

Consolidated income statement

for the year ended 31 December

| | Notes | 2021 | | | 2020 | | | |
|--------------------------------------|-------|--|---|---------------------------------------|--|-------------------------------------|---|---|
| | | Before acquisition-related costs £m | Acquisition-related costs (note 6) £m | After acquisition-related costs £m | Before exceptional items and acquisition-related costs £m | Exceptional items (note 5) £m | Acquisition-related costs (note 6) £m | After exceptional items and acquisition-related costs £m |
| Revenue | 3, 4 | 443.3 | - | 443.3 | 358.2 | - | - | 358.2 |
| Cost of sales | | (16.5) | - | (16.5) | (13.3) | - | - | (13.3) |
| Trading profit | | 426.8 | - | 426.8 | 344.9 | - | - | 344.9 |
| Administrative expenses | | (355.7) | (0.3) | (356.0) | (298.5) | (60.6) | (0.5) | (359.6) |
| Operating profit/(loss) | 3, 4 | 71.1 | (0.3) | 70.8 | 46.4 | (60.6) | (0.5) | (14.7) |
| Finance income | 3 | 1.3 | - | 1.3 | 1.2 | - | - | 1.2 |
| Finance costs | 3 | (3.1) | - | (3.1) | (3.1) | - | - | (3.1) |
| Other finance income - pensions | 3 | 0.1 | - | 0.1 | 0.2 | - | - | 0.2 |
| Profit/(loss) before taxation | | 69.4 | (0.3) | 69.1 | 44.7 | (60.6) | (0.5) | (16.4) |
| Taxation | 7 | (14.7) | - | (14.7) | (9.5) | - | 0.1 | (9.4) |
| Profit/(loss) for the year | | 54.7 | (0.3) | 54.4 | 35.2 | (60.6) | (0.4) | (25.8) |
| Attributable to: | | | | | | | | |
| Equity holders of the Parent Company | | 50.4 | (0.3) | 50.1 | 32.1 | (60.6) | (0.4) | (28.9) |
| Non-controlling interests | | 4.3 | - | 4.3 | 3.1 | - | - | 3.1 |
| Profit/(loss) for the year | | 54.7 | (0.3) | 54.4 | 35.2 | (60.6) | (0.4) | (25.8) |
| Earnings/(loss) per share | | | | | | | | |
| Basic | 8 | 165.6p | | 164.6p | 106.0p | | | (95.2p) |
| Diluted | 8 | 164.2p | | 163.2p | 105.8p | | | (95.2p) |

Consolidated statement of comprehensive income

for the year ended 31 December

| | Notes | 2021 £m | 2020 £m |
|---|-------|-------------|------------|
| Profit/(loss) for the year | | 54.4 | (25.8) |
| Other comprehensive income/(loss): | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Actuarial gain on employee benefit schemes - net of tax | 24 | 7.2 | 1.0 |
| Changes in the fair value of equity instruments at fair value through other comprehensive income - net of tax | | (1.7) | (2.1) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign exchange differences on retranslation of foreign operations | | 0.5 | (2.9) |
| Foreign currency hedges recycled to profit or loss - net of tax | 26 | (2.4) | 1.5 |
| Foreign currency hedge revaluations - net of tax | 26 | (0.8) | 1.6 |
| Other comprehensive income/(loss) | | 2.8 | (0.9) |
| Total comprehensive income/(loss) for the year | | 57.2 | (26.7) |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 52.9 | (29.8) |
| Non-controlling interests | | 4.3 | 3.1 |
| Total comprehensive income/(loss) for the year | | 57.2 | (26.7) |

Consolidated balance sheet

as at 31 December

| | Notes | 2021 £m | 2020 £m |
|--|-------|----------------|------------|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 22.5 | 24.3 |
| Investment properties | 11 | 1.2 | 1.2 |
| Right-of-use assets | 12 | 45.1 | 47.0 |
| Intangible assets | 13 | 183.2 | 182.9 |
| Trade and other receivables | 15 | 1.0 | 3.1 |
| Investments | 16 | 1.0 | 2.9 |
| Employee benefits | 24 | 25.8 | 18.1 |
| Deferred tax assets | 7 | 10.5 | 10.6 |
| | | 290.3 | 290.1 |
| Current assets | | | |
| Inventories | 17 | 1.5 | 1.3 |
| Trade and other receivables | 15 | 117.4 | 76.6 |
| Income tax receivable | | 1.0 | 0.2 |
| Investments | 16 | 10.3 | 31.1 |
| Cash and cash equivalents | 18 | 261.6 | 173.4 |
| | | 391.8 | 282.6 |
| Current liabilities | | | |
| Trade and other payables | 20 | (235.4) | (160.6) |
| Lease liabilities | 21 | (9.7) | (8.4) |
| Income tax payable | | (11.6) | (7.9) |
| Provisions | 22 | (0.6) | (0.5) |
| | | (257.3) | (177.4) |
| Net current assets | | 134.5 | 105.2 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 19 | - | (0.1) |
| Trade and other payables | 20 | (2.7) | (2.7) |
| Lease liabilities | 21 | (44.1) | (47.7) |
| Provisions | 22 | (1.6) | (1.5) |
| Employee benefits | 24 | (3.8) | (6.1) |
| Deferred tax liabilities | 7 | (11.0) | (8.8) |
| | | (63.2) | (66.9) |
| Net assets | | 361.6 | 328.4 |
| Capital and reserves | | | |
| Share capital | 25 | 7.6 | 7.6 |
| Other reserves | 26 | 104.0 | 104.6 |
| Retained earnings | | 245.3 | 211.9 |
| Equity attributable to shareholders of the Parent Company | | 356.9 | 324.1 |
| Non-controlling interests | | 4.7 | 4.3 |
| Total equity | | 361.6 | 328.4 |

The financial statements on pages 156 to 197 were approved by the Board on 4 March 2022, and signed on its behalf by:

Laurence Hollingworth
Chair

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Registered number: 1190238

Consolidated statement of changes in equity

for the year ended 31 December

| | Notes | Attributable to equity holders of the Parent Company | | | | Non-controlling interests £m | Total equity £m |
|---|-------|--|----------------------|-------------------------|---------------|---------------------------------|--------------------|
| | | Share capital £m | Other reserves £m | Retained earnings £m | Total £m | | |
| Balance at 1 January 2021 | | 7.6 | 104.6 | 211.9 | 324.1 | 4.3 | 328.4 |
| Profit for the year | | - | - | 50.1 | 50.1 | 4.3 | 54.4 |
| Other comprehensive income/(loss) | | - | (2.7) | 5.5 | 2.8 | - | 2.8 |
| Total comprehensive income/(loss) for the year | | - | (2.7) | 55.6 | 52.9 | 4.3 | 57.2 |
| Transactions with owners: | | | | | | | |
| Share issues | 26 | - | 1.8 | - | 1.8 | - | 1.8 |
| Employee share schemes | 26 | - | 0.3 | (0.1) | 0.2 | - | 0.2 |
| Tax on other employee benefits | 7 | - | - | 2.3 | 2.3 | - | 2.3 |
| Dividend paid | 9 | - | - | (24.4) | (24.4) | (3.9) | (28.3) |
| Total transactions with owners | | - | 2.1 | (22.2) | (20.1) | (3.9) | (24.0) |
| Balance at 31 December 2021 | | 7.6 | 104.0 | 245.3 | 356.9 | 4.7 | 361.6 |

| | Notes | Attributable to equity holders of the Parent Company | | | | Non-controlling interests £m | Total equity £m |
|---|-------|--|----------------------|-------------------------|---------------|---------------------------------|--------------------|
| | | Share capital £m | Other reserves £m | Retained earnings £m | Total £m | | |
| Balance at 1 January 2020 | | 7.6 | 158.4 | 211.5 | 377.5 | 3.1 | 380.6 |
| (Loss)/profit for the year | | - | - | (28.9) | (28.9) | 3.1 | (25.8) |
| Other comprehensive income/(loss) | | - | 0.2 | (1.1) | (0.9) | - | (0.9) |
| Total comprehensive income/(loss) for the year | | - | 0.2 | (30.0) | (29.8) | 3.1 | (26.7) |
| Transfer from merger reserve | | - | (54.7) | 54.7 | - | - | - |
| Transactions with owners: | | | | | | | |
| Share issues | 26 | - | 0.6 | - | 0.6 | - | 0.6 |
| Employee share schemes | 26 | - | 0.1 | (0.5) | (0.4) | - | (0.4) |
| Tax on other employee benefits | 7 | - | - | (0.2) | (0.2) | - | (0.2) |
| Tax on other items in equity | 7 | - | - | 0.1 | 0.1 | - | 0.1 |
| Dividend paid | 9 | - | - | (23.7) | (23.7) | (1.8) | (25.5) |
| Contributions to non-controlling interests | | - | - | - | - | (0.1) | (0.1) |
| Total transactions with owners | | - | 0.7 | (24.3) | (23.6) | (1.9) | (25.5) |
| Balance at 31 December 2020 | | 7.6 | 104.6 | 211.9 | 324.1 | 4.3 | 328.4 |

Consolidated cash flow statement

for the year ended 31 December

| | Notes | 2021 £m | 2020 £m |
|---|---------------|---------------|------------|
| Cash flows from operating activities | | | |
| Profit/(loss) before taxation | | 69.1 | (16.4) |
| Adjustments for: | | | |
| Foreign exchange differences | 3 | (3.2) | 2.8 |
| Depreciation | 3, 10, 11, 12 | 13.3 | 13.7 |
| Share-based payment expense | 23 | 1.8 | 1.4 |
| Gain on sale of property, plant and equipment | | (0.6) | - |
| Loss on sale of investments | | - | 0.1 |
| Amortisation of intangibles | 3, 13 | 1.6 | 0.8 |
| Impairment of intangibles | 3, 13 | - | 60.6 |
| Difference between pension contributions paid and amount recognised in the income statement | | (0.1) | 0.3 |
| Finance income | 3 | (1.3) | (1.2) |
| Finance costs | 3 | 3.1 | 3.1 |
| Other finance income - pensions | 3 | (0.1) | (0.2) |
| Increase in inventories | 17 | (0.2) | (0.2) |
| (Increase)/decrease in trade and other receivables | | (38.7) | 0.3 |
| Increase in bonus accrual | | 49.1 | 7.9 |
| Increase in trade and other payables | | 29.1 | 3.4 |
| Increase in provisions | | 0.1 | 0.2 |
| Cash generated from operations | | 123.0 | 76.6 |
| Income tax paid | | (9.2) | (10.7) |
| Net cash flow from operating activities | | 113.8 | 65.9 |
| Cash flows from investing activities | | | |
| Interest received | | 0.2 | 0.5 |
| Purchase of property, plant and equipment | 10 | (3.7) | (3.5) |
| Purchase of intangible assets | 13 | (2.9) | (6.3) |
| Proceeds from sale of investments | | 9.4 | 8.7 |
| Proceeds from sale of property, plant and equipment | | 1.6 | 0.4 |
| Purchase of investments | | (3.5) | (7.9) |
| Transfer from current investments (cash on deposit and government bonds) | 16 | 20.0 | - |
| Transfer to current investments (cash on deposit and government bonds) | 16 | (6.8) | (20.3) |
| Proceeds from sale of investments in associates | | - | 0.5 |
| Acquisition of subsidiaries, including deferred consideration | 13 | - | (1.1) |
| Cash acquired on acquisitions | 13 | - | 0.7 |
| Dividends received from investments | 3 | - | 0.2 |
| Net cash flow from investing activities | | 14.3 | (28.1) |
| Cash flows from financing activities | | | |
| Interest paid and other charges | | (2.3) | (2.7) |
| Dividend paid | 9 | (24.4) | (23.7) |
| Dividend paid to non-controlling interests | | (3.9) | (1.8) |
| Repayments of borrowings | | (0.1) | (1.2) |
| Payments of lease liabilities | | (9.1) | (8.9) |
| Proceeds from shares issued | | 1.8 | 0.6 |
| Contributions to non-controlling interests | | - | (0.1) |
| ESOP shares acquired | | (1.9) | (0.1) |
| Net cash flow from financing activities | | (39.9) | (37.9) |
| Net increase/(decrease) in cash and cash equivalents | | 88.2 | (0.1) |
| Cash and cash equivalents at 1 January | | 173.4 | 175.7 |
| Net foreign exchange differences | | - | (2.2) |
| Cash and cash equivalents at 31 December | 18 | 261.6 | 173.4 |

Notes to the consolidated financial statements

1 Corporate information

The Group and Parent Company financial statements of Clarkson PLC for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 4 March 2022. Clarkson PLC is a Public Limited Company, listed on the London Stock Exchange, incorporated in the UK, registered in England and Wales and domiciled in the UK.

The term 'Company' refers to Clarkson PLC and 'Group' refers to the Company, its consolidated subsidiaries and the relevant assets and liabilities of the share purchase trusts.

Copies of the Annual Report will be circulated to all shareholders and will also be available from the registered office of the Company at Commodity Quay, St Katharine Docks, London E1W 1BF.

2 Statement of accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. Additional accounting policies for the Parent Company are set out in note A.

The financial statements are presented in pounds sterling and all values are rounded to the nearest one hundred thousand pounds sterling (£0.1m) except when otherwise indicated.

The consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the year before exceptional items and acquisition-related costs; this is referred to as 'underlying profit'. When there are items which are non-recurring in nature and considered to be material in size, these are shown as 'exceptional items'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions. These notes form an integral part of the financial statements on pages 156 to 197.

Statement of compliance

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Clarkson PLC transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of the Clarkson PLC group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and fair value through other comprehensive income.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflow. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and emerging geopolitical tension. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash generative before dividends.
- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008 and the pandemic in 2020: seaborne trade recovered in 2009 and 2021 along with the profitability of the Group. Since 1990 no two consecutive years have seen reductions in world seaborne trade.
- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overhead, the cash position at 31 December 2021, the collection of debts and the invoicing and collection of the forward order book. This determined that, in the absence of any management action which would be applied in these circumstances, no new business would be required to remain cash positive for at least the next 12 months.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds¹ available to it. In the third scenario, current net cash and available funds¹ together with the collection of debts and the forward order book and no new business would leave sufficient cash resources to cover at least the next 12 months.

Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Except where noted, the accounting policies set out in this note have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's consolidated financial statements incorporate the results and net assets of Clarkson PLC and all its subsidiary undertakings made up to 31 December each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are unconsolidated from the date that control ceases.

See note W to the Parent Company financial statements for full details on subsidiaries.

¹ Classed as an APM. See pages 218 and 219 for further information.

2 Statement of accounting policies continued

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation, however for the purposes of segmental reporting, internal recharges are included within the appropriate segments.

2.2 Changes in accounting policy and disclosures New and amended standards adopted by the Group

There are no new standards, amendments or interpretations, effective for the first time for the year beginning on or after 1 January 2021, that had a material impact on the Group or Parent Company.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2021 and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group's financial statements in the current or future reporting periods.

2.3 Critical accounting judgements and estimates

The following are the critical accounting judgements, apart from those involving estimations (dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgements

Revenue recognition

IFRS 15 'Revenue from Contracts with Customers' requires the Group to assess its revenue streams, including whether the recognition of revenue should be at a 'point in time' or 'over time'. Where revenue is at a point in time, a judgement is also required as to at what point this is. The Group has defined and determined its performance obligations, which continues to be the successful satisfaction of the negotiated contract between counterparties and therefore recognises revenue at this point in time. This is a critical judgement, since if the performance obligation was deemed to be satisfied at an earlier point or over time, the revenue recognition would differ.

In addition, for certain clients, the Group considers that there is uncertainty at the time of invoicing as to whether the clients are capable of settling their invoices due to Clarksons. The Group continues to trade with such clients which are deemed to be key market participants or preferred counterparties for certain transactions. At the point of revenue recognition, these amounts are invoiced but provisions are made which directly offset against revenue, on the basis consideration is not certain. See note 2.19 for further details.

Alternative performance measures

The Group excludes adjusting items (exceptional items and acquisition-related costs) from its underlying earnings measure. The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. If improperly used and presented, these measures could mislead the users of the financial statements by obscuring the real profitability and financial position of the Group. Directors' judgement is required as to what items qualify for this classification. Further details are included on pages 218 and 219.

Recognition of software assets

A judgement is made regarding the decision to capitalise expenditure on the balance sheet relating to the development of software assets across the Group per IAS 38. This includes considering if the future economic benefit from the asset can be readily identified and estimated and will flow to the relevant entity in the Group. Once capitalised, a further judgement is made to determine the point at which the software becomes fully operational and thus when the asset will begin to be amortised through the income statement over its useful economic life.

IFRS 16 'Leases'

Key judgements made in calculating the initial measurement include determining the lease term where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), such as for options with renewal dates in the next 12 months.

Estimates include calculating the discount rate which is based on the incremental borrowing rate, using a series of inputs including government bond yields and adjustments to take into account entity-specific risk-profiles.

A judgement is made at the commencement of a lease as to whether elements of the contract are lease components or non-lease components. If an element does not convey the right to control the use of an identified asset for a period of time in exchange for consideration then this is treated as a non-lease component. The most significant non-lease component attributable to the Group are service charges.

