sample of transactions based on the assets under management and the applicable rate.

Key audit matter	How our audit addressed the Key audit matter
	Cash management revenue • On a sample basis we agreed rates to the original cash management agreements; and • Re-performed the management fee calculation based on the fee rates and the cash custody statements. From our procedures, we have no matters to report with respect to revenue recognition.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall Group materiality	GBP 298,350 (2021: GBP 485,450)
How we determined it	5% of profit before tax, less write-off of operating system implementation
Rationale for the materiality benchmark	We have applied this benchmark based on our analysis of the common information needs of the users of the consolidated financial statements and consider profit before tax is a key metric for measuring the financial performance of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between GBP 1,900 and GBP 293,267. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to GBP 223,763 (2021: GBP 343,840) for the Group consolidated financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above GBP 14,917 (2021: GBP 22,920), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report & Consolidated Financial Statements 2022 (the “Annual Report”) but does not include the consolidated financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Director's responsibilities for the financial statements, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Adrian Peacegood
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands

27 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Revenue	2	**35,184**	**39,940**
Cost of sales		(5,155)	(6,692)
Gross profit		**30,029**	**33,248**
Administrative expenses	3	(22,213)	(22,440)
Depreciation and amortisation	9,10,19	(723)	(876)
Trading profit[1]		**7,093**	**9,932**
Amortisation and impairment of acquired client relationships	9	(474)	(431)
Impairment of goodwill	8	(41)	-
Share based payments expense	21	(463)	(128)
Write-off of operating system implementation	9,13	(2,111)	-
Operating profit		**4,004**	**9,373**
Finance costs		(171)	(313)
Share of net profit from associate accounted for using the equity method	11	23	109
Profit before taxation		**3,856**	**9,169**
Income tax expense	5	(175)	(459)
Profit for the financial year and total comprehensive income		**3,681**	**8,710**
Attributable to:			
Equity holders of the Company		3,543	8,503
Non-controlling interests	11	138	207
		3,681	**8,710**

Earnings per share attributable to the equity holders of the Company			
Basic	6	24.09p	58.29p
Diluted	6	24.09p	57.96p

All amounts shown in the consolidated financial statements are derived from continuing operations of the Group.
The notes on pages 37 to 70 form part of these consolidated financial statements.

[1] Trading profit is a metric used by the Board to evaluate the performance of the Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Goodwill	8	6,832	5,058
Other intangible assets	9	5,605	5,979
Property, plant and equipment	10	5,821	6,108
Right-of-use assets	19	469	621
Investment in associate	11	303	423
Other investments		15	-
Total non-current assets		**19,045**	**18,189**
Current assets			
Trading investments - long positions	12	771	158
Trade and other receivables	13	12,096	43,186
Deferred tax asset	5	81	-
Inventory		28	28
Cash and cash equivalents	14	10,231	11,196
Total current assets		**23,207**	**54,568**
Total assets		**42,252**	**72,757**
Non-current liabilities			
Borrowings	15	-	4,397
Deferred consideration	17	207	-
Lease liabilities	19	298	491
Total non-current liabilities		**505**	**4,888**
Current liabilities			
Trade and other payables	16	7,157	35,354
Tax payable	5	231	443
Borrowings	15	3,815	698
Deferred consideration	17	386	786
Lease liabilities	19	222	181
Provisions	18	164	413
Total current liabilities		**11,975**	**37,875**
Total liabilities		**12,480**	**42,763**
Net assets		**29,772**	**29,994**
Equity			
Called up share capital	20	148	148
Share premium account		15,276	15,051
Reserves		12,332	12,917
Capital and reserves attributable to equity holders of the Company		**27,756**	**28,116**
Non-controlling interests	11	2,016	1,878
Total equity		**29,772**	**29,994**

The consolidated financial statements were approved by the Board of Directors on 26 April 2023 and signed on its behalf by:

Brian O'Mahoney
Director

Rob Hutchinson
Director

The notes on pages 37 to 70 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operations			
Operating profit		4,004	9,373
Adjustments for:			
Gain on adjustment to deferred consideration		(10)	(15)
Unrealised loss on trading investments	24	71	-
Depreciation and amortisation	9,10,19	1,171	1,307
Write-off of intangible assets	9	240	-
Impairment of goodwill and intangible assets	8,9	67	-
Lease liability payments	19	(255)	(485)
Share based payment expense	21	463	128
Operating cash flows before movements in working capital		**5,751**	**10,308**
(Increase)/decrease in trading investments	12	(613)	201
Decrease/(increase) in receivables - net of effects from acquisition of subsidiary	13	31,401	(4,776)
Increase in inventories		-	(17)
Decrease in provisions	18	(249)	-
(Decrease)/increase in payables - net of effects from acquisition of subsidiary	16	(28,408)	3,459
Cash inflow from operations		**7,882**	**9,175**
Interest paid		(203)	(219)
Taxation paid	5	(468)	(324)
Net cash inflow from operating activities		**7,211**	**8,632**
Cash flows from investing activities			
Acquisition of subsidiary - net of cash acquired	7	(1,409)	-
Deferred consideration paid	7,17	(1,060)	(798)
Dividends received from associate	11	143	63
Purchase of other intangible assets	9	(143)	(125)
Purchase of property, plant and equipment	10	(61)	(135)
Net cash outflow from investing activities		**(2,530)**	**(995)**
Cash flows from financing activities			
Acquisition of own shares subsequently held in treasury	22	(286)	(237)
Award of own shares held in treasury and write-off of EBT loan		(149)	(19)
Proceeds from vesting of share options		196	29
Repayment of borrowings	15	(1,280)	(2,697)
Dividends paid		(4,127)	(3,646)
Net cash outflow from financing activities		**(5,646)**	**(6,570)**
Net (decrease)/increase in cash and cash equivalents		**(965)**	**1,067**
Cash and cash equivalents at the beginning of the year		**11,196**	**10,129**
Net cash and cash equivalents at the end of the year		**10,231**	**11,196**
Represented by:			
Cash and cash equivalents		10,231	11,196
Total cash and cash equivalents		**10,231**	**11,196**

The notes on pages 37 to 70 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Notes	Called up share capital £'000	Share premium account £'000	Reserves £'000	Total attributable to equity holders of the Company £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2021		**148**	**15,018**	**8,155**	**23,321**	**1,642**	**24,963**
Adjustment to subsidiary post publishing of Group accounts		-	-	37	37	-	37
Total comprehensive income for the year		-	-	8,503	8,503	207	8,710
Own shares purchased in the year	22	-	-	(237)	(237)	-	(237)
Own shares awarded in the year	22	-	-	142	142	-	142
Exercise of share options		-	33	(4)	29	-	29
Write-off of EBT loan directly to equity		-	-	(161)	(161)	-	(161)
Further investment by non-controlling interests		-	-	-	-	29	29
Credit to equity for equity-settled share based payments	21	-	-	128	128	-	128
Dividends paid		-	-	(3,646)	(3,646)	-	(3,646)
At 31 December 2021		**148**	**15,051**	**12,917**	**28,116**	**1,878**	**29,994**
Total comprehensive income for the year		-	-	3,543	3,543	138	3,681
Own shares purchased in the year	22	-	-	(286)	(286)	-	(286)
Own shares awarded in the year	22	-	-	1,157	1,157	-	1,157
Exercise of share options		-	225	(29)	196	-	196
Write-off of EBT loan directly to equity		-	-	(1,306)	(1,306)	-	(1,306)
Credit to equity for equity-settled share based payments	21	-	-	463	463	-	463
Dividends paid		-	-	(4,127)	(4,127)	-	(4,127)
At 31 December 2022		**148**	**15,276**	**12,332**	**27,756**	**2,016**	**29,772**

The notes on pages 37 to 70 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. Basis of preparation

This section sets out the significant accounting policies that relate to the consolidated financial statements of Ravenscroft Holdings Limited and its subsidiaries (together the "Group" or "Ravenscroft") as a whole. Where an accounting policy is generally applicable to a specific note to the consolidated financial statements, the policy is described within that note.

