Directors' Report

The directors of Close Brothers Group plc (the "company") present their report for the year ended 31 July 2021.

The Strategic Report set out on pages 1 to 67 of this Annual Report, and the Corporate Governance Report, the committee reports and the Directors' Remuneration Report set out on pages 97 to 125 of this Annual Report include information that would otherwise need to be included in this Directors' Report. Relevant items are referred to below and incorporated by reference into this report. Readers are also referred to the cautionary statement on page 195 of this Annual Report.

Results and Dividends

The consolidated results for the year are shown on page 134 of the financial statements. The directors recommend a final dividend for the year of 42p (2020: 40p) on each ordinary share which, together with the interim dividend of 18p (2020: nil) paid in April 2021, makes an ordinary distribution for the year of 60p (2020: 40p) per share. The final dividend, if approved by shareholders at the 2021 Annual General Meeting ("AGM"), will be paid on 23 November 2021 to shareholders on the register at 15 October 2021. Further information on the final dividend recommended by the directors can be found on page 43 of this Annual Report.

Directors

The names of the directors of the company at the date of this report, together with biographical details, are given on pages 68 and 69 of this Annual Report. All the directors listed on those pages were directors of the company throughout the year, apart from Adrian Sainsbury, Mark Pain, Tesula Mohindra and Patricia Halliday, who were appointed as directors on 21 September 2020, 1 January 2021, 15 July 2021 and 1 August 2021, respectively. In addition, each of Preben Prebensen and Geoffrey Howe served as directors for part of the year, stepping down from the board on 21 September 2020 and 19 November 2020, respectively.

In accordance with the UK Corporate Governance Code, each of the current directors will retire at the 2021 AGM and offer themselves for reappointment at that meeting.

Adrian Sainsbury's appointment as a director and chief executive took effect at the end of the board's meeting held on 21 September 2020, having been announced by the company on 22 June 2020. Further details on the robust search process that resulted in Adrian's appointment can be found in the company's 2020 Annual Report. Following the announcement of Preben Prebensen's planned departure on 24 September 2019, Preben ceased to be chief executive and a member of the board with effect from the end of the board's meeting held on 21 September 2020.

As announced by the company on 22 September 2020, Geoffrey Howe did not submit himself for reappointment at the company's 2020 AGM, having informed the board of his decision to step down following nine years' service on the board.

During the year, the company announced the following appointments to the board, after formal and rigorous search processes overseen by the Nomination and Governance Committee:

- On 31 December 2020, the company announced that the board had decided to appoint Mark Pain as an independent non-executive director with effect from 1 January 2021. Mark is a member of the board's Nomination and Governance, Remuneration and Risk Committees and is also the company's senior independent director.
- On 9 July 2021, the company announced that Tesula Mohindra would join the board as an independent non-executive director with effect from 15 July 2021. Tesula is a member of the Audit and Risk Committees.
- On 23 July 2021, the company announced the appointment of Patricia Halliday as an independent non-executive director with effect from 1 August 2021. Patricia is a member of the Audit and Risk Committees.

Like each of the company's other independent non-executive directors, Mark, Tesula and Patricia are also directors of the group's Banking subsidiary, Close Brothers Limited. More information on the recruitment processes that resulted in the appointments of Mark, Tesula and Patricia can be found in the Report of the Nomination and Governance Committee on page 94 and 95 of this Annual Report.

Further details on the directors' remuneration and service contracts or appointment letters (as applicable) can be found in the Directors' Remuneration Report on pages 97 to 125 of this Annual Report.

Directors' interests

The directors' interests in the share capital of the company at 31 July and 20 September 2021 are set out on pages 123 and 125 of the Directors' Remuneration Report.

Powers and appointment of directors

The company's articles of association set out the powers of the directors and rules governing the appointment and removal of directors. The articles of association can be viewed at www.closebrothers.com/investor-relations/investor-information/corporate-governance. Further details on the powers and appointment and removal of directors are set out in the Corporate Governance Report on page 84 of this Annual Report.