Estimation uncertainty

The assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

2 Statement of accounting policies continued

Impairment of trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current assets. The provision for impairment of receivables represents management's best estimate of expected credit losses to arise on trade receivables at the balance sheet date. Determining the amount of the provision includes analysis of specific customers' creditworthiness which may be impaired as indicated by the age of the invoice, the existence of any disputes, recent historical payment patterns and any known information regarding the client's financial position. In a limited number of circumstances, where doubt exists as to the ability to collect payment, a provision is made at the time of invoicing (see Judgements: Revenue recognition above). For clients where a specific provision is not recognised, management is required to estimate expected credit losses in accordance with IFRS 9 'Financial Instruments'. This estimate takes into account the Group's history of bad debt write-offs and extended unpaid invoices for each of its segments and also views on market conditions both for certain business lines and territories. Determining the amount of a provision for impairment is inherently challenging and in a given year there is a risk this estimate may materially change in the following year, either due to successful, unforeseen collections or sudden deterioration or failures of clients. This is therefore deemed to be a critical accounting estimate. See note 15 for further details.

Impairment testing of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which assets on the balance sheet have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates. As determining such assumptions is inherently uncertain and subject to future factors, there is the potential that these may differ in subsequent periods, however, this is not subject to a significant risk of material change in the next 12 months. See note 14 for further details.

Employee benefits

The determination of the Group's defined benefit obligation depends on certain assumptions, such as the selection of the discount rate, inflation rates and mortality rates. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's financial statements within the next year. See note 24 for further details.

2.4 Property, plant and equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated on the balance sheet at its historic cost.

Freehold and long leasehold properties, leasehold improvements, office furniture and equipment and motor vehicles are recorded at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset.

Land is not depreciated. Depreciation on other assets is charged on a straight-line basis over the estimated useful life (after allowing for estimated residual value based on current prices) of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

| | |
|--|------------------------------|
| Freehold and long leasehold properties | 10–60 years |
| Leasehold improvements | Over the period of the lease |
| Office furniture and equipment | 2–10 years |
| Motor vehicles | 4–5 years |

Estimates of useful lives and residual scrap values are assessed annually.

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

2.5 Investment properties

Land and buildings held for long-term investment and to earn rental income are classified as investment properties. Investment properties are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

| | |
|-----------------------|----------|
| Investment properties | 60 years |
|-----------------------|----------|

In addition to historical cost accounting, the Directors have also presented, through additional narrative, the fair value of the investment properties in note 11.

2.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

All transaction costs are expensed in the income statement as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 Statement of accounting policies continued

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units identified according to operating segment.

2.7 Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Costs incurred on development projects, relating to the introduction or design of new systems or improvement of the existing systems, are only capitalised as intangible assets if capitalisation criteria under IAS 38 'Intangible Assets' are met, that is, where the related expenditure is separately identifiable, the costs are measurable and management is satisfied as to the ultimate technical and commercial viability of the project such that it will generate future economic benefits based on all relevant available information. Capitalised development costs are amortised from the date the system is fully operational over their expected useful lives (not exceeding five years). Other costs linked to development projects that do not meet the above criteria such as data population, research expenditure and staff training costs are recognised within administrative expenses as incurred.

Costs incurred in the provision and implementation of Software as a Service ('SaaS') agreements, including subscriptions, software configuration and customisation, data migration, testing and training are expensed in the income statement as incurred. To the extent that a SaaS agreement has a separately identifiable intangible asset that is material, the costs are capitalised until the software application use commences and then amortised over their expected useful life (not exceeding five years).

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement within administrative expenses.

Intangible assets are amortised as follows:

Trade name and non-contractual commercial relationships

Amortisation is calculated using estimates of revenues generated by each asset over their estimated useful lives of up to five years.

Forward order book on acquisition

Amortisation is calculated based on expected future cash flows estimated to be up to five years.

Development costs

Amortisation is calculated based on estimated useful life, which will not exceed five years, when ready for use.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually.

Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2 Statement of accounting policies continued

2.9 Investments and other financial assets

Classification

Financial assets within the scope of IFRS 9 'Financial Instruments' are classified as financial assets at fair value through profit or loss ('FVPL'), financial assets at fair value through other comprehensive income ('FVOCI'), held-to-maturity financial assets and financial assets at amortised cost.

The Group determines the classification of its financial assets on initial recognition, taking into account the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss (FVPL)

These assets are measured at fair value. Net gains and losses are recognised in profit or loss in finance revenue or finance costs. Any interest or dividend income are recognised in profit or loss in finance revenue or finance costs. No assets were designated at initial recognition of IFRS 9.

Financial assets at fair value through other comprehensive income (FVOCI)

These assets are measured at fair value. Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in the income statement unless they clearly represent recovery of a part of the cost of the investment. Changes in fair value are recognised in other comprehensive income and are never recycled to the income statement, even if the asset is sold or impaired. The Group elected to treat its investment in CargoMetrics Technologies LLC as a FVOCI asset based on the business model for that asset and, as it is an equity investment not held for trading, has made an irrevocable election to present fair value gains and losses on revaluation in other comprehensive income.

Recognition and measurement

Fair value

The fair value of investments in equity instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's-length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, or other valuation models.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

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.

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

Impairment losses for trade receivables are recognised within revenue. A provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due. The provision is determined with reference to specific analysis of increased credit loss risk for clients and lifetime expected credit losses applied to all other trade receivables (the simplified approach). The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of between one day and three months.

2.13 Derivative financial instruments and hedge accounting

The Group uses various derivative financial instruments to reduce exposure to foreign exchange movements. These can include foreign currency contracts and currency options. All derivative financial instruments are initially recognised on the balance sheet at their fair value adjusted for transaction costs.

The fair values of financial instrument derivatives are determined by reference to quoted prices in an active market.

The method of recognising the movements in the fair value of the derivative depends on whether the instrument has been designated as a hedging instrument (determined with reference to IFRS 9 'Financial Instruments') and, if so, the cash flow being hedged. To qualify for hedge accounting, the terms of the hedge must be clearly documented at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the cash flow of the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the hedge relationship is terminated. The Group designates the hedged risk as movements in the spot rate, with changes in the forward rate recognised in other comprehensive income.

Gains and losses on financial instrument derivatives which qualify for hedge accounting are recognised according to the nature of the hedge relationship and the item being hedged.

2 Statement of accounting policies continued

Cash flow hedges: derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to changes in cash flows attributable to a particular asset or liability or a highly probable forecast transaction. Gains or losses on designated cash flow hedges are recognised directly in equity in other comprehensive income, to the extent that they are determined to be effective. Any remaining portion of the gain or loss is recognised immediately in the income statement. On recognition of the hedged asset or liability, any gains or losses that had previously been recognised directly in equity are included in the initial measurement of the fair value of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Where financial instrument derivatives do not qualify for hedge accounting, changes in the fair market value are recognised immediately in the income statement.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Employee benefits

The Group operates various post-employment schemes, including both defined contribution and defined benefit pension plans.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension arrangements on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset/liability recognised in the balance sheet in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the end of the reporting period and the fair value of plan assets. Where the Group does not have an unconditional right to a scheme's surplus, this asset is not recognised in the balance sheet. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.

The net interest revenue/cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This revenue/cost is included in other finance revenue - pensions in the income statement.

2.17 Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby consideration is received in the form of equity instruments for services rendered (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of these awards were valued using either a Monte Carlo valuation model or a Black-Scholes model, depending on the type of award being valued. See note 23 for further details.

2 Statement of accounting policies continued

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share. See note 8 for further details.

The social security contributions payable in connection with the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

2.18 Share capital

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account, except when applying the merger relief provision of the Companies Act 2006.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Company shares held in trust in connection with the Group's employee share schemes are deducted from consolidated shareholders' equity. Purchases, sales and transfers of the Company's shares are disclosed as changes in consolidated shareholders' equity. The assets and liabilities of the trusts are consolidated in full into the Group's consolidated financial statements.

2.19 Revenue recognition

Revenue is recognised in accordance with satisfaction of performance obligations of contracts.

Broking

Shipbroking and offshore revenue consists of commission receivable and is predominantly recognised at a point in time. The point in time is deemed to be when the underlying parties to the transaction have completed their respective obligations and successfully fulfilled the contract between them as brokered and overseen by Clarksons.

The transaction price is fixed and determined with reference to the contracted commission rate for the broker. Broking revenue contracts vary, with certain contracts having a single performance obligation and others, such as newbuilds, containing multiple performance obligations. In the case of single performance obligation contracts, the transaction is allocated wholly against that performance obligation. In the case of multiple performance obligation contracts, the transaction price is allocated with reference to the agreed stages of completion in the underlying contract. The price for such stages is agreed between the underlying counterparties and Clarksons' commission is derived as a percentage of this. The stage of completion is deemed a reasonable proxy for the allocation of the total consideration transaction price to performance obligations in the contract.

Time charter commission revenue is recognised over time in line with the period of time for which the vessel is being chartered, which is deemed to be the most faithful representation of the service provided over the period of the contract. The transaction price is apportioned evenly over the life of the charter per the contract.

Futures broking commissions are recognised when the services have been performed.

Financial

Revenue consists of commissions and fees receivable from financial services activities. Fees from investment banking activities, syndication and other financial solutions are recognised at a point in time, on a success basis, when certain criteria in applicable agreements have been met. Financial revenue usually involves a single performance obligation (being successful execution of the relevant financial services activity). The transaction price is allocated wholly to the point in time when this performance obligation is satisfied. The transaction price usually is determined as a fixed percentage of the underlying financial services transaction.

Support

Agency income is recognised at a point in time when vessels arrive in port. The transaction price is clearly defined in the contract as the fee for providing the service and an agreed charge is made for disbursements, if applicable.

Revenue from the sale of goods is recognised on delivery of goods to the customer. The transaction price is clearly defined in the sales order for each product ordered.

Port services income is recognised on the vessel load or discharge completion date and stores rent on an over time basis. The transaction price is clearly defined in the contract as the fee per tonne of product loaded, stored or discharged.

Freight forwarding income is recognised on the date of despatch of goods or services. The transaction price is clearly defined as per the quote provided to the customer for the storage or transportation of goods.

The transaction price is allocated wholly to the performance obligation.

2 Statement of accounting policies continued

Research

Revenue comprises both fees for one-off projects, which are recognised as and when services are performed, and sales of shipping publications and other information, which is recognised when the research products are delivered. Subscriptions to periodicals and other information are recognised over time, which is determined with reference to the subscription period and therefore the most faithful representation of how the client consumes the benefit. The transaction price is agreed in the contract and is on a per product basis and either recognised wholly at a point in time, or in the case of subscriptions, it is spread evenly over the subscription period. The transaction price is allocated wholly to the performance obligation.

Contract assets/liabilities

Except for Research, which is generally invoiced in advance, invoicing typically aligns with the timing that performance obligations are satisfied. Payment terms are set out in note 15.

At the year-end, there may be amounts where invoices have not been raised but performance obligations are deemed satisfied. These are recognised as contract assets and mainly arise in Broking and Financial. In Research, amounts invoiced ahead of performance obligations being satisfied are included as contract liabilities.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group considers the executive members of the Company's Board to be the chief operating decision-maker.

Transactions between operating segments are at arm's length.

2.21 Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into pounds sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period as an approximation of rates prevailing at the date of the transaction. Exchange differences arising, if any, are recognised in the consolidated statement of comprehensive income and transferred to the Group's currency translation reserve. Such translation differences are recognised as income or expense in the period in which an operation is disposed of. Cumulative translation differences have been set to zero at the date of transition to IFRSs.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised in the income statement, except on items relating to equity, in which case the related current income tax is recognised directly in equity.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2 Statement of accounting policies continued

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority, where there is an intention to settle the balances on a net basis.

2.23 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the lessee's incremental borrowing rate, as the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is based on the rate payable for loans of a similar term and asset value or from a series of inputs including government bond yields and adjustments to take into account entity-specific risk profiles.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable; variable lease payments that depend on an index or rate; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) if one of the following occur:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Non-lease components are charged to the income statement in line with the services being provided.

The right-of-use assets comprise the initial measurement of the corresponding lease liability less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation.

Whenever the Group incurs an obligation for costs to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 with a corresponding entry within the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset and starts at the commencement date of the lease. See note 2.8 for the policy on impairment.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

All of the Group's leases are classified as operating leases with rental income from these leases recognised on a straight-line basis over the term of the relevant lease.

2.24 Exceptional items

Exceptional items are significant items of a non-recurring nature and considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance.

3 Revenue and expenses

| | 2021 £m | 2020 £m |
|---|--------------|--------------|
| Revenue | | |
| Revenue from contracts with customers | 443.0 | 357.9 |
| Revenue from other sources: rental income | 0.3 | 0.3 |
| | 443.3 | 358.2 |

Revenue is disaggregated further in note 4, which is the level at which it is analysed within the business. Further information on the timing of transfer of goods and services for revenue streams is included in note 2. The forward order book comprises contracts where the Group's performance obligations are not satisfied and accordingly, no revenue is recognised. The Directors' best estimate of the deliverable forward order book for 2022 is US\$165m/£122m (2020 for 2021: US\$116m/£85m). Revenue is net of movements in the loss allowance for trade receivables. Included in revenue is £6.8m (2020: £6.2m) that was included in the contract liability balance at the beginning of the year.

| | 2021 £m | 2020 £m |
|-----------------------|------------|------------|
| Finance income | | |
| Bank interest income | 0.1 | 0.5 |
| Dividend income | - | 0.2 |
| Other finance income | 1.2 | 0.5 |
| | 1.3 | 1.2 |

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Finance costs | | |
| Bank interest charges | 0.2 | 0.1 |
| Interest expenses on lease liabilities | 2.0 | 2.1 |
| Other finance costs | 0.9 | 0.9 |
| | 3.1 | 3.1 |

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Other finance income - pensions | | |
| Net benefit income | 0.1 | 0.2 |

Operating profit/(loss)

Operating profit/(loss) from continuing operations is stated after charging/(crediting):

| | 2021 £m | 2020 £m |
|-------------------------------------|------------|------------|
| Depreciation | 13.3 | 13.7 |
| Amortisation of intangible assets | 1.6 | 0.8 |
| Impairment of intangible assets | - | 60.6 |
| Net foreign exchange (gains)/losses | (3.2) | 2.8 |
| Research and development | 15.1 | 13.2 |
| Short-term lease expense | 0.3 | 0.4 |

3 Revenue and expenses continued

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Auditor's remuneration | | |
| Fees payable to the Company's Auditor for the audit of the Company's and Group financial statements | 348 | 265 |
| Fees payable to the Company's Auditor and their associates for other services: | | |
| The auditing of financial statements of subsidiaries of the Company | 327 | 288 |
| Audit-related assurance services | 83 | 79 |
| Other services | - | 12 |
| | 758 | 644 |

Audit-related assurance services consists of £44,500 (2020: £40,000) in relation to the half year review and £38,000 (2020: £39,000) of other audit-related services. Other services relate to the provision of an attestation in relation to restructuring in Norway, required by law.

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Employee compensation and benefits expense | | |
| Wages and salaries | 258.5 | 211.9 |
| Social security costs | 23.8 | 17.7 |
| Expense of share-based payments | 1.8 | 1.4 |
| Pension costs - defined contribution plans | 8.4 | 8.0 |
| | 292.5 | 239.0 |

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Directors' Remuneration Report in the Directors' emoluments and compensation table on pages 130 and 131.

The average monthly number of persons employed by the Group during the year, including Executive Directors, is analysed below:

| | 2021 | 2020 |
|-----------|--------------|-------|
| Broking | 1,194 | 1,184 |
| Financial | 102 | 110 |
| Support | 266 | 238 |
| Research | 124 | 119 |
| | 1,686 | 1,651 |

4 Segmental information

The Group considers the executive members of the Company's Board to be the chief operating decision-maker. The Board receives segmental operating and financial information on a regular basis. The segments are determined by the class of business the Company provides and are Broking, Financial, Support and Research. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

Clarksons' Broking division represents services provided to shipowners and charterers in the transportation by sea of a wide range of cargoes. It also represents services provided to buyers and sellers/yards relating to sale and purchase transactions. Also included is a futures broking operation which arranges principal-to-principal cash-settled contracts for differences based upon standardised freight contracts.

The Financial division represents full-service investment banking, specialising in the maritime, oil services and natural resources sectors. Clarksons also provides structured asset finance services and structured projects in the shipping, offshore and real estate sectors.

Support includes port and agency services representing ship agency services provided throughout the UK and Egypt.

Research services encompass the provision of shipping-related information and publications.

All areas of the business work closely together to provide the best possible service to our clients. Internal recharges are included within the appropriate segments. Segment revenue represents revenue from external customers.

The Group is not reliant on any major customer that contributes more than 10% of Group revenue.