The Group is an investment services business; providing advisory investment, execution only trading, market making, discretionary investment management, institutional fund management, corporate finance services, cash management, property management and precious metals dealing and storage; to private and institutional clients; in Guernsey, Jersey, Isle of Man and the United Kingdom ("UK").

Ravenscroft Holdings Limited (the "Company") was registered in Guernsey on 4 May 2016 and is listed on The International Stock Exchange ("TISE"). Prior to the Group reorganisation on 23 April 2018 Ravenscroft (CI) Limited ("RL-CI") (formerly Ravenscroft Limited) was the TISE listed holding company of the Group. The Company was dormant from its registration until the Group reorganisation on 23 April 2018.

The consolidated financial statements of the Group have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Company has prepared consolidated financial statements complying with Section 244 of The Companies (Guernsey) Law, 2008; as a result there is no requirement to prepare individual financial statements for the Company on a stand-alone basis.

Accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are outlined later in these notes. In particular: the carrying value of the goodwill and customer relationships as outlined in notes 8 and 9, expected useful life of intangible assets as outlined in note 9, expected useful life of property, plant and equipment as outlined in note 10, treatment of Software-as-a-Service costs as outlined in note 13, provisions for deferred contingent consideration as outlined in note 18 and share based payment option schemes as outlined in note 21.

Going concern

After making enquiries with management and reviewing the Group's forecasts and projections, the Board of Directors (the "Directors" or "the Board") have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these consolidated financial statements. Forecast and projections included: reviewing repayment and servicing of borrowings, taking account of possible changes in trading performance, and stress testing such performance given the current geopolitical uncertainty. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Adoption of new and revised standards

The accounting policies used in arriving at these consolidated financial statements are consistent with those followed in the preparation of the Group annual consolidated financial statements for the year ended 31 December 2021 which were prepared in accordance with IFRS.

Accounting convention

These consolidated financial statements have been prepared on a historical cost basis except where stated otherwise below. The methods used to measure fair value are further disclosed in note 24.

Basis of consolidation

The consolidated financial statements incorporate: the financial statements of the Company, entities controlled by the Company (its subsidiaries as disclosed in note 11), investments in associate and employee benefit trusts (as disclosed in note 22) which all have coterminous period ends. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the investee entity so as to benefit as a result.

The results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the effective point of acquisition as appropriate.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity respectively.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in pounds sterling (£). This is the currency of the jurisdictions where the Company and its subsidiaries are incorporated and predominantly trade and is therefore the Group's functional and presentational currency.

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the year on transactions denominated in foreign currencies are treated as normal items of income and expenditure in the consolidated statement of comprehensive income.

Client money

The Group holds money on behalf of its clients in accordance with the client money rules of the Guernsey Financial Services Commission ("GFSC") and the Jersey Financial Services Commission ("JFSC") through its wholly owned non-trading subsidiary, Huntress (CI) Nominees Limited. The client monies of Ravenscroft Investments (UK) Limited ("RIL-UK") and Ravenscroft (Bishops Stortford) Limited ("RBSL") are held with their trading platform service providers in accordance with the client money rules of the Financial Conduct Authority ("FCA"). The client money of Ravenscroft (IOM) Limited ("RL-IOM") is held with its trading platform service provider in accordance with the client money rules of the Isle of Man Financial Services Authority ("IOMFSA"). Such money and the corresponding liabilities to clients are not shown on the face of the consolidated statement of financial position as neither the Company nor its subsidiaries have beneficial entitlement. The net return received by the Group on managing client money is included within revenue.

Inventories

Inventories are valued at the lower of cost or net realisable value. No allowance is made for obsolete and slow moving items as the inventory consists entirely of bullion held for trading purposes by Ravenscroft Precious Metals Limited.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company on or before the end of the reporting period but not distributed at the end of the reporting period.

2. Segment information

The Group has clearly defined service lines which are spread across a number of jurisdictions. Selected financial data is presented on this basis below.

Accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Revenue comprises recurring revenue of: custody fees, investment management fees, corporate finance advisory fees and interest turns on deposits which are taken to the consolidated statement of comprehensive income as the services are performed. Custody fees, investment management fees and interest turns on deposits are accounted for on an accruals basis based on agreed rates and the value of the assets under administration. Corporate finance advisory and property management fees are accounted for in accordance with the contractual arrangements and obligations in place.

Revenue also comprises non-recurring revenue derived from: commission income in respect of stockbroking, precious metals dealing and corporate finance services activities; which are accounted for at the trade date.

Segment reporting

In identifying its operating segments, the Board (as the chief operating decision maker) generally follows the Group's service lines, which represent the main services provided by the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Board.

Segment information

The Board currently identifies the Group's reportable segments as follows:

- the Channel Islands broking segment provides private client and institutional stockbroking services along with market making services from divisions based in Guernsey and Jersey;
- the United Kingdom broking segment provides private client and institutional broking services from a division based in the UK;
- the investment management segment provides private client investment management and institutional fund management services from divisions based in Guernsey, Jersey, Isle of Man and the UK;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

2. Segment information continued

Segment reporting continued

- the corporate finance segment provides corporate finance services from divisions based in Guernsey and the UK;
- the precious metals segment provides dealing and secure custody services of bullion from a division based in Guernsey; and
- the cash management segment provides discretionary cash management services from a division based in Guernsey.

Management monitors the operating results of business segments separately for the purpose of making decisions on resource allocation and assessing performance. Segment performance is evaluated based on trading profit or loss. Finance income, finance costs and income taxes are managed on a location basis.

Revenues, costs, assets and liabilities that are not directly attributable to the business activities of any operating segment are classified as unallocated. In the financial period under review, this applies to the Group's services company, Ravenscroft Services Limited, the Group's holding company, and the share of net profit from associate. Non-current assets for this purpose consist of intangible assets and property, plant and equipment. Any transactions between the segments have been eliminated as part of the consolidation.

Operating segment information for the period ended 31 December 2022:

	Broking revenue £'000	Investment management revenue £'000	Corporate finance revenue £'000	Precious metals revenue £'000	Cash management revenue £'000	Total revenue £'000	Trading profit/ (loss)[1] £'000	Operating profit/ (loss) £'000	Profit/ (loss) for the year £'000
Channel Islands	9,899	8,792	7,292	547	2,920	29,450	6,376	3,317	3,171
United Kingdom	3,032	1,393	77	-	-	4,502	766	736	570
Isle of Man	-	1,232	-	-	-	1,232	(49)	(49)	(60)
Group	**12,931**	**11,417**	**7,369**	**547**	**2,920**	**35,184**	**7,093**	**4,004**	**3,681**

[1] This represents operating profit before amortisation and impairment of client relationships and goodwill, share based payments expense and extraordinary events. Refer to the business and financial review on page 11 for the calculation of trading profit. Trading profit is used by the Board to evaluate the performance of the Group.

