


Ravenscroft

Annual Report & Consolidated Financial Statements

2021




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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 (appointed Chairman 8 July 2021)
(Non-Executive Chairman)

C D Barling
(Independent Non-Executive Director)

R A Hutchinson
(Independent Non-Executive Director)

M T Kingston (appointed 1 June 2021)
(Independent Non-Executive Director)

R A Collenette (appointed 25 March 2021)
(Non-Independent Non-Executive Director)

J R Ravenscroft
(Group Chief Executive Officer)

M L C Bousfield
(Group Managing Director)

B M O'Mahoney
(Group Finance Director)

FORMER DIRECTORS

S P Lansdown CBE (retired 8 July 2021)
(Non-Executive Chairman)

COMPANY SECRETARY

D J McGall
(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 2021

OPERATING PROFIT INCREASED BY 48% TO £9.37m[1]

REVENUES INCREASED BY 37% TO £39.94m[1]

ASSETS UNDER ADMINSTRATION ("AUA") INCREASED BY 13% TO £8.76bn

BASIC EARNINGS PER SHARE INCREASED BY 54% TO £58.29p

[1] Includes the full-year effect of additional revenue from business acquisitions during the prior year. The like-for-like increase for profit and revenues are 45% and 34% respectively.
[2] Assets from new clients less assets from lost clients.

SHARE PRICE INCREASED BY **36%** TO **£8.50**

£183m NET ASSETS INTRODUCED BY **NEW CLIENTS**[2]

ENHANCED OFFERING OF **RAVENSCROFT INVESTMENT FUND** RANGES ONSHORE AND OFFSHORE

THE BOARD OF DIRECTORS DECLARED A FINAL DIVIDEND OF **17p** PER SHARE

Financial Calendar

2022

7 April 2022	Dividend declaration date and publication of the Annual Report & Consolidated Financial Statements 2021
11 April 2022	Ex-dividend date
12 April 2022	Dividend record date
19 April 2022	Dividend payment date

THE BOARD OF DIRECTORS

YEAR ENDED 31 DECEMBER 2021

Dominic Jones

Non-Executive Chairman

Tenure: 7 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 (Chris) Barling

Independent
Non-Executive Director

Tenure: 3 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 Ravenscroft Holdings Limited 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: 3 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 Ravenscroft Holdings Limited 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: 1 year

Theresa joined Ravenscroft Holdings Limited 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. She was part of a team which built up a market-leading business from scratch by sticking to long-term basic principles of common sense, looking after people, simplification and innovation where needed. Theresa has 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: 1 year

Board committees:
Audit, Nomination,
Remuneration

Richard was appointed to the 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: 16 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 Collin 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

Tenure: 5 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

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2021

Dominic Jones

Chairman

In my first annual report since being appointed Chair, I was anticipating looking back on a year where global events saw us emerging from the challenges of the global pandemic and looking forward to a more settled outlook despite the challenges presented by the COVID-19 recovery. A year where the markets remained strong and our clients and business had reason to be positive about 2021.

Instead, our enthusiasm for the past year is tempered by the horrific events unfolding in Ukraine. The regional conflict on our doorstep that has reminded us of the horrors of war and occupation and risks destabilising many of the economies and markets in which we invest.

As always, there are plenty of things to worry about in the world and it is important that we, as investors, remain focused on positive outcomes and potential opportunities as well as the role we can play in making the communities in which we live and work better places for everyone.

In the last few years, as well the awful events in Ukraine, we have lived through Brexit, divisive US politics, a pandemic, freak global weather events and Ebola. As you would expect, we are watching the current global situation closely, adapting our investment strategy where necessary, adhering diligently to changes in regulation and providing our clients with regular updates.

> As a business, 2021 was, thankfully, another excellent year for Ravenscroft and our clients.

Across the Group we saw AUA rise by £1bn, which is a fantastic achievement when you consider this was all from organic growth of current service lines. Pro-active integration of recent acquisitions in the UK and Isle of Man continued across the Group with all jurisdictions performing well.

The investment management team celebrated the onshore launch of the Cautious Income and Growth Fund, meaning that the full suite of funds is now available both off and onshore. The offshore range will shortly expand further with the launch of the new Global Solutions Fund. The new fund will be managed by the same multi-manager team as the existing fund range. It will be an equity fund-of-funds and will comprise of a focused portfolio investing into targeted global themes such as environmental solutions, basic needs, resource scarcity, emerging equality and energy transition. The environmental, social and governance themes considered in our business are further detailed later in this annual report. Our advisory desk carried out several successful fund raises during the second half of the year, including Seraphim Space Investment Trust, which is the first venture organisation to support space entrepreneurship and Svella, which was set up to invest into businesses which were once strong, but that have suffered during the pandemic.

It was also positive to see a company that we have previously fundraised for - Likewise Group – grow its operations and successfully list its shares on the AIM stock exchange. Our corporate finance team had originally assisted Likewise in listing its shares on The International Stock Exchange in the Channel Islands, so it was exciting to watch this growing business make the leap to a major UK exchange.

The corporate finance team have various exciting projects and deals in the pipeline. A new fund was added to the Specialist Fund Management offering late in 2021 in the form of the Diverse Property Income Fund. This is a private investment fund which has raised commitments of £25m. This new launch is testament to the fact that the Channel Islands' economies have remained robust and resilient during challenging times.

We have continued to give generously to charitable causes in both time and donations. Our Christmas toy appeal, which was effective in Guernsey, Jersey and Isle of Man was, once again, an outstanding success thanks to the generosity of islanders. Watching our office receptions fill up with piles of gifts for children was a truly humbling experience. Further afield we have also continued our sponsorship of the Bristol Bears, which has been a fantastic opportunity to put our brand name behind an elite team and onto a global stage.

> 2021 has not been without its challenges, however with the support of our clients and our team we have continued to grow our business and our offering.

We are extremely pleased to be in a position to report a final dividend of 17p for our shareholders and, as always, we thank you for your ongoing support.

I would like to finish by also saying thank you to all my colleagues at Ravenscroft for the warm welcome they have extended to me in my new role but especially for all their hard work and dedication to making our and your business the success it is today. It's been a wonderful journey over the last 16 years since Jon founded the business and every day I am reminded how he and his team put our clients' and shareholders' interests at the centre of everything they do. It's a great recipe for success.

Dominic Jones
Chairman

7 April 2022

BUSINESS AND FINANCIAL REVIEW

YEAR ENDED 31 DECEMBER 2021

Jon Ravenscroft

Group Chief Executive Officer

GROUP BUSINESS REVIEW

	31 December 2021 £'000	31 December 2020 £'000	Year on Year Change
Revenue			
Recurring revenue	24,842	20,076	24%
Non-recurring revenue	15,098	9,021	67%
Total revenue	**39,940**	**29,097**	**37%**
Gross profit	**33,248**	**24,973**	**33%**
Operating expenses[1]			
Administrative expenses	(22,440)	(17,311)	(30%)
Depreciation and amortisation	(876)	(922)	5%
Trading profit[2]	**9,932**	**6,740**	**47%**
Assets under administration (£'m)	8,756	7,748	13%

[1]This excludes amortisation on acquired client relationships and share based payment expense. Administrative expenses were restated due to a change in accounting policy. See note 7 to the consolidated financial statements.

[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 and share based payment schemes 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 and the relevant period's shared based payment expense.

Group business review

It is great to be able to report another record-breaking year for the Group, which has seen strong growth across almost the entirety of the business. This has all been made possible thanks to the loyalty of our clients, trust from our shareholders and commitment and effort from our dedicated staff.

In a year where we have been able to consolidate the business and focus on our current operations, we have enjoyed a first full year under the Ravenscroft banner for our Bishop's Stortford and Isle of Man offices. The effect of this, along with the performance of the rest of the Group's service lines have contributed to a stellar year, where trading profit is up by 47% and AUA by 13% when compared with 2020. The release of strong performance figures in our interim report has led to the Company's share price being up by 36% year-on-year. At the close of the year, the Group's AUA stood at £8.76bn and I am confident that this growth trend will continue in the coming years, as we introduce new assets through acquisition and organic growth from our current operations.

As announced earlier in December 2021, we look forward to welcoming new clients and staff from the acquisition of Miton Optimal in Guernsey. This is an exciting acquisition on all accounts and we look forward to integrating the team with the business over the coming months.

Revenue

We are proud to present revenues which have increased by 37% to £39.94m (2020: £29.10m). A 24% increase in recurring revenues to £24.84m (2020: £20.08m) reflects the long-term sustainability and durability of the majority of the Group's revenue. This was in some part due to the full year effect of both our Isle of Man and Bishop's Stortford offices, although mainly driven by an inflow of new client assets as well as strong global markets during the calendar year. I'm delighted to again highlight the performance of our Channel Islands' investment management service line, which saw revenues increase by 31% year-on-year. Our funds offering was extended to make all our current strategies available onshore, as well as the introduction of a specific US Dollar share class for our offshore Balanced fund.

Non-recurring revenue saw an exceptional year, with an increase of 67% to £15.10m (2020: £9.02m). This was driven by transactional revenue from our corporate finance services, which accounted for over a third of all Group non-recurring revenue. Our UK and Channel Islands' broking service lines enjoyed another good year, which saw high transaction volumes in the opening half as market volatility remained high and clients showed a strong appetite to trade.