4 Segmental information continued

Business segments

| | Revenue | | Results | |
|---|--------------|--------------|-------------|---------------|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| Broking | 340.0 | 282.6 | 73.6 | 55.4 |
| Financial | 56.0 | 33.9 | 13.3 | 2.5 |
| Support | 29.6 | 24.9 | 3.3 | 1.7 |
| Research | 17.7 | 16.8 | 6.1 | 5.6 |
| Segment revenue/profit | 443.3 | 358.2 | 96.3 | 65.2 |
| Head office costs | | | (25.2) | (18.8) |
| Operating profit before exceptional items and acquisition-related costs | | | 71.1 | 46.4 |
| Exceptional items | | | - | (60.6) |
| Acquisition-related costs | | | (0.3) | (0.5) |
| Operating profit/(loss) after exceptional items and acquisition-related costs | | | 70.8 | (14.7) |
| Finance income | | | 1.3 | 1.2 |
| Finance costs | | | (3.1) | (3.1) |
| Other finance income - pensions | | | 0.1 | 0.2 |
| Profit/(loss) before taxation | | | 69.1 | (16.4) |
| Taxation | | | (14.7) | (9.4) |
| Profit/(loss) for the year | | | 54.4 | (25.8) |

Business segments

| | Assets | | Liabilities | |
|--------------------------------|------------|------------|-------------|------------|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| Broking | 479.8 | 403.2 | 201.0 | 163.9 |
| Financial | 107.3 | 74.5 | 50.5 | 21.9 |
| Support | 37.3 | 33.1 | 14.7 | 13.3 |
| Research | 18.8 | 11.5 | 12.0 | 10.6 |
| Segment assets/liabilities | 643.2 | 522.3 | 278.2 | 209.7 |
| Unallocated assets/liabilities | 38.9 | 50.4 | 42.3 | 34.6 |
| | 682.1 | 572.7 | 320.5 | 244.3 |

Unallocated assets predominantly relate to head office cash balances and cash on deposit, the pension scheme surplus and tax assets. Unallocated liabilities include the pension scheme deficit, tax liabilities and head office accruals.

Business segments

| | Non-current asset additions | | | | Depreciation | | Amortisation and impairment | |
|-----------|---|---------------------------------|---|---------------------------------|--------------|------------|-----------------------------|------------|
| | Property, plant and equipment 2021 £m | Intangible assets 2021 £m | Property, plant and equipment 2020 £m | Intangible assets 2020 £m | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| Broking | 7.5 | 2.9 | 5.4 | 7.5 | 9.4 | 11.4 | 1.6 | *18.3 |
| Financial | 0.1 | - | 0.3 | - | 1.9 | 1.1 | - | *43.1 |
| Support | 3.0 | - | 0.7 | - | 1.6 | 1.0 | - | - |
| Research | 0.2 | - | - | - | 0.4 | 0.2 | - | - |
| | 10.8 | 2.9 | 6.4 | 7.5 | 13.3 | 13.3 | 1.6 | 61.4 |

* Includes an impairment charge of £17.5m for Broking and £43.1m for Financial.

4 Segmental information continued

Geographical segments – by origin of invoice

| | Revenue | |
|---------------------------------|--------------|------------|
| | 2021 £m | 2020 £m |
| Europe, Middle East and Africa* | 330.9 | 275.8 |
| Americas | 18.9 | 19.6 |
| Asia Pacific | 93.5 | 62.8 |
| | 443.3 | 358.2 |

Geographical segments – by location of assets

| | Non-current assets** | |
|---------------------------------|----------------------|------------|
| | 2021 £m | 2020 £m |
| Europe, Middle East and Africa* | 232.8 | 237.8 |
| Americas | 8.6 | 8.8 |
| Asia Pacific | 12.6 | 14.8 |
| | 254.0 | 261.4 |

* Includes revenue for the UK of £198.0m (2020: £170.4m) and non-current assets for the UK of £115.6m (2020: £118.8m).

** Non-current assets exclude deferred tax assets and employee benefits.

5 Exceptional items

As a result of the impairment testing of goodwill, no impairment charge was recognised in 2021. An impairment was recognised in 2020 of £60.6m. See note 13 for further details.

6 Acquisition-related costs

Included in acquisition-related costs is £0.2m (2020: £0.3m) relating to amortisation of intangibles acquired as part of the Martankers acquisition in 2020 and cash charges of £0.1m (2020: £0.1m) relating to that acquisition. The cash charges are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £nil (2020: £0.1m) of cash and share-based payment charges in relation to previous acquisitions. See note 13 for further details.

7 Taxation

Tax charged in the consolidated income statement is as follows:

| | 2021 £m | 2020 £m |
|---|-------------|------------|
| Current tax | | |
| Tax on profits for the year | 13.1 | 11.1 |
| Adjustments in respect of prior years | (0.6) | (2.1) |
| | 12.5 | 9.0 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 2.5 | 0.4 |
| Impact of change in tax rates | (0.3) | - |
| | 2.2 | 0.4 |
| Total tax charge in the income statement | 14.7 | 9.4 |

7 Taxation continued

Tax relating to items (credited)/charged to equity is as follows:

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Current tax | | |
| Employee benefits – other employee benefits | (0.3) | - |
| Other items in equity | - | (0.1) |
| | (0.3) | (0.1) |
| Deferred tax | | |
| Employee benefits – on pension benefits | 3.1 | 0.1 |
| – other employee benefits | (2.0) | 0.2 |
| Foreign currency contracts | (0.8) | 0.7 |
| | 0.3 | 1.0 |
| Total tax charge in the statement of changes in equity | - | 0.9 |

Reconciliation of tax charge

The tax charge in the consolidated income statement for the year is higher (2020: higher) than the average standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Profit/(loss) before taxation | 69.1 | (16.4) |
| Profit/(loss) at UK average standard rate of corporation tax of 19% (2020: 19%) | 13.1 | (3.1) |
| Effects of: | | |
| Impairment charge not deductible for tax purposes | - | 11.5 |
| Expenses not deductible for tax purposes | 2.1 | 1.7 |
| Non-taxable income | - | (0.4) |
| Lower tax rates on overseas earnings | (1.0) | (0.9) |
| Tax losses not recognised | 0.5 | 0.9 |
| Adjustments relating to prior year | (0.5) | (0.6) |
| Adjustments relating to changes in tax rates | (0.3) | - |
| Other adjustments | 0.8 | 0.3 |
| Total tax charge in the income statement | 14.7 | 9.4 |

Deferred tax

Deferred tax charged in the consolidated income statement is as follows:

| | 2021 £m | 2020 £m |
|--|--------------|------------|
| Employee benefits | (0.7) | (0.1) |
| In relation to earnings of overseas subsidiaries | 0.7 | 0.3 |
| Intangible assets | 1.2 | 0.5 |
| Other temporary differences | 1.0 | (0.3) |
| Deferred tax charge in the income statement | 2.2 | 0.4 |

7 Taxation continued

Deferred tax included in the balance sheet is as follows:

| | 2021 £m | 2020 £m |
|--|---------------|------------|
| Deferred tax assets | | |
| Employee benefits – on pension benefits | 0.9 | 1.2 |
| – other employee benefits | 10.3 | 7.6 |
| Tax losses | – | 0.5 |
| Foreign currency contracts | 0.2 | – |
| Other temporary differences | 1.4 | 1.3 |
| Deferred tax assets before offset | 12.8 | 10.6 |
| Offset against deferred tax liabilities | (2.3) | – |
| Deferred tax assets in the balance sheet | 10.5 | 10.6 |
| Deferred tax liabilities | | |
| Employee benefits – on pension benefits | (6.5) | (3.4) |
| In relation to earnings of overseas subsidiaries | (2.3) | (1.6) |
| Foreign currency contracts | (0.2) | (0.9) |
| Intangible assets | (2.3) | (1.3) |
| Other temporary differences | (2.0) | (1.6) |
| Deferred tax liabilities before offset | (13.3) | (8.8) |
| Offset against deferred tax assets | 2.3 | – |
| Deferred tax liabilities in the balance sheet | (11.0) | (8.8) |

Deferred tax assets and liabilities are offset and reported net where appropriate within territories.

Included in the above are deferred tax assets of £2.5m (2020: £2.7m) and deferred tax liabilities of £0.3m (2020: £0.1m) which are due within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

All deferred tax movements arise from the origination and reversal of temporary differences. The Group did not recognise a deferred tax asset of £3.3m (2020: £3.2m) in respect of unused tax losses, which predominantly have either no expiry date or expiry dates of ten years or more.

Deferred taxes at the balance sheet date have been measured using the appropriate enacted tax rates and are reflected in these financial statements.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These included confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

8 Earnings/(loss) per share

| | 2021 | | 2020 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Underlying £m | Reported £m | Underlying £m | Reported £m |
| Profit/(loss) for the year attributable to equity holders of the Parent Company | 50.4 | 50.1 | 32.1 | (28.9) |
| | | | | |
| | 2021 | | 2020 | |
| | Underlying Million | Reported Million | Underlying Million | Reported Million |
| Weighted average number of ordinary shares (excluding share purchase trusts' shares) - basic | 30.4 | 30.4 | 30.3 | 30.3 |
| Dilutive effect of share options | 0.3 | 0.3 | 0.1 | 0.1 |
| Weighted average number of ordinary shares (excluding share purchase trusts' shares) - diluted | 30.7 | 30.7 | 30.4 | 30.4 |
| | | | | |
| | 2021 | | 2020 | |
| | Underlying | Reported | Underlying | Reported |
| Basic earnings/(loss) per share | 165.6p | 164.6p | 106.0p | (95.2p) |
| Diluted earnings/(loss) per share | 164.2p | 163.2p | 105.8p | (95.2p) |

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted earnings/(loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

The share awards relating to Directors, where the performance conditions have not yet been met at the balance sheet date, are not included in the above numbers. The weighted average number of these shares was nil (2020: 113,243).

The number of options in relation to the employee ShareSave scheme which are not included because they are anti-dilutive were 66,313 (2020: nil). These options could potentially dilute basic earnings per share in the future.

9 Dividends

| | 2021 £m | 2020 £m |
|--|-------------|------------|
| Declared and paid during the year: | | |
| Final dividend for 2020 of 54p per share (interim dividend for 2020*: 53p per share) | 16.4 | 16.1 |
| Interim dividend for 2021 of 27p per share (2020: 25p per share) | 8.0 | 7.6 |
| Dividend paid | 24.4 | 23.7 |
| Proposed for approval at the AGM (not recognised as a liability at 31 December): | | |
| Final dividend for 2021 proposed of 57p per share (2020: 54p per share) | 17.4 | 16.4 |

* The 2020 interim dividend of 53p per share was equivalent to the deferred 2019 final dividend. The resolution for the final 2019 dividend was withdrawn from the AGM in March 2020 with confirmation of the amount and timing deferred until the Board had clarity on the impact of COVID-19 on maritime markets. Following the June 2020 interim results, this interim dividend was declared on 10 August 2020.

10 Property, plant and equipment
31 December 2021

| | Freehold and long leasehold properties £m | Leasehold improvements £m | Office furniture and equipment £m | Motor vehicles £m | Total £m |
|---|---|---------------------------------|--|-------------------------|-------------|
| Original cost | | | | | |
| At 1 January 2021 | 9.2 | 18.7 | 25.6 | 1.6 | 55.1 |
| Additions | 1.0 | 0.6 | 1.8 | 0.3 | 3.7 |
| Disposals | (0.8) | (0.6) | (3.9) | (0.6) | (5.9) |
| Foreign exchange differences | - | - | (0.1) | - | (0.1) |
| At 31 December 2021 | 9.4 | 18.7 | 23.4 | 1.3 | 52.8 |
| Accumulated depreciation | | | | | |
| At 1 January 2021 | 1.9 | 8.9 | 19.0 | 1.0 | 30.8 |
| Charged during the year | 0.3 | 1.4 | 2.6 | 0.2 | 4.5 |
| Disposals | (0.3) | (0.5) | (3.6) | (0.5) | (4.9) |
| Foreign exchange differences | - | - | (0.1) | - | (0.1) |
| At 31 December 2021 | 1.9 | 9.8 | 17.9 | 0.7 | 30.3 |
| Net book value at 31 December 2021 | 7.5 | 8.9 | 5.5 | 0.6 | 22.5 |

31 December 2020

| | Freehold and long leasehold properties £m | Leasehold improvements £m | Office furniture and equipment £m | Motor vehicles £m | Total £m |
|---|---|---------------------------------|--|-------------------------|-------------|
| Original cost | | | | | |
| At 1 January 2020 | 9.3 | 18.5 | 23.3 | 1.5 | 52.6 |
| Additions | - | 0.2 | 3.0 | 0.3 | 3.5 |
| Disposals | - | - | (0.5) | (0.2) | (0.7) |
| Foreign exchange differences | (0.1) | - | (0.2) | - | (0.3) |
| At 31 December 2020 | 9.2 | 18.7 | 25.6 | 1.6 | 55.1 |
| Accumulated depreciation | | | | | |
| At 1 January 2020 | 1.7 | 7.4 | 17.0 | 0.9 | 27.0 |
| Charged during the year | 0.2 | 1.5 | 2.8 | 0.3 | 4.8 |
| Disposals | - | - | (0.3) | (0.2) | (0.5) |
| Foreign exchange differences | - | - | (0.5) | - | (0.5) |
| At 31 December 2020 | 1.9 | 8.9 | 19.0 | 1.0 | 30.8 |
| Net book value at 31 December 2020 | 7.3 | 9.8 | 6.6 | 0.6 | 24.3 |

At 31 December 2021 there was £4.0m included in the above figures relating to fully depreciated property, plant and equipment that is still in use (2020: £2.8m).

11 Investment properties

| | 2021 £m | 2020 £m |
|--------------------------------------|------------|------------|
| Cost | | |
| At 1 January and 31 December | 2.1 | 2.1 |
| Accumulated depreciation | | |
| At 1 January | 0.9 | 0.9 |
| Charged during the year* | 0.0 | 0.0 |
| At 31 December | 0.9 | 0.9 |
| Net book value at 31 December | 1.2 | 1.2 |

* The depreciation charged during the year was less than £0.1m.

The fair value of the investment properties at 31 December 2021 was £2.2m (2020: £2.2m). This was based on valuations from external independent valuers who have the appropriate professional qualifications and recent experience of valuing properties in the location and of the type being valued.

12 Right-of-use assets

| | Leasehold properties 2021 £m | Leasehold properties 2020 £m |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Cost | | |
| As at 1 January | 63.4 | 61.5 |
| Additions | 7.1 | 2.9 |
| Additions arising from acquisitions | - | 0.1 |
| Disposals | (0.8) | (0.5) |
| Foreign exchange differences | (0.2) | (0.6) |
| At 31 December | 69.5 | 63.4 |
| Accumulated depreciation | | |
| As at 1 January | 16.4 | 8.1 |
| Charged during the year | 8.8 | 8.9 |
| Disposals | (0.7) | (0.4) |
| Foreign exchange differences | (0.1) | (0.2) |
| At 31 December | 24.4 | 16.4 |
| Net book value at 31 December | 45.1 | 47.0 |

13 Intangible assets 31 December 2021

| | Goodwill £m | Development costs £m | Other intangible assets £m | Total £m |
|--|----------------|----------------------------|-------------------------------------|--------------|
| Cost | | | | |
| At 1 January 2021 | 287.4 | 16.4 | 30.9 | 334.7 |
| Additions | - | 2.9 | - | 2.9 |
| Foreign exchange differences | (2.6) | - | (0.3) | (2.9) |
| At 31 December 2021 | 284.8 | 19.3 | 30.6 | 334.7 |
| Accumulated amortisation and impairment | | | | |
| At 1 January 2021 | 120.6 | 0.8 | 30.4 | 151.8 |
| Charged during the year | - | 1.4 | 0.2 | 1.6 |
| Foreign exchange differences | (1.7) | - | (0.2) | (1.9) |
| At 31 December 2021 | 118.9 | 2.2 | 30.4 | 151.5 |
| Net book value at 31 December 2021 | 165.9 | 17.1 | 0.2 | 183.2 |

31 December 2020

| | Goodwill £m | Development costs £m | Other intangible assets £m | Total £m |
|--|----------------|----------------------------|-------------------------------------|--------------|
| Cost | | | | |
| At 1 January 2020 | 288.2 | 10.1 | 30.3 | 328.6 |
| Additions | 0.5 | 6.3 | 0.7 | 7.5 |
| Foreign exchange differences | (1.3) | - | (0.1) | (1.4) |
| At 31 December 2020 | 287.4 | 16.4 | 30.9 | 334.7 |
| Accumulated amortisation and impairment | | | | |
| At 1 January 2020 | 59.9 | 0.3 | 30.2 | 90.4 |
| Charged during the year | - | 0.5 | 0.3 | 0.8 |
| Impairment | 60.6 | - | - | 60.6 |
| Foreign exchange differences | 0.1 | - | (0.1) | - |
| At 31 December 2020 | 120.6 | 0.8 | 30.4 | 151.8 |
| Net book value at 31 December 2020 | 166.8 | 15.6 | 0.5 | 182.9 |

Development costs are amortised based on their estimated useful life, which will not exceed five years, when ready for use.

All intangible assets are held in the currency of the businesses acquired and are subject to foreign exchange retranslations to the closing rate at each year-end.

In 2020 the Group made acquisitions, which are detailed below, resulting in goodwill of £0.5m.

In 2020, the other intangible asset additions of £0.7m relate to the forward order book and customer relationships in relation to an acquisition made in that year.

Acquisitions - 2020

On 1 February 2020, the Group acquired 100% of the share capital of Madrid-based shipbroker Martankers I, S.L.U., which subsequently changed its name to Clarksons Martankers, S.L.U. ('Martankers'). The acquisition provides an established opening for Clarksons in Spain and will help the Group gain share in the bulk chemicals and gas markets, strengthening our global market-leading position.