Operating segment information for the period ended 31 December 2021:

	Broking revenue £'000	Investment management revenue £'000	Corporate finance revenue £'000	Precious metals revenue £'000	Cash management revenue £'000	Total revenue £'000	Trading profit/ (loss)[1] £'000	Operating profit/ (loss) £'000	Profit/ (loss) for the year £'000
Channel Islands	12,446	8,352	10,950	497	1,979	34,224	8,801	8,242	7,795
United Kingdom[2]	2,979	1,337	50	-	-	4,366	1,045	1,045	843
Isle of Man	-	1,350	-	-	-	1,350	86	86	72
Group	**15,425**	**11,039**	**11,000**	**497**	**1,979**	**39,940**	**9,932**	**9,373**	**8,710**

[1] This represents operating profit before amortisation and impairment of client relationships and goodwill, share based payments expense and extraordinary events. Refer to the business and financial review on page 11 for the calculation of trading profit. Trading profit is used by the Board to evaluate the performance of the Group.
[2] United Kingdom includes Ravenscroft Capital (UK) Limited figures from 24 September 2021, when FCA approval was given.

2. Segment information continued

Operating segment assets/(liabilities) for the period ended 31 December 2022:

	Non-current assets £'000	Current assets £'000	Total assets £'000	Non-current liabilities £'000	Current liabilities £'000	Total liabilities £'000
Channel Islands	11,723	20,611	32,334	(319)	(11,088)	(11,407)
United Kingdom	7,112	2,096	9,208	(5)	(730)	(735)
Isle of Man	210	500	710	(181)	(157)	(338)
Group	**19,045**	**23,207**	**42,252**	**(505)**	**(11,975)**	**(12,480)**

Operating segment assets/(liabilities) for the period ended 31 December 2021:

	Non-current assets £'000	Current assets £'000	Total assets £'000	Non-current liabilities £'000	Current liabilities £'000	Total liabilities £'000
Channel Islands	10,758	51,455	62,213	(4,605)	(36,062)	(40,667)
United Kingdom	7,165	2,303	9,468	(60)	(1,582)	(1,642)
Isle of Man	266	810	1,076	(223)	(231)	(454)
Group	**18,189**	**54,568**	**72,757**	**(4,888)**	**(37,875)**	**(42,763)**

3. Administrative expenses

The Group's administrative expenses are categorised by the list defined below. The most significant administrative expense category relates to personnel costs.

Accounting policies

Employee benefits

Liabilities relating to employee services rendered during the year and that are expected to be settled within 12 months after the period-end date are included in administrative expenses. These costs are measured at the amounts expected to be paid. The liabilities are presented as accrued expenses in the consolidated statement of financial position.

Administrative expenses

	31 December 2022 £'000	31 December 2021 £'000
Personnel	15,247	16,578
Information technology	1,238	1,011
Information research	677	590
Legal & professional fees	1,502	1,146
Marketing	1,120	1,224
Travel & entertainment	616	261
Premises	489	464
System implementation running costs	450	553
Auditors' remuneration (note 4)	301	221
Sundry expenses	573	392
Total administrative expenses	**22,213**	**22,440**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

4. Auditors' remuneration

The Group's statutory and other audit fees for the year are detailed separately in this note.

	31 December 2022 £'000	31 December 2021 £'000
Fees payable to the auditor for the audit of the Group's annual financial statements	35	34
Fees payable to the auditors for the audit of the Company's subsidiaries	211	170
Total statutory audit fees	**246**	**204**
Other services:		
Internal audit - KPMG	55	17
Total other audit fees	**55**	**17**
Total auditors' remuneration	**301**	**221**

5. Taxation

This note explains how the Group tax charge arises. The Group experiences tax charges on specific revenue streams from the jurisdictions it operates in.

Accounting policies

Taxation

The tax expense for the year comprises current and deferred tax. The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to brought forward tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company and its Guernsey subsidiaries are taxed at the standard Guernsey rate of income tax of 0%. Guernsey income tax has been accrued for at 10% on the profits derived from the income from the provision of investment management services to individual clients. The Jersey branch is taxed in Jersey at the rate applicable to financial services companies of 10%. RIL-UK, RBSL and Ravenscroft Capital (UK) Limited ("RCL-UK") are all taxed at the standard rate of corporation tax in the UK being 19%. RL-IOM is taxed at the standard rate of corporation tax in the Isle of Man of 0%.

The Company and its Guernsey subsidiaries are required to deduct or account for tax at the difference between the tax suffered by the Company and the shareholders' individual rate of 20% in respect of dividends and revert that tax over to the Director of Income Tax in respect of Guernsey resident individual shareholders.

5. Taxation continued

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Taxation

Tax payable

	31 December 2022 £'000	31 December 2021 £'000
Income tax payable		
Guernsey tax	50	133
Jersey tax	-	106
UK corporation tax	181	204
Total income tax payable	**231**	**443**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

5. Taxation continued

Analysis of the tax charge

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

	2022 £'000	2021 £'000
Guernsey tax charge	90	117
Jersey tax charge	-	108
UK corporation tax charge	181	191
Prior year (over)/under accrual for current tax	(15)	43
Prior year deferred tax assets not previously recognised for Jersey	(40)	-
Increase in deferred tax assets for UK	(41)	-
Total income tax expense	**175**	**459**

Reconciliation of tax charge

	2022 £'000	2021 £'000
Profit before tax	3,856	9,169
Guernsey intermediate rate of tax	10%	10%
Tax on profits at the Guernsey intermediate rate of tax	386	917
Effects of:		
- Higher tax rate applied to profits of UK subsidiaries	65	93
- Activities subject to 0% tax rate in Guernsey/Isle of Man	(437)	(606)
- Non-deductible expense and other items	216	12
- Prior year (over)/under accrual of tax charge	(55)	43
Total income tax expense	**175**	**459**

Reconciliation of tax paid

	2022 £'000	2021 £'000
Opening income tax payable	443	337
Income tax expense	175	459
Adjustment to tax payable	-	(29)
Closing deferred tax asset	81	-
Closing income tax payable	(231)	(443)
Total income tax paid	**468**	**324**

5. Taxation continued

Deferred tax asset

	31 December 2022 £'000	31 December 2021 £'000
CI deferred tax asset	40	-
UK deferred tax asset	41	-
Total deferred tax asset	**81**	**-**

Deferred tax assets have arisen from losses on Ravenscroft (CI) Limited and Ravenscroft Capital (UK) Limited during the tax years 2021 and 2022. The Group believes these will be utilised against profits during the following tax year.

6. Earnings per share

Basic earnings per share is the amount of profit generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

Accounting policies

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares from the Group's existing employee benefit schemes.

Earnings per share

	2022 £'000	2021 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (net profit attributable to equity holders of the parent)	3,543	8,503
Number of shares	**No.**	**No.**
Weighted average number of shares for the purpose of basic earnings per share	14,705,998	14,588,493
Basic EPS (pence)	**24.09**	**58.29**
Effect of dilutive potential of ordinary shares (note 21)	-	83,500
Weighted average number of shares for the purposes of diluted earnings per share	14,705,998	14,671,993
Diluted EPS (pence)	**24.09**	**57.96**

The dilution in both years is a reflection of the future potential exercise of share options. As at the year end date there was no dilutive effect of outstanding share options, as the then price of the Company's shares was below the exercise price (see note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

7. Business combinations

The Group completed the acquisition of a Guernsey based invesment manager during the year.

Ravenscroft Optimal Portfolio Management Limited

On 31 March 2022, Ravenscroft Strategic Acquisitions Limited acquired 100% of the issued share capital of MitonOptimal Portfolio Management (CI) Limited, a private limited company incorporated in Guernsey that provides discretionary asset management services. The purchase was made to increase the revenue and AUA of the Group, as well as utilising employees with key skills across other group services. The entity was renamed Ravenscroft Optimal Portfolio Management Limited ("ROPML") upon acquisition.

