ANNUAL REPORT 2017

RAVENSCROFT

Stockbroking & Investment Management

Ravenscroft
Stockbroking & Investment Management

CONTENTS

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BUSINESS AND FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER 2017

Revenue increased by 15% to
£20.00m
(31 December 2016: £17.36m)

Recurring revenues increased by 50% to
£11.45m
(31 December 2016: £7.61m)

Non-recurring revenues decreased by 12% to
£8.55m
(31 December 2016: £9.75m)

Gross profit increased by 14% to
£17.21m
(31 December 2016: £15.08m)

Operating profit was
£4.06m
(31 December 2016: £4.15m) a decrease of 2% from 2016

Total Assets Under Administration ("AUA") up 55% to
£4.44b
(31 December 2016: £2.87b)

Completed the acquisitions of: **100%** of Guernsey Mint Refined Limited (since renamed to Ravenscroft Precious Metals Limited on 2 February 2018) (trading as BullionRock) ("BullionRock") on 8 November 2017; and **50%** of D2 Real Estate Limited on 31 October 2017

Basic earnings per share of **28.07p** and diluted earnings per share of **25.27p** (2016: basic earnings per share of 29.32p, diluted earnings per share of 27.10p)

The Board declares a dividend of **12p per share** (2016 final dividend: 10p per share). Resulting in a total annual dividend of 17p per share for the year, a 19% increase (2016: 14.25p per share)

Financial Calendar

2018

6 April 2018	Dividend declaration date and publication of the 2017 Annual Report
12 April 2018	Ex-dividend date
16 April 2018	Dividend record date
27 April 2018	Dividend payment date

Management Reports

COMPANY INFORMATION
YEAR ENDED 31 DECEMBER 2017

RAVENSCROFT LIMITED (THE "COMPANY")

DIRECTORS

CURRENT DIRECTORS

S P Lansdown CBE
(Non-Executive Chairman)
(appointed as Chairman 26 June 2017)

S A Farnon
(Non-Executive Director & Senior Independent Director)

D C Jones
(Non-Executive Director)

J R Ravenscroft
(Group Chief Executive Officer)

M L C Bousfield
(Group Managing Director)

B M O'Mahoney
(Group Finance Director and Head of Corporate Finance)

A M J Courtney
(Group Chief Operating Officer and Head of Risk)
(appointed 26 June 2017)

FORMER DIRECTORS

A M Stewart
(Non-Executive Director)
(resigned 15 September 2017)

COMPANY SECRETARY

J Cook
(Group Company Secretary)
(start date 18 October 2017)

FORMER COMPANY SECRETARY

S Hamon
(Group Company Secretary)
(resigned 25 August 2017)

REGISTERED OFFICE

PO Box 222, Level 5
The Market Buildings
Fountain Street
St Peter Port, Guernsey GY1 4JG

TISE LISTING SPONSOR

Hatstone Listing Services Limited
Oak Walk, Le Mont Fallu
St Peter, Jersey JE3 7EF

INDEPENDENT AUDITOR

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

Bob Tannahill
(Director, Ravenscroft Investment Management Limited)

THE BOARD OF DIRECTORS

YEAR ENDED 31 DECEMBER 2017

Stephen Lansdown CBE
Non-Executive Chairman

Stephen is co-founder and former Chairman of Hargreaves Lansdown plc, the UK's biggest independent private client brokerage and a member of the FTSE 100. A Fellow of the Institute of Chartered Accountants in England and Wales, Stephen was presented with Honorary Degrees from Bristol University (Doctor of Laws) and the University of the West of England (Doctor of Business Administration) in 2012. He moved to Guernsey in March 2010 and has become a firm supporter of the local business, culture and the sporting scenes. Stephen's many other business interests include investments in Africa, renewables and various sports teams. In June 2017 Stephen was awarded a CBE for his services to business and community in Bristol. Stephen became a shareholder in December 2012, was appointed as a Non-Executive Director to the Ravenscroft Board in September 2015 and was named Chairman in June 2017. Stephen is also a member of the Remuneration and Audit Committees, and Chairman of the Nomination Committee.

Jon Ravenscroft
Group Chief Executive Officer

Jon founded Ravenscroft Limited in 2005 and was appointed Chief Executive Officer. He has more than 30 years' experience in stockbroking. Jon started his career in broking 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 broking office that is now Canaccord Genuity Wealth (International) Limited (formerly Collins Stewart (CI) Limited). He was educated at Elizabeth College in Guernsey and Millfield School in the UK. Jon is a Fellow of the Chartered Institute for Securities and Investment ("CISI").

Sally-Ann (Susie) Farnon
Non-Executive Director & Senior Independent Director

Susie qualified as a Chartered Accountant with KPMG in 1983 and was a banking and finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999. After leaving KPMG in 2001, she was a member of the States of Guernsey Audit Commission and formerly a Commissioner of the Guernsey Financial Services Commission. She is also a Director of local property companies and is a Non-Executive Director of listed property and investment funds. Susie was first appointed to the Board of Ravenscroft Limited on 21 April 2008 and is Chairman of the Audit and Remuneration Committees as well as a member of the Nomination Committee.

Dominic Jones
Non-Executive Director

Dominic has 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, as an Executive Director. Dominic is a non-executive director of the General Partner of a leading Nordic private equity fund and a council member of the National Trust of Jersey. He was appointed to the Board of Ravenscroft Limited on 18 March 2014 and is a member of the Nomination, Remuneration and Audit Committees.

Mark Bousfield

Group Managing Director

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 Chartered Fellow of the CISI, having completed the CISI Diploma and he is also a Chartered Wealth Manager. As well as his role as the Managing Director for the Ravenscroft group, Mark is also the Managing Director of Ravenscroft Investment Management Limited (100% owned subsidiary of Ravenscroft Limited).

Andrew Courtney

Group Chief Operating Officer and Head of Risk

Andrew joined Ravenscroft in October 2014 and was then appointed Group Chief Operating Officer and an Executive Director on 26 June 2017, having previously worked for 14 years at Canaccord Genuity Wealth Management (formerly Collins Stewart). Prior to that he worked at Rabobank (Guernsey) Limited as Banking Director, Bank of Bermuda (Guernsey) Limited as Head of Banking and Midland Bank Limited. Andrew was educated at Elizabeth College, Guernsey and Sheffield Hallam University where he gained a Masters degree in Business Administration; he is a Chartered Fellow of the Chartered Institute for Securities & Investment.

Brian O'Mahoney

Group Finance Director and Head of Corporate Finance

Brian joined Ravenscroft Limited as Chief Operating Officer & 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 working at 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. With over 20 years' experience within the financial services sector, Brian is also a director of a number of companies including property, trading and financial entities. Brian is a Fellow of the Institute of Chartered Accountants in Ireland and holds a finance based MBA from Manchester Business School.

On 17 March 2017, Brian stepped down as Chief Operating Officer and was appointed Head of Corporate Finance, enabling him to take a more active role in the corporate finance activities of the Company. On the same date, Andrew Courtney was appointed as Group Head of Operations and Risk, taking over the operations and risk management function previously undertaken by Brian as Chief Operating Officer.

Stephen
Lansdown CBE
Chairman

29 MARCH 2018

Chairman's Statement

YEAR ENDED 31 DECEMBER 2017

IT GIVES ME GREAT PLEASURE TO PRESENT MY FIRST CHAIRMAN'S STATEMENT ON THE BACK OF ANOTHER STRONG PERFORMANCE FROM RAVENSCROFT LIMITED AND ITS SUBSIDIARIES (TOGETHER THE "GROUP").

Group revenues were up 15% to £20.00m (2016: £17.36m) with recurring revenues up 50% to £11.45m (2016: £7.61m). Assets under administration stood at £4.44bn (2016: £2.87bn) at the year end, a 55% increase on the previous year, illustrating the continued progress of the Group. These impressive results were helped by a rising stock market with the FTSE100 up 7.6% over the year to finish at a record high of 7,687. Globally we saw the MSCI All Country World Index rise in every single month of the year, the first time ever that it has avoided a monthly decline.

The financial services sector continues to be faced with an ever-increasing regulatory burden, which the Ravenscroft board takes very seriously. With this in mind, a significant investment in our team has taken place throughout the year to ensure we have the appropriate resources needed to continue giving our clients exceptional service and to meet our regulatory obligations. This investment is reflected in our staff numbers increasing by 28% to 91 (2016: 71) and our focus on systems development. The resultant increase in expenses of 20% to £13.15m has meant that profit before tax was down slightly on the previous year to £4.05m (2016: £4.15m).

This level of investment is likely to continue in the future as we seek to improve our service to clients, broaden our offering and ensure that we have access to the experienced and qualified professionals which our diverse Group requires. One example is the backing of a management buy-out of D2 Real Estate Limited ("D2") from BNP Paribas Real Estate Limited, which strengthened our property proposition through an acquisition of a 50% stake in D2. We also acquired 100% of Guernsey Mint Refined Limited (trading as BullionRock) allowing us to offer precious metals as an alternative asset class.

In February 2018, Ravenscroft was appointed as the investment manager to the Guernsey Investment Fund PCC Limited ("GIF"), a newly launched fund. The fund is backed by commitments from both the States of Guernsey and private investors. This appointment was a great vote of confidence in our business. The GIF is aiming to achieve a commercial return for its investors whilst also seeking to invest in companies that can benefit the economy of the Bailiwick of Guernsey.

Ravenscroft is a very different company to what it started as in 2005 and is proud to now offer a full range of services to clients in the form of stockbroking, investment management, corporate finance, treasury services, property and precious metals. We shall seek to grow these services and add to them in the years ahead.

With that in mind, the Group plans to restructure in April 2018 with the addition of a new holding company called Ravenscroft Holdings Limited. This will be the listed entity going forward and all business and regulatory operations will be conducted in subsidiary companies.
The restructuring has become necessary due to the continued growth of the Group.

Since the last AGM, Andy Stewart stepped down as a director of the Company on 15th September 2017. Andy, together with Jon Ravenscroft, was instrumental in the formation of Ravenscroft and previously held the role of Chairman of the Group. I should like to place on record our thanks to Andy for all his hard work and contribution to the development of the Group.

I should also like to thank my fellow board members and all the staff who have worked extremely hard to produce another successful year for Ravenscroft, and of course our sincere gratitude to our clients, without whose support we would not exist and for which we are very grateful.

Finally, your board declares a dividend of 12p per share, which will result in a total dividend of 17p for 2017 (2016: 14.25p), an increase of 19%. The dividend will be paid on the 27 April 2018 to shareholders present on the register as at 16 April 2018.

BUSINESS AND FINANCIAL REVIEW

YEAR ENDED 31 DECEMBER 2017

Jon Ravenscroft

Group Chief Executive Officer
29 March 2018

GROUP BUSINESS REVIEW

	31 December 2017 £'000	31 December 2016 £'000	Year on Year Change
Revenue	20,001	17,363	15%
recurring revenue	11,451	7,609	50%
non-recurring revenue	8,550	9,754	-12%
Operating profit	4,061	4,154	-2%
Operating profit margin	20%	24%	-4%
Basic earnings per share	28.07p	29.32p	-4%
Diluted earnings per share	25.27p	27.10p	-7%
Assets under administration (£m)	4,442	2,868	55%

Group Business Review

I echo Stephen's comments when I say that 2017 saw a very strong performance from the Group. This performance was only possible with the trust and loyalty of our clients and shareholders and the dedication of our staff. I would like to thank everyone involved with Ravenscroft for making this possible.

Revenue

As can been seen from the above table, revenues reached £20m; a great achievement for a business that started just over 12 years ago. A 50% increase in recurring revenues to £11.45m (2016: £7.61m) underlines the quality and sustainability of the majority of that revenue. Pleasingly, all areas of the business contributed to this increase, but of particular note were Investment Management (£1.03m), CI Broking (£0.93m) and Corporate Finance (£1.54m). These increases are reflective of the hard work undertaken over a number of years to attract assets to our business and to ensure we manage and invest them effectively.