Cash consideration of £1.1m was paid on the acquisition date. The goodwill of £0.5m is attributable to the acquired team and the synergies that will arise as part of the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

13 Intangible assets continued

In addition, a further £0.1m will be payable in cash to key employees contingent on them remaining in employment for four years.

An additional sum up to £1.4m will also be payable in four years subject to the same service conditions and Martankers achieving certain earnings targets over the four years. For both of the above, the cost will be charged to the income statement over the service period. For the year ended 31 December 2020, this cost was £0.1m.

The following table summarises the consideration paid, the fair value of the assets acquired and the liabilities assumed relating to the acquisition:

| Recognised amounts of identifiable assets acquired and liabilities assumed: | Total £m |
|--|--------------|
| Intangible assets | 0.7 |
| Right-of-use assets | 0.1 |
| Trade and other receivables | 0.3 |
| Cash and cash equivalents | 0.7 |
| Total assets | 1.8 |
| Trade and other payables | (0.8) |
| Income tax payable | (0.1) |
| Lease liability | (0.1) |
| Deferred tax liability | (0.2) |
| Total liabilities | (1.2) |
| Total identifiable net assets | 0.6 |
| Goodwill | 0.5 |
| Total consideration paid in cash | 1.1 |

The revenue included in the consolidated income statement since 1 February 2020 contributed by Martankers was £1.3m. Martankers contributed profit after taxation of £0.2m over the same period.

Had Martankers been consolidated from 1 January 2020, the consolidated income statement would show revenue of £358.4m and profit before taxation and exceptional items and acquisition-related costs of £44.7m. This information is not necessarily indicative of the 2020 results of the combined Group had the purchases actually been made at the beginning of the period presented, or indicative of the future consolidated performance given the nature of the business acquired.

14 Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to operating division.

The carrying amount of goodwill acquired through business combinations is as follows:

| | 2021 £m | 2020 £m |
|---------------------------------|--------------|------------|
| Dry cargo chartering | 12.0 | 12.0 |
| Container chartering | 1.8 | 1.8 |
| Tankers chartering | 10.6 | 10.7 |
| Specialised products chartering | 12.9 | 12.9 |
| Gas chartering | 2.7 | 2.7 |
| Sale and purchase broking | 45.8 | 46.4 |
| Offshore broking | 47.1 | 47.1 |
| Securities | 14.1 | 14.1 |
| Project finance | 12.7 | 12.9 |
| Port and agency services | 2.9 | 2.9 |
| Research services | 3.3 | 3.3 |
| | 165.9 | 166.8 |

The movement in the aggregate carrying value is analysed in more detail in note 13.

14 Impairment testing of goodwill continued

Goodwill is allocated to CGUs which are tested for impairment at least annually. The goodwill arising in each CGU is similar in nature and thus the testing for impairment uses the same approach.

The recoverable amounts of the CGUs are assessed using a value-in-use model. Value-in-use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU to which the goodwill is allocated.

The key assumptions used for value-in-use calculations are as follows:

- the pre-tax discount rate for the chartering and broking CGUs is 11.3% (2020: 10.5%), port and agency services is 11.3% (2020: 10.5%), research services is 11.3% (2020: 10.5%) and for securities and project finance is 11.9% (2020: 11.0%). As all broking and chartering CGUs have operations that are global in nature and similar risk profiles, the same discount rate has been used;
- these discount rates are based on the Group's weighted average cost of capital ('WACC') and adjusted for CGU-specific risk factors. The Group's WACC is a function of the Group's cost of equity, derived using a Capital Asset Pricing Model. The cost of equity includes a number of variables to reflect the inherent risk of the business being evaluated; and
- the cash flow projections are based on financial budgets and strategic plans approved by the Board, extrapolated over a five-year period. These assume a level of revenue and profits which are based on both past performance and expectations for future market development and take into account the cyclical nature of the business in which the CGU operates. The effect on cash flows of climate change was considered but assessed to have little or no impact at this time. Cash flows beyond the five-year period are extrapolated in perpetuity using a conservative growth rate of 1.7% (2020: 1.7%) across all CGUs.

The results of the Directors' review of goodwill indicate remaining headroom for all CGUs.

| | Reportable segment | 2021 | | | 2020 | | |
|-----------------------|--------------------|---------------------------|--|--------------------|---------------------------|--|--------------------|
| | | Goodwill impairment £m | Recoverable amount (value-in-use) £m | Discount rate % | Goodwill impairment £m | Recoverable amount (value-in-use) £m | Discount rate % |
| CGU | | | | | | | |
| Offshore broking | Broking | - | 59.3 | 11.3 | 17.5 | 52.6 | 10.5 |
| Securities | Financial | - | 22.2 | 11.9 | 43.1 | 20.5 | 11.0 |
| At 31 December | | - | 81.5 | | 60.6 | 73.1 | |

In 2020, recognising the challenging trading conditions in the offshore broking and securities markets, the Directors revised the estimate of future cash flows expected from these CGUs. Following these revisions, an impairment loss was recognised, shown as an exceptional item (note 5).

As the offshore broking and securities CGUs were subject to impairment in the prior year, sensitivity analysis has been carried out using reasonably possible changes to key assumptions, none of which cause an impairment. An increase in the discount rate of 0.5% would decrease value-in-use by £3.5m for offshore broking and £1.0m for securities. A decrease in total pre-tax cash flows of 5% would decrease value-in-use by £3.0m for offshore broking and £1.1m for securities. For the other CGUs, there are no reasonably possible changes in key assumptions that would result in an impairment.

In light of continuing, global macro-economic and geopolitical uncertainty, the Board keeps the carrying value of goodwill under constant review and continually monitors for any potential indicators of impairment.

15 Trade and other receivables

| | 2021 £m | 2020 £m |
|----------------------------|------------|------------|
| Non-current | | |
| Other receivables | 1.0 | 1.1 |
| Foreign currency contracts | - | 2.0 |
| | 1.0 | 3.1 |
| Current | | |
| Trade receivables | 97.6 | 60.1 |
| Other receivables | 7.6 | 7.8 |
| Foreign currency contracts | 1.3 | 2.6 |
| Prepayments | 5.5 | 4.7 |
| Contract assets | 5.4 | 1.4 |
| | 117.4 | 76.6 |

15 Trade and other receivables continued

Trade receivables are non-interest bearing and are generally on terms payable within 90 days. As at 31 December 2021, the allowance for impairment of trade receivables was £12.9m (2020: £12.3m). The allowance is based on experience and ongoing market information about the creditworthiness of specific counterparties and expected credit losses in respect of the remaining balances.

The Group has unconditional rights to consideration in respect of trade receivables, except for £1.6m (2020: £1.4m) which relates to amounts invoiced in respect of subscriptions where revenue is recognised over time and the right to payment is conditional on satisfying this performance obligation. These amounts are deferred as revenue and included within the contract liability balance. See note 20.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of invoices over a period of 36 months before 1 January 2021 and the corresponding historical credit losses experienced within this period. These are then adjusted, if necessary, to reflect current and forward-looking information, such as the general economic condition of the market in which the counterparty operates.

The following table shows the exposure to credit risk and expected credit losses of trade receivables as at 31 December:

| | 2021 | | | 2020 | | |
|----------------|--------------------|-----------------------------|----------------------|--------------------|-----------------------------|----------------------|
| | Expected loss rate | Gross carrying amount £m | Loss allowance £m | Expected loss rate | Gross carrying amount £m | Loss allowance £m |
| 0 - 3 months | 3.2% | 89.4 | 2.9 | 2.5% | 52.7 | 1.3 |
| 3 - 12 months | 23.4% | 14.5 | 3.4 | 30.4% | 12.5 | 3.8 |
| Over 12 months | 100.0% | 6.6 | 6.6 | 100.0% | 7.2 | 7.2 |
| | | 110.5 | 12.9 | | 72.4 | 12.3 |

Movements in the loss allowance for trade receivables were as follows:

| | 2021 £m | 2020 £m |
|--|-------------|-------------|
| At 1 January | 12.3 | 14.2 |
| Release of loss allowance | (6.6) | (7.2) |
| Receivables written off during the year as uncollectible | (2.0) | (3.0) |
| Increase in loss allowance | 9.2 | 8.7 |
| Foreign exchange differences | - | (0.4) |
| At 31 December | 12.9 | 12.3 |

Included within the movements in the loss allowance were amounts which were provided at the time of invoicing for which no revenue has been recognised, because collectability was not considered probable; see note 2. The other classes within trade and other receivables do not include any impaired items.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

| | 2021 £m | 2020 £m |
|------------------|------------|------------|
| US dollar | 74.9 | 42.6 |
| Sterling | 11.2 | 11.1 |
| Norwegian krone | 7.7 | 4.7 |
| Other currencies | 3.8 | 1.7 |
| | 97.6 | 60.1 |

16 Investments

| | 2021 £m | 2020 £m |
|---|-------------|------------|
| Non-current | | |
| Financial assets at fair value through profit or loss | 1.0 | 1.2 |
| Financial assets at fair value through other comprehensive income | - | 1.7 |
| | 1.0 | 2.9 |
| Current | | |
| Cash on deposit | 2.8 | 22.8 |
| Government bonds | 6.8 | - |
| Financial assets at fair value through profit or loss | 0.7 | 8.3 |
| | 10.3 | 31.1 |

The non-current financial assets at fair value through profit or loss relate to equity and other investments. The financial asset at fair value through other comprehensive income represented an investment in CargoMetrics Technologies LLC. The Group held deposits totalling £2.8m (2020: £22.8m) with maturity periods greater than three months and £6.8m held-to-maturity government bonds (2020: £nil). Current financial assets at fair value through profit or loss relate to convertible bonds in the Financial segment.

17 Inventories

| | 2021 £m | 2020 £m |
|----------------|------------|------------|
| Finished goods | 1.5 | 1.3 |

The cost of inventories recognised as an expense and included in cost of sales amounted to £9.6m (2020: £8.2m).

18 Cash and cash equivalents

| | 2021 £m | 2020 £m |
|--------------------------|--------------|------------|
| Cash at bank and in hand | 260.7 | 172.4 |
| Short-term deposits | 0.9 | 1.0 |
| | 261.6 | 173.4 |

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £261.6m (2020: £173.4m).

Included in cash at bank and in hand is £3.4m (2020: £4.1m) of restricted funds relating to employee taxes and other commitments.

19 Interest-bearing loans and borrowings

| | 2021 £m | 2020 £m |
|--------------------|------------|------------|
| Non-current | | |
| Bank loans | - | 0.1 |

Non-current bank loans were repaid during the year.

20 Trade and other payables

| | 2021 £m | 2020 £m |
|-------------------------------|--------------|--------------|
| Current | | |
| Trade payables | 39.4 | 17.0 |
| Other payables | 8.3 | 10.1 |
| Other tax and social security | 6.7 | 6.8 |
| Deferred consideration | - | 0.1 |
| Accruals | 172.8 | 119.6 |
| Deferred income | - | 0.1 |
| Contract liabilities | 8.2 | 6.9 |
| | 235.4 | 160.6 |
| Non-current | | |
| Other payables | 2.0 | 2.7 |
| Foreign currency contracts | 0.7 | - |
| | 2.7 | 2.7 |

Included in accruals are bonuses which will be paid out subsequent to the year-end.

Trade payables and other payables are non-interest bearing and are normally settled on demand.

21 Lease liabilities

| | 2021 £m | 2020 £m |
|--------------------|------------|------------|
| Current | | |
| Lease liabilities | 9.7 | 8.4 |
| Non-current | | |
| Lease liabilities | 44.1 | 47.7 |

A maturity analysis of undiscounted lease liability payments is included within note 28.

Included within lease liabilities are £11.9m (2020: £13.6m) of leases where payments are linked to an index. The liabilities in relation to these leases are only adjusted as and when the change in rental cash flows takes effect.

22 Provisions

| | 2021 £m | 2020 £m |
|--------------------------|------------|------------|
| Current | | |
| At 1 January | 0.5 | 0.3 |
| Arising during the year | 0.1 | 0.2 |
| At 31 December | 0.6 | 0.5 |
| Non-current | | |
| At 1 January | 1.5 | 1.5 |
| Utilised during the year | 0.1 | - |
| At 31 December | 1.6 | 1.5 |

Provisions have been recognised for the dilapidation of various leasehold premises which will be utilised on cessation of the lease and for certain employee benefits. Provisions have been recognised for the dilapidation of various leasehold premises of £1.5m (2020: £1.5m) which will be utilised on cessation of the lease and £0.7m (£0.5m) in relation to provisions for employee benefits.

23 Share-based payment plans

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Expense arising from equity-settled share-based payment transactions | 1.8 | 1.4 |

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2021 or 2020.

Share options

Long-term incentive awards

Details of the long-term incentive awards are included in the Directors' Remuneration Report on page 141. Awards made to the Directors are given in the Directors' Remuneration Report on page 134. The fair value of awards that are not subject to a market-based performance condition were valued using a Black-Scholes model. The fair value of awards subject to a market-based performance condition were valued using a Monte Carlo model. For awards subject to a holding period a Chaffe protective put method was used to estimate a discount for the lack of marketability.

ShareSave scheme

The ShareSave scheme (or local equivalent) enables eligible employees to acquire options to purchase ordinary shares in the Company at a discount. To participate in the scheme, the employees are required to save a set amount each month, up to a maximum of £500 per month, for a period of 24-36 months, depending on their jurisdiction. Under the terms of the scheme, at the end of the savings period the employees are entitled to purchase shares using their savings at a price of 15-20% (depending on jurisdiction) below the market price at grant date. Only employees that remain in service at the end of the savings period and make the required savings from their monthly salary for the savings period will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount from their monthly salary, or elect not to exercise their option to purchase shares will be refunded their full savings. The fair value of these awards was valued using a Black-Scholes model.

Movements in the year

The following table illustrates the number of, and movements in, share options during the year:

| | Outstanding at 1 January 2021 | Granted in year | Lapsed in year | Exercised in year | Outstanding at 31 December 2021 | Exercisable at 31 December 2021 | Weighted average contractual life Years |
|---|-------------------------------------|--------------------|-------------------|----------------------|---------------------------------------|---------------------------------------|---|
| Long-term incentive awards ¹ | 155,178 | 46,760 | - | (41,935) | 160,003 | - | 8.25 |
| 2017 ShareSave ² | 35,638 | - | (8,907) | (26,731) | - | - | - |
| 2018 ShareSave ³ | 65,274 | - | (2,865) | (45,191) | 17,218 | 17,218 | 0.33 |
| 2019 ShareSave ⁴ | 188,770 | - | (15,494) | (8,492) | 164,784 | - | 1.33 |
| 2020 ShareSave ⁵ | 129,101 | - | (14,919) | (181) | 114,001 | - | 2.29 |
| 2021 ShareSave ⁶ | - | 68,545 | (2,232) | - | 66,313 | - | 3.24 |
| | 573,961 | 115,305 | (44,417) | (122,530) | 522,319 | 17,218 | |

The range of exercise prices for share options outstanding at the year-end are: ¹ £nil, ² £22.50, ³ £22.12, ⁴ £18.30-£20.74, ⁵ £19.28-£19.87, ⁶ £31.44-£32.18.

The weighted average exercise price for each movement in share options are as follows:

| | Outstanding at 1 January 2021 £ | Granted in year £ | Lapsed in year £ | Exercised in year £ | Outstanding at 31 December 2021 £ | Exercisable at 31 December 2021 £ |
|----------------------------|--|-------------------------|------------------------|---------------------------|--|--|
| Long-term incentive awards | - | - | - | - | - | - |
| ShareSave | 19.61 | 31.48 | 20.41 | 22.08 | 21.21 | 22.12 |
| Total | 14.31 | 18.72 | 20.41 | 14.53 | 14.71 | 22.12 |

The weighted average share price at the date of exercise was £35.93.

23 Share-based payment plans continued

The following table illustrates the number of, and movements in, share options for the previous year:

| | Outstanding at 1 January 2020 | Granted in year | Lapsed in year | Exercised in year | Outstanding at 31 December 2020 | Exercisable at 31 December 2020 | Weighted average contractual life Years |
|---|-------------------------------------|--------------------|-------------------|----------------------|---------------------------------------|---------------------------------------|---|
| Long-term incentive awards ¹ | 154,977 | 56,210 | (50,261) | (5,748) | 155,178 | 31,083 | 8.00 |
| 2016 ShareSave ² | 4,413 | - | - | (4,413) | - | - | - |
| 2017 ShareSave ³ | 61,618 | - | (3,293) | (22,687) | 35,638 | 35,638 | 0.24 |
| 2018 ShareSave ⁴ | 77,486 | - | (10,790) | (1,422) | 65,274 | - | 1.33 |
| 2019 ShareSave ⁵ | 215,066 | - | (25,456) | (840) | 188,770 | - | 2.25 |
| 2020 ShareSave ⁶ | - | 131,008 | (1,907) | - | 129,101 | - | 3.29 |
| | 513,560 | 187,218 | (91,707) | (35,110) | 573,961 | 66,721 | |

The range of exercise prices for outstanding share options are: ¹ £nil, ² £17.19, ³ £22.50, ⁴ £22.12, ⁵ £18.30-£20.74, ⁶ £19.28-£19.87.