Directors' indemnities and insurance

In accordance with its articles of association, the company has granted a deed of indemnity to each of its directors on terms consistent with the applicable statutory provisions. The deeds indemnify the directors in respect of liabilities (and associated costs and expenses) incurred in connection with the performance of their duties as a director of the company or any associated company. Qualifying third party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the year, and remain in force at the date of this report. The company also maintains directors' and officers' liability insurance for its directors and officers.

Company Secretary

The company secretary of Close Brothers Group plc is Alex Dunn. He can be contacted at the company's registered office.

Share Capital

The company's share capital comprises one class of ordinary share with a nominal value of 25p per share. At 31 July 2021, 152,060,290 ordinary shares were in issue, of which 1,260,614 were held by the company in treasury.

Under section 551 of the Companies Act 2006, the directors may allot equity securities only with the express authorisation of shareholders which may be given in general meeting, but which cannot last more than five years. Under section 561 of the Companies Act, the board may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the shareholders.

At the company's 2020 AGM, the directors were authorised to:

- allot shares in the company or grant rights to subscribe for, or convert, any security into shares up to an aggregate nominal amount of £12,610,667;
- allot shares up to an aggregate nominal amount of £25,221,334 for the purposes of a rights issue;
- allot shares having a nominal amount not exceeding in aggregate £1,891,600 for cash without offering the shares first to existing shareholders in proportion to their holdings;
- allot shares having a nominal amount not exceeding an additional £1,891,600, for the purpose of financing a transaction determined by the directors to be an acquisition or other capital investment as defined by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group;
- allot shares having a nominal amount not exceeding in aggregate £4,729,000 in relation to any issue by the company of any Additional Tier 1 instruments, where the directors consider this desirable, including for the purpose of complying or maintaining compliance with regulatory targets or requirements; and

Directors' Report continued

- make market purchases of up to 15,132,800 of the company's ordinary shares, equivalent to 10% of the company's issued share capital at the time.

Since the date of the company's 2020 AGM, with the exception of the authority to make market purchases, the directors have not used these authorities. Details of market purchases of the company's ordinary shares during the year can be found below in the section headed "Purchase of Own Shares".

The existing authorities given to the company at the last AGM to allot and purchase shares will expire at the conclusion of the forthcoming AGM. At the AGM, shareholders will be asked to renew these authorities. Details of the relevant resolutions to be proposed will be included in the Notice of AGM.

New issues of share capital

No ordinary shares were allotted and issued during the year. Specifically, no ordinary shares were allotted and issued during the year to satisfy option exercises. Full details of options exercised, the weighted average option exercise price and the weighted average market price at the date of exercise can be found in note 26 on pages 173 and 174 of the financial statements.

Rights attaching to shares

The company's articles of association set out the rights and obligations attaching to the company's ordinary shares. All of the ordinary shares rank equally in all respects.

On a show of hands, each member has the right to one vote at general meetings of the company. On a poll, each member would be entitled to one vote for every share held. The shares carry no rights to fixed income. No person has any special rights of control over the company's share capital and all shares are fully paid.

The articles of association and applicable legislation provide that the company can decide to restrict the rights attaching to ordinary shares in certain circumstances (such as the right to attend or vote at a shareholders' meeting), including where a person has failed to comply with a notice issued by the company under section 793 of the Companies Act 2006.

Deadline for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM to be held on 18 November 2021 will be set out in the Notice of AGM.

Restrictions on the transfer of shares

There are no specific restrictions on the transfer of the company's shares which are governed by the general provisions of the articles of association and prevailing legislation. The articles of association set out certain circumstances in which the directors of the company can refuse to register a transfer of ordinary shares.

The company is not aware of any arrangements between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Directors and employees of the group are required to comply with applicable legislation relating to dealing in the company's shares as well as the company's share dealing rules. These rules restrict employees' and directors' ability to deal in ordinary shares at certain times, and require the employee or director to obtain permission prior to dealing. Some of the group's employee share plans also contain restrictions on the transfer of shares held within those plans.

Purchase of Own Shares

Under section 724 of the Companies Act 2006, a company may purchase its own shares to be held in treasury ("Treasury Shares").