Trading profit

As already mentioned, it brings me great pleasure to report outstanding growth in our trading profit, which has increased by 47% to £9.93m (2020: £6.74m). This is reflective of a fantastic year for revenues across the Group.

Administrative expenses have increased in the current year by 30%. This accounts for costs to service increased revenues, the annualised effect of acquisitions from the prior year, profit linked incentives and general price inflation.

The resultant effect of this is a trading profit margin of 25% (2020: 23%) which shows that the Group is beginning to display more operational leverage as it grows in size.

Statement of financial position and cash flows

At the year ended 31 December 2021, the Group had net assets of £29.99m (2020: £24.96m), including cash balances of £11.20m (2020: £10.13m).

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, during the year the Company made an early prepayment to the current loan facility held with Investec Bank (Channel Islands) Limited of £2m, leaving a remaining balance at year end of £2m. The early prepayment was due to free cash flows available within the Group and has reduced finance costs during the year and will continue to do so going forward.

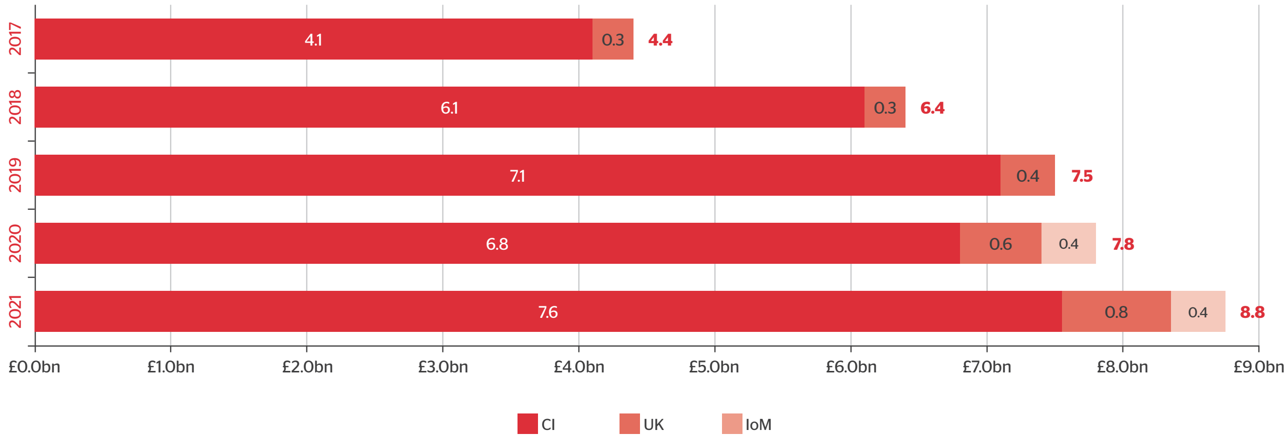
Seven of the Group's subsidiaries, Ravenscroft (CI) Limited ("RL-CI") (formerly Ravenscroft Limited), Ravenscroft Investment Management Limited ("RIML"), Ravenscroft Investments (UK) Limited ("RIL-UK")1, Ravenscroft Cash Management Limited ("RCML"), Ravenscroft Custody Services Limited ("RCSL"), Ravenscroft (IOM) Limited ("RL-IOM") and Ravenscroft Capital (UK) Limited ("RCL-UK") 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, RCML and RCSL. RIL-UK1 and 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.

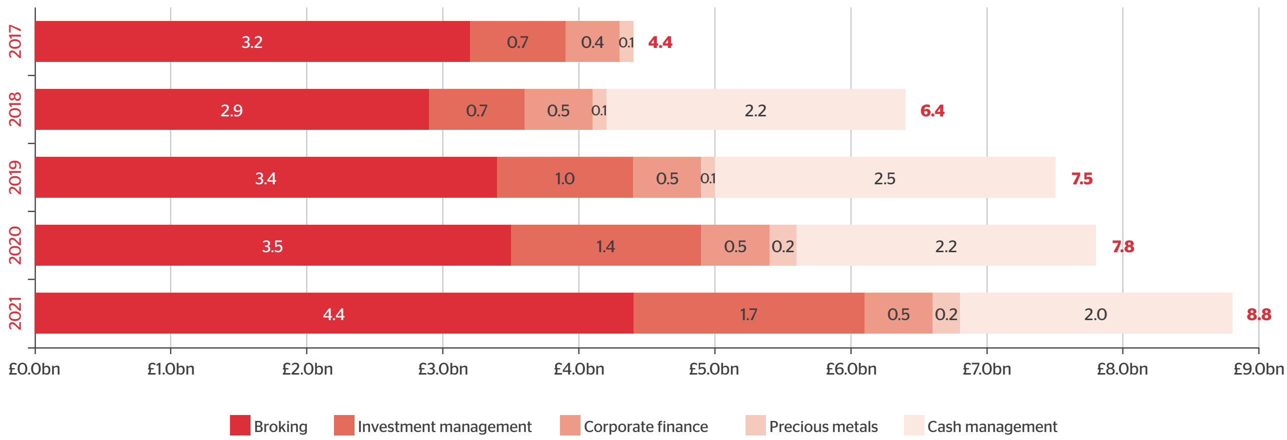
[1]RIL-UK forms a group with its subsidiary Ravenscroft (Bishops Stortford) Limited ("RBSL") for regulation purposes by the FCA. RBSL operates under the FCA licence of RIL-UK and regulatory requirements are met on a consolidated basis.

Assets under administration ("AUA")

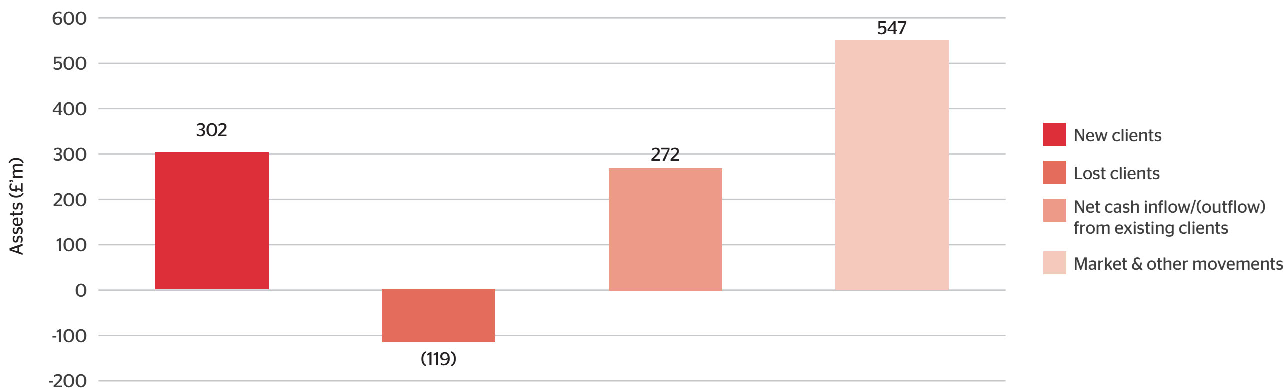
AUA by jurisdiction



AUA by service line



The AUA of the Group grew during the year, rising by 13% to £8.76bn (2020: £7.75bn), giving a compound annual growth rate ("CAGR") of 18% since 2017. This year-on-year increase was a mix of new client assets and positive market movements. All movements for the year are detailed below:



Earnings per share

Basic earnings per share of 58.29p and diluted earnings per share of 57.96p have increased by 20.32p and 20.26p respectively (2020: basic earnings per share of 37.97p and diluted earnings per share of 37.70p) due primarily to higher revenues from increasing AUA and significant transactions during the year.

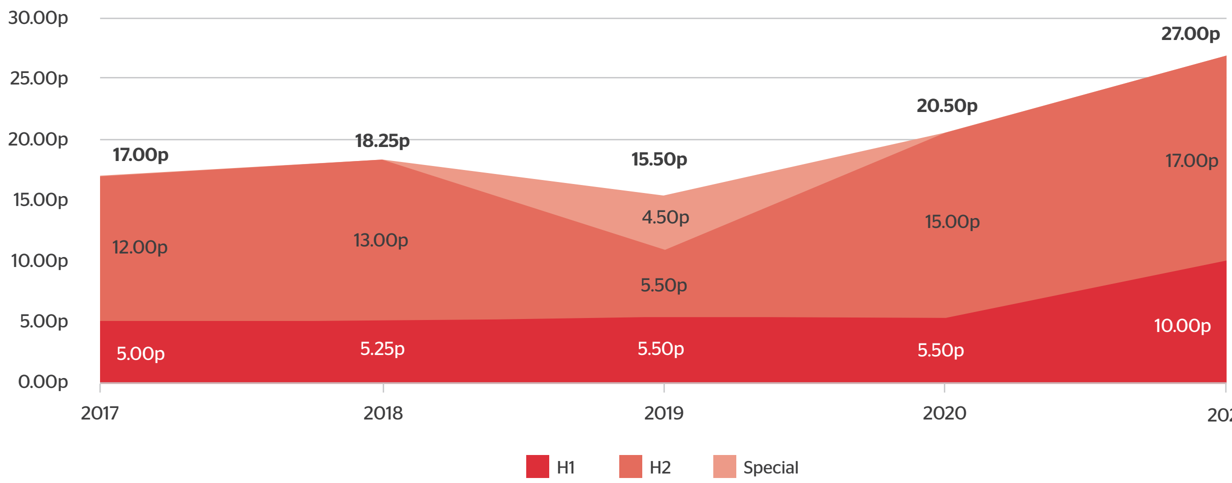
The dilutive effect reflects the potential exercise of staff share options. As at the year end date, the 83,500 outstanding share options had a dilutive effect, as the then share price of £8.50 exceeded the exercise price of the options.