Initial cash consideration of £1.5m was paid on closing, with £875k of deferred cash consideration, due to be paid over the following three years.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Fair value of purchase consideration

	£'000
Initial consideration	1,500
Deferred consideration - paid November 2022	282
Deferred consideration - payable as at 31 December 2022	593
Total purchase consideration	**2,375**
Net assets acquired through business combination:	
Non-current assets	35
Trade and other receivables	311
Cash	91
Trade and other payables	(211)
Total net assets recognised by acquired company	**226**
Identifiable intangible assets	334
Total net identifiable assets	**560**
Goodwill on acquisition	1,815
Total purchase consideration	**2,375**

On acquisition date, acquired client relationships of ROPML totalling £334k were capitalised as part of the business combination, which were recognised as separately identifiable intangible assets in the condensed consolidated statement of financial position.

The Group believes that the value of goodwill relates to potential synergies from the current discretionary operations, staff and Group systems and platforms, as well as future cash inflows.

Acquisition impact on reported results

Directly attributable acquisition costs of £82k were incurred in relation to the acquisitions, which were charged to administrative expenses in the consolidated statement of comprehensive income.

In the period from acquisition to 31 December 2022, ROPML earned revenue of £886k and profit before tax of £46k. Had the acquisition been consolidated from 1 January 2022, the consolidated statement of comprehensive income would have included revenue of £1,236k and statutory profit before tax of £36k.

8. Goodwill

Goodwill is an intangible asset which arises when the purchase price exceeds net identifiable assets on acquisition of another entity. It represents items which are not presented separately in the financial statements, such as synergies and brand recognition.

Accounting policies

Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill has an indefinite useful life and is not subject to amortisation but it is assessed for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment of assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Any impairment of assets are recognised in the consolidated statement of comprehensive income under impairment of goodwill.

Goodwill

Cash-generating units

	Impairment 2022 £'000	Additions 2022 £'000	31 December 2022 £'000	31 December 2021 £'000
Ravenscroft Investments (UK) Limited	-	-	859	859
Ravenscroft Precious Metals Limited	-	-	504	504
Ravenscroft Cash Management Limited	-	-	946	946
Ravenscroft Bishops Stortford Limited	-	-	2,708	2,708
Ravenscroft (IOM) Limited ("RL-IOM")	(41)	-	-	41
Ravenscroft Optimal Portfolio Management Limited ("ROPML")	-	1,815	1,815	-
Total	**(41)**	**1,815**	**6,832**	**5,058**

During the year the Group acquired goodwill of £1,815k in relation to the acquisition of ROPML (note 7).

RL-IOM incurred a loss for the year ended 31 December 2022 (note 2), which triggered an impairment indicator. As a result, the Group conducted an impairment review of RL-IOM as at 31 December 2022 and it was deemed that the carrying amount exceeded the recoverable amount. Consequently the entire goodwill of the cash-generating unit was impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

9. Other intangible assets

The Group holds significant intangible assets, mainly in relation to acquired client relationships and internally generated software. Client relationships are amortised over their expected life as clients of the Group. Purchased and developed software is amortised over is its expected useful life or duration of the relevant licence.

Accounting policies
Other intangible assets

Software
Intangible assets relating to software are stated at cost less provisions for amortisation and impairments. Amortisation is provided at rates calculated to write-off the cost, less the estimated residual value, of each asset evenly over its estimated useful life as follows:

Purchased software and software development	5 years
Software licences	1 - 7 years

The carrying values of intangible assets are subject to annual review and any impairment is charged to the consolidated statement of comprehensive income.

An internally generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:
- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where no intangible asset can be recognised, software development expenditure is recognised in the consolidated statement of comprehensive income as an expense in the period in which it is incurred.

Acquired client relationships
Intangible assets relating to acquired client relationships represent the fair value of future benefits accruing to the Group from such client relationships. The amortisation of client relationships is charged to the consolidated statement of comprehensive income on a straight line basis over their estimated useful lives (10-25 years).

9. Other intangible assets continued

Other intangible assets

	Acquired client relationships £'000	Software licences, purchased software and software development £'000	Total £'000
Cost:			
As at 1 January 2021	6,900	1,795	8,695
Additions	-	125	125
At 31 December 2021	**6,900**	**1,920**	**8,820**
Additions (note 7)	334	143	477
Disposals	-	(240)	(240)
At 31 December 2022	**7,234**	**1,823**	**9,057**
Amortisation:			
As at 1 January 2021	(1,057)	(1,189)	(2,246)
Charge for the year	(431)	(164)	(595)
At 31 December 2021	**(1,488)**	**(1,353)**	**(2,841)**
Charge for the year	(448)	(137)	(585)
Impairment	(26)	-	(26)
At 31 December 2022	**(1,962)**	**(1,490)**	**(3,452)**
Carrying amount:			
At 31 December 2021	**5,412**	**567**	**5,979**
At 31 December 2022	**5,272**	**333**	**5,605**

The impairment recognised during the year was attributable to the acquired client relationships associated with RL-IOM.

The disposal relates to the write-off of software development linked to the implementation of the operating system. This resulted in a loss of £240k which is included in write-off of operating system implementation within the consolidated statement of comprehensive income.

10. Property, plant and equipment

Property, plant and equipment represents tangible fixed assets that the Group holds. The most significant holding relates to ownership of the Group's office headquarters. All assets are depreciated over their useful lives.

Accounting policies

Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write-off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Freehold property	25 years
Land	n/a
Fixtures and fittings	3 - 5 years
Office equipment	3 years
Communications equipment	3 years
Leasehold improvements	5 - 10 years

The carrying values and residual values of property, plant and equipment are subject to annual review and any impairment is charged to the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

10. Property, plant and equipment continued

Property, plant and equipment

	Land & freehold property £'000	Office equipment £'000	Fixtures and fittings £'000	Communications equipment £'000	Leasehold improvements £'000	Total £'000
Cost:						
As at 1 January 2021	6,209	813	598	138	190	7,948
Additions	-	82	40	1	12	135
As at 31 December 2021	**6,209**	**895**	**638**	**139**	**202**	**8,083**
Additions	-	40	15	6	-	61
Acquired in business combinations	-	51	-	-	-	51
As at 31 December 2022	**6,209**	**986**	**653**	**145**	**202**	**8,195**
Depreciation:						
As at 1 January 2021	(308)	(628)	(406)	(69)	(88)	(1,499)
Charge for the year	(169)	(100)	(131)	(49)	(27)	(476)
At 31 December 2021	**(477)**	**(728)**	**(537)**	**(118)**	**(115)**	**(1,975)**
Charge for the year	(169)	(109)	(47)	(18)	(27)	(370)
Acquired in business combinations	-	(29)	-	-	-	(29)
At 31 December 2022	**(646)**	**(866)**	**(584)**	**(136)**	**(142)**	**(2,374)**
Net Book Value:						
At 31 December 2021	**5,732**	**167**	**101**	**21**	**87**	**6,108**
At 31 December 2022	**5,563**	**120**	**69**	**9**	**60**	**5,821**

11. Interests in other entities

The holdings in companies within the Group are detailed in this note.

Accounting policies

Investment in associates

Investments in associates are accounted for using the equity method of consolidation, after initially being recognised at cost in the consolidated statement of financial position, in accordance with IFRS 11: Joint Arrangements.

Accounting for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. For the non-controlling interest in RIL-UK, the Group elected to recognise the non-controlling interest at its proportionate share of the acquired net identifiable assets.