Non-recurring revenue did not quite reach the heights of 2016, although this is understandable as 2016 was a stand out year for transactions in the Group. Dealing commissions increased across the Group during 2017; however, corporate finance transactional revenue was lower than the prior year, in which we completed a number of substantial transactions.

Operating Profit

Profit before tax was slightly down on last year at £4.05m from £4.15m, which was due to increased costs of regulation, systems and staffing. I have no doubt that this investment, coupled with continued investment in the years to come, will enable us to carry on providing a superb service to our clients and returns to our shareholders.

Statement of financial position and cash flows

At the 2017 year end, the Group had net assets of £14.43m (compared to £11.96m at the same time in 2016), including cash balances of £8.07m (£3.72m in 2016).

The Group manages its capital to ensure that all Group entities will be able to continue as going concerns while maximising the return to shareholders. The capital structure of the Company consists of 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.

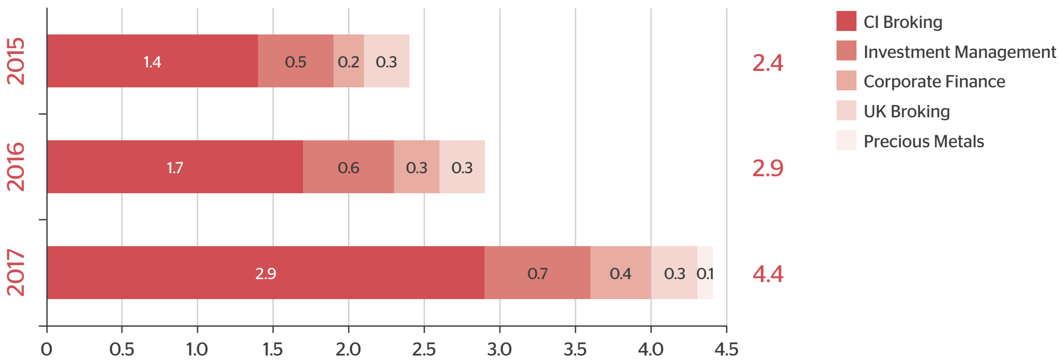
It is the responsibility of the Board to review the Group's gearing levels on an ongoing basis, and at present the Group has no gearing. The Company and two of its subsidiaries, Ravenscroft Investment Management Limited ("RIML") and A Vartan Limited (trading as Vartan Ravenscroft) are required to maintain 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 continuously reviewed 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.

Ravenscroft Jersey Limited ("RJL") which was regulated by the Jersey Financial Services Commission ("JFSC") under the Financial Services (Jersey) Law, 1998 amalgamated into the Company on 16 November 2017. Following the amalgamation, RJL became a branch of the Company and the Company is now regulated by the JFSC under the Financial Services (Jersey) Law, 1998. Vartan Ravenscroft is regulated by the Financial Conduct Authority ("FCA"). The Company and its subsidiaries have complied with the applicable capital adequacy requirements to which they are subject during the period under review. At 31 December 2017 the Company had net assets in excess of the minimum regulatory requirements of £6.71m (2016: £6.69m), RIML had excess net assets of £1.17m (2016: £0.69m) and the Company had a Ratio of Adjusted Net Liquid Assets over Expenditure of 305% (2016: 131%). Vartan Ravenscroft had capital in excess of the minimum regulatory requirements of £0.39m (2016: £0.18m).

Assets Under Administration ("AUA")

Total AUA for the Group have risen by 55% to £4.44b (2016: £2.87b) driven by a £1.23b (72%) increase in CI Broking assets from £1.70b to £2.93b, a 34% increase in Corporate Finance assets from £292m to £392m, a 30% increase in Investment Management assets from £552m to £716m, a 2% increase in Vartan Ravenscroft assets from £326m to £334m and the addition of £69m of assets from the BullionRock ("Precious Metals") acquisition.

Group AUA (£ billions)



Earnings per share

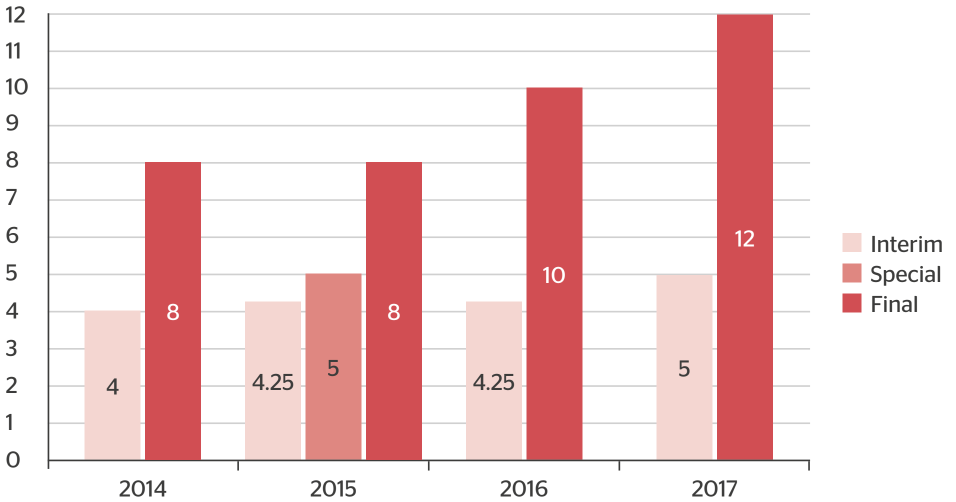
Basic earnings per share of 28.07p and diluted earnings per share of 25.27p have decreased by 1.25p and 1.83p respectively from 2016 (2016: basic earnings per share of 29.32p and diluted earnings per share of 27.10p). This decrease in earnings per share is due to expansion related increases in Group costs related to increased headcount (permanent staff and contractors), legal and professional fees, advertising and marketing, and information systems upgrading costs.

The dilution is a result of the potential exercise of staff share options. As at the year-end date all outstanding share options had a dilutive effect, as they are in the money given the then share price of £5.05 exceeded the excercise price of the options.

Dividend

The Board declares a dividend of 12p per share (2016 final dividend: 10p per share) to be paid on 27 April 2018. This will result in a total annual dividend for 2017 of 17p (interim dividend of 5p per share) up 19% from the prior year total of 14.25p. The Board is comfortable with the increase in dividend on the back of the strong performance in 2017, whilst retaining capital for the planned requirements of the Group in 2018.

Dividend Paid (pence)

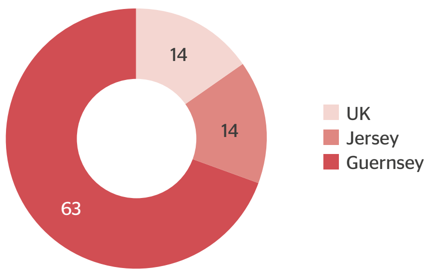


People

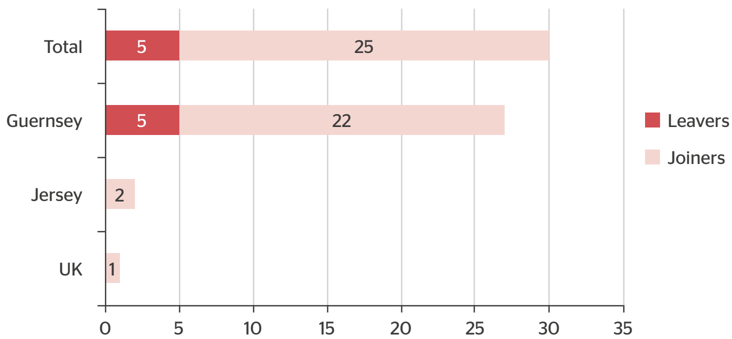
We recognise that our staff are a key resource of the business and that the quality of leadership is vital to the success of the Group. The Board continually strives to improve the engagement and motivation of our people in order to improve business performance, and we ensure heads of department understand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

As at 31 December 2017, the Group employed a total of 91 (2016: 71) permanent staff across the four offices. During the year a total of 25 members of staff were recruited and a total of 5 members of staff left employment with the Group. The net increase of 20 staff is split between 4 in the front office and 16 in the back office. Joiners in 2017 include two staff from the acquisition of BullionRock.

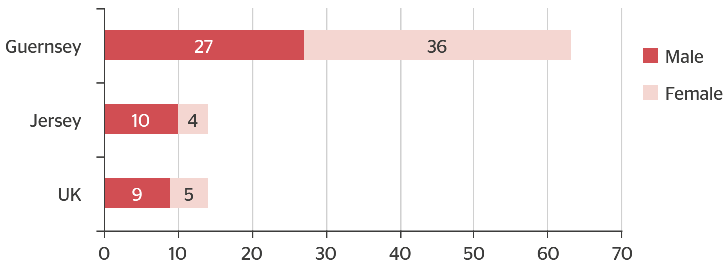
Group Headcount 2017



Joiners and Leavers 2017



Group Demographics 2017



Despite headcount movements in 2017 demographics have remained very similar to prior year.

Principal risks and uncertainties

The principal risks and uncertainties currently faced by the Group are detailed below. The risks outlined are those that the Group believes have the potential to have a significant detrimental impact on its financial performance and future prospects.

Reputational risk

We consider the greatest risk to our business comes from the potential loss of its reputation. Many of the below listed risks have the potential to damage our reputation and are recognised and managed accordingly. In addition, we recognise new business take-on as an area of significant potential reputational risk. Whilst entrepreneurial employees are encouraged to develop new clients and varied streams of revenue, all new business is subject to a rigorous take-on process and risk rating review, as well as on-going controls and monitoring to ensure that it meets the Group's strict new business criteria.

Employee risk

Our employees are the Group's greatest asset and all future successes are dependent on our ability to attract and retain high quality executives and employees. We seek to minimise employee risk by rewarding staff members through a 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.

Regulatory risk

Regulatory changes arising in any of the Group's current jurisdictions, which could potentially impair the Group's ability to provide stockbroking or investment management services, may adversely affect our ability to trade and achieve our strategic objectives.

The investment business sector, as with all of the finance industry, continues to see a significant level of regulatory evolution and we continue to horizon scan in order to keep abreast of relevant developments in this regard.

Business continuity risk

There is a risk that any incident that we are affected by, directly or indirectly, such as disruption to utilities and services, office closures or pandemic occurrences, could cause possible damage to the Group's infrastructure or affect key employees, which in turn could cause financial loss. Business continuity planning is in place across the business in order to sustain operations with a minimum of disruption through a combination of business continuity planning, duplicated infrastructure and remote facilities. Regular testing of the business continuity plan is undertaken.

Information security risk

Technology and information security are central to the Group's business. Information security risk is defined as the risk of loss resulting from cyber-crime, malicious disruption to our networks from the theft, misplacing, interception, corruption or deletion of information. Cyber-crime attacks continue to grow in terms of scale and complexity. All internet traffic, both outgoing and incoming, is routed through state of the art cyber security mechanisms by our service provider, CORVID Protect Limited (market leading IT security company), that constantly screen for unusual or suspicious traffic, both inward and outward. External access to our systems is protected by two factor authentication and all traffic is encrypted. Internally, all drives are locked down to prevent data transfer unless specifically authorised and enabled. Ravenscroft servers are housed in a secure data centre in Guernsey with full redundancy and 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.

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 from external events. Compliance personnel and senior management ensure that significant operational risks, mitigations and appropriate control systems are continually reviewed. Where applicable, a corrective action plan is put in place.

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, 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.

Principal risks and uncertainties continued

Economic conditions

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 prospects. Specific examples that could affect the Group include a reduced level of securities trading as well as a general decline in the value of AUA. The Group has a business model that seeks to minimise any resulting impact of such scenarios by continually reviewing its cost base and more importantly by having a flexible remuneration structure which is predominantly geared to financial performance.

Market risk exposure

The Group is exposed to market risk predominantly through its position in trading investments. We monitor and apply appropriate controls in order to minimise this risk on a daily basis.