Dividend

The Board declared a dividend of 17p per share in respect of the period 1 July 2021 to 31 December 2021 ("the 2021 H2 dividend") (2020 H2 dividend: 15p per share) to be paid on 19 April 2022.

This increase reflects the strong performance of the Group during the year.

This results in a total annual dividend attributable to 2021 results of 27p (2021 H1 dividend of 10p per share) representing an increase of 32% from the prior year total of 20.50p.

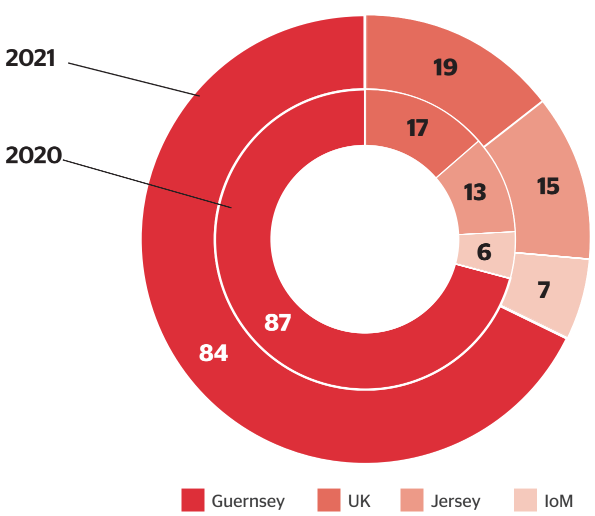


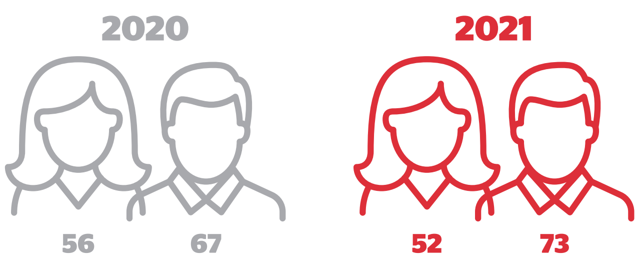
People

We recognise that our staff are a key resource of the business and that quality of leadership and the highest level of client service is vital to the success of the Group. The Board continually strives to improve the engagement and motivation of our people in order to improve business performance and we ensure leaders understand what is expected of them in developing their teams.

As at 31 December 2021, the Group employed a total of 125 (2020: 123) permanent staff across the five offices. Of the 125 permanent staff employed, 58% were male and 42% were female (2020: 54% male, 46% female).

Group Headcount 2021





Principal risks and uncertainties

The principal risks and uncertainties currently faced by the Group are detailed below. During the period the Company has undertaken a full review of the Group's Governance and Risk Management Framework, which identified a number of risks that had become more heightened during the year for varying different reasons. The employment of a new risk management tool allows the business to easily identify and address those risk areas that may need more focussed attention and allow the Executive Directors 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

Following an annual review of the Group's Risk Management Framework, the Board have acknowledged that Cyber & data risk is the number one risk facing the business at this time. Our technological and information security systems are fundamental to the Group's business and our continued aspirations for growth. Cyber & data risk is defined as the risk of financial loss, operational disruption, or damage, from the failure of the digital technologies employed for informational and/or operational functions introduced to a performing system via electronic means from the unauthorized access, use, disclosure, disruption, modification, or destruction of the performing system. The Board notes that cyber-crime attacks continue to grow in terms of scale and complexity and industry has seen unprecedented increases in these attacks over the last 12 months. In this regard, the GFSC introduced The Cyber Security Rules and Guidance 2021, which were fully implemented in August 2021.

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

Internally, all drives are locked down to prevent data transfer unless specifically authorised and enabled. Ravenscroft 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.

During the year, a new Group Cyber Security Committee was appointed – headed up by the Group Chief Operating Officer 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 commenced in November 2021 and is expected to complete by the end of March 2022. Cyber & data is now a standing agenda item on all Group regulated boards.

Reputational risk

We consider one of the greatest risk to our 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 our business and are identified and managed accordingly. In addition, we 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 we meet our stringent requirements.

Environmental, jurisdictional and geopolitical risk

Ravenscroft are extremely cognisant to the impact that any macro-economic risk factors may have on our business and our 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 our 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 our operations. More recently, the Group took immediate steps to consider the impact the conflict in the Ukraine may have on our client-base, systems and controls. We were quickly able to review the escalating crisis against our Risk Management Framework to ensure, wherever possible, that our services and client interests continue to be protected against the uncertainties facing the economy during these unsettling times.

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.

We continue to evolve our technological and data driven operational model to allow us to rapidly respond to the ever-increasing volume of information requests and scrutiny from our various regulators. Before entering any new jurisdiction, as we did with the Isle of Man in 2020, we undertake significant regulatory due diligence to ensure that we understand and can comply with the relevant regulations and that we are able to successfully promote our 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 focussed 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 employed KPMG's Internal Audit function to assess this area of the business and any recommended improvements being actioned or in the process of being actioned.

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 our 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 we are affected by, directly or indirectly, such as disruption to utilities and services, office closures or pandemic occurrences, could potentially damage the Group's infrastructure or affect key employees, which in turn could result in financial loss.

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. Since the emergence of COVID-19, enhanced testing of the Group's business continuity plan is regularly undertaken with those results being reported to the Group's Cyber Security Committee and Risk-Co.

All offices in the Group have been affected by the disruption from COVID-19 and measures were taken early in the pandemic to ensure all staff had the ability to work remotely. Those measures remain in place and are constantly monitored and tested by our in-house information security team in order to mitigate this risk of any further disruption should a similar event occur in the future.

Employee risk
Our employees remain the Group's greatest asset and all future successes are dependent on our ability to attract and retain high quality people. We seek 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. We conduct annual appraisals and semi-annual reviews, which include an assessment of whether the employee conforms to both regulatory and other Group-required standards.

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 us in respect to our services or through substitute products. The Group's business strategy is to deliver our core services centrally from Guernsey, to both existing and potential new jurisdictions.

The Group's ability to scale our operations efficiently and effectively is key to sustainable and geographically diverse growth. The business has continued to make significant steps towards the implementation of a new operational platform, albeit delayed through the year due to a number of factors, and good progress has been made to make up the development time lost as a result of the COVID-19 pandemic and associated lockdowns that occurred during the year.

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. We manage 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 our business, other than borrowings, the Group does not run any significant liquidity mismatches. Financial liabilities are, on the whole, short term and we have 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 controls employed by the business, the Board does recognise that it has a physical asset custody risk as a result of storage requirements for Ravenscroft Precious Metals Limited and the inherent risk associated with custody of this asset type. However, this risk is mitigated through sector specific insurance policies, recent enhancements to the physical storage unit undertaken during the year, a complete review of the segregation of duties of all associated staff and an independent review of these controls by Internal Audit function carried out by industry experts from within the KPMG network. In addition, a programme of independent counts are performed throughout the year.

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2021

The Directors present their report on the consolidated financial statements of the Ravenscroft Holdings Limited and its subsidiaries (together the "Group" or "Ravenscroft") for the year ended 31 December 2021. 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 investment 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 (appointed 1 June 2021)
R A Collenette (appointed 25 March 2021)
J R Ravenscroft
M L C Bousfield
B M O'Mahoney

Former directors

S P Lansdown CBE (retired 8 July 2021)

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 8 July 2021, Stephen Lansdown retired from his role as Chairman to the Board. Dominic Jones was elected as his replacement to the role. All other appointed Directors were re-elected to their respective roles.

Attendance at scheduled Company board meetings	Company Board Meetings
Total number of meetings in the year	**5**
D C Jones	5
C D Barling	5
R A Hutchinson	5
M T Kingston (appointed 1 June 2021)	3
R A Collenette (appointed 25 March 2021)	5
S P Lansdown CBE (retired 8 July 2021)	3
J R Ravenscroft	5
M L C Bousfield	5
B M O'Mahoney	5

Attendance at scheduled Committee meetings	Audit Committee	Nomination Committee	Remuneration Committee
Total number of meetings in the year	**3**	**2**	**3**
D C Jones*	2	2	3
C D Barling	3	2	3
R A Hutchinson	3	2	3
R A Collenette (appointed 25 March 2021)*	1	-	-
S P Lansdown CBE (retired 8 July 2021)*	n/a	1	2

*Dominic Jones resigned from the Audit Committee on 23 September 2021, where Richard Collenette was appointed in his place. Stephen Lansdown resigned from both the Remuneration and Nomination Committee's with effect from 8 July 2021. Richard Collenette was appointed as his replacement with effect from 7 September and 9 September 2021 respectively.