The existing authority given to the company at the last AGM to purchase Treasury Shares of up to 10% of its issued share capital will expire at the conclusion of the next AGM.

The board considers it would be appropriate to renew this authority and intends to seek shareholder approval to purchase Treasury Shares of up to 10% of its issued share capital at the forthcoming AGM in line with current investor sentiment. Details of the resolution renewing the authority will be included in the Notice of AGM.

Awards under the company's employee share plans are met from shares purchased in the market (and held either in treasury or in the employee share trust).

During the year the company made market purchases of 735,545 Treasury Shares with an aggregate nominal value of £183,886.25, representing 0.48% of its issued share capital, for an aggregate consideration of £8.34 million. It transferred 208,756 shares out of treasury, to satisfy share option awards, for a total consideration of £2.5 million.

At 31 July 2021, the company held 1,260,614 Treasury Shares with a nominal value of £0.32 million. The maximum number of Treasury Shares held at any time during the year was 1,466,518 with a nominal value of £0.37 million.

Employee Share Trust

Ocorian Trustees (Jersey) Limited is the trustee of the Close Brothers Group Employee Share Trust, an independent trust which holds shares for the benefit of employees and former employees of the group. The trustee will only vote on those shares in accordance with the instructions given to the trustee and in accordance with the terms of the trust deed. The trustee has agreed to satisfy a number of awards under the employee share plans. As part of these arrangements the company funds the trust from time to time, to enable the trustee to acquire shares to satisfy these awards, details of which are set out in note 26 on page 173 of the financial statements. The trustee has waived its right to dividends on all shares held within the trust.

During the year, the employee share trust made market purchases of 345,941 ordinary shares.

Substantial Shareholdings

Details of substantial shareholdings in the company are set out in the Corporate Governance Report on page 87 of this Annual Report.

Articles of Association

The company's articles of association may only be amended by a special resolution of the company's shareholders. They were last amended in November 2020, following shareholder approval at the 2020 AGM. The articles of association can be viewed at www.closebrothers.com/investor-relations/investor-information/corporate-governance.

Further details of the changes made to the articles of association in 2020 can be found in the 2020 Notice of AGM.

Corporate Governance Statement

The company is required by the Disclosure Guidance and Transparency Rules to prepare a corporate governance statement including certain specified information. Information fulfilling the relevant requirements can be found in this Directors' Report and the Corporate Governance Report, committee reports and Directors' Remuneration Report on pages 71 to 125 of this Annual Report. This information is incorporated by reference into this Directors' Report.

Strategic Report

The company's Strategic Report can be found on pages 1 to 67 of this Annual Report.

Business activities

The group's business activities, together with a description of future developments (including the factors likely to affect future development and performance) and its summarised financial position, are set out in the Strategic Report.

Employment practices

Information on the company's employment practices, including with respect to disabled employees and its approach to investing in and rewarding its workforce, is set out in the Sustainability Report on pages 24 to 34 of the Strategic Report.

Greenhouse gas emissions
Information on the group's greenhouse gas emissions, energy consumption and energy efficiency action, as well as the approach the company is taking to ensuring it manages this risk through its governance processes and internal control arrangements is set out in the Sustainability Report on pages 24 to 34 of the Strategic Report.

Employee engagement
The group acknowledges the importance of engaging with its employees and listening to their views. The board believes that engaged employees are more likely to remain enthusiastic about their work and the organisation, and is committed to ensuring that employees feel valued and supported. The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include in its Strategic Report, information about how the directors have engaged with employees, and had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the company during the financial year, that would otherwise be disclosed in this Directors' Report. Information about actions taken by the company to introduce, maintain or develop arrangements aimed at providing employees systematically with information on matters of concern to them as employees, regularly consult employees or their representatives to take account of their views in decision-making, encourage employee involvement in the company's performance and achieve awareness among employees of factors affecting the performance of the company can also be found in the Corporate Governance Report. Further details can be found on pages 36 to 41 of the Strategic Report and also on pages 87 and 88 of the Corporate Governance Report.