Client asset custody

Following the acquisition of BullionRock, there exists off-balance sheet risk to the Group of client asset custody at BullionRock. The Group has implemented various controls around the segregation of duties and the movement of bullion and coins in order to mitigate this risk.

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

The Directors present their report on the consolidated financial statements of the Group for the year ended 31 December 2017. The Company was incorporated in Guernsey on 8 March 2005 under the laws of the Bailiwick of Guernsey with company number 42906 and is listed on The International Stock Exchange.

Principal Activity

The principal activity of the Company and the Group in the year under review was the provision of investment services.

Directors

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

Current Directors

S P Lansdown CBE
J R Ravenscroft
S A Farnon
D C Jones
M L C Bousfield
B M O'Mahoney
A M J Courtney (appointed 26 June 2017)

Former Directors

Andy Stewart (resigned 15 September 2017)

Directors' interests in Ordinary Shares of Ravenscroft Limited

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

	31 December 2017		31 December 2016	
	No. of shares	Interest	No. of shares	Interest
J R Ravenscroft [1]	1,450,000	10.92%	1,425,000	10.73%
S A Farnon [2]	109,855	0.83%	109,855	0.83%
D C Jones [3]	75,000	0.56%	75,000	0.56%
S P Lansdown CBE [4]	3,700,000	27.86%	3,700,000	27.86%
Brian O'Mahoney [5]	117,200	0.88%	83,000	0.63%
M L C Bousfield [6]	423,000	3.19%	408,000	3.07%
A M J Courtney [7]	55,000	0.41%	32,400	0.24%

[1] These are held by TEMK Investments Limited, an investment company where the beneficial owners are Mr J and Mrs J Ravenscroft.
[2] These are held by Little Lucy Limited, an investment company where the beneficial owners are Mr D and Mrs S Farnon.
[3] 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.
[4] These are held by Pula Investments Limited, an investment company where the beneficial owners are Mr S and Mrs M Lansdown.
[5] 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 104,700 being held directly by Mr B O'Mahoney.
[6] 25,000 of these shares are held by the Trustees of the Bozz RATS where the beneficial owner is Mr M Bousfield with the remaining 398,000 being held directly by Mr M Bousfield.
[7] These are held by the Trustees of The Courtney RATS, where the beneficial owners are Mr A M J and Mrs P M M Courtney.

Directors continued

Directors' interests in share options in Ravenscroft Limited

The current Directors had interests in options over ordinary shares in the Company as shown below:

Name of Director	31 December 2017	31 December 2016	Exercise price	Grant date	First possible exercise date	Expiry date
J R Ravenscroft	150,000	150,000	375p	18.11.15	18.11.18	18.11.25
J R Ravenscroft	50,000	–	405p	13.02.17	13.02.20	13.02.27
M L C Bousfield	50,000	50,000	375p	18.11.15	18.11.18	18.11.25
M L C Bousfield	50,000	50,000	375p	20.09.16	20.09.19	20.09.26
M L C Bousfield	50,000	–	405p	13.02.17	13.02.20	13.02.27
M L C Bousfield	50,000	–	425p	18.09.17	18.09.20	18.09.27
B M O'Mahoney	100,000	100,000	375p	18.11.15	18.11.18	18.11.25
B M O'Mahoney	50,000	–	405p	13.02.17	13.02.20	13.02.27
B M O'Mahoney	25,000	–	425p	18.09.17	18.09.20	18.09.27
A M J Courtney	10,000	10,000	375p	18.11.15	18.11.18	18.11.25
A M J Courtney	5,000	–	405p	13.02.17	13.02.20	13.02.27
A M J Courtney	60,000	–	425p	18.09.17	18.09.20	18.09.27

Significant shareholdings

The Directors have been notified that the following shareholders through Huntress (CI) Nominees Limited had interests of 3% or more in the Company's ordinary share capital as at 29 March 2018 and 31 December 2017.

	29 March 2018		31 December 2017	
	No. of shares	Interest	No. of shares	Interest
Huntress (CI) Nominees Limited as nominee for:				
Pula Investments Limited	3,700,000	27.86%	3,700,000	27.86%
TEMK Investments Limited	1,455,000	10.96%	1,450,000	10.92%
bRIDGEr Limited	1,000,000	7.53%	1,000,000	7.53%
Mr M Bousfield	400,500	3.02%	398,000	3.00%

Non-Executive Directors' Remuneration

Each of the Non-Executive Directors has 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, S P Lansdown CBE, as the Chairman, is entitled to receive annual remuneration of £40k per annum, S A Farnon as Senior Independent Director and Non-Executive Director is entitled to receive annual remuneration of £35k per annum, and D C Jones as Non-Executive Director is entitled to receive annual remuneration of £30k per annum.

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 was in the form of fees and does not include any performance-related compensation.

Dividend

The Directors declare a dividend of 12p per ordinary share in respect of the year ended 31 December 2017 (2016: 10p), to be paid on 27 April 2018.

Going concern

The Board has reviewed forecasts taking account of the current market conditions, which continue to create uncertainty over the level of trading achievable by the Group, in that the effect of poor economic conditions on our clients and markets has the potential to reduce the level of securities trading as well as create a general decline in the value of AUA, which could adversely influence the Group's overall financial performance.

After making enquiries and reviewing the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing these consolidated financial statements.

Directors' and officers' liability insurance

The Group maintains liability insurance on behalf of the Company's Directors and Officers.

Auditor

The Independent Auditor, PricewaterhouseCoopers CI LLP, has indicated its willingness to continue in office. A resolution will be proposed at the Annual General Meeting to reappoint them as Auditor of the Company.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing 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 those 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 financial statements comply with The Companies (Guernsey) Law, 2008, the Financial Services (Trust Company and Investment Business (Accounts, Audits and Reports)) (Jersey) Order 2007, and the Financial Services (Fund Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007 in so far as they apply to the Jersey operations. 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 or she ought to have taken as a Director in order to make himself or herself 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 financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors on 29 March 2018 and signed on its behalf by:

Brian O'Mahoney
Director

Susie Farnon
Director

RAVENSCROFT IN THE COMMUNITY

As a business founded in the Channel Islands, Ravenscroft continues to be passionate about supporting the local communities. Last year, the Company supported dozens of charities and voluntary organisations and sponsored a number of sports as well as individual athletes.

The photographs on these pages are from two big events which Ravenscroft was involved with in 2017. In July, the Ravenscroft and Friends Night Walk saw more than 100 people enjoy a 13 mile stroll around Guernsey to raise nearly £13,000 for Cancer Research UK (Guernsey) and then in September, Ravenscroft was one of the sponsors of the SuperLeague Triathlon which came to Jersey for the first time. As well as being a sponsor, Ravenscroft entered two teams into the corporate challenge bringing together our own team with a number of athletes which the Company sponsors with one of our teams finishing third.

Ravenscroft is proud to play its part in supporting island life.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 31 DECEMBER 2017

Introduction

The Company is subject to the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC") that came into effect on 1 January 2012. Since the amalgamation, which was completed on 16 November 2017, with RJL the Company is also subject to the Code of Practice for Investment Business which came into effect on 1 July 2008 and will going forward take this into consideration. The Board fully supports high standards of corporate governance and it is the Directors' opinion that throughout the year to 31 December 2017 the Company has complied fully with the principles set out in the Finance Sector Code of Corporate Governance.

The role of the Board

The Directors collectively bring a broad range of relevant business experience to the Board and this is considered essential for the effective management of the Company. The Board is responsible for both the strategy and the major operational issues affecting the Company. It reviews financial performance, regulatory compliance, monitors key performance indicators and will consider any matters of significance to the Group including but not limited to corporate activity.

The Board is responsible for a clear governance structure which reflects the demands and complexities of the external environment, the Company's values and standards, risk appetite, internal controls and key policies.

The Board has established Committees to which it delegates certain authorities. These Committees analyse and review specific issues and their activities and decisions are reviewed 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 composition of the Board

As at 31 December 2017, the Board consisted of four Executive and three Non-Executive Directors. The Directors contribute a range of complementary skills, knowledge and experience. Details of the individual Directors and their biographies are set out on pages 4 and 5.

Roles of Chairman and Group Chief Executive Officer

The Roles of Chairman and Group Chief Executive Officer are separated, ensuring a clear division of authority and responsibility at the most senior level within the group.

Chairman

The Non-Executive Chairman is Stephen Lansdown. He is responsible for the leadership of the Board and ensuring the effective running and management of the Board. He is also responsible for the Board's oversight of the Group's affairs, which includes ensuring that the Directors receive accurate, timely and clear information, ensuring the effective contribution of the Non-Executive Directors and implementing effective communication with Shareholders.

Group Chief Executive Officer, Group Managing Director, Group Finance Director & Head of Corporate Finance and Group Chief Operating Officer & Head of Risk

The Group Chief Executive Officer is Jon Ravenscroft. His responsibilities include the progress and development of objectives for the Group, as well as overseeing the executive leadership of the Group and ensuring the continuing effective communication with Shareholders.

Jon is supported in his role by Mark Bousfield as Group Managing Director, Brian O'Mahoney as Group Finance Director & Head of Corporate Finance, and Andrew Courtney as Group Chief Operating Officer & Head of Risk. Together, Mark, Brian and Andrew are responsible for day to day oversight of operations, managing the Group's risk exposure, implementing the Board's decisions and communicating with regulatory bodies.

Brian O'Mahoney held the position of Chief Operating Officer until 17 March 2017 when he was appointed as Head of Corporate Finance. Andrew Courtney was appointed as Group Head of Operations & Risk in March 2017 before being appointed Group Chief Operating Officer on 26 June 2017.

Non-Executive Directors

Together with the Non-Executive Chairman, the Board comprised a further two Non-Executive Directors as at 31 December 2017. The Non-Executive Directors bring independent judgement, knowledge and 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 and judgement, their conduct at Board and Committee meetings, whether they, or any other Director, have any interests that may give rise to an actual conflict of interest and whether they act in the best interests of the Company and its Shareholders at all times.

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

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.

The composition of the Board continued

Election and re-election of Directors continued

At the AGM held on 26 June 2017 the following appointments were made by the Shareholders:

- Dominic Jones stood for re-election as a Director and was re-elected as a Non-Executive Director
- Jon Ravenscroft stood for re-election as a Director and was re-elected as an Executive Director
- Mark Bousfield was elected as a Director further to his appointment by the Board on 6 December 2016
- Andrew Courtney was appointed as a Director and will stand for election by the Shareholders at the next AGM.

Susie Farnon is due to retire by rotation at the forthcoming AGM and will stand for re-election.

Board meetings and information to the Board

The Board has regular scheduled Board meetings and ad hoc meetings as and when deemed necessary. During the year there were five scheduled Board meetings and three ad hoc Board meetings. The Executive Directors are also in contact with the Non-Executive Directors regarding ongoing developments on a regular basis throughout the year.

Before each Board meeting the Directors receive comprehensive papers and reports on the issues to be discussed at the meeting. In addition to Board papers, Directors are provided with relevant information between meetings. The Group maintains a conflicts of interest policy and register, and the Board has put into place a procedure in order to address situations where conflicts of interest arise. As part of this process the Directors prepare a list of other positions held within the industry and all other relevant situations which may need notification or authorisation, either in relation to the Director concerned or any connected persons which must be reported to the Company Secretary. This register is reviewed by the Board at each scheduled Board meeting.

Attendance at scheduled Board meetings

	Board Meeting
Total number of meetings in the year	**5**
Andy Stewart (resigned 15 September 2017)	4
Jon Ravenscroft	5
Susie Farnon	5
Dominic Jones	4
Brian O'Mahoney	3
Stephen Lansdown	5
Mark Bousfield	5
Andrew Courtney (appointed 26 June 2017)	4

Attendance at scheduled Committee meetings

	Audit Committee	**Nomination Committee**	**Remuneration Committee**
Total number of meetings in the year	**3**	**2**	**2**
Andy Stewart (resigned 15 September 2017)	2	2	2
Susie Farnon	3	2	2
Dominic Jones	2	2	2
Stephen Lansdown	3	2	2

Support to the Board

Ad hoc meetings may be held by the Board-appointed Committees by way of providing additional support to the Board when deemed necessary. In addition, any Director wishing to do so may take independent professional advice at the expense of the Company. All Directors are able to consult the Company Secretary who is responsible for ensuring that Board procedures are followed.