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 2021		31 December 2020	
	No. of shares	Interest	No. of shares	Interest
J R Ravenscroft [1]	1,715,000	11.57%	1,710,317	11.53%
B M O'Mahoney [2]	292,500	1.97%	290,063	1.96%
M L C Bousfield [3]	480,000	3.24%	478,517	3.23%
D C Jones [4]	75,000	0.51%	75,000	0.51%
R A Hutchinson	11,350	0.08%	11,350	0.08%
R A Collenette [5]	1,200	0.01%	1,200	0.01%
C D Barling	-	0.00%	-	0.00%
M T Kingston	-	0.00%	-	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 280,000 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 443,250 being held directly by Mr M Bousfield.
[4] 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.
[5] Mr R A Collenette represents the interests of Pula Investments Limited, of which Stephen Lansdown is the beneficial owner. At 31 December 2021, 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 2021, the current Directors had no interests in options over the ordinary shares in the Company.

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 17p per share in respect of the period 1 July 2021 to 31 December 2021 ("the 2021 H2 dividend") (2020 H2 dividend: 15p per share) to be paid on 19 April 2022. A dividend of 10p per share in respect of the period 1 January 2021 to 30 June 2021 ("the 2021 H1 dividend") (2020 H1 dividend: 5.5p per share) was declared by the Board. This results in a total annual dividend attributable to 2021 of 27p per share (2020: 20.5p 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 he ought to have taken as a director in order to make himself 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 7 April 2022 and signed on its behalf by:

Brian O'Mahoney
Director

Rob Hutchinson
Director

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YEAR ENDED 31 DECEMBER 2021

The Group influences numerous stakeholders in both its activity as a business as well as its role as an asset manager. As an employer, service provider and steward of shareholders' capital, the Group is committed to being responsible and accountable. Over the last two 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.

Ravenscroft has been considering its approach to ESG topics, and more particularly how ESG can contribute to its long-term success, and the wider communities in which it operates, taking a number of steps to assess the current position and how it can be improved.

ESG working group

During 2021, an environmental, social and governance working group was formed, chaired by the Chief Investment Officer, Kevin Boscher. The group's membership is comprised of colleagues from across all jurisdictions and business teams, with the common goal of increasing an understanding of all three factors, environmental, social and governance and how they impact the business and other stakeholders.

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.

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

Environment and Social Impact ("ESI") Monitor

Environmental criteria as part of ESG includes aspects such as energy, carbon emissions and climate change. Every company uses energy and resources and every company affects, and is affected by, the environment. 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 in the coming year, a clearer assessment of the business' impact on the environment will be achievable.

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

Clients

The Group's clients are at the heart of everything Ravenscroft does and interaction occurs regularly. Clients can opt in to receiving regular investment updates and comment pieces, which can also be found on the website and social media, along with podcasts to provide an alternative way of communicating with clients. Physical events began to return in 2021 and the Group views these as a key way in which it interacts with both clients and intermediaries.

Employees

Employees are one of Ravenscroft's most important assets. The Group invests heavily in the skills and expertise of all employees by actively encouraging them to identify courses and qualifications which will increase their knowledge and provides financial support and study leave. Employees are encouraged and sponsored to take part in community challenges and sporting events including marathons, musical performances, basketball, hockey, and rugby, as well as to play an active role in the community with many employees holding volunteer roles outside of work.

A quarterly staff magazine provides staff with a good understanding of what is happening across different offices and teams, with regular multi-jurisdictional meetings held to improve communication. Pensions have recently been introduced in Guernsey and Jersey ahead of local government deadlines, and working hours have also been amended to bring them into line with industry standards.

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 previous annual reports and below is a small selection of sponsorships and charitable donations the Group has made during 2021.

Sport

Ravenscroft has been closely aligned with sporting sponsorships for many years and 2021 was no different. The most significant sponsorship was the continuation as principal partner of Bristol Bears for the 2021 / 2022 season with the Ravenscroft name once again appearing on the home, away and European shirts. Involvement has been increased with the Bristol Bears Community Foundation to ensure that Ravenscroft remained true to its values of giving back to the community.

Grass roots sport remains a key focus for the Group, as it is passionate about providing opportunities to children in the communities in which it is present. Across all jurisdictions there is support for 11 teams and 12 development programmes covering junior football, cricket, hockey and rugby.

Ravenscroft continues to sponsor up-and-coming sportsmen and women as they work towards becoming professional athletes. In 2021 a total of 9 individuals were supported, including Olympic athlete Cameron Chalmers, triathletes Josh Lewis and Jack Kennedy and footballer Sydney Schreimerer.

Community and business events

To increase brand awareness and provide opportunities to interact with 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, Manx Breast Cancer Support and Christmas Toy Appeals in all three islands as well as the *"Pride of"* awards in Guernsey and 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 2021, this included the Chambers of Commerce in Guernsey and the Isle of Man and the Institute of Directors in the Isle of Man.

Culture and the Arts

The Group continues to sponsor local culture and arts in Guernsey, via its support of St James Concert Hall, the Guernsey Arts Society and an opera fundraiser for Guernsey Arts Foundation.

In Jersey, Ravenscroft sponsored the Jersey Dance Awards for the first time and committed to continue this support in 2022.

As presence in other jurisdictions grows, opportunities are sought so that the Group can continue its contributions in this sector over the coming years.

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 2021

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 to 31 December 2021 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 three 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 and 8.

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 Managing Director and Group Finance Director

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.

Mark Bousfield, as Group Managing Director, and Brian O'Mahoney, as Group Finance Director each support Jon in his role. Together, Mark and Brian 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. Mark and Brian 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 Operating Officer, Group Financial Controller and Group Head of Risk ably assists the Executive Directors.

Non-Executive Directors

As at 31 December 2021, 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"), 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 Chief Operating Officer • Group Managing Director • Group Compliance Officer • Group Legal in-house Counsel • Group Chief Investment Officer • Group Financial Controller • Group Treasury Officer • A senior representative from each of the Group's core services and jurisdictions

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 was 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. As part of the external auditor's independence procedures the previous engagement leader has rotated from the audit having served the maximum allowed in accordance with ethical standards. Accordingly, the Audit-Co are satisfied that this change is appropriate. 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 2021, see note 4 to the consolidated financial statements.

Internal audit

During the year, the Audit-Co carried out a detailed review of the Group's internal controls working alongside the Group Head of Risk to assess the current framework and introduce improvements where appropriate. As part of this control review, the Audit-Co considered the requirement for an internal audit function. It was the opinion of the Audit-Co chairman, and the wider Board members, that owing to the increased jurisdictional reach and complexity of the business, it would be prudent to introduce an internal audit function whereby a rolling programme of assessments would be carried out over an initial three-year period, and then further beyond.

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 to identify a number of key areas within the business in order to evaluate the operating effectiveness of the Group's controls in certain high-risk areas including; fraud, market abuse/insider trading, vault controls (relating to precious metals), money laundering and tax evasion and the risk management framework. During the reporting period two reviews were successfully completed that produced no significant findings.

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 five highest risk/weakest control combination 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 2021 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 have increased 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 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.

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 (prioritised by criticality) 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 Board will update shareholders with a relevant date for the AGM in line with last year's communications. 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 7 April 2022 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 2021

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 2021, 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 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows 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 21 components, 13 of which are considered financially significant for the year ended 31 December 2021; Ravenscroft Holdings Limited, 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 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 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.

Key audit matters

- Revenue recognition
- Configuration or customisation costs in a cloud computing arrangement
- Business combinations – impairment of acquired client relationships

Materiality

- Overall Group materiality: GBP 485,450 (2020: GBP 302,200) based on 5% of Group profit before tax.
- Performance materiality: GBP 343,840 (2020: GBP 226,650) based on 25% haircut.