Business relationships
The group values the strong reputation it has built with customers, clients, partners and other stakeholders, which is critical to the long-term sustainability of the group's business.

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include in its Strategic Report, information about how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, that would otherwise be disclosed in this Directors' Report. Further details can be found on pages 36 to 41 of the Strategic Report and also on page 87 of the Corporate Governance Report.

Approach to diversity
The group is committed to promoting diversity and inclusion across its businesses. Information on the group's approach to diversity can be found on pages 26 to 27 of the Strategic Report. More information on diversity at board level and the board's oversight of diversity and inclusion initiatives can be found on pages 79 and 80 of the Corporate Governance Report and in the Report of the Nomination and Governance Committee on page 95 of this Annual Report.

Significant Agreements Affected by a Change of Control
A change of control of the company, following a takeover bid, may cause a number of agreements to which the company is a party to take effect, alter or terminate. These include certain insurance policies, bank facility agreements and employee share plans.

The group had committed facilities totalling £1.6 billion at 31 July 2021 which contain clauses requiring lender consent for any change of control. Should consent not be given, a change of control would trigger mandatory repayment of those facilities.

All of the company's employee share plans contain provisions relating to a change of control. Outstanding awards and options may vest and become exercisable on a change of control, subject, where applicable, to the satisfaction of any performance conditions at that time and pro-rating of awards.

Financial Instruments
Details of the group's financial instruments can be found in notes 10 to 14, 17 to 20 and 28 to the financial statements. The notes begin on page 141.

Financial Risk Management
The group has procedures in place to identify, monitor and evaluate the significant risks it faces. The group's risk management objectives and policies and the features of its internal control and risk management systems are described on pages 56 to 67 and the risks associated with the group's financial instruments are analysed in note 28 on pages 176 to 189 of the financial statements.

Post-Balance Sheet Events
There were no material post-balance sheet events.

Political Donations
No political donations were made during the year (2020: £nil).

Charitable Donations
Further information on the group's charitable activities, and on the charitable donations made in the year, can be found on pages 30 and 31 as part of the Strategic Report.

Disclosure of Information under Listing Rule 9.8.4R
As required by Listing Rule 9.8.4CR, the table below sets out the location of information required to be disclosed under Listing Rule 9.8.4R:

Subject	Page
Details of shareholder dividend waivers	See the section headed "Employee Share Trust" on page 72

There are no other matters which the Company is required to report under Listing Rule 9.8.4R.

Research and Development Activities
During the normal course of business, the group continues to invest in new technology and systems and to develop new products and services to improve operating efficiency and strengthen its customer proposition.

Resolutions at the 2021 AGM
The company's AGM will be held on 18 November 2021. Resolutions to be proposed at the AGM include the reappointment of directors, the approval of changes to the Directors' Remuneration Policy, the annual advisory vote to approve the Directors' Remuneration Report, the renewal of the directors' authority to allot shares including in relation to any issue of any Additional Tier 1 instruments, the disapplication of pre-emption rights, and authority for the company to purchase its own shares.

The full text of each of the resolutions to be proposed at the 2021 AGM will be set out in the Notice of AGM sent to the company's shareholders. A letter from the chairman and explanatory notes will accompany the Notice of AGM.

Auditor
PricewaterhouseCoopers LLP ("PwC") has expressed its willingness to continue in office as the company's external auditor. Resolutions to reappoint PwC and to give the directors the authority to determine the auditor's remuneration will be proposed at the forthcoming AGM. The full text of the relevant resolutions will be set out in the Notice of AGM sent to the company's shareholders.

Disclosure of Information to the Auditor
Each of the persons who are directors at the date of approval of this Annual Report confirms that:
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' Report continued

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern

The group's business activities, financial performance, capital levels, liquidity and funding position, and risk management framework, along with the principal and emerging risks likely to affect its future performance, are described in the Strategic Report and the Risk Report.