11. Interests in other entities continued

Interests in other entities

Subsidiaries

The Group has investments in the following principal subsidiary undertakings:

Name of entity	Country of registration	Principal activity	% held by Group companies 2022 and 2021
Huntress (CI) Nominees Limited	Guernsey	Nominee company	100%
Ravenscroft (CI) Limited[1]	Guernsey	Provision of investment services	100%
Ravenscroft Investment Management Limited[1]	Guernsey	Provision of investment services	100%
Ravenscroft Services Limited	Guernsey	Services company	100%
Ravenscroft Investments (UK) Limited	England & Wales	Provision of investment services	75%
Ravenscroft (Bishops Stortford) Limited	England & Wales	Provision of investment services	75%[2]
Ravenscroft Precious Metals Limited[1]	Guernsey	Provision of precious metal investment services	100%
Ravenscroft Property Holdings Limited	Guernsey	Property holding company	100%
Ravenscroft Cash Management Limited[1]	Guernsey	Provision of discretionary cash management services	100%
Ravenscroft Custody Services Limited	Guernsey	Provision of custody services	100%
Ravenscroft Capital Limited	Guernsey	Holding company	100%
Ravenscroft Project Management Limited	Guernsey	Provision of project management services	100%
Ravenscroft Specialist Fund Management Limited	Guernsey	Provision of fund management services	100%
Ravenscroft Consultancy & Listing Services Limited	Guernsey	Provision of corporate finance services	100%
Ravenscroft (IOM) Limited	Isle of Man	Provision of investment services	100%
Ravenscroft Strategic Acquisitions Limited	Guernsey	Holding company	100%
Ravenscroft Optimal Portfolio Management Limited	Guernsey	Provision of investment services	100%[3]
Ravenscroft Capital (UK) Limited	England & Wales	Provision of corporate finance services	70%

These companies have been consolidated in the Group's consolidated financial statements. Unless otherwise stated the country of incorporation or registration is also their principal place of business.

[1] On 3 January 2023, the Group completed the amalgamation of RIML, RCML and Ravenscroft Precious Metals Limited into RL-CI. RL-CI remains as the regulated entity by the GFSC and JFSC.
[2] Holding stated as 75% as 100% held via Ravenscroft Investments (UK) Limited.
[3] On 31 March 2022, Ravenscroft Strategic Acquisitions Limited acquired 100% of the issued share capital of MitonOptimal Portfolio Management (CI) Limited. The entity was renamed Ravenscroft Optimal Portfolio Management Limited ("ROPML") upon acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

11. Interests in other entities continued

Associates

As at 31 December 2022 the Group had investments in the following associate:

Name of entity	Country of registration	Principal activity	% held by Group companies 2022 and 2021
D2 Real Estate Holdings Limited	Jersey	Provision of real estate management services	36%

The associate has been consolidated in the Group's consolidated financial statements using the equity method.

Set out below is summarised financial information for D2 Real Estate Holdings Limited for the current and prior year. The amounts disclosed are before any inter-company eliminations.

Summarised statement of financial position of D2 Real Estate Holdings Limited	31 December 2022 £'000	31 December 2021 £'000
Current assets	711	1,115
Current liabilities	(133)	(196)
Net current assets	**578**	**919**
Non-current assets	19	16
Net assets	**597**	**935**

Summarised statement of comprehensive income of D2 Real Estate Holdings Limited	2022 £'000	2021 £'000
Revenue	1,645	1,752
Operating expenses	(1,582)	(1,448)
Profit for the year	**63**	**304**

Investment in D2 Real Estate Holdings Limited	2022 £'000	2021 £'000
Opening cost of investment	423	377
Dividend received from associate	(143)	(63)
Share of net profit from associate	23	109
Investment in associate	**303**	**423**

11. Interests in other entities continued

Non-controlling interests ("NCI")

Set out below is summarised financial information for RIL-UK for the current year and prior year. The amounts disclosed are before inter-company eliminations.

Summarised consolidated statement of financial position of RIL-UK	31 December 2022 £'000	31 December 2021 £'000
Current assets	2,105	2,283
Current liabilities	(746)	(1,587)
Net current assets	**1,359**	**696**
Non-current assets	7,111	7,165
Non-current liabilities	(5)	(60)
Net assets	**8,455**	**7,801**
Accumulated NCI	**2,037**	**1,871**

Summarised consolidated statement of comprehensive income of RIL-UK	2022 £'000	2021 £'000
Revenue	4,425	4,316
Profit for the year	**664**	**918**
Profit allocated to NCI	166	230
Dividends paid to NCI	-	-

Set out below is summarised financial information for RCL-UK for the current period. The amounts disclosed are before inter-company eliminations.

Summarised consolidated statement of financial position of RCL-UK	31 December 2022 £'000	31 December 2021 £'000
Current assets	41	35
Current liabilities	(109)	(10)
Net current (liabilities)/assets	**(68)**	**25**
Non-current assets	-	-
Non-current liabilities	-	-
Net (liabilities)/assets	**(68)**	**25**
Accumulated NCI	**(21)**	**7**

Summarised consolidated statement of comprehensive income of RCL-UK	2022 £'000	2021 £'000
Revenue	77	50
Loss for the year/period	**(94)**	**(75)**
Loss allocated to NCI	(28)	(23)
Dividends paid to NCI	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

11. Interests in other entities continued

Summarised profit/(loss) attributable to NCI	2022 £'000	2021 £'000
RIL-UK	166	230
RCL-UK	(28)	(23)
Profit attributable to NCI for the year/period	**138**	**207**

12. Trading investments – long positions

The Group holds long positions on investments due to its activities acting as a market maker for listed securities.

Accounting policies

Investments and financial assets or liabilities

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on the trade date, when the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value net of transaction costs, except for those financial assets classified as fair value which are described below.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' ("FVTPL") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

Trading investments pertain to investment securities and can comprise both long and short positions and are initially measured at fair value excluding transaction costs. Subsequently, and at each reporting date, these investments are measured at their fair values, with the resultant gains and losses arising from changes in fair value being taken to the consolidated statement of comprehensive income.

Financial assets are classified as financial assets at FVTPL where the Group acquires the instrument principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking, as well as all derivatives that are not designated and effective hedging instruments. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognised in the consolidated statement of comprehensive income. The net gain or loss recognised in the consolidated statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

12. Trading investments – long positions continued

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has not entered into any arrangements that meet the criteria for offsetting.

Trading investments - long positions

	31 December 2022 £'000	31 December 2021 £'000
Trading investments - long positions	**771**	**158**

The fair values of these trading investments are based on quoted mid market prices. The risks resulting from these positions are set out in note 23.

13. Trade and other receivables

Trade and other receivables mainly consist of trades outstanding which are due from both clients and the market. The Group also has receivables in relation to income accrued during the year and amounts paid to suppliers in advance.

Accounting policies

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the IFRS 9: Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group regularly reviews all outstanding balances, including market and client receivables referred to in this note, and provides for amounts it considers irrecoverable. This is recognised as bad debts in the consolidated statement of comprehensive income.

Broker settlement balances

The Group is involved, as principal, in the purchase and simultaneous commitment to sell securities between third parties. Such trades are only complete when both sides of the deal are settled, and so the Group is exposed to risk in the event that one side remains unmatched. The gross exposure to this risk is presented within the trade debtors and creditors as appropriate, though these would be expected to settle during the normal course of trading. Receivable amounts are classified as trade and other receivables held at amortised cost and payable amounts are classified as trade and other payables measured at amortised cost.