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 our professional judgement, were of most significance in our 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
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.	We have assessed each revenue stream and determined the risk associated with that respective stream and responded to the risk as detailed below: ***Broking revenue and investment management revenue*** We performed the following procedures in relation to these revenue streams: • Obtained and evaluated the Pershing Limited's ISAE 3402 controls report over the underlying trade and settlement system; • Performed walkthroughs of key controls within the Pershing Limited's ISAE 3402 controls report and other relevant Group controls, to evaluate that these controls are appropriately designed and implemented; • For other key controls relevant to the Group, we have tested their operating effectiveness; • Performed substantive testing, which included reconciling the reports produced by Pershing Limited's system to the underlying books and records of the Group; • Agreed a sample of trades posted on the trade and settlement systems to the underlying trade notices/ agreements to verify the respective inputs; and • Agreed a sample of revenue transactions to subsequent cash receipts. ***Corporate finance revenue and fund investment management revenue*** We performed the following procedures in relation to these revenue streams: • We ensured that the contractual obligations to earn the revenue had been met; • For corporate finance revenue, on a sample basis we agreed the revenue to source documentation for specific deals; • For fund investment management fees, on a sample basis we agreed rates to the original investment management agreements;

Key audit matter	How our audit addressed the Key audit matter
	Corporate finance revenue and fund investment management revenue *continued* • Re-performed the management fee calculation based on the fee rates and net asset values sourced independently from the fund administrator; • Tested a sample of other manually calculated revenue items by recalculating these items through the use of supporting evidence; and • Agreed a sample of revenue transactions to subsequent cash receipts. ***Cash management revenue*** We tested the revenue recognition for these manually calculated fees by performing the following procedures: • 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 and custody statements. ***All revenue streams*** As part of our testing described above, we also ensured revenue was recognised in the correct period and that the recognition criteria of IFRS 15 had been appropriately applied. In addition, we performed risk-based target testing of journals posted to 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. From our procedures performed, we have no matters to report with respect to revenue recognition.
Configuration or customisation costs in a cloud computing arrangement Refer to note 7 and 9 for more details around the restatement of prior periods and the amount recognised for software development related costs. The Group has incurred material costs related to the configuration and customisation of a bespoke software solution provided by cloud provider. During the financial year, the International Financial Reporting Interpretations Committee ("IFRIC") released new guidance concerning cloud computing arrangements and the distinction of criteria that allows an entity to capitalise costs relating to said arrangements. Previously the Group capitalised all qualifying assets in accordance with IAS 38 Intangible Assets. The Group has reassessed and changed its accounting policy to comply with the release of the IFRIC guidance, the retrospective application of this policy has resulted in a restatement of the brought forward figures as at 1 January 2020 and the comparatives (refer to note 7 for further details). As described in note 7, the application of the new guidance involves judgement. We focused on this area due to the judgement involved in determining whether the configuration and customisation can be determined as distinct and thus qualify to be capitalised as an intangible asset.	We obtained management's accounting paper, this evaluated and assessed the Group's existing accounting policy and accounting treatment against the new IFRIC guidance. We have obtained management's financial analysis of implications of the adoption of the new guidance and changing their Group accounting policy and performed procedures as detailed below; • We agreed the financial analysis which contained brought forward costs and capitalised expenses to prior year financial statements and prior year audit working papers; • We obtained a complete breakdown, of all the costs associated with the software customisation and configuration and agreed a sample to external supplier invoices; • As the Group dedicated specific staff and resources to the configuration and customisation of the software, we agreed a sample of salaries to employee contracts to confirm the accuracy of the costs restated from intangible assets to expenses; • We challenged management on the rationale used for classification of costs as either expenses, service contract assets or intangible assets and whether the accounting for these is in line with the guidance; • We engaged an auditor's expert to assist in our conclusion of the appropriateness of management's proposed treatment and financial statement disclosures in respect of the cloud computing arrangement and Software as a Service; and • For costs incurred in 2021, we ascertained that these were classified correctly and in line with the new accounting policy. Based on our procedures, we have not identified any matters with respect to the configuration and customisation costs in a cloud computing arrangement.

Key audit matter	How our audit addressed the Key audit matter
Impairment of intangible assets – acquired client relationships Refer to notes 8 and 9 for the recognition policy for acquired client relationships and impairment of intangible assets. We focused on the client relationships that have been previously acquired by the Group. The fair value of the acquired client relationships is based on estimates of the future value that will be derived from these relationships and this requires significant judgement. Judgements arise from the fact that there are several assumptions included in the valuation model used to determine the value of customer contract intangible assets. These included estimates for the economic useful lives of the intangible assets, projected future earning levels, growth rates, client attrition rates and discount rates.	We have assessed whether there had been an impairment to the value of the intangible assets derived from each acquisition, these procedures have included: • We have obtained management's original assessment of the fair value of the acquired client relationships, which include the original assumptions i.e. the useful economic life, attrition rates, and future projections of revenue/EBITDA margins • We have performed a retrospective review of the actual cash flows and client attrition rates against those originally forecast to identify any indicators of impairment and in doing so, challenged whether the original assumptions remain relevant, appropriate and don't include bias. • We have performed a sensitivity analysis over key assumptions within management's model to identify the likelihood of impairment; and • We have assessed whether the estimates relating to acquired client relationships have been appropriately presented and disclosed in the financial statements in line with IFRS. Based on our procedures, we have not identified any matters to report with respect to the impairment of intangible assets.

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 458,450 (2020: GBP 302,200)
How we determined it	5% of profit before tax
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 2,100 and GBP 408,300 for overall materiality. 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% of overall materiality, amounting to GBP 343,840 (2020: GBP 226,650) for the Group 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 22,920 (2020: GBP 15,110), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

7 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	Restated[1] 2020 £'000
Revenue	2	**39,940**	**29,097**
Cost of sales		(6,692)	(4,124)
Gross profit		**33,248**	**24,973**
Administrative expenses	3,7	(22,440)	(17,311)
Depreciation and amortisation	9,10,18	(876)	(922)
Trading profit[2]		**9,932**	**6,740**
Amortisation on acquired client relationships	9	(431)	(387)
Share based payments expense	20	(128)	(20)
Operating profit		**9,373**	**6,333**
Finance costs		(313)	(343)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	11	109	(259)
Profit before taxation		**9,169**	**5,731**
Income tax expense	5	(459)	(258)
Profit for the financial year and total comprehensive income		**8,710**	**5,473**
Attributable to:			
Equity holders of the Company		8,503	5,341
Non-controlling interests	11	207	132
		8,710	**5,473**

Earnings per share attributable to the equity holders of the Company			
Basic	6	58.29p	37.97p
Diluted	6	57.96p	37.70p

All amounts shown in the consolidated financial statements are derived from continuing operations of the Group.

The notes on pages 37 to 68 form part of these consolidated financial statements.

[1] See note 7 for details regarding the prior period restatement.

[2] 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 2021

	Notes	31 December 2021 £'000	Restated 31 December 2020 £'000	Restated 1 January 2020 £'000
Non-current assets				
Goodwill	8	5,058	5,058	2,309
Other intangible assets	7,9	5,979	6,449	4,066
Property, plant and equipment	10	6,108	6,449	6,597
Right-of-use assets	18	621	857	699
Investment in associates and joint ventures	11	423	377	2,825
Total non-current assets		**18,189**	**19,190**	**16,496**
Current assets				
Trading investments - long positions	12	158	359	199
Trade and other receivables	7,13	43,186	38,410	12,236
Inventory		28	11	15
Cash and cash equivalents	14	11,196	10,129	7,411
Total current assets		**54,568**	**48,909**	**19,861**
Total assets		**72,757**	**68,099**	**36,357**
Non-current liabilities				
Borrowings	15	4,397	7,094	5,979
Trade and other payables	16	-	772	-
Lease liabilities	18	491	615	630
Total non-current liabilities		**4,888**	**8,481**	**6,609**
Current liabilities				
Trade and other payables	16	36,140	32,722	10,534
Tax payable	5	443	337	231
Borrowings	15	698	698	448
Lease liabilities	18	181	485	281
Provisions	17	413	413	-
Total current liabilities		**37,875**	**34,655**	**11,494**
Total liabilities		**42,763**	**43,136**	**18,103**
Net assets		**29,994**	**24,963**	**18,254**
Equity				
Called up share capital	19	148	148	140
Share premium account		15,051	15,018	11,291
Reserves		12,917	8,155	6,294
Capital and reserves attributable to equity holders of the Company		**28,116**	**23,321**	**17,725**
Non-controlling interests	11	1,878	1,642	529
Total equity		**29,994**	**24,963**	**18,254**

The consolidated financial statements were approved by the Board of Directors on 7 April 2022 and signed on its behalf by:

Brian O'Mahoney
Director

Rob Hutchinson
Director

The notes on pages 37 to 68 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	Restated 2020 £'000
Cash flows from operations			
Operating profit		9,373	6,333
Adjustments for:			
Depreciation and amortisation	9,10,18	1,307	1,309
Lease liability payments	18	(485)	(329)
Share based payment expense	20	128	20
Operating cash flows before movements in working capital		**10,323**	**7,333**
Decrease/(increase) in trading investments		201	(160)
(Increase) in receivables		(4,776)	(26,174)
(Increase)/decrease in inventories		(17)	4
Increase in provisions		-	413
Increase in payables		2,646	22,960
Cash inflow from operations		**8,377**	**4,376**
Interest paid		(219)	(261)
Taxation paid		(324)	(152)
Net cash inflow from operating activities		**7,834**	**3,963**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(3,522)
Disposal of associate		-	1,090
Dividends received from associates	11	63	-
Purchase of intangible assets	9	(125)	(153)
Purchase of property, plant and equipment	10	(135)	(259)
Net cash (outflow) from investing activities		**(197)**	**(2,844)**
Cash flows from financing activities			
Acquisition of own shares subsequently held in treasury	21	(237)	(980)
Award of own shares held in treasury and write-off of EBT loan		(19)	(11)
Proceeds from vesting of share options		29	3,380
(Repayments of)/proceeds from borrowings	15	(2,697)	1,365
Dividends paid		(3,646)	(2,155)
Net cash (outflow)/inflow from financing activities		**(6,570)**	**1,599**
Net increase in cash and cash equivalents		**1,067**	**2,718**
Cash and cash equivalents at the beginning of the year		**10,129**	**7,411**
Net cash and cash equivalents at the end of the year		**11,196**	**10,129**
Represented by:			
Cash and cash equivalents		11,196	10,129
Total cash and cash equivalents		**11,196**	**10,129**