The group continues to have a strong, proven and conservative business model supported by a diverse portfolio of businesses, aiding profitability to return to pre-Covid-19 levels in the year. The group remains well positioned in each of its core businesses, and is strongly capitalised, soundly funded and has high levels of liquidity.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the Annual Report, a range of forward-looking scenario analyses have been considered. This included a central scenario, an upside scenario and a plausible downside scenario.

The scenarios modelled are based on a range of economic assumptions, with consideration given to the ongoing impact of Covid-19, encompassing both severity and the period of assumed recovery. In all modelled scenarios it has been concluded that no significant structural changes to the company or group will be required. Further details of these scenarios are set out in the Viability Statement.

Under all scenarios the company and group continue to operate with sufficient levels of liquidity and capital for the next 12 months, with the group's capital ratios and liquidity comfortably in excess of regulatory requirements.

For each of the divisions, the directors have also considered the impact of the central, upside and downside scenarios on financial performance. For Banking these include expected customer demand that underpins loan book growth, material reduction in government support measures and the impact this will have on the bad debt ratio and net interest margin. For Asset Management, the level of markets and amount of net flows as a percentage of opening managed assets was considered. For Winterflood, the volume of trading activity within their markets and expected trading revenue was assessed. Across all the divisions, the impact of the selected downside scenario demonstrated the resilience of our business model.

The group acknowledges that the risk landscape is constantly evolving and as such continually reviews its principal and emerging risks. As part of this review, risks are assessed with robust oversight exercised at both a local business unit and group level through risk and compliance committees and the board. The group's strong risk assessment framework provides a solid foundation to assess going concern throughout the organisation on a regular and consistent basis.

In making this assessment, the directors have also considered the operational agility and resilience of the company and group, noting that the business has successfully adapted to new ways of working and that operational and system performance have been maintained, and are expected to continue to be.

In conclusion, the directors have determined that they have a reasonable expectation that the company and the group, as a whole, have adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the board has assessed the prospects of the group and confirms that it has a reasonable expectation that the company and group will continue to operate and meet their liabilities, as they fall due, for the three-year period up to 31 July 2024.

The board considers three years to be an appropriate period for the assessment to be made. A period of three years has been chosen given the group's proven and resilient business model, prudent maturity profile and because it is the period covered by the group's well embedded strategic planning cycle. We continue to adopt a three-year period for our regulatory and internal stress testing processes, including: (i) group-wide internal forecasting and stress testing, which has undergone significant review and challenge, to confirm the viability of the group given the impact of Covid-19; (ii) the Internal Capital Adequacy Assessment Process ("ICAAP"), which assesses capital requirements; and (iii) the Internal Liquidity Adequacy Assessment Process ("ILAAP"), which identifies liquidity requirements.

In making its assessment, the board has identified and assessed the principal and emerging risks facing the group and these are highlighted on pages 60 to 67. The group's approach to monitoring and managing principal risks faced by the group's business, including financial, business, market and operational risks, have remained consistent given the group's activities, business model and strategy are unchanged.

The group utilises an established risk management framework to monitor its portfolio of emerging risks incorporating the group's "bottom up" and "top down" approach. These are monitored by the local and group risk and compliance committees with agreed actions regularly tracked. Key emerging risks include:

- economic uncertainty arising from the Covid-19 pandemic, with ongoing uncertainty regarding the future economic trajectory;
- financial loss resulting from climate change, ensuring the group is able to address the financial risks arising from the physical and transitional impacts of climate change;
- evolving working practices, ensuring extensive risk assessments over hybrid working patterns; and
- legal and regulatory changes as a result of the continued implementation of existing EU legislation into UK law, in addition to governmental and regulatory changes in response to Covid-19.

The group will continue to monitor and assess these risks, adhering to our established and proven business model, as outlined on pages 12 and 13; implementing an integrated risk management approach based on the concept of "three lines of defence"; and setting and operating within clearly defined and monitored risk appetites. The group's business model, supported by a solid track record and sustained profitability, has worked well through a range of economic, social and environmental conditions over multiple economic cycles and this is projected to continue over the medium to long term. Given the diversified portfolio of the businesses across the group, the board considers longer-term economic, social, environmental and technological trends at the individual business unit level as part of the strategic planning cycle. This includes focusing on the long-term strategic approach to protect, grow and sustain our business model, with key priorities outlined on page 20.