The weighted average exercise price for each movement in share options are as follows:

| | Outstanding at 1 January 2020 £ | Granted in year £ | Lapsed in year £ | Exercised in year £ | Outstanding at 31 December 2020 £ | Exercisable at 31 December 2020 £ |
|----------------------------|--|-------------------------|------------------------|---------------------------|--|--|
| Long-term incentive awards | - | - | - | - | - | - |
| ShareSave | 19.90 | 19.29 | 19.75 | 21.56 | 19.61 | 22.50 |
| Total | 13.90 | 13.50 | 8.93 | 18.03 | 14.31 | 12.02 |

The weighted average share price at the date of exercise was £26.01.

Significant inputs

The inputs into the models used to value options granted in the period fell within the following ranges:

| | 2021 | 2020 |
|----------------------------------|--------------------|-------------|
| Share price at date of grant (£) | 29.00-38.90 | 23.00-24.00 |
| Exercise price (£) | 0.00-32.18 | 0.00-19.87 |
| Expected term (years) | 2.0-3.3 | 2.0-3.3 |
| Risk-free interest rate (%) | 0.2-0.4 | (0.1)-0.0 |
| Expected dividend yield (%) | 0.0-2.1 | 0.0-3.4 |
| Expected volatility (%) | 35.1-37.5 | 36.1-36.5 |

Expected volatility is calculated using historical data, where available, over the period of time commensurate with the remaining performance period for long-term incentive awards and the expected award term for the ShareSave scheme, as at the date of grant.

Other employee incentives

During the year, 264,634 shares (2020: 285,941 shares) at a weighted average price of £28.87 (2020: £23.57) were awarded to employees in settlement of 2020 (2019) cash bonuses. There was no expense in 2021 nor 2020 as a result of these awards.

The fair value of these shares was determined based on the market price at the date of grant.

24 Employee benefits

The Group operates three final salary defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme, all within the UK. The schemes are all registered as occupational pension schemes with HMRC and are subject to UK legislation and oversight from the Pensions Regulator. These are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. Responsibility for governance of each scheme lies with the respective board of trustees in accordance with the rules applicable to that scheme. Currently each board of trustees includes a representative of the relevant principal employer. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006. The Stewarts scheme was closed to further accrual on 1 January 2004.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. UK legislation requires that pension schemes are funded prudently and must adhere to the statutory funding objective. Triennial valuations for all the schemes have been prepared as detailed below.

The valuation of the Clarkson PLC scheme showed a pension surplus on an ongoing basis of £6.6m (105%) as at 31 March 2019. Following the 2016 valuation, Clarkson PLC and the Trustees had agreed to cease funding with effect from 1 October 2016.

The valuation of the Plowrights scheme showed a pension surplus on an ongoing basis of £2.1m (105%) as at 31 March 2019. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 December 2019. The expenses for the scheme will be met from the surplus assets.

The valuation of the Stewarts scheme showed a pension deficit on an ongoing basis of £0.9m as at 1 September 2018. The September 2021 valuation report is underway however has yet to be finalised. Clarksons Platou (Offshore) Limited will continue to pay contributions of £0.4m per annum, which will include scheme expenses, until such time that the trustees evaluate the findings of the latest valuation and agree a payment contribution schedule to clear the deficit.

The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The largest two schemes have de-risked by replacing their equity holdings with less volatile investments.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation. The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

Overseas pension arrangements have been determined in accordance with local practice and regulations. One such defined benefit arrangement is in Greece whereby the employer is obligated to pay an indemnity to employees on retirement.

During the year, the Council of Greek Auditors considered the Interpretation Committee Agenda Decision of IFRIC and the agreement of the IFRS Board - Agenda Paper 2: 'Attributing Benefit to Periods of Service (IAS 19 Employee Benefits)'. A Working Group (consisting of experts in the field), was set up to review and examine Greek Legislation (and whether it was in 'harmony' with the Interpretation of IFRIC and could be applied to each Defined Benefit Plan). As a result of this review, an actuarial gain of £0.6m has been included in these financial statements.

The Group also operates various other defined contribution pension arrangements. Where required, the Group also makes contributions to these schemes.

24 Employee benefits continued

The Group incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following information relates to the sum of the three separate UK schemes.

Recognised in the balance sheet

| | 2021 £m | 2020 £m |
|--|-------------|-------------|
| Fair value of schemes' assets | 201.5 | 204.5 |
| Present value of funded defined benefit obligations | (174.2) | (188.6) |
| | 27.3 | 15.9 |
| Effect of asset ceiling in relation to the Plowrights scheme | (5.3) | (3.9) |
| Net benefit asset recognised in the balance sheet | 22.0 | 12.0 |

The net benefit asset disclosed above is the combined total of the three UK schemes. The Clarkson PLC scheme has a surplus of £25.8m (2020: £18.1m), the Plowrights scheme has a surplus of £nil (2020: £nil) and the Stewarts scheme has a deficit of £3.8m (2020: £6.1m). As there is no right of set-off between the schemes, the benefit asset of £25.8m (2020: £18.1m) is disclosed separately on the balance sheet from the benefit liability of £3.8m (2020: £6.1m).

The surplus in the Clarkson PLC scheme is recognised, as there are future economic benefits available in the form of a reduction in future contributions to the defined contribution section of the scheme and, in the event of wind up, excess surplus is refundable to the Group. There are no such future economic benefits in respect of the Plowrights scheme and therefore the surplus of £5.3m (2020: £3.9m) cannot be recognised.

A deferred tax asset on the benefit liability amounting to £0.9m (2020: £1.2m) and a deferred tax liability on the benefit asset of £6.5m (2020: £3.4m) is shown in note 7.

Recognised in the income statement

| | 2021 £m | 2020 £m |
|--|--------------|--------------|
| Recognised in other finance income - pensions: | | |
| Expected return on schemes' assets | 2.8 | 3.9 |
| Interest cost on benefit obligation and asset ceiling | (2.7) | (3.7) |
| Recognised in administrative expenses: | | |
| Past service costs | - | (0.4) |
| Scheme administrative expenses | (0.3) | (0.3) |
| Net benefit charge recognised in the income statement | (0.2) | (0.5) |

Recognised in the statement of comprehensive income

| | 2021 £m | 2020 £m |
|--|------------|--------------|
| Actual return on schemes' assets | 3.6 | 22.2 |
| Less: expected return on schemes' assets | (2.8) | (3.9) |
| Actuarial gain on schemes' assets | 0.8 | 18.3 |
| Actuarial gain/(loss) on defined benefit obligations | 10.2 | (17.2) |
| Actuarial gain recognised in the statement of comprehensive income | 11.0 | 1.1 |
| Tax charge on actuarial gain | (2.0) | (0.1) |
| Effect of asset ceiling in relation to the Plowrights scheme | (1.3) | - |
| Tax credit on asset ceiling | 0.2 | - |
| Tax charge on change in tax rates | (1.3) | - |
| Net actuarial gain on employee benefit obligations | 6.6 | 1.0 |
| Cumulative amount of actuarial gains/(losses) recognised in the statement of comprehensive income | 9.3 | (1.7) |

24 Employee benefits continued

Schemes' assets

| | % | 2021 £m | % | 2020 £m |
|-----------------------|--------------|--------------|-------|------------|
| Equities* | 2.7 | 5.4 | 2.8 | 5.7 |
| Government bonds* | 44.0 | 88.6 | 39.4 | 80.5 |
| Corporate bonds* | 28.3 | 57.1 | 32.8 | 67.1 |
| Investment funds* | 23.7 | 47.7 | 24.2 | 49.5 |
| Cash and other assets | 1.3 | 2.7 | 0.8 | 1.7 |
| | 100.0 | 201.5 | 100.0 | 204.5 |

* Based on quoted market prices.

Net defined benefit asset

Changes in the fair value of the net defined benefit asset are as follows:

31 December 2021

| | Present value of obligation £m | Fair value of plan assets £m | Total £m | Impact of asset ceiling £m | Total £m |
|----------------------------|--------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
| At 1 January 2021 | (188.6) | 204.5 | 15.9 | (3.9) | 12.0 |
| Expected return on assets | - | 2.8 | 2.8 | - | 2.8 |
| Interest costs | (2.5) | - | (2.5) | (0.1) | (2.6) |
| Employer contributions | - | 0.4 | 0.4 | - | 0.4 |
| Administrative expenses | - | (0.3) | (0.3) | - | (0.3) |
| Benefits paid | 6.7 | (6.7) | - | - | - |
| Actuarial gain/(loss) | 10.2 | 0.8 | 11.0 | (1.3) | 9.7 |
| At 31 December 2021 | (174.2) | 201.5 | 27.3 | (5.3) | 22.0 |

31 December 2020

| | Present value of obligation £m | Fair value of plan assets £m | Total £m | Impact of asset ceiling £m | Total £m |
|----------------------------|--------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
| At 1 January 2020 | (179.9) | 194.7 | 14.8 | (3.8) | 11.0 |
| Expected return on assets | - | 3.9 | 3.9 | - | 3.9 |
| Interest costs | (3.6) | - | (3.6) | (0.1) | (3.7) |
| Employer contributions | - | 0.4 | 0.4 | - | 0.4 |
| Administrative expenses | - | (0.3) | (0.3) | - | (0.3) |
| Past service costs | (0.4) | - | (0.4) | - | (0.4) |
| Benefits paid | 12.5 | (12.5) | - | - | - |
| Actuarial (loss)/gain | (17.2) | 18.3 | 1.1 | - | 1.1 |
| At 31 December 2020 | (188.6) | 204.5 | 15.9 | (3.9) | 12.0 |

The Group expects, based on the valuations and funding requirements including expenses, to contribute £0.4m to its defined benefit pension schemes in 2022 (2020 for 2021: £0.3m).

The principal weighted average valuation assumptions are as follows:

| | 2021 % | 2020 % |
|---|-----------|-----------|
| Rate of increase in pensions in payment | 3.3 | 3.0 |
| Price inflation (RPI) | 3.4 | 3.0 |
| Price inflation (CPI) | 3.1 | 2.0 |
| Discount rate for scheme liabilities | 1.8 | 1.4 |

24 Employee benefits continued

The mortality assumptions used to assess the defined benefit obligations at 31 December 2021 and 31 December 2020 are based on the 'SAPS' standard mortality tables (SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 95% (31 December 2020: 90%), SP3A Light for the Plowrights scheme and SP2A for the Stewarts scheme). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2021 (31 December 2020: model published in 2020). Examples of the assumed future life expectancy are given in the table below:

| | | Additional years | |
|--|----------|------------------|------------|
| | | 2021 £m | 2020 £m |
| Post-retirement life expectancy on retirement at age 65: | | | |
| Pensioners retiring in the year | - male | 21.8-23.4 | 21.8-23.4 |
| | - female | 23.8-24.9 | 23.7-25.1 |
| Pensioners retiring in 20 years' time | - male | 23.1-24.6 | 23.1-24.6 |
| | - female | 25.3-26.3 | 25.3-26.6 |

Experience adjustments

| | 2021 £m | 2020 £m |
|---|--------------|------------|
| Experience gain on schemes' assets | 0.8 | 18.3 |
| Gain on schemes' liabilities due to changes in demographic assumptions | 2.8 | 0.4 |
| Gain/(loss) on schemes' liabilities due to changes in financial assumptions | 4.3 | (17.6) |
| Gain on schemes' liabilities due to experience adjustments | 3.1 | - |
| Loss on asset ceiling | (1.3) | - |
| Actuarial gain | 9.7 | 1.1 |
| Income tax on actuarial gain | (3.1) | (0.1) |
| Actuarial gain - net of tax | 6.6 | 1.0 |

Sensitivities

The table below shows the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The impact of changes to each assumption is shown in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. A change of 0.25% is deemed appropriate given the movement in assumptions during the current and previous years. The sensitivities have been calculated using the same methodology as the main calculations. The weighted average duration of the defined obligation is 18 years.

| | 2021 | | 2020 | |
|--------------------------------------|---------------------------------|--------------------------------------|----------------------|--------------------------------------|
| | Change in assumption | Change in defined benefit obligation | Change in assumption | Change in defined benefit obligation |
| Discount rate for scheme liabilities | +0.25% (0.25%) | (4.0%) 4.3% | +0.25% (0.25%) | (4.1%) 4.3% |
| Price inflation (RPI) | +0.25% (0.25%) | 3.2% (3.0%) | +0.25% (0.25%) | 3.4% (3.2%) |

An increase of one year in the assumed life expectancy for both males and females would increase the benefit obligation by 4.6% (2020: 4.6%).

25 Share capital

Ordinary shares of 25p each, issued and fully paid:

| | Number of shares | 2021 £m | Number of shares | 2020 £m |
|-----------------------|-------------------|------------|------------------|------------|
| At 1 January | 30,399,893 | 7.6 | 30,370,776 | 7.6 |
| Additions | 80,871 | - | 29,117 | - |
| At 31 December | 30,480,764 | 7.6 | 30,399,893 | 7.6 |

During the year, the Company issued 80,871 shares (2020: 29,117) in relation to the ShareSave scheme. The difference between the exercise price (ranging from £18.30-£22.50 (2020: £17.19-£22.50)) and the nominal value of £0.25 was taken to the share premium account, see note 26.

Shares held by employee trusts

The trustees have waived their right to dividends on the unallocated shares held in the employee share trust.

26 Other reserves
31 December 2021

| | Share premium £m | ESOP reserve £m | Employee benefits reserve £m | Capital redemption reserve £m | Hedging reserve £m | Merger reserve £m | Currency translation reserve £m | Total £m |
|---|---------------------|--------------------|---------------------------------|----------------------------------|-----------------------|----------------------|------------------------------------|--------------|
| At 1 January 2021 | 32.1 | (0.7) | 3.8 | 2.0 | 3.7 | 55.7 | 8.0 | 104.6 |
| Other comprehensive (loss)/income: | | | | | | | | |
| Foreign exchange differences on retranslation of foreign operations | - | - | - | - | - | - | 0.5 | 0.5 |
| Foreign currency hedges recycled to profit or loss - net of tax | - | - | - | - | (2.4) | - | - | (2.4) |
| Foreign currency hedge revaluations - net of tax | - | - | - | - | (0.8) | - | - | (0.8) |
| Total other comprehensive (loss)/income | - | - | - | - | (3.2) | - | 0.5 | (2.7) |
| Share issues | 1.8 | - | - | - | - | - | - | 1.8 |
| Employee share schemes: | | | | | | | | |
| Share-based payments expense | - | - | 1.8 | - | - | - | - | 1.8 |
| Transfer to profit and loss on vesting | - | 1.9 | (1.7) | - | - | - | - | 0.2 |
| Net ESOP shares acquired | - | (1.7) | - | - | - | - | - | (1.7) |
| Total employee share schemes | - | 0.2 | 0.1 | - | - | - | - | 0.3 |
| At 31 December 2021 | 33.9 | (0.5) | 3.9 | 2.0 | 0.5 | 55.7 | 8.5 | 104.0 |

31 December 2020

| | Share premium £m | ESOP reserve £m | Employee benefits reserve £m | Capital redemption reserve £m | Hedging reserve £m | Merger reserve £m | Currency translation reserve £m | Total £m |
|---|---------------------|--------------------|---------------------------------|----------------------------------|-----------------------|----------------------|------------------------------------|--------------|
| At 1 January 2020 | 31.5 | - | 3.0 | 2.0 | 0.6 | 110.4 | 10.9 | 158.4 |
| Other comprehensive income/(loss): | | | | | | | | |
| Foreign exchange differences on retranslation of foreign operations | - | - | - | - | - | - | (2.9) | (2.9) |
| Foreign currency hedges recycled to profit or loss - net of tax | - | - | - | - | 1.5 | - | - | 1.5 |
| Foreign currency hedge revaluations - net of tax | - | - | - | - | 1.6 | - | - | 1.6 |
| Total other comprehensive income/(loss) | - | - | - | - | 3.1 | - | (2.9) | 0.2 |
| Transfer to profit and loss | - | - | - | - | - | (54.7) | - | (54.7) |
| Share issues | 0.6 | - | - | - | - | - | - | 0.6 |
| Employee share schemes: | | | | | | | | |
| Share-based payments expense | - | - | 1.4 | - | - | - | - | 1.4 |
| Transfer to profit and loss on vesting | - | 0.5 | (0.6) | - | - | - | - | (0.1) |
| Net ESOP shares acquired | - | (1.2) | - | - | - | - | - | (1.2) |
| Total employee share schemes | - | (0.7) | 0.8 | - | - | - | - | 0.1 |
| At 31 December 2020 | 32.1 | (0.7) | 3.8 | 2.0 | 3.7 | 55.7 | 8.0 | 104.6 |

26 Other reserves continued

Nature and purpose of other reserves

ESOP reserve

The ESOP reserve in the Group represents 13,905 shares (2020: 27,982 shares) held by the share purchase trusts to meet obligations under various incentive schemes. The shares are stated at cost. The market value of these shares at 31 December 2021 was £0.5m (2020: £0.8m). At 31 December 2021 none of these shares were under option (2020: none). During the year the share purchase trusts acquired 389,411 shares at a weighted average price of £33.93 (2020: 371,200 shares at £24.94), offset with shares utilised to settle employee incentives; see note 23 for further details of share incentive schemes. For the purposes of the cash flow statement, £11.3m (2020: £9.1m) of the above are netted within the movements in bonus accrual.