The notes on pages 37 to 68 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	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 2020 (pre-adjustment)		**140**	**11,291**	**6,982**	**18,413**	**529**	**18,942**
Adjustment on restatement	7	-	-	(688)	(688)	-	(688)
At 1 January 2020 (Restated)		**140**	**11,291**	**6,294**	**17,725**	**529**	**18,254**
Total comprehensive income for the year		-	-	5,341	5,341	132	5,473
Own shares purchased in the year	21	-	-	(980)	(980)	-	(980)
Own shares awarded in the year	21	-	-	145	145	-	145
Shares issued on exercise of share options		8	3,185	-	3,193	-	3,193
Exercise of share options		-	542	(354)	188	-	188
Write-off of EBT loan directly to equity		-	-	(156)	(156)	-	(156)
Further investment by non-controlling interests		-	-	-	-	981	981
Credit to equity for equity-settled share based payments	20	-	-	20	20	-	20
Dividends paid		-	-	(2,155)	(2,155)	-	(2,155)
At 31 December 2020 (Restated)		**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	21	-	-	(237)	(237)	-	(237)
Own shares awarded in the year	21	-	-	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	20	-	-	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**

The notes on pages 37 to 68 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. Basis of preparation

This section sets out our significant accounting policies that relate to the Ravenscroft Holdings Limited and its subsidiaries (together the "Group" or "Ravenscroft") consolidated financial statements 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 investment 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 treatment of Software-as-a-Service costs as outlined in note 7, the fair 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, provisions for deferred contingent consideration as outlined in note 17 and share based payment option schemes as outlined in note 20.

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

During the year, the Group revised its accounting policy in relation to costs incurred in implementing Software-as-a-Service ("SaaS") arrangements in response to the IFRS Interpretations Committee ("IFRIC") agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented separately. Historical financial information has been restated to account for the impact of the change – full details are disclosed within note 7.

Except as stated above, 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 2020 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 23.

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 associates and employee benefit trusts (as disclosed in note 21) 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 or disposed of during the period are included in the consolidated statement of comprehensive income from the effective point of acquisition or up to the effective date of disposal, 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 countries 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 and Ravenscroft (Bishops Stortford) Limited 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 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 when the services have been 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 fees are accounted for in accordance with the contractual arrangements and obligations in place.

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

2. Segment information continued

Segment reporting continued

- 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;
- 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 associates and joint ventures. 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 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 share based payments expense and client relationship amortisation. Refer to the business and financial review on page 10 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.

Operating segment information for the period ended 31 December 2020:

	Broking revenue £'000	Investment management revenue £'000	Corporate finance revenue £'000	Precious metals revenue £'000	Cash management revenue £'000	Total revenue £'000	Restated Trading profit/ (loss)[1] £'000	Restated Operating profit/ (loss) £'000	Restated Profit/ (loss) for the year £'000
Channel Islands	9,545	6,396	6,062	656	2,474	25,133	6,074	5,667	4,967
United Kingdom[2]	2,546	973	-	-	-	3,519	683	683	528
Isle of Man[2]	-	445	-	-	-	445	(17)	(17)	(22)
Group	**12,091**	**7,814**	**6,062**	**656**	**2,474**	**29,097**	**6,740**	**6,333**	**5,473**

[1] This represents operating profit before share based payments expense and client relationship amortisation. Refer to the business and financial review on page 10 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 (Bishops Stortford) Limited ("RBSL) figures from 14 February 2020. Isle of Man includes Ravenscroft (IOM) Limited ("RL-IOM") figures from 21 August 2020.

2. Segment information continued

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)**

Operating segment assets/(liabilities) for the period ended 31 December 2020:

	Restated Non-current assets £'000	Restated Current assets £'000	Restated Total assets £'000	Non-current liabilities £'000	Current liabilities £'000	Total liabilities £'000
Channel Islands	11,644	46,087	57,731	(8,130)	(32,032)	(40,162)
United Kingdom	7,224	2,105	9,329	(102)	(2,345)	(2,447)
Isle of Man	322	717	1,039	(249)	(278)	(527)
Group	**19,190**	**48,909**	**68,099**	**(8,481)**	**(34,655)**	**(43,136)**

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 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 2021 £'000	Restated 31 December 2020 £'000
Personnel costs	16,578	12,659
Information technology costs	1,011	892
Information research	590	601
Legal & professional fees	1,146	791
Marketing	1,224	622
Premises	464	457
System implementation costs (note 7)	553	312
Auditors' remuneration (note 4)	221	149
Sundry expenses	653	828
Total administrative expenses	**22,440**	**17,311**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

4. Auditors' remuneration

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

	31 December 2021 £'000	31 December 2020 £'000
Fees payable to the auditor for the audit of the Group's annual financial statements	34	28
Fees payable to the auditor for the audit of the Company's subsidiaries	170	121
Total statutory audit fees	**204**	**149**
Other services:		
Internal audit - KPMG	17	-
Total other audit fees	**17**	**-**
Total auditors' remuneration	**221**	**149**

5. Taxation

This note explains how our 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 period 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%. Ravenscroft Investments (UK) Limited ("RIL-UK"), Ravenscroft (Bishops Stortford) Limited ("RBSL") and Ravenscroft Capital (UK) Limited ("RCL-UK") are all taxed at the standard rate of corporation tax in the UK being 19%. Ravenscroft (IOM) Limited ("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 2021 £'000	31 December 2020 £'000
Income tax payable		
Guernsey tax charge	133	129
Jersey tax charge (based on Jersey branch profits)	106	62
UK corporation tax charge	204	146
Total income tax payable	**443**	**337**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

5. Taxation continued

Analysis of the tax charge

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

	31 December 2021 £'000	31 December 2020 £'000
Guernsey income tax on profits from the provision of investment management fees on individual client services	117	55
Jersey tax charge (based on Jersey branch profits)	151	60
UK corporation tax charge	191	143
Total income tax expense	**459**	**258**

Reconciliation of tax charge

	31 December 2021 £'000	31 December 2020 £'000
Profit before tax	9,169	5,731
Guernsey intermediate rate of tax	10%	10%
Tax on profits at the Guernsey intermediate rate of tax	917	573
Effects of:		
- Higher tax rate applied to profits of UK subsidiaries	93	60
- Activities subject to 0% tax rate in Guernsey/Jersey/Isle of Man	(606)	(391)
- Non-deductible expense and other items	12	7
- Prior year under accrual of tax charge	43	9
Total income tax expense	**459**	**258**

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.

6. Earnings per share continued

Earnings per share

	31 December 2021 £'000	Restated 31 December 2020 £'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (net profit attributable to equity holders of the parent)	8,503	5,341
Number of shares	**No.**	**No.**
Weighted average number of shares for the purpose of basic earnings per share	14,588,493	14,067,054
Basic EPS (pence)	**58.29**	**37.97**
Effect of dilutive potential of ordinary shares	83,500	100,000
Weighted average number of shares for the purposes of diluted earnings per share	14,671,993	14,167,054
Diluted EPS (pence)	**57.96**	**37.70**

The dilution in both years is a reflection of the future potential exercise of share options. As at the year end date all outstanding share options have a dilutive effect as they were in the money, as the then price of the Company's shares exceeded the exercise prices (see note 20).

7. Change in accounting policy

This note details how the Group has retrospectively changed its accounting policy with respect to cloud computing arrangements, which has resulted in a restatement of prior periods.

Implementation of IFRIC agenda decision and new accounting policy

During the year, the Group revised its accounting policy in relation to costs incurred in implementing Software-as-a-Service ("SaaS") arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The revised accounting policy is presented below and as mandated by the IFRIC agenda decision, historical financial information has been restated to account for the impact of the change – full details are disclosed within this note.

Accounting policies

Software-as-a-Service 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.

Key judgements in applying the Group's accounting policies

In applying the entity's accounting policy with regards to SaaS arrangements, the Directors made the following key judgements that may have the most significant effect on the amounts recognised in financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

7. Change in accounting policy continued

Capitalisation of configuration and customisation costs in SaaS arrangements

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications. Judgement was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in IAS 38 Intangible Assets. During the year, the Group recognised £1k (2020: £44k) as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the Directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software that would be deemed significant. During the year, the Group recognised £Nil (2020: £550k) as service contract asset prepayments in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS access over the contract term.

Retrospective restatement

Where an entity retrospectively restates its historical financial information, IAS 8 requires entities to disclose, to the extent practicable:

- for the current period and each prior period presented, the amount of the adjustment for each financial statement line item affected and, where applicable for basic and diluted earnings per share;
- the amount of the adjustment relating to periods before those presented; and
- if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances and judgements made in making this determination, and a description of how and from when the change in accounting policy has been applied.

Further, IAS 1 requires, where material, a statement of financial position as at the beginning of the earliest comparative period (i.e. a third balance sheet) to be presented when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements.