Software-as-a-Service ("SaaS") arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

13. Trade and other receivables continued

Trade and other receivables	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Prepayments and accrued income	8,018	10,808
Service contract asset	175	1,053
Market and client receivables	3,903	31,325
Trade and other receivables	**12,096**	**43,186**

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Following the Group's decision to cease its project to implement a new operating system, a write-off to trade and other receivables occurred for the following amounts:

	2022 £'000
Prepayments and accrued income	(929)
Service contract asset	(942)
Trade and other receivables	**(1,871)**

Reconciliation of trade and other receivables acquired for cash flow:	2022 £'000
Opening trade and other receivables	43,186
Add:	
Trade and other receivables acquired in ROPML acquisition (note 7)	311
Less:	
Closing trade and other receivables	(12,096)
Working capital cash flow movement	**31,401**

14. Cash and cash equivalents

The Group holds cash in a variety of bank deposits.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand deposits, and other short-term highly liquid investments that have original maturities of three months or less which are subject to an insignificant risk of changes in value.

Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash and cash equivalents	**10,231**	**11,196**

The Directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

15. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of committed bank facilities.

Accounting policies

Borrowings

Interest bearing loans and receivables are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance costs in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings	31 December 2022			31 December 2021		
	Current £'000	Non-current £'000	Total £'000	Current £'000	Non-current £'000	Total £'000
Capped rate facility	2,884	-	2,884	248	2,884	3,132
Variable rate facility	931	-	931	450	1,513	1,963
Total borrowings	**3,815**	**-**	**3,815**	**698**	**4,397**	**5,095**

The capped rate facility relates to a £3.75m loan from Royal Bank of Scotland International ("RBSI") at 3% per annum over the Sterling Overnight Index Average ("SONIA"). The Company purchased an interest rate cap on the facility, limiting the effects of SONIA increases to 2%. The final repayment date is five years from date of drawdown, being 30 June 2023. The Group is currently appraising both repayment and refinancing options, with consideration to current interest rates and ongoing market conditions.

The capped rate facility was originally agreed at a rate of 3% per annum over the London Interbank Offered Rate ("LIBOR"). With the cessation of LIBOR as a recognised industry benchmark as at 1 January 2022, a new agreement has been signed with RBSI, changing the interest benchmark to SONIA for the remaining length of the agreement. A further adjustment is also included in the new agreement which bridges the difference between LIBOR and SONIA. This minimises the effect of changing benchmarks and therefore means there is negligible difference in interest charges.

The variable rate facility held with Investec Bank (Channel Islands) Limited was increased on 4 February 2020 to become a £6.55m floating rate facility, charged at 3% per annum over '*Base Rate*'. The facility is cross-guaranteed by companies within the Group and was obtained to fund various business acquisitions. During the year ended 31 December 2022, a £500k early prepayment was made due to free cash flows within the Group. The final repayment date is five years from date of the initial drawdown, being 31 October 2023.

During the year, the Group complied with all covenants associated with the aforementioned facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

16. Trade and other payables

Trade and other payables mainly consist of trades outstanding which are due to both clients and the market. The Group also has payables in relation to expenses accrued during the year and amounts paid by clients in advance.

Accounting policies

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Accrued expenses	3,420	5,410
Deferred income	74	89
Market and client payables	3,663	29,855
Trade and other payables	**7,157**	**35,354**

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Reconciliation of trade and other payables acquired for cash flow:	2022 £'000
Closing trade and other payables	7,157
Less:	
Opening trade and other payables	(35,354)
Trade and other payables acquired in ROPML acquisition (note 7)	(211)
Working capital cash flow movement	**(28,408)**

17. Deferred consideration

The Group has deferred consideration due on acquisitions made. As at the current year end, the entire balance consists of deferred consideration due on the acquisition of Ravenscroft Optimal Portfolio Management Limited.

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Deferred consideration	**386**	**786**
Amounts falling due later than one year:		
Deferred consideration	**207**	**-**

18. Provisions and contingent liabilities

A provision is a liability recorded in the consolidated statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. A contingent liability is a potential future obligation, where the likelihood of occurrence is considered more than remote, but is not considered probable or cannot be measured reliably.

Accounting policies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle a present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Deferred contingent consideration	164	413
Provisions	**164**	**413**

Deferred contingent consideration

Deferred contingent consideration relates solely to the consideration payable on the acquisition of RL-IOM. The amount is reliant upon the total value of assets awarded in the contract renewal of a specified client. As at 31 December 2022, management deemed it most probable that the highest asset 'hurdle' would no longer be met. The provision has been adjusted to reflect management's best estimate on the level of assets retained. The consideration remains to be paid due to a delay in the formal renewal date. The earliest expectation of payment is in H2 2023.

Accounting policies

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events. It can also be a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the notes to the consolidated financial statements.

Contingent liabilities

The Group has not identified any contingent liabilities as at 31 December 2022 (2021: £Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

19. Leases

This note explains the accounting treatment for leases. The Group primarily holds lease contracts across a number of subsidiaries in relation to rented office space.

Accounting policies

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

(i) The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. A right-of-use asset and a corresponding lease liability are recognised with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, lease payments are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The 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 the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

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

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

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or consolidated statement of comprehensive income if the right-of-use asset is already reduced to zero.

On the consolidated statement of financial position, right-of-use assets are separately disclosed and current and non-current lease liabilities have been included in lease liabilities.

19. Leases continued

Leases

The Group has lease contracts for various office buildings used in the operations of the business. The amounts recognised in the financial statements in relation to leases are as follows:

Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

Right-of-use assets	31 December 2022 £'000	31 December 2021 £'000
Office buildings	469	621
Total right-of-use assets	**469**	**621**
Lease liabilities		
Non-current	298	491
Current	222	181
Total lease liabilities	**520**	**672**

Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2022 £'000	2021 £'000
Total depreciation charge of right-of-use assets	**216**	**236**
Interest expense	39	57
Expense relating to short-term leases	42	42
Future minimum lease payments as at 31 December 2022 are as follows:		
Not later than one year	248	222
Later than one year and not later than five years	319	495
Later than five years	-	42
Total gross payments	**567**	**759**
Impact of finance expenses	**(47)**	**(87)**
Carrying amount of liability	**520**	**672**

The total cash outflow for leases in 2022 was £255k (2021: £485k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

20. Called up share capital

Called up share capital is the number of shares in issue at their par value.

Accounting policies

Equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Where any Group company purchases the Company's equity instruments; for example as the result of a share based payment plan; the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by The Ravenscroft 2015 Employee Benefit Trust are disclosed as treasury shares (note 22) and deducted from contributed equity.

Called up share capital

	£'000	No.
Authorised:		
As at 31 December 2021	150	15,000,000
As at 31 December 2022	150	15,000,000
Allotted, issued and fully paid:		
As at 31 December 2021	148	14,827,234
As at 31 December 2022	148	14,827,234

21. Share based payments and other employee benefits

The Group has share option plans used to award shares to employees as part of their remuneration package. A charge is recognised over the vesting period in the consolidated statement of comprehensive income to record the cost of these, based on the fair value of the award at the grant date. The Group also makes other discretionary share based payments to employees for remuneration of services performed.

Accounting policies

Employee benefits

The Group delivers share based compensation via its share option plan under which the Group receives services from employees in consideration for equity instruments (shares) of the Company. The fair value of the employee services received in exchange for the grant of the shares is expensed on a straight-line basis over the vesting period based on the Group's estimate of the value and amount of the shares that will eventually vest. Information relating to these schemes is set out below.

Share options

During the year the remaining of the Group's employee share options, as agreed on 15 October 2015, were exercised. Details of the number of options exercised are detailed below:

Number of share options:	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
Outstanding at the beginning of the year	18,500	-	5,000	60,000	-	83,500
Exercised during the year	(18,500)	-	(5,000)	(60,000)	-	(83,500)
Outstanding at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**

The Board of RHL agreed during the period to approve a share option plan for the Group CEO - Jon Ravenscroft, relating to the retention of his services. Details of the options and the associated vesting dates are outlined below. The options are exercisable at a price in accordance with the rules of the agreement on the date of grant. If the options remain unexercised after 1 January 2030, the options will expire. If the option holder ceases to be an employee or office holder within the Group, the options will lapse.