Board evaluation

A Board evaluation exercise is undertaken annually. The last evaluation was undertaken in the third quarter of 2017. This evaluation sought to identify whether the Board demonstrated sufficient collective skills, expertise, independence and knowledge of the Company. Each Director demonstrated the commitment required for the Company to achieve its objectives.

Board committees

The Board has a supporting committee structure in line with the Finance Sector Code of Corporate Governance. The Board has three Committees; namely the Audit Committee, the Remuneration Committee and the Nomination Committee, as described below. Copies of each Committee's Terms of Reference, which are regularly reviewed by the Board and clearly define each Committee's responsibilities and duties, are available from the Company Secretary upon request or may be downloaded from the Group's website www.ravenscroftgroup.com.

Audit Committee

The Audit Committee comprises all of the Non-Executive Directors, with Susie Farnon as the Chairman. The Audit Committee meets formally at least three times a year plus additional ad hoc meetings when necessary during the year. Other Directors, members of staff and the external Auditor are invited by the Chairman to attend these meetings, as deemed appropriate.

The Audit Committee has the following responsibilities:

- to monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance;
- to review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated by the external Auditor;
- to challenge the external Auditor and to ensure the appropriateness and transparency in the application of accounting reporting principles;
- to review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy;
- to review and monitor the external Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant local and UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- to make recommendations to the Board, for the appointment, re-appointment and removal of the external Auditor and the approval of the remuneration and terms of engagement of the external Auditor to be put to the Shareholders for their consideration and approval at an AGM and;
- to monitor and review the effectiveness of the Company's internal audit function, or, where there is no such function, consider annually whether there is a need for an internal audit function and make a recommendation to the Board.

The Audit Committee reports to the Board on all these matters, identifying any areas where it considers that action or improvement is required, and making recommendations accordingly.

In discharging its duties during the year, the main areas of activity for the Audit Committee have been:

- reviewing the Group's annual and interim reports and financial statements and the announcements thereof. In both cases the Audit Committee received reports from the Auditor identifying any accounting or judgemental issues requiring attention therein;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing and approving the audit planning for the following financial year, including a review of the appropriateness of the proposed materiality levels;
- reviewing the risk management process operated by the Company, which is designed to identify the key risks and details how those risks are being managed;
- approving the letter of engagement with the external Auditor;
- reviewing the scope, results, cost effectiveness and objectivity of the external Auditor;
- reviewing and recommending to the Board for approval the audit, audit-related and non-audit fees payable to the external Auditor and the terms of its engagement;
- reviewing the adequacy of the internal control systems;
- reviewing the Group's whistleblowing policy;
- undertaking a self-evaluation of the Audit Committee's performance; and
- reviewing and considering the ongoing appropriateness of the Audit Committee's terms of reference.

During the year, an Internal Control Unit has been established which reviews processes, risks and controls (prioritised by criticality) and makes recommendations to the Business Risk Committee on improvements.

Board committees continued

External Auditor

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

In assessing the effectiveness of the external audit process, the Audit Committee reviewed the overall performance and the independence of the external Auditor, taking into account its regular dealings with the external Auditor, the views of the management team, the cost effectiveness of the audit and the maintenance of objectivity. The decision to recommend the re-appointment of the external Auditor was based on the Audit Committee'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 Committee on its independence three times a year at the annual audit, the interim review and the audit planning stages. The Audit Committee 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, such that it is not necessary to adopt a formal written policy on the provision of non-audit services. However, the Audit Committee 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 be appropriate for sound commercial and practical reasons, including confidentiality. Examples of work that would fall into this category include regulatory advice, taxation services, and financial due diligence work. The Audit Committee 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.

The following table summarises the remuneration paid to the external Auditor for audit and non-audit services during the year ended 31 December 2017:

	£'000
Audit fees	
Group audit fees	108
Non-audit services fees	
Half year review	18
Qualified Intermediary support	12
Subsidiary acquisition procedure	12
Total	**150**

Financial reporting and significant financial issues

The Audit Committee assesses whether suitable accounting policies have been adopted and whether the management team has made appropriate estimates and judgements. The Audit Committee reviews reports from the external Auditor that highlight any issues in respect of the work undertaken on the audit, 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 Committee 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 Committee 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 along with reviewing the effectiveness of these systems throughout the year.

The Board reviews its Risk Appetite Statement annually and has appointed the Channel Islands Risk Committee chaired by the Group Chief Operating Officer who is also Head of Risk to manage risk. The Risk Committee meets quarterly and reports via the Audit Committee to the Board. A dynamic tool is used to manage risk: the Risk Management Framework identifies risks in processes and assesses the effectiveness of their controls. The Risk Committee discusses the top five highest risk/weakest control combination to decide what action could or should be taken to reduce the risk to an acceptable level.

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 Committee and the Channel Islands Risk Committee, regularly reviews the effectiveness of the system of internal controls. The Audit Committee 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 Committee 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 2017 and up to the approval date of these financial statements, there had been an on-going process of identifying, evaluating and managing significant risks faced by the Group.

Internal control and risk management continued

Remuneration Committee

Membership of the Remuneration Committee is limited to Non-Executive Directors. The current members are Susie Farnon as Chairman, Dominic Jones and Stephen Lansdown. The Remuneration Committee meets at least twice a year in order to ensure that it discharges its duties in determining the remuneration policy for the Group.

The main duties of the Remuneration Committee are:

- to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors of the Company or such other members of the senior management as necessary;
- within the terms of the agreed policy, to determine the total individual remuneration package of each Executive Director including, where appropriate, basic salaries, annual performance awards, share and option-based incentives;
- to review the remuneration packages of the senior management;
- to consider remuneration schemes to attract and retain employees and where appropriate determine the terms and allocations for any performance related share or option schemes operated by the Company; and
- to review the ongoing appropriateness and relevance of the remuneration policy.

The Group has a policy to attract and retain individuals of the highest calibre and reward them such that they are motivated to grow the value of the business and to maximise returns to Shareholders without taking excessive risks. This policy is as relevant to the Executive Directors as it is to the senior management and employees, and as such the rewards of Executive Directors are aligned with those of Shareholders.

The Group operates in an arena where it is common practice to pay significant variable remuneration. However, the Group's policy is to pay large rewards only where it can be demonstrated that individual and team performances have increased the profitability of the business and the return to Shareholders. This is operated through a formula-based profit sharing arrangement for all staff and Directors.

Nomination Committee

Membership of the Nomination Committee is limited to the Non-Executive Directors. The current members are Stephen Lansdown as Chairman, Susie Farnon and Dominic Jones.

The Nomination Committee is responsible for leading the process for all Board appointments within the Group, and in this context it should:

- regularly review the structure, size and composition of the Boards within the Group;
- be responsible for identifying and nominating new Board members within the Group;
- review annually the time required from Non-Executive Directors; and
- ensure Non-Executive appointments to the Board receive a formal induction and a letter of appointment clearly identifying what is expected of them.

Management Committees

To assist the Executive Directors and senior management in the discharge of their duties, the Company has two management committees:

Executive Committee

The Executive Committee, which is chaired by the Group Managing Director, is responsible for overseeing the effective and efficient running of the Groups' businesses. The Executive Committee meets on a quarterly basis and its quorum is three. Members are as follows:

- Group Managing Director;
- Group Chief Executive Officer;
- Group Finance Director & Head of Corporate Finance;
- Group Chief Operating Officer & Head of Risk;
- Managing Director of the Ravenscroft Jersey Division.

Channel Islands Risk Committee

The Committee is chaired by the Group Chief Operating Officer & Head of Risk and meets on a quarterly basis to monitor and review the risk management and regulatory compliance of the business. Its overall purpose is to assist the Group Chief Executive Officer, Group Managing Director, Group Chief Operating Officer and Head of Risk and the Group Finance Director and Head of Corporate Finance in the discharge of their responsibilities for the management of risk and regulatory compliance. Operational risks are assessed and managed through the attendance of the following members, six of whom may form a quorum:

- Group Chief Operating Officer & Head of Risk – Chairman;
- Head of Compliance;
- Group Financial Controller;
- Guernsey Compliance Officer;
- Guernsey Money Laundering Reporting Officer ("MLRO");
- Jersey Compliance Officer, MLRO and Money Laundering Compliance Officer;
- Head of Corporate Finance & Group Finance Director;
- Director of RIML;
- Director of Stockbroking;
- Jersey Stockbroker;
- Information Systems Manager.

Shareholder relations

The Company places a great deal of importance on communicating with its Shareholders and providing them with adequate information so as to assist the Shareholders with making informed decisions. As such all Shareholders are encouraged to attend the AGM and exercise their rights. Shareholders are also able to contact the Company directly through its dedicated email address (IR@ravenscroftgroup.com), by correspondence addressed to the Company Secretary or by directly contacting the Senior Independent Director, Susie Farnon. The Group Chief Executive Officer and Chairman remain available for regular contact with the Company's major investors throughout the year and are responsible for ensuring that Shareholders' views are communicated to the Board as a whole.

Corporate Social Responsibility

The Group is committed to being a socially responsible and sustainable business which means minimising, as far as possible, any negative impact on the local economy, environment and society. This extends beyond being "green" and is about the stewardship of not only the Group's financial capital but also its human and intellectual capital by means of good corporate governance and recognition of the responsibility the Group has to the community to get involved and assist wherever possible.

The Group is also a strong supporter of charities, sporting societies, voluntary organisations and cultural initiatives and has provided financial support in 2017 to more than fifty recipients including the rugby clubs in Jersey and Guernsey, a rowing team, young hockey and football players, the Guernsey Military History, The Priaulx Library and the Jersey Arts Society. In addition the Group sponsored the Angel of the Year Award at the Pride of Jersey and Pride of Guernsey Awards, which recognizes ordinary people doing extraordinary things, as well as the Cycle Safe initiatives in both Guernsey and Jersey. The Group has also sponsored the inaugural Super League Triathlon in Jersey and organised the Ravenscroft & Friends Night Walk in aid of Cancer Research.

Environmentally, the Group aims to reduce its footprint through waste reduction and a recycling policy for paper, cardboard, plastic, tins & cans and glass.

Over the last ten years we have contributed by way of sponsorship and donations to local charities and other community activities including; the Priaulx Library and their Photographic Exhibition, Help a Guernsey Child, The Channel Islands Inter-insular Golf Tournament, Floral Guernsey and Magical days in the Park, Cycle Safe, the 'Angel of the Year' award and the 'Pride of Jersey Awards', and believe that hundreds of islanders have benefited from this support.

This report was approved by the Board of Directors on 29 March 2018 and signed on its behalf by:

Brian O'Mahoney
Director

Susie Farnon
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAVENSCROFT LIMITED

YEAR ENDED 31 DECEMBER 2017

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ravenscroft Limited (the "Group") as at 31 December 2017, and of its financial performance and its 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 2017;
- 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 a summary of significant accounting policies.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Materiality

- Overall Group materiality: £202,700 (2016: £164,317) which represents 5% of underlying profit before tax.

Audit scope

- The Group consists of 7 components, 4 of which are considered financially significant for the year ended 31 December 2017; Ravenscroft Limited, Ravenscroft Services Limited, Ravenscroft Investment Management Limited and A Vartan Limited.

- The Group's primary locations of operation are in Guernsey, in Jersey via Ravenscroft Limited (previously a subsidiary which was amalgamated during the year) and in the United Kingdom via the subsidiary A Vartan Limited. The Group's financial statements are a consolidation of the parent company and underlying subsidiaries which provide stockbroking, corporate finance and investment management services.

- We conducted a full scope audit over all components excluding Guernsey Mint Refined Limited ("BullionRock") (a subsidiary that was acquired towards the end of 2017) and D2 Real Estate Limited (an associate entity into which the Group invested late on in 2017).