Employee benefits reserve

The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees. Details are included in note 23.

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by Clarkson PLC.

Hedging reserve

This reserve comprises the effective portion of the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred. Realised hedges are recycled to the statement of comprehensive income. Movements are net of tax. Further details on hedging are shown in note 28.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the acquisition of Clarksons Platou AS (formerly RS Platou ASA). No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006. In 2020, the Company impaired its investment in relation to this acquisition. As a result, corresponding transfers were made out of this reserve to retained earnings. The transfer from merger reserve is different from the impairment charge recognised in the Group due to the relative carrying values recorded in the Group and Parent Company accounts.

Currency translation reserve

The currency translation reserve represents the currency translation differences arising from the consolidation of foreign operations.

27 Financial commitments and contingencies

Contingencies

The Group has given no financial commitments to suppliers (2020: none).

The Group has given no guarantees (2020: none).

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance.

There is currently no litigation that is expected to have a material adverse financial impact on the Group's consolidated results or net assets.

The Group also maintained throughout the financial year Directors' and Officers' liability insurance in respect of its Directors.

28 Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables and lease liabilities. The Group's principal financial assets are trade receivables, investments and cash and cash equivalents and short-term deposits, which arise directly from its operations.

The Group has not entered into derivative transactions other than the forward currency contracts explained later in this section. It is, and has been throughout 2021 and 2020, the Group's policy that no trading in derivatives shall be undertaken for speculative purposes.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. Credit risk arises when debtors fail to pay their obligations. Receivable balances are monitored on an ongoing basis and any potential bad debts identified at an early stage. The maximum exposure is the carrying amounts as disclosed in note 15; based on experience and ongoing market information about the creditworthiness of counterparties, we reasonably expect to collect all amounts unimpaired. There are no significant concentrations of credit risk within the Group, due to the large number of customers comprising the Group's customer base.

Trade receivables are written off when there is no reasonable expectation of recovery, such as the commencement of legal proceedings, financial difficulties of the counterparty, or a significant time period has elapsed since the debt was due. Impairment losses on trade receivables are presented within revenue. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets are written off when there is no reasonable expectation of recovery, such as the commencement of legal proceedings, financial difficulties of the counterparty, or a significant time period has elapsed since the debt was due.

With respect to credit risk arising from cash and cash equivalents and deposits held as current investments, these are considered low risk as the financial institutions used are closely monitored by the Group treasury function to ensure they are held with creditworthy institutions and to ensure there is no over-exposure to any one institution.

For all financial assets held, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

28 Financial risk management objectives and policies continued

Liquidity risk

The Group seeks to ensure that sufficient liquidity exists in the right locations to meet the Group's financial obligations and related funding requirements in a timely manner, including dividends and taxes, and provide funds for capital expenditure and investment opportunities as they arise. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements are monitored by the Group's Finance function with cash flow forecasting performed at both an entity and Group level. As a normal part of its operations, the Group could face liquidity issues if it experienced a sustained reduction in profitability, problems in the collection of debts from clients or unplanned expenditure.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2021

| | Less than 3 months £m | 3 to 12 months £m | 1 to 5 years £m | 5 to 10 years £m | Over 10 years £m | Total £m |
|---|-----------------------------|-------------------------|-----------------------|------------------------|------------------------|-------------|
| Trade and other payables | 47.7 | - | 2.0 | - | - | 49.7 |
| Gross settled foreign currency contracts: | | | | | | |
| Outflow | 7.4 | 33.4 | 40.9 | - | - | 81.7 |
| Inflow | (7.7) | (34.4) | (40.2) | - | - | (82.3) |
| Lease liabilities | 3.5 | 8.7 | 44.1 | 25.3 | 0.5 | 82.1 |
| | 50.9 | 7.7 | 46.8 | 25.3 | 0.5 | 131.2 |

31 December 2020

| | Less than 3 months £m | 3 to 12 months £m | 1 to 5 years £m | 5 to 10 years £m | Over 10 years £m | Total £m |
|---|-----------------------------|-------------------------|-----------------------|------------------------|------------------------|-------------|
| Interest-bearing loans and borrowings | - | - | 0.1 | - | - | 0.1 |
| Trade and other payables | 27.1 | - | 2.7 | - | - | 29.8 |
| Deferred consideration | - | 0.1 | - | - | - | 0.1 |
| Gross settled foreign currency contracts: | | | | | | |
| Outflow | 9.1 | 31.1 | 32.8 | - | - | 73.0 |
| Inflow | (9.7) | (33.1) | (34.8) | - | - | (77.6) |
| Lease liabilities | 2.8 | 7.6 | 36.7 | 17.5 | - | 64.6 |
| | 29.3 | 5.7 | 37.5 | 17.5 | - | 90.0 |

The following table shows the total liabilities arising from financing activities.

| | 2021 | | | 2020 | | |
|-----------------------------|---|----------------------------|-------------|---|----------------------------|-------------|
| | Interest-bearing loans and borrowings £m | Lease liabilities £m | Total £m | Interest-bearing loans and borrowings £m | Lease liabilities £m | Total £m |
| At 1 January | 0.1 | 56.1 | 56.2 | 1.2 | 62.3 | 63.5 |
| Cash flows - principal | (0.1) | (9.1) | (9.2) | (1.2) | (8.9) | (10.1) |
| Cash flows - interest | - | (2.0) | (2.0) | - | (2.1) | (2.1) |
| Interest charges | - | 2.0 | 2.0 | - | 2.1 | 2.1 |
| Other non-cash movements | - | 7.1 | 7.1 | - | 2.9 | 2.9 |
| Foreign exchange adjustment | - | (0.3) | (0.3) | 0.1 | (0.2) | (0.1) |
| At 31 December | - | 53.8 | 53.8 | 0.1 | 56.1 | 56.2 |

Other non-cash movements include the net impact of additions, modifications and terminations during the year.

28 Financial risk management objectives and policies continued

Foreign exchange risk

The Group has transactional currency exposures arising from revenues and expenses in currencies other than its functional currency, which can significantly impact results and cash flows. The Group's revenue is mainly denominated in US dollars and the majority of expenses are denominated in local currencies. The Group also has balance sheet exposures, either at the local entity level where monetary assets and liabilities are held in currencies other than the functional currency, or at a Group level on the retranslation of non-sterling balances into the Group's functional currency.

Our aim is to manage this risk by reducing the impact of any fluctuations. The Group hedges currency exposure through forward sales of US dollar revenues. US dollars are also sold on the spot market to meet local currency expenditure requirements. Rates of exchange, non-sterling balances and asset exposures by currency are continually assessed.

The Group is most sensitive to changes in the US dollar exchange rates. The sensitivity analysis assumes an instantaneous 5% change in the US dollar exchange rates from their levels at 31 December 2021, with all other variables held constant. The following table demonstrates the sensitivity to a reasonably possible change in this rate, with all other variables held constant, of the Group's profit before taxation and equity.

| | Strengthening/ (weakening) in rate | Effect on profit before taxation £m | Effect on equity £m |
|-------------|--|--|---------------------------|
| 2021 | 5% | 1.6 | (1.9) |
| | (5%) | (1.4) | 1.7 |
| 2020 | 5% | 1.0 | (2.1) |
| | (5%) | (0.9) | 1.9 |

Derivative financial instruments

It is the Group's policy to cover or hedge a proportion of its future transactional US dollar revenues in the UK with foreign currency contracts. The strategy is to protect the Group against a significant weakening of the US dollar. See note 4 for total revenues generated in the UK which are predominantly US dollar-denominated. The Group considers the hedge to be effective if each forward contract is settled with the bank and the US dollars sold represent collections from previous months' invoicing. Should the hedging ratio be greater than one (that is, contracted sales are greater than US dollar revenues) then the hedge is deemed to be ineffective. Where these are designated and documented as hedging instruments in the context of IFRS 9 and are demonstrated to be effective, mark-to-market gains and losses are recognised directly in equity (see note 26). These are transferred to the income statement, within revenue, upon receipt of cash and conversion to sterling of the underlying item being hedged. All of the contracts settled during the year were effective. There were no contracts deemed ineffective during the year.

The fair value of foreign currency contracts at 31 December are as follows:

| | Assets | | Liabilities | |
|----------------------------|------------|------------|-------------|------------|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| Foreign currency contracts | 1.3 | 4.6 | 0.7 | - |

At 31 December 2021 the Group had forward contracts of US\$55m due for settlement in 2022 at an average rate of US\$1.31/£1, US\$30m due for settlement in 2023 at an average rate of US\$1.37/£1 and US\$25m due for settlement in 2024 at an average rate of US\$1.37/£1 (2020: US\$55m due for settlement in 2021 at an average rate of US\$1.28/£1 and US\$45m due for settlement in 2022 at an average rate of US\$1.29/£1).

28 Financial risk management objectives and policies continued

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as equity as shown in the consolidated balance sheet.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2021 or 31 December 2020. These financial statements are prepared on the going concern basis and the Group continues to pay dividends.

A number of the Group's trading entities are subject to regulation by the Norwegian FSA, the FCA in the UK, the MAS in Singapore and the NFA, SEC and FINRA in the US. Regulatory capital at an entity level depends on the jurisdiction in which it is incorporated. In each case, the approach is to hold an appropriate surplus over the local minimum requirement. Each regulated entity complied with their regulatory capital requirements throughout the year.

29 Financial instruments

Fair values

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December.

| | Level 1 | | Level 2 | | Level 3 | |
|--|------------|------------|------------|------------|------------|------------|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| Assets | | | | | | |
| Investments at fair value through profit or loss ('FVPL') | 0.5 | 0.5 | 1.2 | 9.0 | - | - |
| Investments at fair value through other comprehensive income ('FVOCI') | - | - | - | - | - | 1.7 |
| Foreign currency contracts | - | - | 1.3 | 4.6 | - | - |
| | 0.5 | 0.5 | 2.5 | 13.6 | - | 1.7 |
| Liabilities | | | | | | |
| Other payables | - | 2.8 | - | - | - | - |
| Foreign currency contracts | - | - | 0.7 | - | - | - |
| | - | 2.8 | 0.7 | - | - | - |

FVPL investments are valued based on quoted prices in an active market (Level 1) or based on quoted prices for similar assets (Level 2); FVOCI investments are categorised as Level 3 as the shares are not listed on an exchange and there were no recent observable arm's-length transactions in the shares. The fair value of the foreign currency contracts are calculated by management based on external valuations received. These valuations are calculated based on forward exchange rates at the balance sheet date. Other payables relates to short sales of equity investments and are valued using quoted prices in an active market.

Investment properties are not measured at fair value, but the fair value is disclosed in note 11.

29 Financial instruments continued

The classification of financial assets and financial liabilities at 31 December is as follows:

Financial assets

| | 2021 | | | | 2020 | | | | |
|----------------------------|---------------------------|---|----------------------|-------------|---------------------------|---|---|----------------------|-------------|
| | Hedging instruments £m | Fair value through profit or loss £m | Amortised cost £m | Total £m | Hedging instruments £m | Fair value through profit or loss £m | Fair value through other comprehensive income £m | Amortised cost £m | Total £m |
| Other receivables | - | - | 8.6 | 8.6 | - | - | - | 8.9 | 8.9 |
| Investments | - | 1.7 | 9.6 | 11.3 | - | 9.5 | 1.7 | 22.8 | 34.0 |
| Trade receivables | - | - | 97.6 | 97.6 | - | - | - | 60.1 | 60.1 |
| Foreign currency contracts | 1.3 | - | - | 1.3 | 4.6 | - | - | - | 4.6 |
| Cash and cash equivalents | - | - | 261.6 | 261.6 | - | - | - | 173.4 | 173.4 |
| | 1.3 | 1.7 | 377.4 | 380.4 | 4.6 | 9.5 | 1.7 | 265.2 | 281.0 |

Financial liabilities

| | 2021 | | | 2020 | | |
|---------------------------------------|---------------------------|----------------------|-------------|---|----------------------|-------------|
| | Hedging instruments £m | Amortised cost £m | Total £m | Fair value through profit or loss £m | Amortised cost £m | Total £m |
| Interest-bearing loans and borrowings | - | - | - | - | 0.1 | 0.1 |
| Trade payables | - | 39.4 | 39.4 | - | 17.0 | 17.0 |
| Other payables | - | 10.3 | 10.3 | 2.8 | 10.0 | 12.8 |
| Foreign currency contracts | 0.7 | - | 0.7 | - | - | - |
| Deferred consideration | - | - | - | - | 0.1 | 0.1 |
| Lease liabilities | - | 53.8 | 53.8 | - | 56.1 | 56.1 |
| | 0.7 | 103.5 | 104.2 | 2.8 | 83.3 | 86.1 |

The carrying value of current and non-current financial assets and liabilities is deemed to equate to the fair value at 31 December 2021 and 2020.

Net gains/(losses) on financial assets at fair value through profit or loss amounted to £1.3m (2020: (£0.4m)). Net losses on financial assets at fair value through other comprehensive income were £1.7m (2020: £2.1m). Net losses on financial liabilities at fair value through profit or loss amounted to £0.3m (2020: £0.3m). Gains/(losses) on trade receivables (measured at amortised cost) are shown in note 15.

30 Related party transactions

As in 2020, the Group did not enter into any related party transactions during the year, except as noted below.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Group apart from the Clarkson PLC Directors. Details of their compensation are set out below.

| | 2021 £m | 2020 £m |
|------------------------------|------------|------------|
| Short-term employee benefits | 7.5 | 4.5 |
| Post-employment benefits | 0.1 | 0.1 |
| Share-based payments | 1.0 | 0.4 |
| | 8.6 | 5.0 |

Full remuneration details are provided in the Directors' Remuneration Report on pages 126 to 142.

As mentioned in the Board of Directors on page 102, Sue Harris is a Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division. Another Schroder Group company is one of the investment managers of the defined benefit section of the Clarkson PLC pension scheme. In 2020, Jeff Woyda was appointed to the Board of Trustees of The Clarkson Foundation.

31 Non-controlling interest

The non-controlling interest relates to 14 entities based in Norway, in the Financial segment.

Set out below is summarised financial information for the subsidiaries that have a non-controlling interest that are material to the Group.

| | Clarksons Platou Project Finance AS* 2021 £m | Clarksons Platou Project Sales AS* 2020 £m | Clarksons Platou Real Estate AS* 2020 £m |
|---|--|--|--|
| Summarised balance sheet | | | |
| Non-current assets | 0.1 | 0.1 | 0.7 |
| Current assets | 10.0 | 2.9 | 6.0 |
| Current liabilities | (6.6) | (1.8) | (3.6) |
| Net current assets | 3.4 | 1.1 | 2.4 |
| Net assets | 3.5 | 1.2 | 3.1 |
| Accumulated non-controlling interest | 2.4 | 0.8 | 2.2 |
| Non-controlling equity interest | 68.98% | 68.98% | 68.98% |
| Summarised statement of comprehensive income | | | |
| Revenue | 14.8 | 2.7 | 8.5 |
| Profit for the period | 4.7 | 0.6 | 3.0 |
| Profit attributable to non-controlling interest | 3.2 | 0.4 | 2.1 |
| Dividends paid to non-controlling interest | (2.5) | - | (1.0) |
| Summarised statement of cash flows | | | |
| Cash flows from operating activities | 7.0 | (1.1) | 3.4 |
| Cash flows from investing activities | (2.5) | - | - |
| Cash flows from financing activities | (6.7) | - | (2.0) |
| Total net cash (outflow)/inflow | (2.2) | (1.1) | 1.4 |

*Clarksons Platou Project Sales AS merged with Clarksons Platou Real Estate AS in 2021, changing the company name to Clarksons Platou Project Finance AS.

Parent Company balance sheet

as at 31 December

| | Notes | 2021 £m | 2020 £m |
|--------------------------------|-------|---------------|------------|
| Non-current assets | | | |
| Property, plant and equipment | C | 11.1 | 12.6 |
| Investment properties | D | 0.3 | 0.3 |
| Right-of-use assets | E | 19.7 | 19.9 |
| Investments in subsidiaries | F | 168.0 | 168.0 |
| Employee benefits | P | 25.8 | 18.1 |
| Deferred tax assets | G | - | 1.6 |
| | | 224.9 | 220.5 |
| Current assets | | | |
| Trade and other receivables | H | 57.6 | 18.7 |
| Income tax receivable | | 1.7 | 0.6 |
| Investments | I | 0.5 | 20.5 |
| Cash and cash equivalents | J | 0.1 | 0.1 |
| | | 59.9 | 39.9 |
| Current liabilities | | | |
| Trade and other payables | K | (17.1) | (13.1) |
| Lease liabilities | L | (3.7) | (2.9) |
| | | (20.8) | (16.0) |
| Net current assets | | | |
| | | 39.1 | 23.9 |
| Non-current liabilities | | | |
| Lease liabilities | L | (22.4) | (24.0) |
| Provisions | M | (1.1) | (1.0) |
| Deferred tax liabilities | N | (5.4) | (4.4) |
| | | (28.9) | (29.4) |
| Net assets | | | |
| | | 235.1 | 215.0 |
| Capital and reserves | | | |
| Share capital | Q | 7.6 | 7.6 |
| Other reserves | R | 95.5 | 93.6 |
| Retained earnings | | 132.0 | 113.8 |
| Total equity | | | |
| | | 235.1 | 215.0 |

The Company's profit for the year was £37.5m (2020: £14.3m loss).