The board has also assessed the group's viability by considering regular forecasting and stress testing undertaken to reflect uncertainties in the economic environment. A range of forward-looking scenarios has been considered, with distinct social and economic assumptions encompassing both the severity of a downturn and the timing of any assumed recovery from the impact of Covid-19. Differing macroeconomic assumptions have been assessed across the scenarios including GDP growth, unemployment, residential house prices and equity prices. The modelling considers the group's future projections of profitability, cash flows, capital requirements and resources, and other key financial and regulatory ratios over the period. In the modelled scenarios, it has been assumed that no significant structural changes to the company or group will be required.

These scenarios have been built using the same principles as those in the going concern assessment, extended out over the three-year period:

- the central scenario presents our base case assuming a strong recovery, with lockdown restrictions lifted and normal working conditions allowed to resume, supporting GDP growth and falling unemployment rates;

- the downside scenario assumes weaker than expected economic recovery with continued Covid-19 local lockdowns, impairment losses front-loaded due to rising unemployment rates coupled with lower income in market-facing businesses as equity prices and market levels decline; and
- the upside scenario illustrates a very strong UK rebound designed to test the group's capital and liquidity resources with strong GDP growth, declining unemployment rates and recovery in market levels.

The group maintains capital ratios significantly above regulatory minima, which are currently set at a minimum common equity tier 1 ratio of 7.6% and a minimum total capital ratio of 11.5%, excluding any applicable Prudential Regulation Authority ("PRA") buffer. In all scenarios, the company and group continue to operate with sufficient levels of capital, with the group's capital ratios comfortably in excess of regulatory requirements and funding and liquidity positions well within appetite.

Across the divisions, the financial impact of each scenario demonstrates the resilience of our business model. In addition, the directors have reviewed the key management actions which would be taken in the event of a downside, in order to mitigate the stress, and the viability of these actions.

In making this assessment, the directors have considered a wide range of information, including:
- the board's risk appetite and robust assessment of the principal and emerging risks, which could impact the performance of the group, and how these are managed – please see the Risk Report on pages 56 to 67;
- the group's current financial position and prospects – please see the Financial Overview on pages 42 to 45; and
- the group's business model and strategy – please see Business Model on pages 12 to 13, and Strategy and Key Performance Indicators on pages 20 to 21.

The directors have also considered the results from the most recent version of the following reviews, which were conducted during the Covid-19 pandemic:
- the annual review of the Recovery Plan which included employing a number of scenarios to test our recovery plan, our wide range of risk indicators and the various recovery options available to the group;
- the 2020 ICAAP, which included both stress testing and scenario analysis. At a group level, one severe stress test scenario was assessed representing a protracted downside scenario. This took account of the availability and likely effectiveness of mitigating actions that could be taken by management to avoid or reduce the impact or occurrence of underlying risks. As part of the ICAAP, reverse stress testing was also employed to support the identification of potential adverse circumstances and events; and
- the 2020 ILAAP, which was undertaken to assess the group's liquidity across a range of market-wide and idiosyncratic scenarios demonstrating the ongoing strength of the group's funding and liquidity model.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 28 September 2021. Unexpected risks and uncertainties may arise from future events or conditions, such as economic changes and business conditions, which are beyond the group's control and could cause the group's actual performance and results to differ from those anticipated.

Directors' Responsibility Statement

The directors, whose names and functions are listed on pages 68 and 69, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and whether United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law, have been followed for the company financial statements (together the 'relevant financial reporting frameworks'), subject to any material departures disclosed and explained in the group and company financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the group and company financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors confirms that, to the best of their knowledge:
- the group and company financial statements, which have been prepared in accordance with the relevant financial reporting frameworks, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and company respectively;
- the Strategic Report, together with the Directors' Report and the Corporate Governance Report, includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

By order of the board

Alex Dunn
Company Secretary

28 September 2021