- BullionRock and D2 Real Estate Limited do not require statutory audits, however, based on Group materiality we scoped in certain financial statement line items of these components over which we have completed audit procedures in so far as the respective balances impact the consolidated financial statements of the Group. We also ensured these unaudited components have been appropriately accounted for as at 31 December 2017.

- The majority of the audit work for the Group is undertaken and completed by PricewaterhouseCoopers CI LLP ("PwC CI LLP") - Guernsey office, with certain regulatory audit work of A Vartan Limited being undertaken by PwC CI LLP's expert.

Key audit matters

- Revenue Recognition

- Group restructuring and acquisitions

Audit scope

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.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide 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. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

There has been a change to the basis of materiality used this year. Prior year's profits of the Group contained exceptional items relating to share based payments and it was therefore deemed most appropriate to utilise revenue as the benchmark, for the current year we deem profits before tax to be stable and have used profit before tax as the benchmark this year. The materiality basis adheres to our audit guidance, and is deemed appropriate given the circumstances of the Group. The change has not resulted in a significant adjustment to our materiality and aligns the materiality benchmark to what is generally used for profit oriented entities.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	£202,700 (2016: £164,317)
How we determined it	5% of Profits before Tax (2016: 1% of Revenue)
Rationale for the materiality benchmark	For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was approximately £69,000 - £202,700. All components were audited to a local statutory audit materiality that was less than our overall Group materiality. As noted above, only selected financial statement line items of BullionRock and D2 Real Estate Limited were subjected to audit procedures based on Group's materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,135 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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. These matters 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 matters continued

REVENUE RECOGNITION (refer to the revenue recognition section of note 2)

We focus on revenue recognition across the Group because it is material and is the primary determinant of the Group's profitability and one of the primary measures of performance communicated to investors. There are also share incentive schemes in place for management with performance conditions ultimately driven by the revenue of the Group as revenue performance is expected to impact the share price on which most of these schemes are based. 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. We have assessed each revenue stream and determined the risk associated with that respective stream and responded to the risk as detailed below.

How our audit addressed the key audit matter

TRANSACTION BASED REVENUE STREAMS

Broking and other commission fee based revenue

We tested the revenue recognition for transaction-based revenue by performing the following procedures:

- Obtained and evaluated the ISAE 3402 controls report over the underlying trade and settlement system;
- Performed walkthroughs of the key controls to test that these controls are appropriately designed;
- Performed controls testing in order to test the operating effectiveness of the key controls identified;
- Performed substantive testing, which included testing a sample of trades posted on the trade and settlement system to verify the respective inputs into the revenue recognition calculation; and
- Agreed a sample of revenue transactions to subsequent cash receipts.

MANUALLY CALCULATED REVENUE STREAMS

Investment management and related fees

We substantively recalculated the investment management and related fees by performing the following procedures:

- Agreed a sample of management fee rates to the original investment management agreements;
- Re-performed the management fee calculation based on the fee rates and net asset values sourced independently obtained the fund administrator (or signed financial statements where possible); and
- Agreed a sample of revenue transactions to subsequent cash receipts.

CORPORATE FINANCE AND OTHER FEES

As these fees are contracted on a deal by deal basis, we agreed the corporate finance and other fees back to source documentation for each specific corporate finance deal on a sample basis, determined in line with materiality, and we agreed the sample of revenue transactions to subsequent cash receipts.

ALL REVENUE STREAMS

As part of our testing described above, we also ensured revenue was recognised in the correct period. 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.

GROUP RESTRUCTURING AND ACQUISITIONS
(refer to the Business and Financial Highlights, and note 11)

The significant restructuring and acquisitions undertaken by the Group during the current year (as noted below) have been determined to be outside the normal course of business for the Group and we have therefore considered these as a focus during our audit, more specifically:

- The amalgamation of the Ravenscroft Jersey Limited subsidiary into Ravenscroft Limited, and the subsequent regulatory and financial reporting requirements for the Group;
- The acquisition of the Guernsey Mint Refined Limited (trading as BullionRock) ("BullionRock") business on 8 November 2017 and the subsequent accounting treatment in the consolidated financial statements; and
- The investment into an associate, D2 Real Estate Limited (previously BNP Paribas Real Estate (Jersey) Limited ("D2 Real Estate") on 31 October 2017, and the subsequent accounting treatment in the consolidated financial statements.

Management determined that the amalgamation had no significant impact on the consolidated financial statements and that its results are amalgamated into that of Ravenscroft Limited. Ravenscroft Jersey Limited was deregistered on 16 November 2017 and no further standalone statutory financial statements were required for Ravenscroft Jersey Limited, now a part of Ravenscroft Limited, although certain regulatory information is still required by the Jersey regulator.

BullionRock is consolidated in the financial statements and the results are consolidated from the date of acquisition only. The acquisition resulted in goodwill of £772,562 been recognised (see note 10). BullionRock does not require a statutory audit under The Companies (Guernsey) Law, 2008.

D2 Real Estate has been accounted for using the equity method of accounting for associates, recognising the Group's share of the profit of the associate.

How our audit addressed the key audit matter
AMALGAMATION

- We have reviewed the Cessation of Business Plan to understand the rationale for the amalgamation and evaluate future plans for RL and the Jersey Branch;
- We have reviewed correspondence with the Jersey Financial Services Commission ("JFSC") and Guernsey Financial Services Commission ("GFSC") of their awareness of this merger, and reviewed correspondence from the commissions for any further regulatory requirements and approval for the Group;
- We have inspected legal documentation to confirm the amalgamation was completed within the year;
- We have inspected the Group's Structure Chart (inclusive of structuring changes); and
- We have undertaken audit testing of all material items relating to the Jersey operations included in the Group's results and financial position for the year ended and as at 31 December 2017.

ACQUISITION/INVESTMENT

- We have understood the rationale for the acquisition and investment through discussions with management as well as inspection of business plans and review of minutes of meetings;
- We have performed walkthrough discussions of the BullionRock business processes with the management of BullionRock in order to gain an understanding of the risks of the business including the off-balance sheet risk of client asset custody at BullionRock;
- We have obtained and inspected the signed Share Purchase Agreements, for terms of the purchases for both BullionRock and D2 Real Estate;
- We have tested management's calculation of goodwill arising from the acquisition of BullionRock through recalculation. Goodwill is calculated as being the difference between the purchase price consideration and the fair value of the net identifiable assets. We noted that the computation was in line with the requirements of IFRS 3;
- We have obtained an understanding of the classification of D2 Real Estate as an associate, and evaluated management's assessment of significant influence as it relates to D2 Real Estate;
- We have inspected and evaluated the share registers, director registers and the financial records of both entities and their related subsidiaries; and
- We have confirmed all cash balances as at 31 December 2017 for both BullionRock and D2 Real Estate, and have performed audit procedures over selected financial statement line items in so far as they are material to the consolidated financial statements of the Group for and as at the year end.

Other information

The directors are responsible for the other information. The other information comprises the Business & Financial Highlights, Company Information, The Board of Directors, Chairman's Statement, Business and Financial Review, Corporate Governance Report, Statement of Financial Resources and Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon).

In our opinion the information given in the directors' report is consistent with the consolidated financial statements.

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 identified above 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 in this regard.

Responsibilities of directors for the consolidated 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 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 relating 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.

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 director's 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. 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, related safeguards.

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.

Report on other legal and regulatory requirements

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.

Furthermore we have examined the Statement of Financial Resources set out in the consolidated financial statements. In our opinion the financial resources requirement specified in Rule 2.2.5 of The Licensees (Capital Adequacy) 2010 Rules has been satisfied.

We have also reviewed the financial statements and in so far as they apply to the Jersey operations, they have been prepared in accordance with the Financial Services (Trust Company and Investment Business (Accounts, Audits and Reports)) (Jersey) Order 2007 and the Financial Services (Fund Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007.

This report, including the opinion, 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 this opinion, 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.

Roland C Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

29 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
Revenue	2	**20,001**	**17,363**
Cost of sales		(2,795)	(2,281)
Gross profit		**17,206**	**15,082**
Administrative expenses	4	(13,145)	(10,928)
Operating profit		**4,061**	**4,154**
Finance income		–	1
Finance costs		(20)	(2)
Share of net profit of associate accounted for using the equity method	2	13	–
Profit before taxation		**4,054**	**4,153**
Income tax expense	2, 6	(175)	(142)
Profit for the financial year		**3,879**	**4,011**
Other comprehensive income			
Exchange differences on translation of subsidiary	2	(15)	–
Other comprehensive income for the year		**(15)**	**–**
Total comprehensive income for the year		**3,864**	**4,011**
Attributable to:			
Equity holders of the Company		3,727	3,893
Non-controlling interests	11	137	118
		3,864	**4,011**

Earnings per share attributable to the equity holders of the Company			
Basic	7	28.07p	29.32p
Diluted	7	25.27p	27.10p

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

The notes on pages 34 to 62 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
Non-current assets			
Goodwill	10	3,888	3,115
Other intangible assets	8	606	480
Property, plant and equipment	9	318	341
Investment in associate	11	84	–
		4,896	**3,936**
Current assets			
Trading investments - long positions	12	483	556
Trade and other receivables	13	13,578	60,003
Inventory	2	8	–
Cash and cash equivalents	14	8,067	3,720
		22,136	**64,279**
Total assets		**27,032**	**68,215**
Current liabilities			
Trade and other payables	16	12,426	56,118
Tax payable	6	172	125
Trading overdraft	15	–	12
Total liabilities		**12,598**	**56,255**
Net current assets		**9,538**	**8,024**
Total assets less current liabilities		**14,434**	**11,960**
Net assets		**14,434**	**11,960**
Equity			
Called up share capital	18	133	133
Share premium account		6,972	6,972
Reserves		6,948	4,611
Capital and reserves attributable to equity holders of the Company		**14,053**	**11,716**
Non-controlling interests	11	381	244
Total equity		**14,434**	**11,960**

The consolidated financial statements were approved by the Board of Directors on 29 March 2018 and signed on its behalf by:

Brian O'Mahoney
Director

Susie Farnon
Director

The notes on pages 34 to 62 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
Cash flows from operations			
Operating profit		4,061	4,154
Adjustments for:			
Depreciation of property, plant and equipment	9	106	108
Amortisation of intangible assets	8	179	153
Share based payment expense	4	690	389
Loss on disposal of non-current assets		–	(1)
Operating cash flows before movements in working capital		**5,036**	**4,803**
Decrease/(increase) in trading investments		73	(493)
Decrease/(increase) in receivables		46,410	(50,358)
(Decrease)/increase in payables		(43,665)	50,116
Cash generated by operations		**7,854**	**4,068**
Interest paid		(20)	(2)
Taxation paid	6	(154)	(176)
Net cash generated from operating activities		**7,680**	**3,890**
Cash flows from investing activities			
Interest received		–	1
Acquisition of subsidiary	10	(786)	–
Acquisition of associate	11	(71)	–
Purchase of intangible assets	8	(305)	(234)
Purchase of property, plant and equipment	9	(79)	(217)
Disposal of property, plant and equipment	9	–	4
Net cash used in investing activities		**(1,241)**	**(446)**
Cash flows from financing activities			
Acquisition of own shares subsequently held in treasury	20	(95)	(230)
Disposal of own shares held in treasury	20	115	152
Dividends paid		(2,100)	(1,714)
Net cash used in financing activities		**(2,080)**	**(1,792)**
Net increase in cash and cash equivalents		**4,359**	**1,652**
Cash and cash equivalents at the beginning of the year		**3,708**	**2,056**
Net cash and cash equivalents at the end of the year		**8,067**	**3,708**
Represented by:			
Cash and cash equivalents		8,067	3,720
Trading overdraft		–	(12)
Total cash and cash equivalents		**8,067**	**3,708**

The notes on pages 34 to 62 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	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 2016		**133**	**6,972**	**2,121**	**9,226**	**126**	**9,352**
Total comprehensive income for the year		–	–	3,893	3,893	118	4,011
Own shares purchased in the year		–	–	(230)	(230)	–	(230)
Own shares sold in the year		–	–	152	152	–	152
Credit to equity for equity-settled share based payments		–	–	389	389	–	389
Dividends paid		–	–	(1,714)	(1,714)	–	(1,714)
At 31 December 2016		**133**	**6,972**	**4,611**	**11,716**	**244**	**11,960**
Total comprehensive income for the year		–	–	3,727	3,727	137	3,864
Own shares purchased in the year	20	–	–	(95)	(95)	–	(95)
Own shares sold in the year	20	–	–	115	115	–	115
Credit to equity for equity-settled share based payments	19	–	–	690	690	–	690
Dividends paid		–	–	(2,100)	(2,100)	–	(2,100)
At 31 December 2017		**133**	**6,972**	**6,948**	**14,053**	**381**	**14,434**

The notes on pages 34 to 62 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. General information

The Group provides private client and institutional broking services in Guernsey, Jersey and the UK along with market making, private client investment management, institutional fund management and corporate finance services.