	Date of grant	Vesting date	Date of expiry	Remaining contractual life (months)	No. of share options	Estimated fair value £'000	Expensed through profit or loss 2022 £'000
Share option plan - CEO	Apr-22	Jan-25	Jan-30	84	444,817	128	43

The fair value of the options are estimated at grant date, using an appropriate valuation model.

Exercise price	1000p
Adjusted share price to reflect liquidity (20% discount)	700p
Expected volatility	13.1%
Expected share price growth	8.0%
Discount rate	5.2%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

21. Share based payments and other employee benefits continued

Other share based payments

During the year, a further 142,125 shares were awarded to employees, of which, 110,000 relate to the Group CEO - Jon Ravenscroft. This was part of a three-year retention plan, which recognised the performance of these individuals to date and their importance to the future business. The shares awarded are subject to a claw-back provision, which is linked to completion of service over the three years, beginning on the date of grant of the shares. One third of the shares awarded are released from the claw-back provision each year, on the anniversary of the award date. The associated expense of the share award is to be recognised over the service completion period.

The associated expense recognised during the year was £420k (2021: £128k) and the total fair value of the 142,125 shares awarded was £986k (2021: £Nil), which was determined by a discounted share price at the time of award.

22. Own shares

The Group deals in shares of the Company to satisfy future share options obligations via an employee benefit trust.

The Ravenscroft 2015 Employee Benefit Trust ("REBT 2015")

The Group established an employee benefit trust (the Ravenscroft 2015 Employee Benefit Trust) to handle the purchase, holding and sale of Company shares; for the benefit of staff and to satisfy future share option obligations under the Group's share option schemes as well as other share based payments. As at 31 December 2022, REBT 2015 owned 73,049 (2021: 228,000) ordinary shares of £0.01 each. REBT 2015 has waived its rights to dividends.

	Number of shares	Cost £'000
At 1 January 2021	211,970	1,280
Acquired in the year	39,530	237
Awarded during the year	(23,500)	(142)
At 31 December 2021	**228,000**	**1,375**
Acquired in the year	35,791	286
Awarded during the year	(190,742)	(1,157)
At 31 December 2022	**73,049**	**504**

During the year the Group awarded shares to a number of employees. These shares are subject to a claw-back provision. As part of the claw-back provision, employees are required to complete a service period before having unconditional rights to the shares. If the required service period is not completed by the employee, the claw-back provision will take effect and shares will be due back to the Group. As at 31 December 2022, 142,125 shares were still subject to the claw-back provision.

23. Financial instruments and risk management

This note details the liquidity management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

The Directors are of the opinion that there have been no significant changes in the financial risks relating to the financial instruments since the prior year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its market and client receivables. The amounts presented in the consolidated statement of financial position are net of allowances for expected credit losses. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure of the financial instruments to this risk approximates the consolidated statement of financial position values. There was no change in the value of loans and receivables in any period presented as a result of changes in credit risk.

Market and client receivables include £0.12m (2021: £0.19m) relating to unsettled trades that have gone past their due dates. Of this balance, £Nil (2021: £Nil) relates to trades awaiting settlement confirmation from unit trust managers and £Nil (2021: £Nil) relates to trades where the market is unable to deliver stock. As at 26 April 2023, £Nil (2021: £Nil) of the year end market and client receivables balance that related to unsettled trades that had gone past their due dates remain unsettled. At the year end, the Group was owed £0.90m (2021: £2.33m) from bank accounts operated on behalf of clients in a nominee capacity. Of these totals, all balances were less than 30 days overdue at the year end other than £Nil (2021: £0.12m) relating to unsettled trades.

Also within the market and client receivables are receivable amounts in respect of overdrawn client accounts of £0.31m (2021: £0.68m) which, by their nature, are due for repayment immediately. For commercial reasons the Group may not necessarily seek immediate repayment of these balances, though none are considered impaired. Of the amounts overdrawn at the statement of financial position date these have substantially all been repaid since then. Collateral relating to these receivables exists covering 98% (2021: 88%) of the overdrawn accounts and is described in more detail below.

The remaining market and client receivables are neither past due nor impaired. These relate to trades entered into in an agent capacity on behalf of counterparties that have been subject to assessment of credit risk upon acceptance as a client. To date no losses have been incurred as a result of changes in credit quality and all these outstanding trade positions were settled in full after the year-end date.

Collateral exists in relation to the Group's right to liquidate client assets under administration to make good of funds owed to the Group by individual clients. For clients with assets under administration, the fair value of the available assets would exceed any amounts owed. This collateral does not affect market side receivables or clients using cash against delivery services. The fair value of this collateral at the year end is £323.66m (2021: £87.74m). To date it has not been considered necessary to utilise such recourse. The collateral is over assets held in a nominee capacity and is therefore not otherwise recognised in the consolidated financial statements.

Credit risk relating to cash and cash equivalents and market exposures within market and client receivables is limited because the counterparties are institutions with high credit ratings assigned by international credit rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

23. Financial instruments and risk management continued

Liquidity risk

The Group is exposed to liquidity risk, namely the risk that it may be unable to meet its payment obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Given the nature of the Group's business, other than borrowings, the Group does not run any significant liquidity mismatches; financial liabilities are on the whole short term and the Group has sufficient cash retained to cover all its non-client and market liabilities. The Group manages the liquidity risk on borrowings by continuously assessing the Groups cash flow, forecasting forward, and horizon scanning to ensure that the Group maintains enough cash flow to repay the interest and principal portions of the borrowings as they fall due.

Included in market and client payables are trades not yet due for settlement amounting to £1.54m (2021: £27.97m) that are expected to settle within a few days of the year end as these fall due for settlement. The corresponding counterparty/client receivables are presented within the market and client receivables balance. As at 26 April 2023, £Nil (2021: £Nil) of the year end market and client payables trades that were not yet due for settlement remain unsettled.

Such obligations relating to transactions entered into as principal in a nominee capacity are done so through a subsidiary of the Company, Huntress (CI) Nominees Limited, which exists solely to act in this capacity. Funds held on behalf of clients are reconciled daily and on occasion RL-CI may be required to advance funds to meet counterparty obligations. It is not considered that this represents a significant liquidity risk as the Group has the means to meet these obligations.

Liquidity risk table

The following tables detail the Group's remaining expected maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The tables also detail the Group's expected maturity for its non-derivative financial assets, and have been drawn up based on the undiscounted contractual maturities of the financial assets.

	Less than 1 month £'000	1-12 months £'000	1-5 years £'000	5+ years £'000	Total £'000
At 31 December 2022					
Trading investments - long positions	771	-	-	-	771
Trade and other receivables	12,096	-	-	-	12,096
Deferred tax asset	-	81	-	-	81
Cash and cash equivalents	10,231	-	-	-	10,231
Other investment	-	-	15	-	15
Trade and other payables	(7,157)	-	-	-	(7,157)
Tax payable	(231)	-	-	-	(231)
Provisions	-	(164)	-	-	(164)
Borrowings	-	(3,815)	-	-	(3,815)
Deferred consideration	-	(386)	(207)	-	(593)
Lease liabilities	-	(222)	(298)	-	(520)
Net assets/(liabilities)	**15,710**	**(4,506)**	**(490)**	**-**	**10,714**

23. Financial instruments and risk management continued

Liquidity risk table continued

	Less than 1 month £'000	1-12 months £'000	1-5 years £'000	5+ years £'000	Total £'000
At 31 December 2021					
Trading investments - long positions	158	-	-	-	158
Trade and other receivables	43,186	-	-	-	43,186
Cash and cash equivalents	11,196	-	-	-	11,196
Trade and other payables	(35,354)	-	-	-	(35,354)
Tax payable	(443)	-	-	-	(443)
Provisions	-	(413)	-	-	(413)
Borrowings	-	(698)	(4,396)	-	(5,094)
Deferred consideration	-	(786)	-	-	(786)
Lease liabilities	-	(181)	(449)	(42)	(672)
Net assets/(liabilities)	**18,743**	**(2,078)**	**(4,845)**	**(42)**	**11,778**

Market risks

(i) Foreign exchange risk

The Group does not have any material exposure to transactional foreign currency risk and therefore no analysis of foreign exchange risk is provided.