7. Change in accounting policy continued

Retrospective restatement continued

As disclosed above, the Group revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

Statement of financial position:

	31 December 2020 £'000	Adjustment £'000	Restated 31 December 2020 £'000	1 January 2020 £'000	Adjustment £'000	Restated 1 January 2020 £'000
Software licences, purchased software and software development:						
Cost	3,708	(2,066)	1,642	3,708	(2,066)	1,642
Additions	1,642	(1,489)	153	-	-	-
Net book value	5,350	(3,555)	1,795	3,708	(2,066)	1,642
Other intangible assets	**10,004**	**(3,555)**	**6,449**	**6,132**	**(2,066)**	**4,066**
Service contract asset	-	1,053	1,053	-	503	503
Prepayments and accrued income	5,937	1,501	7,438	4,859	875	5,734
Trade and other receivables	**35,856**	**2,554**	**38,410**	**10,858**	**1,378**	**12,236**
Net assets	**25,964**	**(1,001)**	**24,963**	**18,942**	**(688)**	**18,254**
Reserves	9,156	(1,001)	8,155	6,982	(688)	6,294
Total equity	**25,964**	**(1,001)**	**24,963**	**18,942**	**(688)**	**18,254**

Statement of comprehensive income:

	2020 £'000	Adjustment £'000	Restated 2020 £'000
Administrative expenses	(16,998)	(313)	(17,311)
Trading profit	**7,053**	**(313)**	**6,740**
Operating profit	**6,646**	**(313)**	**6,333**
Profit before taxation	**6,044**	**(313)**	**5,731**
Profit for the financial year and total comprehensive income	**5,786**	**(313)**	**5,473**
Attributable to:			
Equity holders of the Company	5,654	(313)	5,341

Basic and diluted earnings per share for the period have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of 2.22p and 2.21p per share respectively.

The correction further affected operating profit and profit for the year amounts disclosed in note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

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 administrative expenses.

Goodwill

Reconciliation of goodwill

	31 December 2021 £'000	31 December 2020 £'000
Opening balance	5,058	2,309
Additions	-	2,749
Closing balance	**5,058**	**5,058**

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:

9. Other intangible assets continued

Software continued

Purchased software and software development	5 years
Software licences	Life of the licence

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).

Other intangible assets

	Acquired client relationships £'000	Software licences, purchased software and software development £'000	Total £'000
Cost:			
As at 1 January 2020 [1]	4,091	1,642	5,733
Additions	2,809	153	2,962
At 31 December 2020 [1]	**6,900**	**1,795**	**8,695**
Additions [1]	-	125	125
At 31 December 2021	**6,900**	**1,920**	**8,820**
Amortisation:			
As at 1 January 2020	(670)	(997)	(1,667)
Charge for the year	(387)	(192)	(579)
At 31 December 2020 [1]	**(1,057)**	**(1,189)**	**(2,246)**
Charge for the year	(431)	(164)	(595)
At 31 December 2021	**(1,488)**	**(1,353)**	**(2,841)**
Carrying amount:			
At 31 December 2020 [1]	**5,843**	**606**	**6,449**
At 31 December 2021	**5,412**	**567**	**5,979**

[1] Figures disclosed have been restated in accordance with the information disclosed in note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

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.

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 2020	6,171	655	532	125	126	7,609
Additions	38	153	43	13	12	259
Acquired in business combination	-	5	23	-	52	80
As at 31 December 2020	**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**
Depreciation:						
As at 1 January 2020	(139)	(536)	(271)	(21)	(45)	(1,012)
Charge for the year	(169)	(88)	(121)	(48)	(19)	(445)
Acquired in business combination	-	(4)	(14)	-	(24)	(42)
At 31 December 2020	**(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)**
Net Book Value:						
At 31 December 2020	**5,901**	**185**	**192**	**69**	**102**	**6,449**
At 31 December 2021	**5,732**	**167**	**101**	**21**	**87**	**6,108**

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.

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 2021 and 2020
Huntress (CI) Nominees Limited	Guernsey	Nominee company	100%
Ravenscroft (CI) Limited	Guernsey	Provision of investment services	100%
Ravenscroft Investment Management Limited	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%[1]
Ravenscroft Precious Metals Limited	Guernsey	Provision of precious metal investment services	100%
Ravenscroft Property Holdings Limited	Guernsey	Property holding company	100%
Ravenscroft Cash Management Limited	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 and 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%[2]
Ravenscroft Capital (UK) Limited	England & Wales	Provision of corporate finance services	70%[2]

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] Holding stated as 75% as 100% held via Ravenscroft Investments (UK) Limited
[2] Subsidiaries were not held until 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

11. Interests in other entities continued

Associates

As at 31 December 2021 the Group has investments in the following associates:

Name of entity	Country of registration	Principal activity	% held by Group companies 2021 and 2020
D2 Real Estate Holdings Limited	Jersey	Provision of real estate management services	36%

The associates have 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 2021 £'000	31 December 2020 £'000
Current assets	1,115	928
Current liabilities	(196)	(134)
Net current assets	**919**	**794**
Non-current assets	16	12
Net assets	**935**	**806**
Summarised statement of comprehensive income of D2 Real Estate Holdings Limited		
Revenue	1,752	1,280
Operating expenses	(1,448)	(1,087)
Profit for the year	**304**	**193**
Investment in D2 Real Estate Holdings Limited		
Opening cost of investment	377	304
Dividend received from associate	(63)	-
Share of net profit of associate	109	73
Investment in associate	**423**	**377**

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 2021 £'000	31 December 2020 £'000
Current assets	2,283	2,105
Current liabilities	(1,587)	(2,345)
Net current assets/(liabilities)	**696**	**(240)**
Non-current assets	7,165	7,224
Non-current liabilities	(60)	(102)
Net assets	**7,801**	**6,882**
Accumulated NCI	**1,871**	**1,642**

Summarised consolidated statement of comprehensive income of RIL-UK	31 December 2021 £'000	31 December 2020 £'000
Revenue	4,316	3,519
Profit for the year	**918**	**529**
Profit allocated to NCI	230	132
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 2021 £'000
Current assets	35
Current liabilities	(10)
Net current assets/(liabilities)	**25**
Non-current assets	-
Non-current liabilities	-
Net assets	**25**
Accumulated NCI	**7**

Summarised consolidated statement of comprehensive income of RCL-UK	31 December 2021 £'000
Revenue	50
Loss for the period	**(75)**
Loss allocated to NCI	(23)
Dividends paid to NCI	-

RCL-UK began trading following FCA approval which was granted on 24 September 2021. The opening period is loss making due to initial take-on costs, however the company is forecast to be profitable in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

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.

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.

12. Trading investments – long positions continued

Trading investments - long positions

	31 December 2021 £'000	31 December 2020 £'000
Trading investments - long positions	**158**	**359**

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.

Trade and other receivables

	31 December 2021 £'000	Restated 31 December 2020 £'000
Amounts falling due within one year:		
Prepayments and accrued income	10,808	7,438
Service contract asset (note 7)	1,053	1,053
Market and client receivables	31,325	29,919
	43,186	**38,410**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

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 and 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 2021 £'000	31 December 2020 £'000
Cash and cash equivalents	**11,196**	**10,129**

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 2021			31 December 2020		
	Current £'000	Non-current £'000	Total £'000	Current £'000	Non-current £'000	Total £'000
Capped rate facility	248	2,884	3,132	248	3,131	3,379
Variable rate facility	450	1,513	1,963	450	3,963	4,413
Total borrowings	**698**	**4,397**	**5,095**	**698**	**7,094**	**7,792**

The capped rate facility relates to a £3.75m loan from Royal Bank of Scotland International ("RBSI") at 3% per annum over LIBOR, obtained to finance the acquisition and refurbishment of the office building in Guernsey in 2018, which stands as security for the loan. The Company purchased an interest rate cap on the facility, limiting the effects of LIBOR increases to 2%. The final repayment date is five years from date of drawdown, being 30 June 2023. 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 the Sterling Overnight Index Average ("SONIA") for the next financial year. A further adjustment is also included in the new agreement which bridges the difference between LIBOR and SONIA based upon the relationship between the two over the previous 5 years. This minimises the effect of changing benchmarks and therefore means there is unlikely to be any material difference in interest due to this. The loan interest will remain payable at 3% per annum over the new benchmark, with the 2% benchmark limit cap still upstanding.

15. Borrowings continued

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 the Group companies and was obtained to fund various business acquisitions. During the year ended 31 December 2021, two individual early prepayments of £1m each, totalling £2m, were 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.

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 2021 £'000	31 December 2020 £'000
Amounts falling due within one year:		
Accrued expenses	5,410	3,776
Deferred consideration	786	813
Deferred income	89	94
Market and client payables	29,855	28,039
	36,140	**32,722**
Amounts falling due later than one year:		
Deferred consideration	-	772
	-	**772**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

17. 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 2021 £'000	31 December 2020 £'000
Amounts falling due within one year:		
Deferred contingent consideration	413	413
Provisions	**413**	**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 2021, management deemed it most probable that the highest asset 'hurdle' would be met and therefore the maximum amount of contingent consideration payable has been provided for. The consideration remains to be paid due to a delay in the formal renewal date. The earliest expectation of payment is in H2 2022.

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 2021 (2020: £Nil).