The Company was registered in Guernsey on 8 March 2005, is listed on the The International Stock Exchange ("TISE") and is licensed by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and regulated by the JFSC under the Financial Services (Jersey) Law, 1998.

2. Accounting policies

Basis of accounting

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.

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.

Accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are outlined later in these Notes. In particular the fair value of the goodwill as outlined in Note 10 and share based payment option schemes as outlined in Note 19.

Going concern

The Board has reviewed forecasts taking account of the current market conditions, which continue to create uncertainty over the level of trading achievable by the Group, in that the effect of poor economic conditions on our clients and markets has the potential to reduce the level of securities trading, as well as create a general decline in the value of AUA, which could adversely influence the Group's overall financial performance.

After making enquiries and reviewing the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months from the date of approval of these consolidated financial statements. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Adoption of new and revised standards

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12, and
- Disclosure initiative – amendments to IAS 7.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. The adoption of the new amendments will also not affect the current or future periods.

2. Accounting policies continued

Basis of accounting continued

New standards not yet adopted

Certain new accounting standards have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below.

Title of standard	*IFRS 9 – Financial Instruments*
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the business model and the contractual cash flow characteristics of the financial asset.
Impact	Management has reviewed the Group's financial assets and financial liabilities and is expecting limited impact from the adoption of the new standard on 1 January 2018. Currently, the Group has financial assets classified as fair value through profit or loss (trading investments – long positions), these will continue to be measured on the same basis under IFRS 9 and therefore the impact on the financial statements will be nil. Those financial assets currently classified as loans and receivables will be continue to be measured at amortised cost, resulting in no change to the financial statements. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts, from which Management is expecting limited impact. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments, particularly in the year of the adoption of the new standard.
Date of adoption by Group	Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules prospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2017

2. Accounting policies continued

Basis of accounting continued
New standards not yet adopted continued

Title of standard	*IFRS 15 – Revenue from Contracts with Customers*
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer and thus has the ability to direct the use and obtain the benefits from the good or service. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management has assessed the effects of applying the new standard on the Group's financial statements and has determined that it will have limited impact because the treatment of the Group's revenue streams will be the same under IFRS 15 compared to IAS 18.
Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Title of standard	*IFRS 16 Leases*
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position for lessees, as the distinction between operating leases and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, Management have identified the non-cancellable operating lease commitments as per Note 17. As none of these commitments relate to short-term or low-value leases, which would be recognised as an expense in profit or loss, the full value will be capitalised in the statement of financial position upon adoption of IFRS 16. However, the Group are still to perform an assessment of adjustments, if any, necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. In the 2018 year end set of financial statements the Group will make an estimate of the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.
Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Accounting policies continued

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 19) which all have coterminus period ends (excluding BullionRock which has a 30 June year end). 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 changes in equity and consolidated statement of financial position respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Sterling pounds (£) (rounded to the nearest thousand pounds). This is the currency where the Company and its subsidiaries are incorporated and predominantly trade and is therefore the Group's functional and presentation currency.

As the 100% owned subsidiary, Guernsey Mint Refined Limited (trading as BullionRock) purchased during the year, has a functional currency of US dollars ($) the consolidation of the at acquisition reserves and conversion into Sterling pounds at year end results in a foreign currency translation difference. This exchange difference is captured to Other comprehensive income in the consolidated statement of comprehensive income and to reserves in the consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

2. Accounting policies continued

Foreign currency translation continued

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 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.

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 and corporate finance advisory services fees which are taken to the consolidated statement of comprehensive income when the services have been performed. Custody fees, investment management fees 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 in place.

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

Taxation

The tax expense for the period comprises current and deferred tax. The income tax expense for the period is the tax payable on the current period'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 unused 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 sub custodian fees earned from the those services provided to the Huntress Investment Fund Offshore fund range until April 2017. From 1 January 2018, income from the provision of investment management services to individual clients is to be taxed at 10% in Guernsey. The Jersey branch is taxed in Jersey at the rate applicable to financial services companies of 10%. Vartan Ravenscroft is taxed at the standard rate of corporation tax in the UK being 19% (19% from 1 April 2017, previously the standard rate of UK corporation tax was 20%). Further details of the tax charges recorded in the financial statements can be found in Note 6.

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 pay that tax over to the Director of Income Tax in respect of Guernsey resident individual shareholders.

Deferred Tax

Deferred income 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 income 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 income tax is determined using tax rates (and laws) that have been enacted or substantially 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 income 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.

2. Accounting policies continued

Deferred Tax continued

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.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Investment in associate

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.

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 interests in Vartan Ravenscroft, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are 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 statement of comprehensive income under administrative expenses.

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 3 months or less which are subject to an insignificant risk of changes in value.

Trading Overdraft

Trading account overdraft balances are used to finance the acquisition of certain investments held by the Company in connection with the market making services provided. Trading account overdrafts are shown separately in current liabilities in the consolidated statement of financial position.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 from the internet trading business, Coinbox Limited, of BullionRock.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

2. Accounting policies continued

Investments and financial assets or liabilities continued

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.

De-recognition 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 any into arrangements that meet the criteria for offsetting.

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:

Fixtures and fittings	Three - Five years
Office equipment	Three years
Communications equipment	Three years
Leasehold improvements	Ten 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.

Intangible assets

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.

Other Intangible Assets

Intangible assets are stated at cost less provisions for amortisation and impairments. Amortisation 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:

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

2. Accounting policies continued

Intangible assets continued

Other Intangible Assets continued

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.

The other intangible assets recorded in the consolidated statement of financial position relates specifically to the capitalised costs from the development of a new software system. This system is modular in nature therefore, as and when each module of the system is fully developed and commissioned, the capitalised cost associated with that module will begin to be amortised.

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 method.

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 method.

Bad debt policy

The Group regularly reviews all outstanding balances including market and client receivables referred to in Note 22 and provides for amounts it considers irrecoverable. This is recognised as bad debts in the consolidated statement of comprehensive income.

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.

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.

Client money

The Group holds money on behalf of its clients in accordance with the client money rules of the GFSC, the Jersey Financial Services Commision ("JFSC") and the Financial Conduct Authority ("FCA") through its wholly owned non-trading subsidiary, Huntress (CI) Nominees Limited. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

2. Accounting policies continued

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.

Employee benefits

Liabilities for salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accrued expenses in the consolidated statement of financial position.

The Group operates share-based compensation benefits via the Share Option Plan and the 2016 Share Incentive Scheme, under which the Group receives services from employees as 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 in Note 19.

Where an equity–settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non–vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

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 Employee Benefit Trust are disclosed as treasury shares and deducted from contributed equity.

Dividends

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

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. These calculations are set out in Note 7.

3. Segment information

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

- the Channel Islands Broking segment provides private client and institutional broking services along with market making services in Guernsey and Jersey;
- the United Kingdom Broking segment provides private client and institutional broking services in the United Kingdom;
- the Investment Management segment provides private client investment management and institutional fund management services;
- the Corporate Finance segment provides corporate finance services in Guernsey and Jersey; and
- the Precious Metals segment provides dealing, secure custody and internet trading services in bullion and coins.

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

Revenues, 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 nominee company, Huntress (CI) Nominees Limited, and services company, Ravenscroft Services Limited. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

3. Segment information continued

Operating segment information for the period ended 31 December 2017:

	Broking - Channel Islands[1] £'000	Investment Management £'000	Corporate Finance £'000	Precious Metals[2] £'000	Unallocated[3] £'000	Channel Islands Total £'000	Broking - United Kingdom £'000	Consolidated £'000
Revenue	7,294	4,386	5,730	69	-	17,479	2,522	20,001
Operating profit	**1,237**	**889**	**1,232**	**8**	**-**	**3,366**	**695**	**4,061**
Finance income	-	-	-	-	-	-	-	-
Finance costs	(20)	-	-	-	-	(20)	-	(20)
Share of net profit of Associate	-	-	13	-	-	13	-	13
Profit before tax	**1,217**	**889**	**1,245**	**8**	**-**	**3,359**	**695**	**4,054**
Income tax expense	(31)	-	-	-	-	(31)	(144)	(175)
Profit for the financial year	**1,186**	**889**	**1,245**	**8**	**-**	**3,328**	**551**	**3,879**
Segment assets	**17,950**	**1,629**	**2,414**	**265**	**1,785**	**24,043**	**2,989**	**27,032**
Segment liabilities	**(10,052)**	**(296)**	**(1,006)**	**(45)**	**(851)**	**(12,250)**	**(348)**	**(12,598)**

Operating segment information for the period ended 31 December 2016:

	Broking - Channel Islands £'000	Investment Management £'000	Corporate Finance £'000	Precious Metals £'000	Unallocated £'000	Channel Islands Total £'000	Broking - United Kingdom £'000	Consolidated £'000
Revenue	5,849	3,248	6,150	-	-	15,247	2,116	17,363
Operating profit	**1,072**	**744**	**1,748**	**-**	**-**	**3,564**	**590**	**4,154**
Finance income	1	-	-	-	-	1	-	1
Finance costs	(2)	-	-	-	-	(2)	-	(2)
Share of net profit of Associate	-	-	-	-	-	-	-	-
Profit before tax	**1,071**	**744**	**1,748**	**-**	**-**	**3,563**	**590**	**4,153**
Income tax expense	(13)	-	-	-	-	(13)	(129)	(142)
Profit for the financial year	**1,058**	**744**	**1,748**	**-**	**-**	**3,550**	**461**	**4,011**
Segment assets	**62,162**	**1,240**	**791**	**-**	**1,266**	**65,459**	**2,756**	**68,215**
Segment liabilities	**(53,392)**	**(200)**	**(1,666)**	**-**	**(614)**	**(55,872)**	**(383)**	**(56,255)**

[1] The revenue from treasury services has has been split across the operating segments based on each segments contribution of cash.
[2] This consists of the results of BullionRock from date of acquisition, on 8 November 2017.
[3] Unallocated assets and liabilities include fixed assets and accrued expenses that are currently held centrally and as such are not allocated to the business segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

4. Administrative expenses

	31 December 2017 £'000	31 December 2016 £'000
Personnel costs	7,612	6,626
Legal & professional fees	1,327	713
Premises	713	640
Share based payment expense (note 19)	690	389
IT costs	659	424
Travel & entertaining	603	576
Marketing	499	551
Depreciation & amortisation	285	261
Information research	266	146
Audit & accountancy (note 5)	150	132
Communications	134	148
Recruitment & training	133	261
Bank charges	46	33
Sundry expenses	28	28
Total administrative expenses	**13,145**	**10,928**

5. Auditor's remuneration

	31 December 2017 £'000	31 December 2016 £'000
Fees payable to the Company's auditors for the audit of the Group's annual financial statements	54	45
Fees payable to the auditors for the audit of the Company's subsidiaries	54	55
Total audit fees	**108**	**100**
Other services:		
Half year review	18	18
US IRS Qualified Intermediary support	12	14
Subsidiary acquisition procedure	12	–
Total non-audit fees	**42**	**32**
	150	**132**