(ii) Interest rate risk

The Group is exposed to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its debt positions. In 2018, the Company purchased an interest rate cap on the £3.75m RBSI facility, limiting the effects of; then LIBOR, now SONIA; increases to 2%. The transition from LIBOR to SONIA from 1 January 2022 is discussed in more detail in note 15. The remaining facility of £6.55m is a floating rate facility linked to *'Base Rate'*. Currently management review current and forecast interest rates on a regular basis to consider the interest rate risk associated with this facility.

The interest rate profile of the financial assets and liabilities, as at the consolidated statement of financial position date is as follows:

	Variable rate financial liabilities £'000	Capped rate financial liabilities £'000
At 31 December 2022	**(931)**	**(2,884)**
At 31 December 2021	**(1,963)**	**(3,132)**

At 31 December 2022, if interest rates had moved by 300bps (2021: 100bps) with other variables remaining constant, the change in equity and profit or loss for the year would amount to approximately £134k (2021: £51k).

The variable rate financial liabilities relate solely to the loan with Investec Bank (Channel Islands) Limited, and the capped rate financial liabilities relate solely to the loan with RBSI. As SONIA is above the 2% cap rate, the interest rate cap agreement represents a derivative financial asset at year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

23. Financial instruments and risk management continued

Market risks continued

(iii) Price risk

Minimal price risk is considered to exist in relation to the Group's role as an intermediary between buyers and sellers of financial instruments that give rise to the client and market payables and receivables. The exposure is limited to trade mismatches or error, or if one matched counterparty fails to fulfil its obligations. The Group applies monitors and controls to minimise the occurrence of such events. No significant gains or losses have been made to date in respect of such exposure.

(iv) Equity price sensitivity analysis

The Group is generally dependent on the health of the financial markets. The potential impact of poor economic conditions on our clients and markets has the potential to adversely influence the Group's overall financial performance and as such is monitored and reviewed on a forward-looking basis.

The Group's direct exposure to equity price risk is also closely managed. The Group has built a framework of overall and individual stock limits and these are actively monitored by the Group Managing Director of Operations on a daily basis. The Group's overall exposure to equity price risk is set by the Board.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 20% higher/lower, net profit for the year ended 31 December 2022 would have been £154k higher/lower (2021: £32k higher/lower) due to changes in the value of FVTPL held for trading investments.

Capital risk management

The Group's subsidiaries: RL-CI, RIML, RCML, RCSL, ROPML, RSFML and RCLSL are regulated by the GFSC under The Protection of Investors (Bailiwick of Guernsey) Law, 2020. RL-CI, through its Jersey branch, is regulated by the JFSC under the Financial Services (Jersey) Law, 1998. RIL-UK, RBSL and RCL-UK are regulated by the FCA. RL-IOM is regulated by the IOMFSA. These companies are therefore required to meet certain minimum capital requirements. Notwithstanding this the Directors maintain levels of equity, reserves and professional indemnity insurance cover that they consider sufficient to meet the commitments and withstand the risks to which each are subject. These companies have complied with these requirements during the period under review.

24. Fair value measurement

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from 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); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Trading investments - long positions	771	–	–	771
Other investments	-	–	15	15

	31 December 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Trading investments - long positions	158	–	–	158

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments measured at fair value on an ongoing basis include trading assets.

Financial assets at FVTPL	2022 £'000	2021 £'000
Opening balance	158	358
Purchases	23,416	56,706
Sales	(22,827)	(57,864)
Realised gains	95	958
Unrealised loss	(71)	-
Trading investments - long positions	**771**	**158**

Determination of fair value

Fair values are determined as follows within the hierarchy:

(a) Quoted market price
Financial instruments with quoted bid prices for identical instruments in active markets.

(b) Valuation technique using observable inputs
Financial instruments with quoted bid prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

(c) Valuation technique with significant non-observable inputs
Financial instruments valued using financial models where one or more significant inputs are not observable.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2022

25. Controlling party and related party transactions

Controlling party

The Directors consider there to be no immediate or ultimate controlling party of the Company. Balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are as follows:

Balance of transactions as at:

Due from/(due to)	Relationship	31 December 2022 £'000	31 December 2021 £'000
Ravenscroft Capital (UK) Limited	Subsidiary	(70)	(70)
Ravenscroft Services Limited	Subsidiary	664	(1,455)

The Group acts as market maker for the long and short investment positions held within trading investments with a value of £771k (2021: £158k) and £Nil (2021: £Nil) respectively.

Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories in IAS 24: Related Party Disclosure.

	2022 £'000	2021 £'000
Short-term employment benefits	3,675	4,063
Equity compensation benefits	411	128

For details on the Non-Executive Directors' remuneration paid during the year, please see the Directors' report on page 18. As at 31 December 2022, £Nil (2021: £Nil) of the Directors' remuneration had been accrued but not paid.

Transactions with Directors and staff

Directors' interests in ordinary shares of Ravenscroft Holdings Limited

For details on the Directors' interests in ordinary shares of the Company as at 31 December 2022, please see the Directors' report on page 18.

The current Directors received total dividends on ordinary shares held in the Company during the financial year ended 31 December 2022 of £0.8m (2021: £0.6m).

Investment services offered to Directors and staff

During the years ended 31 December 2022 and 31 December 2021, the Group has provided a range of investment services in the normal course of business to shareholders on normal third-party business terms. Directors and staff are eligible for discounts on some of the services provided. Revenues from services provided to Directors and staff, unless otherwise stated, are immaterial in relation to the overall operations of the Group.

25. Controlling party and related party transactions continued

Other related party transactions

Stephen Lansdown CBE is a significant shareholder and ex-Chairman of the Company. PHL Limited; a client of the Group and company for which Stephen Lansdown is the ultimate controlling party; was charged a custody holding fee of £310k during the year ended 31 December 2022 (2021: £500k). The fee charged was at a standard market rate for the type of holding and service provided.

During the year ended 31 December 2021, the Company entered into a contract with Bristol Sport Limited to act as the main sponsor of the Bristol Bears for 2021/22 season. In addition to this, a new contract was signed to act as a kit sponsor for 2022/23 season. The ultimate controlling party of Bristol Sport Limited is Stephen Lansdown. The total value of both contracts is £560k, of which £280k was incurred during the year ended 31 December 2022 (2021: £500k). No balance remained payable as at 31 December 2022.

26. Events after reporting date

Amalgamation of subsidiaries

On 3 January 2023, the Group amalgamated Ravenscroft Investment Management Limited, Ravenscroft Cash Management Limited and Ravenscroft Precious Metals Limited into Ravenscroft (CI) Limited.

Dividend

The Directors declared a dividend of 16p per share, totalling £2.36m, which was approved by the Board on 26 April 2023 and will be paid on 12 May 2023.

Ravenscroft

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