The financial statements on pages 198 to 217 were approved by the Board on 4 March 2022, and signed on its behalf by:

Laurence Hollingworth
Chair

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Registered number: 1190238

Parent Company statement of changes in equity

for the year ended 31 December

| | Notes | Attributable to equity holders of the Parent Company | | | |
|---|-------|--|----------------------|-------------------------|--------------------|
| | | Share capital £m | Other reserves £m | Retained earnings £m | Total equity £m |
| Balance at 1 January 2021 | | 7.6 | 93.6 | 113.8 | 215.0 |
| Profit for the year | | - | - | 37.5 | 37.5 |
| Other comprehensive income: | | | | | |
| Actuarial gain on employee benefit schemes - net of tax | P | - | - | 4.6 | 4.6 |
| Total comprehensive income for the year | | - | - | 42.1 | 42.1 |
| Transactions with owners: | | | | | |
| Share issues | R | - | 1.8 | - | 1.8 |
| Employee share schemes | | - | 0.1 | (0.1) | - |
| Tax on other employee benefits | | - | - | 0.6 | 0.6 |
| Dividend paid | B | - | - | (24.4) | (24.4) |
| Total transactions with owners | | - | 1.9 | (23.9) | (22.0) |
| Balance at 31 December 2021 | | 7.6 | 95.5 | 132.0 | 235.1 |

| | Notes | Attributable to equity holders of the Parent Company | | | |
|---|-------|--|----------------------|-------------------------|--------------------|
| | | Share capital £m | Other reserves £m | Retained earnings £m | Total equity £m |
| Balance at 1 January 2020 | | 7.6 | 146.5 | 95.2 | 249.3 |
| Loss for the year | | - | - | (14.3) | (14.3) |
| Other comprehensive income: | | | | | |
| Actuarial gain on employee benefit schemes - net of tax | P | - | - | 2.3 | 2.3 |
| Total comprehensive loss for the year | | - | - | (12.0) | (12.0) |
| Transfer from merger reserve | | - | (54.7) | 54.7 | - |
| Transactions with owners: | | | | | |
| Share issues | R | - | 0.6 | - | 0.6 |
| Employee share schemes | | - | 1.2 | (0.4) | 0.8 |
| Dividend paid | B | - | - | (23.7) | (23.7) |
| Total transactions with owners | | - | 1.8 | (24.1) | (22.3) |
| Balance at 31 December 2020 | | 7.6 | 93.6 | 113.8 | 215.0 |

Parent Company cash flow statement

for the year ended 31 December

| | Notes | 2021 £m | 2020 £m |
|---|---------|---------------|---------------|
| Cash flows from operating activities | | | |
| Profit/(loss) before taxation | | 34.2 | (15.2) |
| Adjustments for: | | | |
| Foreign exchange differences | | 0.1 | (0.3) |
| Depreciation | C, D, E | 4.2 | 4.3 |
| Share-based payment expense | | 1.0 | 0.4 |
| Impairment of investment in subsidiaries | F | - | 56.2 |
| Difference between pension contributions paid and amount recognised in the income statement | | 0.2 | 0.6 |
| Finance income | | (50.0) | (48.2) |
| Finance costs | | 0.7 | 0.8 |
| Other finance income - pensions | | (0.3) | (0.3) |
| Increase in trade and other receivables | | (39.7) | (0.4) |
| Increase in bonus accrual | | 3.1 | 1.1 |
| Increase in trade and other payables | | 0.9 | 0.6 |
| Cash utilised from operations | | (45.6) | (0.4) |
| Income tax received | | 2.2 | 0.5 |
| Net cash flow from operating activities | | (43.4) | 0.1 |
| Cash flows from investing activities | | | |
| Interest received | | - | 0.1 |
| Purchase of property, plant and equipment | C | (0.4) | (1.7) |
| Transfer from/(to) current investments (cash on deposit) | I | 20.0 | (20.0) |
| Dividends received from investments | | 50.0 | 48.1 |
| Net cash flow from investing activities | | 69.6 | 26.5 |
| Cash flows from financing activities | | | |
| Interest paid | | (0.8) | (0.8) |
| Dividend paid | B | (24.4) | (23.7) |
| Payments of lease liabilities | | (2.8) | (2.7) |
| Proceeds from shares issued | | 1.8 | 0.6 |
| Net cash flow from financing activities | | (26.2) | (26.6) |
| Net increase in cash and cash equivalents | | - | - |
| Cash and cash equivalents at 1 January | | 0.1 | 0.1 |
| Cash and cash equivalents at 31 December | J | 0.1 | 0.1 |

Notes to the Parent Company financial statements

A Statement of accounting policies

The accounting policies applied in the preparation of the Parent Company financial statements are the same as those set out in note 2 to the consolidated financial statements, and have been applied consistently to all periods.

Statement of compliance

The financial statements of Clarkson PLC have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS) and the applicable legal requirements of the Companies Act 2006.

The Parent Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement or statement of comprehensive income. The profit for the Parent Company for the year was £37.5m (2020: £14.3m loss).

Changes in accounting policy and disclosures

As stated in note 2 to the consolidated financial statements, there were no new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2021, that had a material impact on the Parent Company.

Critical accounting judgements and estimates

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the subsidiary. The value-in-use calculation requires estimation of future cash flows expected to arise for the subsidiary, the selection of suitable discount rates and the estimation of future growth rates. As determining such assumptions is inherently uncertain and subject to future factors, there is the potential these may differ in subsequent periods and therefore materially change the conclusions reached.

Investments in subsidiaries

The Parent Company recognises its investments in subsidiaries at cost less provision for impairment. The Parent Company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the Parent Company estimates the investment's recoverable amount. An investment's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual investment. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the investment is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the investment in prior years.

Share-based payment transactions

The fair value of the compensation given to subsidiaries in respect of share-based payments is recognised as a capital contribution over the vesting period, reduced by any payments received from subsidiaries.

B Dividends

| | 2021 £m | 2020 £m |
|--|-------------|------------|
| Declared and paid during the year: | | |
| Final dividend for 2020 of 54p per share (interim dividend for 2020*: 53p per share) | 16.4 | 16.1 |
| Interim dividend for 2021 of 27p per share (2020: 25p per share) | 8.0 | 7.6 |
| Dividend paid | 24.4 | 23.7 |
| Proposed for approval at the AGM (not recognised as a liability at 31 December): | | |
| Final dividend for 2021 proposed of 57p per share (2020: 54p per share) | 17.4 | 16.4 |

* The 2020 interim dividend of 53p per share was equivalent to the deferred 2019 final dividend. In March 2020, the resolution for the 2019 final dividend was withdrawn from the 2020 AGM and deferred until the financial impact of COVID-19 could be assessed. The dividend was later declared as an interim dividend as part of the announcement of the 2020 interim results, and paid in September 2020.

C Property, plant and equipment

31 December 2021

| | Freehold and long leasehold properties £m | Leasehold improvements £m | Office furniture and equipment £m | Total £m |
|---|---|---------------------------------|--|-------------|
| Original cost | | | | |
| At 1 January 2021 | 1.9 | 14.4 | 9.0 | 25.3 |
| Additions | - | - | 0.4 | 0.4 |
| Disposals | - | - | (1.0) | (1.0) |
| At 31 December 2021 | 1.9 | 14.4 | 8.4 | 24.7 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 0.5 | 5.5 | 6.7 | 12.7 |
| Charged during the year | 0.1 | 1.0 | 0.8 | 1.9 |
| Disposals | - | - | (1.0) | (1.0) |
| At 31 December 2021 | 0.6 | 6.5 | 6.5 | 13.6 |
| Net book value at 31 December 2021 | 1.3 | 7.9 | 1.9 | 11.1 |

31 December 2020

| | Freehold and long leasehold properties £m | Leasehold improvements £m | Office furniture and equipment £m | Total £m |
|---|---|---------------------------------|--|-------------|
| Original cost | | | | |
| At 1 January 2020 | 1.9 | 14.4 | 7.3 | 23.6 |
| Additions | - | - | 1.7 | 1.7 |
| At 31 December 2020 | 1.9 | 14.4 | 9.0 | 25.3 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | 0.5 | 4.5 | 5.7 | 10.7 |
| Charged during the year | - | 1.0 | 1.0 | 2.0 |
| At 31 December 2020 | 0.5 | 5.5 | 6.7 | 12.7 |
| Net book value at 31 December 2020 | 1.4 | 8.9 | 2.3 | 12.6 |

D Investment properties

| | 2021 £m | 2020 £m |
|--------------------------------------|------------|------------|
| Cost | | |
| At 1 January and 31 December | 0.6 | 0.6 |
| Accumulated depreciation | | |
| At 1 January | 0.3 | 0.3 |
| Charged during the year* | 0.0 | 0.0 |
| At 31 December | 0.3 | 0.3 |
| Net book value at 31 December | 0.3 | 0.3 |

* The depreciation charged during the year was less than £0.1m.

The fair value of the investment property at 31 December 2021 was £1.0m (2020: £1.0m). This was based on a valuation from an external independent valuer who has the appropriate professional qualification and recent experience of valuing properties in the location and of the type being valued.

E Right-of-use assets

| | 2021 £m | 2020 £m |
|--------------------------------------|-------------|------------|
| Cost | | |
| At 1 January | 24.4 | 24.1 |
| Additions | 2.1 | 0.3 |
| At 31 December | 26.5 | 24.4 |
| Accumulated depreciation | | |
| At 1 January | 4.5 | 2.2 |
| Charged during the year | 2.3 | 2.3 |
| At 31 December | 6.8 | 4.5 |
| Net book value at 31 December | 19.7 | 19.9 |

F Investments in subsidiaries

| | 2021 £m | 2020 £m |
|-----------------------|--------------|------------|
| Cost | | |
| At 1 January | 168.0 | 224.2 |
| Impairment | - | (56.2) |
| At 31 December | 168.0 | 168.0 |

In 2020, due to the continued challenging trading conditions in the offshore broking and securities markets, the Company revised the recoverable amount of its investment in Clarksons Platou AS, resulting in an impairment of £54.7m. The recoverable amount continues to be subject to sensitivities. An increase in the pre-tax discount rate of 0.5% would decrease value-in-use by £6.5m and a decrease in pre-tax cash flows of 5% would decrease value-in-use by £6.5m. A further impairment was taken in Clarksons Platou Italia Srl of £1.5m.

G Deferred tax assets

| | 2021 £m | 2020 £m |
|---|------------|------------|
| Employee benefits - other employee benefits | 1.9 | 1.3 |
| Other temporary differences | 0.4 | 0.3 |
| Deferred tax assets before offset | 2.3 | 1.6 |
| Offset with deferred tax liabilities | (2.3) | - |
| Deferred tax assets in the balance sheet | - | 1.6 |

Deferred tax assets and liabilities are offset and reported net where appropriate within territories, see note N.

Included in the above are deferred tax assets of £0.9m (2020: £0.7m) which are expected to be utilised within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. All deferred tax movements arise from the origination and reversal of temporary differences.

H Trade and other receivables

| | 2021 £m | 2020 £m |
|--------------------------------|-------------|------------|
| Prepayments and accrued income | 0.8 | 0.7 |
| Owed by Group companies | 56.8 | 18.0 |
| | 57.6 | 18.7 |

The Company has no trade receivables (2020: none). All amounts owed by Group companies are payable on demand with no interest being charged. As at 31 December 2021, the Company calculated the expected credit loss of amounts owed by Group companies to be £nil (2020: £0.1m). Further details of related party receivables are included in note V.

I Investments

| | 2021 £m | 2020 £m |
|-----------------|------------|------------|
| Cash on deposit | 0.5 | 20.5 |

The Company held £0.5m (2020: £20.5m) in a deposit with a 95-day notice period. This deposit is held with an A-rated financial institution.

J Cash and cash equivalents

| | 2021 £m | 2020 £m |
|--------------------------|------------|------------|
| Cash at bank and in hand | 0.1 | 0.1 |

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £0.1m (2020: £0.1m).

K Trade and other payables

| | 2021 £m | 2020 £m |
|-------------------------|-------------|-------------|
| Owed to Group companies | 1.6 | 1.5 |
| Accruals | 14.8 | 10.6 |
| Deferred income | 0.7 | 1.0 |
| | 17.1 | 13.1 |

All amounts owed to Group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Further details of related party payables are included in note V.

L Lease liabilities

| | 2021 £m | 2020 £m |
|--------------------|------------|------------|
| Current | | |
| Lease liabilities | 3.7 | 2.9 |
| Non-current | | |
| Lease liabilities | 22.4 | 24.0 |

M Provisions

| | 2021 £m | 2020 £m |
|------------------------------|------------|------------|
| Non-current | | |
| At 1 January and 31 December | 1.1 | 1.0 |

Provisions have been recognised for the dilapidation of various leasehold premises which will be utilised on cessation of the lease. A maturity analysis of undiscounted lease liability payments is included within note T. None of the leases contain extension options and rentals are not linked to any index.

N Deferred tax liabilities

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Employee benefits - on pension benefit asset | 6.5 | 3.4 |
| Other temporary differences | 1.2 | 1.0 |
| Deferred tax liabilities before offset | 7.7 | 4.4 |
| Offset with deferred tax assets | (2.3) | - |
| Deferred tax liabilities in the balance sheet | 5.4 | 4.4 |

Deferred tax assets and liabilities are offset and reported net where appropriate within territories, see note G.

None of the above deferred tax liabilities are due within one year.

All deferred tax movements arise from the origination and reversal of temporary differences.

O Share-based payment plans

| | 2021 £m | 2020 £m |
|--|------------|------------|
| Expense arising from equity-settled share-based payment transactions | 1.0 | 0.4 |

For more information on the Parent Company share-based payment plans, see note 23 of the consolidated financial statements.

P Employee benefits

The Company operates two final salary defined benefit pension schemes, being the Clarkson PLC scheme and the Plowrights scheme, both within the UK. The schemes are all registered as occupational pension schemes with HMRC and are subject to UK legislation and oversight from the Pensions Regulator. These are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. Responsibility for governance of each scheme lies with the respective board of trustees in accordance with the rules applicable to that scheme. Currently each board of trustees includes a representative of the relevant principal employer. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. UK legislation requires that pension schemes are funded prudently and must adhere to the statutory funding objective. Triennial valuations for both schemes have been prepared as detailed below.

The valuation of the Clarkson PLC scheme showed a pension surplus on an ongoing basis of £6.6m (105%) as at 31 March 2019. Following the 2016 valuation, Clarkson PLC and the Trustees had agreed to cease funding with effect from 1 October 2016.

The valuation of the Plowrights scheme showed a pension surplus on an ongoing basis of £2.1m (105%) as at 31 March 2019. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 December 2019. The expenses for the scheme will be met from the surplus assets.

The Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The two schemes have de-risked by replacing their equity holdings with less volatile investments.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Company pension obligations are linked to inflation. The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

The Company operates a defined contribution pension scheme. Where required, the Company also makes contributions to this scheme.

The Company incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following information relates to the sum of the two separate schemes.

P Employee benefits continued

The following tables summarise amounts recognised in the balance sheet and the components of net benefit charge recognised in the income statement:

Recognised in the balance sheet

| | 2021 £m | 2020 £m |
|--|-------------|-------------|
| Fair value of schemes' assets | 187.7 | 191.6 |
| Present value of funded defined benefit obligations | (156.6) | (169.6) |
| | 31.1 | 22.0 |
| Effect of asset ceiling in relation to the Plowrights scheme | (5.3) | (3.9) |
| Net benefit asset recognised in the balance sheet | 25.8 | 18.1 |

The net benefit asset disclosed above is the combined total of the two schemes. The Clarkson PLC scheme has a surplus of £25.8m (2020: £18.1m) and the Plowrights scheme has a surplus of £nil (2020: £nil).

The surplus in the Clarkson PLC scheme is recognised, as there are future economic benefits available in the form of a reduction in future contributions to the defined contribution section of the scheme and, in the event of wind up, excess surplus is refundable to the Company. There are no such future economic benefits in respect of the Plowrights scheme and therefore the surplus of £5.3m (2020: £3.9m) cannot be recognised.

A deferred tax liability on the benefit asset of £6.5m (2020: £3.4m) is shown in note N.