Included in the current year audit fees payable is an amount of £13k relating to additional costs for the prior year audit of the Group's consolidated accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

6. Taxation

Tax payable

	31 December 2017 £'000	31 December 2016 £'000
Income tax payable		
Jersey tax charge (based on 2017 Jersey branch profit of £240k)	24	2
UK corporation tax charge	148	123
Total income tax payable	**172**	**125**

Analysis of the tax charge

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

	31 December 2017 £'000	31 December 2016 £'000
Guernsey income tax at 10% on profits from sub custodian fees earned	3	–
Jersey tax charge (based on 2017 Jersey branch profit of £240k)	28	13
UK corporation tax charge	144	129
Total income tax expense	**175**	**142**

Reconciliation of tax paid in the year

	31 December 2017 £'000	31 December 2016 £'000
Opening income tax payable	125	159
Vartan Ravenscroft tax finalisation post 2016 Group financial statements sign-off	26	–
Income tax expense	175	142
Closing income tax payable	(172)	(125)
Taxation paid	**154**	**176**

7. Earnings per share

	31 December 2017 £'000	31 December 2016 £'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (net profit attributable to equity holders of the parent)	3,727	3,893
Number of shares:	**No.**	**No.**
Weighted average number of shares for the purpose of basic earnings per share	13,278,450	13,278,450
Basic EPS (pence)	**28.07**	**29.32**
Effect of dilutive potential of ordinary shares	1,470,000	1,085,000
Weighted average number of shares for the purposes of diluted earnings per share	**14,748,450**	**14,363,450**
Diluted EPS (pence)	**25.27**	**27.10**

The dilution in both years is a result of the future potential exercise of share options. As at the year-end date all outstanding share options have a dilutive effect as they are in the money, as the then price of the Company's shares exceeded the exercise price.

8. Other Intangible Assets

	Purchased software and software development £'000	Software licences £'000	Total £'000
Cost:			
As at 1 January 2016	634	116	750
Additions	234	–	234
At 31 December 2016	**868**	**116**	**984**
Additions	305	–	305
At 31 December 2017	**1,173**	**116**	**1,289**
Amortisation:			
As at 1 January 2016	(266)	(85)	(351)
Charge for the year	(130)	(23)	(153)
At 31 December 2016	**(396)**	**(108)**	**(504)**
Charge for the year	(171)	(8)	(179)
At 31 December 2017	**(567)**	**(116)**	**(683)**
Carrying amount:			
At 31 December 2016	**472**	**8**	**480**
At 31 December 2017	**606**	**-**	**606**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

9. Property, plant and equipment

	Office equipment £'000	Fixtures and fittings £'000	Communications equipment £'000	Leasehold improvements £'000	Total £'000
Cost:					
As at 1 January 2016	443	159	4	288	894
Additions	33	35	5	144	217
Disposals	(4)	–	–	–	(4)
As at 31 December 2016	**472**	**194**	**9**	**432**	**1,107**
Additions	55	24	–	–	79
Acquired in business combination	2	2	–	–	4
As at 31 December 2017	**529**	**220**	**9**	**432**	**1,190**
Depreciation:					
As at 1 January 2016	(394)	(121)	(4)	(140)	(659)
Charge for the year	(39)	(27)	(1)	(41)	(108)
Disposals	1	–	–	–	1
At 31 December 2016	**(432)**	**(148)**	**(5)**	**(181)**	**(766)**
Charge for the year	(33)	(29)	(2)	(42)	(106)
At 31 December 2017	**(465)**	**(177)**	**(7)**	**(223)**	**(872)**
Net Book Value:					
At 31 December 2016	**40**	**46**	**4**	**251**	**341**
At 31 December 2017	**64**	**43**	**2**	**209**	**318**

Included in property, plant and equipment are assets with a book cost of £842k which have been fully depreciated at the year end (2016: £502k) that are still in use.

10. Goodwill

Summary of BullionRock acquisition

On 8 November 2017, the Company acquired 100% of the issued share capital and voting rights of Guernsey Mint Refined Limited (trading as BullionRock) ("BullionRock"), a company based in Guernsey that operates within the precious metals services segment. The acquisition complements the Group's existing broking and asset management services segments.

BullionRock was purchased for an initial consideration of £786k and deferred consideration of £125k. The deferred consideration is payable by Ravenscroft Limited ("the buyer") on the first anniversary of the acquistion date to a shareholder. The buyer, in accordance with the Sale and Purchase Agreement ("SPA"), may set off against the deferred consideration the due amount in relation to any warranty given by the warrantors as per Schedule 3 of the SPA. None of the warranties require either of the BullionRock employees to remain employed during the period until the deferred consideration is paid and as such does not constitute payment for future employment.

The details of the business combination are as follows:

Fair value of purchase consideration for BullionRock	£'000
Initial consideration	786
Fair value of deferred consideration	125
Total purchase consideration	**911**

Identifiable net assets of BullionRock upon acquisition	Fair value £'000
Property, plant and equipment	2
Inventory	16
Prepayments	24
Trade and other receivables	55
Cash	72
Total Current Assets	**169**
Accruals	(31)
Total Current Liabilities	**(31)**
Total Identifiable net assets	**138**
Goodwill on acquisition	773
Net assets acquired	**911**

Reconciliation of Goodwill	31 December 2017 £'000	31 December 2016 £'000
Opening balance	3,115	3,115
Additions	773	–
Closing balance	**3,888**	**3,115**

The opening balance of Goodwill relates to the goodwill on acquisition of Vartan Ravenscroft on 20 March 2015. Excluding the acquisition of BullionRock, there have been no changes to the carrying amount of goodwill. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

11. Interests in other entities

Subsidiaries

The Group has investments in the following principal subsidiary undertakings:

Name of entity	Country of registration	Principal activity	Ownership held by the Group 2017	Ownership held by the Group 2016	Ownership held by the NCI 2017	Ownership held by the NCI 2016
Huntress (CI) Nominees Limited	Guernsey	Nominee company	100%	100%	0%	0%
Ravenscroft Jersey Limited [1]	Jersey	Provision of investment services	100%	100%	0%	0%
Ravenscroft Investment Management Limited	Guernsey	Provision of investment services	100%	100%	0%	0%
Ravenscroft Services Limited	Guernsey	Services company	100%	100%	0%	0%
A Vartan Limited	England & Wales	Provision of investment services	75%	75%	25%	25%
Guernsey Mint Refined Limited (trading as BullionRock)	Guernsey	Provision of precious metal investment services	100%	0%	0%	0%

[1] RJL amalgamated into the Company on 16 November 2017, following the amalgamation RJL became a branch of the Company.

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. The sole acquisition of a subsidiary during the current year relates to BullionRock, the Group purchased 100% of the share capital on 8 November 2017.

Associates

The Company has investments in the following associates:

Name of entity	Country of registration	Principal activity	Ownership held by the Group 2017	Ownership held by the Group 2016	Ownership held by other owners 2017	Ownership held by other owners 2016
D2 Real Estate Limited	Jersey	Provision of real estate management services	50%	0%	50%	100%

The associate has been consolidated in the Group's consolidated financial statements on the equity basis. This investment completed on 31 October 2017.

Set out below is summarised financial information for D2 Real Estate Ltd for the current year and prior period, being the only associate owned by the Group. The amounts disclosed are before any inter-company eliminations.

Summarised statement of financial position	31 December 2017 £'000	31 December 2016 £'000
Current assets	161	138
Current liabilities	(86)	(116)
Current net assets	**75**	**22**
Non-current assets	13	3
Net Assets	**88**	**25**

11. Interests in other entities continued

Associates continued

Summarised statement of comprehensive income	31 December 2017 £'000	31 December 2016 £'000
Revenue	913	635
Operating expenses	(783)	(731)
Profit/(loss) for the year	**130**	**(96)**

Investment in associate	31 December 2017 £'000	31 December 2016 £'000
Cost of investment	71	–
Share of net profit of associate accounted for using the equity method	13	–
Investment in associate	**84**	**–**

Non-controlling interests (NCI)

Set out below is summarised financial information for A Vartan Limited for the current year and prior period, being the only subsidiary owned that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised statement of financial position	31 December 2017 £'000	31 December 2016 £'000
Current assets	1,102	864
Current liabilities	(348)	(383)
Current net assets	**754**	**481**
Non-current assets	1,887	1,893
Net Assets	**2,641**	**2,374**
Accumulated NCI	381	244

Summarised statement of comprehensive income	31 December 2017 £'000	31 December 2016 £'000
Revenue	2,522	2,116
Profit for the year	**550**	**470**
Profit allocated to NCI	137	118
Dividends paid to NCI	(113)	(93)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

12. Trading investments - long positions

	31 December 2017 £'000	31 December 2016 £'000
Long Positions:		
Trading investments - long positions	483	556

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

13. Trade and other receivables

	31 December 2017 £'000	31 December 2016 £'000
Amounts falling due within one year:		
Prepayments and accrued income	5,074	3,544
Market and client receivables	8,504	56,459
	13,578	**60,003**

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The large market and client receivables balance at the prior year end was due to an open corporate finance fund raising transaction which closed on 5 January 2017.

14. Cash and cash equivalents

	31 December 2017 £'000	31 December 2016 £'000
Cash and cash equivalents	**8,067**	**3,720**

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

15. Trading overdraft

	31 December 2017 £'000	31 December 2016 £'000
Trading overdraft	**-**	**12**

Trading account overdraft balances are used to finance the acquisition of certain investments held by the Company in connection with market making services. The Directors consider that the carrying amount of the trading overdraft approximates its fair value.

16. Trade and other payables

	31 December 2017 £'000	31 December 2016 £'000
Amounts falling due within one year:		
Accrued expenses	1,979	2,534
Deferred income	27	18
Market and client payables	10,295	53,566
Deferred consideration	125	-
	12,426	**56,118**

The Directors consider that the carrying amount of trade and other payables approximates their fair value. The large market and client payables balance at the prior year end was due to an open corporate finance fund raising transaction which closed on 5 January 2017.

17. Commitments

	Land and Buildings	
	31 December 2017 £'000	31 December 2016 £'000
Within one year	375	284
Within two to five years inclusive	821	938
Over five years	250	379
	1,446	**1,601**

In December 2010, Ravenscroft Services Limited ("RSL") signed a 17 year lease on offices at the Market Buildings, Fountain Street in St. Peter Port, Guernsey, being the Group's head office. The lease covers the fifth floor of the building and is for 4,700 sq ft, costing £26 p sq. ft. The lease provides for a break date in 2021 and the Group received a rent free period at the start of the lease.

Vartan Ravenscroft holds a lease on its premises at The Singing Men's Chambers, 19 Minster Precincts, Peterborough. The current rent is £22k per annum. There are 7 years left to the termination date.

RSL signed a 15 year lease on offices at Weighbridge House, Liberation Square in St. Helier, Jersey on 15 January 2016. The lease covers the first floor of the building and is for 3,275 sq ft, costing £33 p sq. ft. RSL received a 6 month rent free period and there is a tenant only break date on 1 February 2025.

RSL signed a 13 month lease for office space at Bordage House, Le Bordage in St. Peter Port, Guernsey commencing from 1 December 2017. The current lease is £40k per annum. There are 12 months left to the termination date.

Vartan Ravenscroft signed a lease for a serviced office at 10 Brick Street, London. The current rent is £68k per annum and expires on 28 February 2018. On 26 January 2018, Vartan Ravenscroft signed a new lease, expiring on 28 February 2019, for £45k per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

18. Called up share capital

	£'000	No.
Authorised		
As at 1 January 2016	150	15,000,000
As at 31 December 2016	**150**	**15,000,000**
As at 31 December 2017	**150**	**15,000,000**
Allotted, issued and fully paid:		
As at 1 January 2016	133	13,278,450
As at 31 December 2016	**133**	**13,278,450**
As at 31 December 2017	**133**	**13,278,450**

19. Share based payments and other employee benefits

2016 Share Incentive Scheme ("2016-SIS" or "Scheme")

At the Extraordinary General Meeting held on 7 December 2015, the Shareholders approved a new Share Incentive Scheme. After 3 years the Scheme will award to recipients an equity settled bonus based on the Company's shares achieving a quoted mid-market price that exceeds the granted hurdle rate.