18. 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 is 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 balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the 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 assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The 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 in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

18. 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 2021 £'000	31 December 2020 £'000
Office buildings	621	857
Total right-of-use assets	**621**	**857**
Lease liabilities		
Non-current	491	615
Current	181	485
Total lease liabilities	**672**	**1,100**

Amounts recognised in the consolidated statement of comprehensive income

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

Depreciation and impairment charge of right-of-use assets	2021 £'000	2020 £'000
Total depreciation charge of right-of-use assets	**236**	**285**
Interest expense	57	72
Expense relating to short-term leases	42	42
Future minimum lease payments as at 31 December 2021 are as follows:		
Not later than one year	222	485
Later than one year and not later than five years	495	712
Later than five years	42	42
Total gross payments	**759**	**1,239**
Impact of finance expenses	**(87)**	**(139)**
Carrying amount of liability	**672**	**1,100**

The total cash outflow for leases in 2021 was £485k (2020: £329k).

19. Called up share capital

Called up share capital is the number of shares in issue at their par value. A number of shares were allotted during the year in relation to the Group's employee share option plan.

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 and deducted from contributed equity.

Called up share capital

	£'000	No.
Authorised:		
As at 31 December 2020	**150**	**15,000,000**
As at 31 December 2021	**150**	**15,000,000**
Allotted, issued and fully paid:		
As at 31 December 2020	**148**	**14,827,234**
As at 1 January 2021	148	14,827,234
As at 31 December 2021	**148**	**14,827,234**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

20. Share based payments and other employee benefits

The Group has a share option plan 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 on 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 option plan ("SOP" or "Plan")

Following the approval of an employee share option plan by shareholders at an Extraordinary General Meeting held on 15 October 2015, RL-CI granted a number of options to nominated employees; 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 Plan on the date of grant. If the options remain unexercised after the tenth anniversary of being granted, the options will expire. If the option holder ceases to be an employee or office holder within the Group, the options will lapse. As part of the Group reorganisation which completed on 23 April 2018, the Plan was amended to reflect that the options are over the Company's shares. 16,500 options were exercised during the period from tranches 1 to 3, with all tranches having now vested.

Details of the share options outstanding at the year end in respect of the Plan are as follows:

Number of share options:	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
Outstanding at the beginning of the year	25,000	5,000	10,000	60,000	-	100,000
Exercised during the year	(6,500)	(5,000)	(5,000)	-	-	(16,500)
Outstanding at the end of the year	**18,500**	**-**	**5,000**	**60,000**	**-**	**83,500**

	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 2021 £'000
Tranche 1	Nov-15	Nov-18	Nov-25	47	18,500	5	-
Tranche 2	Sep-16	Sep-19	Sep-26	57	-	-	-
Tranche 3	Feb-17	Feb-20	Feb-27	62	5,000	2	-
Tranche 4	Sep-17	Sep-20	Sep-27	69	60,000	20	-
Tranche 5	Nov-17	Nov-20	Nov-27	70	-	-	-

The fair value of the options is estimated using an appropriate valuation model. £20k was expensed through profit or loss in 2020 for the Plan.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Exercise price	375p	375p	405p	425p	450p
Adjusted share price to reflect liquidity (20% discount)	292p	300p	328p	340p	360p
Expected volatility	13.2%	12.5%	12.8%	12.0%	12.3%
Expected share price growth	8.0%	8.0%	8.0%	8.0%	8.0%
Discount rate	0.9%	0.9%	0.7%	0.9%	0.9%

20. Share based payments and other employee benefits continued

Other share based payments

During the year, a total of 16,000 shares were awarded to employees in recognition of services performed. The fair value of the shares awarded and associated expense was £128k (2020: £Nil), which was determined by the share price of the Company at the time of award.

21. 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 2021, REBT 2015 owned 228,000 (2020: 211,970) ordinary shares of £0.01 each. REBT 2015 has waived its rights to dividends.

	Number of shares	Cost £'000
At 1 January 2020	69,645	445
Acquired in the year	165,000	980
Awarded during the year	(22,675)	(145)
At 31 December 2020	**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**

22. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

22. Financial instruments and risk management continued

Credit risk continued

Market and client receivables include £0.19m (2020: £1.08m) relating to unsettled trades that have gone past their due dates. Of this balance, £Nil (2020: £Nil) relates to trades awaiting settlement confirmation from unit trust managers and £Nil (2020: £Nil) relates to trades where the market is unable to deliver stock. As at 7 April 2022, £Nil (2020: £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 £2.33m (2020: £2.09m) 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 £0.12m (2020: £0.22m) relating to unsettled trades.

Also within the market and client receivables are receivable amounts in respect of overdrawn client accounts of £0.68m (2020: £1.67m) 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 88% (2020: 81%) 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 £87.74m (2020: £92.40m). 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.

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 £27.97m (2020: £27.06m) 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 7 April 2022, £Nil (2020: £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.

22. Financial instruments and risk management continued

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 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	(36,140)	-	-	-	(36,140)
Tax payable	(443)	-	-	-	(443)
Provisions	-	(413)	-	-	(413)
Borrowings	-	(698)	(4,397)	-	(5,095)
Lease liabilities	-	(181)	(449)	(42)	(672)
	17,957	**(1,292)**	**(4,846)**	**(42)**	**11,777**

	Less than 1 month £'000	1-12 months £'000	1-5 years £'000	Total £'000
At 31 December 2020				
Trading investments - long positions	359	-	-	359
Trade and other receivables[1]	38,410	-	-	38,410
Cash and cash equivalents	10,129	-	-	10,129
Trade and other payables	(32,722)	-	-	(32,722)
Tax payable	(337)	-	-	(337)
Provisions	-	(413)	-	(413)
Borrowings	-	(698)	(7,094)	(7,792)
Lease liabilities	-	(485)	(615)	(1,100)
	15,839	**(1,596)**	**(7,709)**	**6,534**

[1] Figures disclosed have been restated in accordance with the information disclosed in note 7.

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 LIBOR 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

22. Financial instruments and risk management continued

(ii) Interest rate risk continued

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 2021	(1,963)	(3,132)
At 31 December 2020	(4,413)	(3,379)

At 31 December 2021, if interest rates had moved by 1% with other variables remaining constant, the change in equity and profit or loss for the year would amount to approximately £51k (2020: £78k).

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 LIBOR is below the 2% cap rate, the interest rate cap agreement represents a zero value derivative financial asset at year-end. The transition from LIBOR to SONIA for the next financial year is discussed further in note 15.

(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 minimize 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 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 2021 would have been £32k higher/lower (2020: £72k higher/lower) due to changes in the value of FVTPL held for trading investments.

Capital risk management

The Group's subsidiaries RL-CI, Ravenscroft Investment Management Limited, Ravenscroft Cash Management Limited, Ravenscroft Custody Services Limited, Ravenscroft Consultancy and Listing Services Limited and Ravenscroft Specialist Funds Management Limited are regulated by the GFSC under The Protection of Investors (Bailiwick of Guernsey) Law, 1987. 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.

23. 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 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Trading investments - long positions	158	–	–	158

	31 December 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Trading investments - long positions	359	–	–	359

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.

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 2021

24. 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 2021 £'000	31 December 2020 £'000
Ravenscroft (CI) Limited	Subsidiary	-	20
Ravenscroft Capital (UK) Limited	Subsidiary	(70)	-
Ravenscroft Services Limited	Subsidiary	(1,455)	(603)
Ravenscroft Investments (UK) Limited	Subsidiary	-	47
Ravenscroft (Bishops Stortford) Limited	Subsidiary	-	7
Ravenscroft Capital Limited	Subsidiary	-	(50)

The Group acts as market maker for the long and short investment positions held within trading investments with a value of £158k (2020: £359k) and £Nil (2020: £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.

	31 December 2021 £'000	31 December 2020 £'000
Short-term employment benefits	4,063	3,239
Equity compensation benefits	128	14

For details on the Non-Executive Directors' remuneration paid during the year, please see the Directors' report on page 18.
As at 31 December 2021, £Nil (2020: £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 2021, 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 2021 of £0.6m (2020: £0.4m).

Investment services offered to Directors and staff

During the years ended 31 December 2021 and 31 December 2020, 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.

24. Controlling party and related party transactions continued

Other related party transactions

Stephen Lansdown 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 £500k during the year ended 31 December 2021. The fee charged was at a standard market rate for the type of holding and service provided. The total fee paid did not include any discounts.

During the year ended 31 December 2020, the Company entered into a contract with Bristol Sport Limited to act as the main sponsor of the Bristol Bears for 2020/21 season. In the current year, a new deal was signed to act as sponsor for the 2021/22 season. The ultimate controlling party of Bristol Sport Limited is Stephen Lansdown. The total value of both contracts is £1m, of which £500k was incurred and paid during the year ended 31 December 2021. A balance of £250k remained payable as at 31 December 2021.

25. Events after reporting date

Dividend

The Directors declared a dividend of 17p per share, totalling £2.48m, which was approved by the Board on 7 April 2022, and will be paid on 19 April 2022.

Post year-end acquisition

On 31 March 2021 Ravenscroft Strategic Acquisitions Limited completed the purchase of the entire issued share capital of MitonOptimal Portfolio Management (CI) Limited (a private company registered in Guernsey) from MitonOptimal International Limited.