This equity-settled scheme is revalued at each period end as there is no grant date for the purposes of establishing fair value as the awards will only be made to employees on the vesting date if in the money. As employees have begun providing services an estimate is made of the future grant date fair value at each period end for the purpose of recognising the expense until the vesting date.

	Approval date	Vesting date	Remaining contractual life (months)	Estimated fair value £'000	Expensed through Profit or Loss 2017 £'000
	Dec-15	Dec-18	12	1,377	584

Expensed through profit or loss for 2016: £288k.
The fair value of the share appreciation rights is estimated using a Monte Carlo simulation model which has the following inputs:

Share price as at 31 December 2017	505p
Adjusted share price to reflect liquidity (20% discount)	404p
Expected volatility	13.6%
Expected share price growth	8.0%
Discount rate	0.6%

19. Share based payments and other employee benefits continued

Share Option Plan ("SOP" or "Plan")

Following approval of an employee Share Option Plan by Shareholders at an Extraordinary General Meeting held on 15 October 2015, the Company 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.

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	940,000	145,000	–	–	–	1,085,000
Granted during the year	–	–	275,000	135,000	47,500	457,500
Lapsed during the year	(62,500)	(10,000)	–	–	–	(72,500)
Outstanding at the end of the year	**877,500**	**135,000**	**275,000**	**135,000**	**47,500**	**1,470,000**

	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 2017 £'000
Tranche 1	Nov-15	Nov-18	Nov-25	97	877,500	242	69
Tranche 2	Sep-16	Sep-19	Sep-26	105	135,000	42	3
Tranche 3	Feb-17	Feb-20	Feb-27	110	275,000	102	29
Tranche 4	Sep-17	Sep-20	Sep-27	117	135,000	46	4
Tranche 5	Nov-17	Nov-20	Nov-27	118	47,500	17	1

Expensed through profit or loss for 2016: £101k.
The fair value of the options is estimated using a Monte Carlo simulation model which has the following inputs:

	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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

20. Own shares

The Ravenscroft 2015 Employee Benefit Trust ("REBT 15")

The Group established a new Employee Benefit Trust (the Ravenscroft 2015 Employee Benefit Trust ("REBT-2015") to handle the purchase, holding and sale of Company shares for the benefit of directors and staff and to satisfy future share option obligations under the Group's new share option scheme. As at 31 December 2017, REBT-2015 owned 21,000 (2016: 31,000) ordinary shares of £0.01 each with a book cost of £0.10m. REBT-2015 has waived its rights to dividends.

	Number of shares	Cost £'000
At 1 January 2016	10,545	37
Acquired in the year	61,955	230
Disposed of during the year	(41,500)	(152)
At 31 December 2016	**31,000**	**115**
Acquired in the year	21,000	95
Disposed of during the year	(31,000)	(115)
At 31 December 2017	**21,000**	**95**

21. Controlling party and related party transactions

Controlling Party

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

Balance of transactions as at:	Relationship	31 December 2017 £'000	31 December 2016 £'000
Due from / (due to)			
Ravenscroft Investment Management Limited	Subsidiary	(2,399)	(3,486)
Ravenscroft Services Limited	Subsidiary	2,629	6,458
Ravenscroft Employee Benefit Trust	Consolidated special purpose entity	95	115

The Group acts as market maker for the long and short investment positions held within trading investments with a value of £0.48m (2016: £0.56m) and £Nil (2016: £Nil) respectively.

21. Controlling party and related party transactions continued

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 2017 £'000	31 December 2016 £'000
Short-term employment benefits	2,869	1,377
Equity compensation benefits	615	537

The increase in short-term employment benefits in 2017 in comparison to the prior year reflects the increase in performance related remuneration.

For details on the Non-Executive Directors' remuneration paid during the year, please see the Directors' Report on page 14. As at 31 December 2017, £Nil (2016: £Nil) of the Directors' remuneration had been accrued but not paid.

The increase in equity compensation benefits reflects the effect of the increase in the Company share price in 2017 on the value of the 2016-SIS and SOP share based payments schemes.

Transactions with Directors

Directors' interests in Ordinary Shares of Ravenscroft Limited

For details on the Directors' interests in ordinary shares of the Company and options over ordinary shares in the Company as at 31 December 2017, please see the Directors' Report on pages 13 to 15.

The current Directors received total dividends on ordinary shares held in the Company during the financial year ended 31 December 2017 of £0.89m (2016: £0.83m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

22. Financial instruments and risk management

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 doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

Market and client receivables include £0.62m (2016: £2.18m) relating to unsettled trades that have gone past their due dates. Of this balance, £Nil (2016: £Nil) relates to trades awaiting settlement confirmation from unit trust managers and £0.29m (2016: £1.13m) relates to trades where the market is unable to deliver stock. As at 29 March 2018, none (2016: £nil) of the year end market and client receivables balance that related to unsettled trades that had gone past their due dates remain unsettled. At the year end, the Group was owed £0.05m from (2016: £12.71m owed to) 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 £0.80m (2016: £0.70m) relating to unsettled trades.

Also within the market and client receivables are receivable amounts in respect of overdrawn client accounts of £1.01m (2016: £0.08m) 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 99% (2016: 99%) 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 statement of financial position date.

Collateral exists in relation to the Group's right to liquidate client assets under management to make good funds owed to the Group by individual clients. For clients with assets under management 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 £26.50m (2016: £1.02m). 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, 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.

Included in market and client payables are trades not yet due for settlement amounting to £8.72m (2016: £48.02m) 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 29 March 2018, £0.06m (2016: £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 the Company 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 contractual 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. The tables below 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	Total £'000
At 31 December 2017				
Trading investments - long positions	483	–	–	483
Trade and other receivables	13,578	–	–	13,578
Trade and other payables	(12,426)	–	–	(12,426)
Tax payable	(172)	–	–	(172)
Trading overdraft	–	–	–	–
Cash and cash equivalents	8,067	–	–	8,067
	9,530	**-**	**-**	**9,530**

	Less than 1 month £'000	1-12 months £'000	1-5 years £'000	Total £'000
At 31 December 2016				
Trading investments - long positions	556	–	–	556
Trade and other receivables	60,003	–	–	60,003
Trade and other payables	(56,118)	–	–	(56,118)
Tax payable	(125)	–	–	(125)
Trading overdraft	(12)	–	–	(12)
Cash and cash equivalents	3,720	–	–	3,720
	8,024	**-**	**-**	**8,024**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

22. Financial instruments and risk management

continued

Market risks

(i) Foreign exchange risk

Foreign exchange balances are held to meet the settlement obligations of clients who bear the currency risk in accordance with the terms and conditions of trading. Foreign currency is bought and sold at the time of trading. Where possible the Group deals in foreign currencies on a matched basis on behalf of customers, limiting exchange exposure. Reasonable fluctuations in foreign exchange rates in which such balances are held are not considered to significantly influence the overall profit or loss for the year and as a result, no sensitivity analysis has been performed.

As Guernsey Mint Refined Limited (trading as BullionRock) has a functional currency of US dollars ($) the consolidation of the at acquisition reserves and conversion into Sterling pounds at year end results in a foreign currency translation difference. This exchange difference is captured to Other comprehensive income in the consolidated statement of comprehensive income and to reserves in the consolidated statement of changes in equity and is not considered to significantly influence the overall profit or loss for the year.

(ii) Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest-bearing assets. There is an exposure to interest rates on banking deposits held in the ordinary course of business. At 31 December 2017 the value of financial instruments on the consolidated statement of financial position exposed to interest rate risk was £8.07m (2016: £3.72m) comprising cash and cash equivalents.

The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating rates based on daily bank deposit rates. However, it is considered that the effect of reasonable changes in interest rates does not have a significant effect on fair value or future cash flows. The element of client and market receivables relating to overdrawn client accounts is also a source of interest income which is not significant to overall trading results. All other financial instruments are not interest bearing.

(iii) Price risk

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

(iv) Equity price sensitivity analysis

The 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 2017 would have been £43k higher/lower (2016: £25k higher/lower) due to changes in the value of FVTPL held for trading investments.

The Group's exposure to equity price risk is 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.

Capital risk management

The Company and RIML are regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987. RJL which was regulated by the JFSC under the Financial Services (Jersey) Law, 1998 amalgamated into the Company on 16 November 2017, following which the Company is now regulated by the JFSC under the Financial Services (Jersey) Law, 1998. Vartan Ravenscroft is regulated by the FCA. 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 of the Company, RIML and Vartan Ravenscroft are subject.

These companies have complied with these requirements during the period under review. At 31 December 2017 the Company had net assets in excess of the minimum regulatory requirements of £6.71m (2016: £6.69m), RIML had excess net assets of £1.17m (2016: £0.69m) and the Company had a Ratio of Adjusted Net Liquid Assets over Expenditure of 305% (2016: 131%). Vartan Ravenscroft had capital in excess of the minimum regulatory requirements of £0.39m (2016: £0.18m).

23. Fair Value Measurement

Fair value measurements recognised in the 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 2017			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at FVTPL				
Trading investments - long positions	483	–	–	483

	31 December 2016			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at FVTPL				
Trading investments - long positions	556	–	–	556

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, such as Monte Carlo, 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 2017

24. Events after reporting date

The Directors have declared a dividend of 12p per share, totalling £1.59m, which was approved by the Board on 15 March 2018, and will be paid on 27 April 2018.

The Company intends to amend the Group structure by the addition of a new ultimate parent company of the Group. The Group intends for the restructure to complete in April 2018 with the addition of a new ultimate parent company called Ravenscroft Holdings Limited ("RHL"), this company will acquire the entire issued share capital of Ravenscroft Limited in exchange for the issue of shares in RHL. As a result of this share exchange, the shareholders of Ravenscroft Limited will become the shareholders of RHL. All business and regulatory operations will continue to be conducted within its subsidiaries.

On 16 February 2018 it was announced that the Company has been appointed as investment manager to the Guernsey Investment Fund PCC Limited ("GIF"). An independent board has been appointed to have overall responsibility for the management of the Guernsey Investment Fund, each cell and its respective portfolio.

STATEMENT OF FINANCIAL RESOURCES

YEAR ENDED 31 DECEMBER 2017

The Company is regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987. The Directors confirm that the Company has satisfied the financial resources requirement as specified in Rule 2.2.5 of The Licensees (Capital Adequacy) Rules, 2010, throughout the years ended 31 December 2017 and 2016.

Financial resources

Financial resources as at 31 December 2016	31 December 2017 £'000	31 December 2016 £'000
Net assets after adjustments, contingent liabilities and risks	7,705	7,745
Less: Expenditure based requirement at 25% of the Company's annual audited expenditure after adjustments	997	1,058
Excess of net assets over the financial resources requirement	**6,708**	**6,687**

RJL which was regulated by the JFSC under the Financial Services (Jersey) Law, 1998 amalgamated into the Company on 16 November 2017, following which the Company is now regulated by the JFSC under the Financial Services (Jersey) Law, 1998. The Directors confirm that the Company had a Ratio of Adjusted Net Liquid Assets over Expenditure of 305% (2016: 131%).

Adjusted net liquid assets	31 December 2017 £'000	31 December 2016 £'000
Adjusted total assets	16,408	460
Adjusted total liabilities	(10,265)	(32)
Adjusted net liquid assets (ANLA)	**6,143**	**428**
Expenditure requirement (ER)	(2,014)	(326)
Position risk requirement (PRR)	–	–
Counterparty risk requirement (CRR)	–	–
Foreign currency risk requirement (FCRR)	–	–
Total requirement (TR)	**(2,014)**	**(326)**
Ratio of ANLA to TR	**305%**	**131%**

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