Recognised in the income statement

| | 2021 £m | 2020 £m |
|---|------------|--------------|
| Recognised in other finance income – pensions: | | |
| Expected return on schemes' assets | 2.7 | 3.6 |
| Interest cost on benefit obligation and asset ceiling | (2.4) | (3.3) |
| Recognised in administrative expenses: | | |
| Past service cost | - | (0.4) |
| Scheme administrative expenses | (0.2) | (0.2) |
| Net benefit income/(charge) recognised in the income statement | 0.1 | (0.3) |

Recognised in the statement of comprehensive income

| | 2021 £m | 2020 £m |
|---|-------------|------------|
| Actual return on schemes' assets | 2.6 | 21.5 |
| Less: expected return on schemes' assets | (2.7) | (3.6) |
| Actuarial (loss)/gain on schemes' assets | (0.1) | 17.9 |
| Actuarial gain/(loss) on defined benefit obligations | 9.0 | (14.9) |
| Actuarial gain recognised in the statement of comprehensive income | 8.9 | 3.0 |
| Tax charge on actuarial gains | (1.6) | (0.7) |
| Effect of asset ceiling in relation to the Plowrights scheme | (1.3) | - |
| Tax credit on asset ceiling | 0.2 | - |
| Tax charge on change in tax rates | (1.6) | - |
| Net actuarial gain on employee benefit obligations | 4.6 | 2.3 |
| Cumulative amount of actuarial gains recognised in the statement of comprehensive income | 10.1 | 1.2 |

Schemes' assets

| | % | 2021 £m | % | 2020 £m |
|-----------------------|-------|------------|-------|------------|
| Government bonds* | 45.9 | 86.2 | 41.3 | 79.1 |
| Corporate bonds* | 28.4 | 53.2 | 33.0 | 63.3 |
| Investment funds* | 24.3 | 45.7 | 24.8 | 47.5 |
| Cash and other assets | 1.4 | 2.6 | 0.9 | 1.7 |
| | 100.0 | 187.7 | 100.0 | 191.6 |

* Based on quoted market prices.

P Employee benefits continued

Net defined benefit asset

Changes in the fair value of the net defined benefit asset are as follows:

31 December 2021

| | Present value of obligation £m | Fair value of plan assets £m | Total £m | Impact of asset ceiling £m | Total £m |
|----------------------------|-----------------------------------|---------------------------------|-------------|-------------------------------|-------------|
| At 1 January 2021 | (169.6) | 191.6 | 22.0 | (3.9) | 18.1 |
| Expected return on assets | - | 2.7 | 2.7 | - | 2.7 |
| Interest costs | (2.3) | - | (2.3) | (0.1) | (2.4) |
| Administration expenses | - | (0.2) | (0.2) | - | (0.2) |
| Past service costs | - | - | - | - | - |
| Benefits paid | 6.3 | (6.3) | - | - | - |
| Actuarial gain/(loss) | 9.0 | (0.1) | 8.9 | (1.3) | 7.6 |
| At 31 December 2021 | (156.6) | 187.7 | 31.1 | (5.3) | 25.8 |

31 December 2020

| | Present value of obligation £m | Fair value of plan assets £m | Total £m | Impact of asset ceiling £m | Total £m |
|----------------------------|-----------------------------------|---------------------------------|-------------|-------------------------------|-------------|
| At 1 January 2020 | (163.1) | 182.4 | 19.3 | (3.8) | 15.5 |
| Expected return on assets | - | 3.6 | 3.6 | - | 3.6 |
| Interest costs | (3.3) | - | (3.3) | (0.1) | (3.4) |
| Administration expenses | - | (0.2) | (0.2) | - | (0.2) |
| Past service costs | (0.4) | - | (0.4) | - | (0.4) |
| Benefits paid | 12.1 | (12.1) | - | - | - |
| Actuarial (loss)/gain | (14.9) | 17.9 | 3.0 | - | 3.0 |
| At 31 December 2020 | (169.6) | 191.6 | 22.0 | (3.9) | 18.1 |

The Company expects, based on the valuations and funding requirements including expenses, to contribute £nil to its defined benefit pension schemes in 2022 (2020 for 2021: £nil).

The principal valuation assumptions are as follows:

| | 2021 % | 2020 % |
|---|-----------|-----------|
| Rate of increase in pensions in payment | 2.9 | 2.8 |
| Price inflation (RPI) | 3.4 | 3.0 |
| Price inflation (CPI) | 3.1 | 2.0 |
| Discount rate for scheme liabilities | 1.8 | 1.4 |

The mortality assumptions used to assess the defined benefit obligations at 31 December 2021 and 31 December 2020 are based on the 'SAPS' standard mortality tables (SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 95% (31 December 2020: 90%) and SP3A Light for the Plowrights scheme). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2021 (31 December 2020: model published in 2020). Examples of the assumed future life expectancy are given in the table below:

| | 2021 | Additional years 2020 |
|--|-----------|--------------------------|
| Post-retirement life expectancy on retirement at age 65: | | |
| Pensioners retiring in the year | | |
| - male | 22.5-23.4 | 22.9-23.4 |
| - female | 24.8-24.9 | 24.8-25.1 |
| Pensioners retiring in 20 years' time | | |
| - male | 23.8-24.6 | 24.2-24.6 |
| - female | 26.2-26.3 | 26.2-26.6 |

P Employee benefits continued
Experience adjustments

| | 2021 £m | 2020 £m |
|---|------------|------------|
| Experience (loss)/gain on schemes' assets | (0.1) | 17.9 |
| Gain on schemes' liabilities due to changes in demographic assumptions | 2.7 | 0.3 |
| Gain/(loss) on schemes' liabilities due to changes in financial assumptions | 3.2 | (15.2) |
| Gain on schemes' liabilities due to experience adjustments | 3.1 | - |
| Loss on asset ceiling | (1.3) | - |
| Actuarial gain | 7.6 | 3.0 |
| Income tax on actuarial gain | (3.0) | (0.7) |
| Actuarial gain - net of tax | 4.6 | 2.3 |

Sensitivities

The table below shows the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The impact of changes to each assumption is shown in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. A change of 0.25% is deemed appropriate given the movement in assumptions during the current and previous years. The sensitivities have been calculated using the same methodology as the main calculations. The weighted average duration of the defined obligation is 18 years.

| | 2021 | | 2020 | |
|--------------------------------------|-------------------------|---|-------------------------|---|
| | Change in assumption | Change in defined benefit obligation | Change in assumption | Change in defined benefit obligation |
| Discount rate for scheme liabilities | +0.25% | (4.0%) | +0.25% | (4.0%) |
| | (0.25%) | +4.2% | (0.25%) | +4.3% |
| Price inflation (RPI) | +0.25% | +3.5% | +0.25% | +3.8% |
| | (0.25%) | (3.3%) | (0.25%) | (3.6%) |

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by 4.5% (2020: 4.5%).

Q Share capital

Ordinary shares of 25p each, issued and fully paid:

| | Number of shares | 2021 £m | Number of shares | 2020 £m |
|-----------------------|---------------------|------------|---------------------|------------|
| At 1 January | 30,399,893 | 7.6 | 30,370,776 | 7.6 |
| Additions | 80,871 | - | 29,117 | - |
| At 31 December | 30,480,764 | 7.6 | 30,399,893 | 7.6 |

During the year, the Company issued 80,871 shares (2020: 29,117) in relation to the ShareSave scheme. The difference between the exercise price (ranging from £18.30-£22.50) and the nominal value of £0.25 was taken to the share premium account, see note R.

R Other reserves

31 December 2021

| | Share premium £m | Employee benefits reserve £m | Capital redemption reserve £m | Merger reserve £m | Total £m |
|--|---------------------|---------------------------------|----------------------------------|----------------------|-------------|
| At 1 January 2021 | 32.1 | 3.8 | 2.0 | 55.7 | 93.6 |
| Share issues | 1.8 | - | - | - | 1.8 |
| Employee share schemes: | | | | | |
| Share-based payments expense | - | 1.8 | - | - | 1.8 |
| Transfer to profit and loss on vesting | - | (1.7) | - | - | (1.7) |
| Total employee share schemes | - | 0.1 | - | - | 0.1 |
| At 31 December 2021 | 33.9 | 3.9 | 2.0 | 55.7 | 95.5 |

31 December 2020

| | Share premium £m | Employee benefits reserve £m | Capital redemption reserve £m | Merger reserve £m | Total £m |
|--|---------------------|---------------------------------|----------------------------------|----------------------|-------------|
| At 1 January 2020 | 31.5 | 2.6 | 2.0 | 110.4 | 146.5 |
| Transfer to profit and loss | - | - | - | (54.7) | (54.7) |
| Share issues | 0.6 | - | - | - | 0.6 |
| Employee share schemes: | | | | | |
| Share-based payments expense | - | 1.3 | - | - | 1.3 |
| Transfer to profit and loss on vesting | - | (0.1) | - | - | (0.1) |
| Total employee share schemes | - | 1.2 | - | - | 1.2 |
| At 31 December 2020 | 32.1 | 3.8 | 2.0 | 55.7 | 93.6 |

Nature and purpose of other reserves

Employee benefits reserve

The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees.

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by the Company.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the acquisition of Clarksons Platou AS (formerly RS Platou ASA). No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006. In 2020, the Company impaired its investment in this entity. As a result, corresponding transfers were made out of this reserve to retained earnings.

S Financial commitments and contingencies

Contingencies

The Company has given no financial commitments to suppliers (2020: none).

The Company has given no guarantees (2020: none).

From time to time the Company may be engaged in litigation in the ordinary course of business. The Company carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Company's results or net assets.

The Company maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

T Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans from Group companies and lease liabilities. The Company has various financial assets such as current asset investments, loans to Group companies and cash and cash equivalents, which arise directly from its operations.

The Company has not entered into any derivative transactions.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

Credit risk

With respect to credit risk arising from cash and cash equivalents and current investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Company monitors its risk to a shortage of funds using projected cash flows from operations.

The tables below summarise the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2021

| | Less than 3 months £m | 3 to 12 months £m | 1 to 5 years £m | 5 to 10 years £m | Total £m |
|-------------------|-----------------------------|-------------------------|-----------------------|------------------------|-------------|
| Lease liabilities | 1.5 | 2.8 | 15.6 | 14.5 | 34.4 |

31 December 2020

| | Less than 3 months £m | 3 to 12 months £m | 1 to 5 years £m | 5 to 10 years £m | Total £m |
|-------------------|-----------------------------|-------------------------|-----------------------|------------------------|-------------|
| Lease liabilities | 0.9 | 2.7 | 14.2 | 12.3 | 30.1 |

The following table shows the total liabilities arising from financing activities.

| | 2021 | | 2020 | |
|--------------------------|----------------------------|-------------|----------------------------|-------------|
| | Lease liabilities £m | Total £m | Lease liabilities £m | Total £m |
| At 1 January | 26.9 | 26.9 | 29.3 | 29.3 |
| Cash flows - principal | (2.8) | (2.8) | (2.7) | (2.7) |
| Cash flows - interest | (0.7) | (0.7) | (0.8) | (0.8) |
| Interest charges | 0.7 | 0.7 | 0.8 | 0.8 |
| Other non-cash movements | 2.0 | 2.0 | 0.3 | 0.3 |
| At 31 December | 26.1 | 26.1 | 26.9 | 26.9 |

Other non-cash movements include the net impact of additions, modifications and terminations during the year.

Capital management

For information on the Parent Company capital management objectives, policies and processes, see note 28 of the consolidated financial statements.

U Financial instruments

The classification of financial assets and liabilities at 31 December is as follows:

Financial assets

| | 2021 | | 2020 | |
|---------------------------|----------------------|-------------|----------------------|-------------|
| | Amortised cost £m | Total £m | Amortised cost £m | Total £m |
| Owed by Group companies | 56.8 | 56.8 | 18.0 | 18.0 |
| Investments | 0.5 | 0.5 | 20.5 | 20.5 |
| Cash and cash equivalents | 0.1 | 0.1 | 0.1 | 0.1 |
| | 57.4 | 57.4 | 38.6 | 38.6 |

Financial liabilities

| | 2021 | | 2020 | |
|-------------------------|----------------------|-------------|----------------------|-------------|
| | Amortised cost £m | Total £m | Amortised cost £m | Total £m |
| Owed to Group companies | 1.6 | 1.6 | 1.5 | 1.5 |
| Lease liabilities | 26.1 | 26.1 | 26.9 | 26.9 |
| | 27.7 | 27.7 | 28.4 | 28.4 |

V Related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with related parties. Transactions with subsidiaries during the year were as follows:

| | 2021 £m | 2020 £m |
|-------------------------|------------|------------|
| Management fees charged | 2.6 | 2.7 |
| Rent receivable | 6.7 | 6.3 |
| Dividends received | 50.0 | 48.1 |

Balances with subsidiaries at 31 December were as follows:

| | 2021 £m | 2020 £m |
|---------------------------------|------------|------------|
| Amounts owed by related parties | 56.7 | 18.0 |
| Amounts owed to related parties | (1.6) | (1.5) |
| Deferred income | (0.7) | (1.0) |

There were no terms or conditions attached to these balances.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Company apart from the Clarkson PLC Directors. Details of their compensation are set out in note 30 to the consolidated financial statements.

As mentioned in the Board of Directors on page 102, Sue Harris is a Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division. Another Schroder Group company is one of the investment managers of the defined benefit section of the Clarkson PLC pension scheme. In 2020, Jeff Woyda was appointed to the Board of Trustees of The Clarkson Foundation.

W Subsidiaries

The Parent Company had the following subsidiaries at 31 December 2021. All shares in subsidiary companies are ordinary share capital, unless otherwise stated.

| Company name | Country of incorporation | Registered office address | Proportion of shares held directly by the Parent Company (%) | Proportion of shares held by the Group or its nominees (%) | Principal activity |
|---------------------------------------|--------------------------|--|--|--|---|
| Afromar Properties (Pty) Limited | South Africa | 23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa | | 100% | Non-trading |
| Bonus Plus Investments Limited | Hong Kong | 3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong | | 100% | Non-trading |
| Boxton Holding AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 100% | Non-trading |
| Calypso Shipping Investments Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Australia Holdings Pty Ltd | Australia | Level 9, 16 St Georges Terrace, Perth WA 6000, Australia | 100% | | Holding company |
| Clarkson Capital Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Holding company |
| Clarkson Dry Cargo Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Ewings Limited | United Kingdom | 27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom | | 100% | Dormant |
| Clarkson Holdings Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Holding company |
| Clarkson IQ Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Logistics (HK) Limited | Hong Kong | 3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong | | 100% | Non-trading |
| Clarkson Logistics Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Market Analysis Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Morocco S.A.R.L. | Morocco | 8, Rue Ali Abderrazzak, 3è étage, Casablanca, 20000, Morocco | | 100% | Shipbroking |
| Clarkson Overseas Shipbroking Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Holding company |
| Clarkson Port Services Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Provision of ship agency and port services |
| Clarkson Property Holdings Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Non-trading |
| Clarkson Research Holdings Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Holding company |
| Clarkson Research Services Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Provision of research services and products relating to shipping and offshore |
| Clarkson Sale and Purchase Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |

W Subsidiaries continued

| Company name | Country of incorporation | Registered office address | Proportion of shares held directly by the Parent Company (%) | Proportion of shares held by the Group or its nominees (%) | Principal activity |
|--|--------------------------|---|--|--|--|
| Clarkson Shipbrokers Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Shipbroking (Shanghai) Co. Limited | China | Room 111 Building 3 No.170, Huo Shan Road, Hongkou District, Shanghai, 200082, China | | 100% | Shipbroking |
| Clarkson Shipbroking Group Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Holding company |
| Clarkson Shipping Agency | Egypt | City Stars, Capital F2, G03, Nasr City, Egypt | | 100% | Shipping and maritime agency services |
| Clarkson Shipping Investments Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Dormant |
| Clarkson Shipping Services Acquisition USA LLC | United States | 1333 West Loop South, Suite 1100, Houston TX 77027, United States | | 100% | Dormant |
| Clarkson Shipping Services India Private Limited | India | 507-508 The Address, 1 Golf Course Road, Sector 56, Gurgaon, 122011, India | | 100% | Shipbroking |
| Clarkson Tankers Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Clarkson Valuations Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Provision of valuation services to the shipping industry |
| Clarksons Martankers, S.L.U. | Spain | Paseo del Pintor Rosales, 38, 28008, Madrid, Spain | | 100% | Shipbroking |
| Clarksons Platou (Africa) Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Shipbroking |
| Clarksons Platou (Australia) Pty Limited | Australia | Level 9, 16 St Georges Terrace, Perth WA 6000, Australia | | 100% | Shipbroking |
| Clarksons Platou (Brasil) Ltda | Brazil | Avenida Rio Branco, 89-1601, Centro, Rio de Janeiro, 20040-004, Brazil | | 100% | Shipbroking |
| Clarksons Platou (Denmark) ApS | Denmark | Strandvejen 70, 2., 2900, Hellerup, Denmark | | 100% | Shipbroking |
| Clarksons Platou (Hellas) Ltd* | Marshall Islands | Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH 96960, Marshall Islands | | 100% | Shipbroking |
| Clarksons Platou (Italia) Srl in liquidazione | Italy | Via San Vincenzo 2, 16121 Genoa, Italy | 100% | | Shipbroking |
| Clarksons Platou (Korea) Company Limited | Korea, Republic of | #602, 6F Shin-A, 50, Seosomun-ro 11-gil, Jung-gu, Seoul, 04515, Korea, Republic of | | 100% | Shipbroking |
| Clarksons Platou (Nederland) B.V. | Netherlands | De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands | | 100% | Shipbroking |
| Clarksons Platou (Offshore) Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Shipbroking |
| Clarksons Platou (South Africa) (Pty) Limited | South Africa | 23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa | | 100% | Shipbroking |

* Has a branch in Greece.

W Subsidiaries continued

| Company name | Country of incorporation | Registered office address | Proportion of shares held directly by the Parent Company (%) | Proportion of shares held by the Group or its nominees (%) | Principal activity |
|--|--------------------------|--|--|--|--|
| Clarksons Platou (Sweden) AB | Sweden | Dragarbrunnsgatan 55, 753 20, Uppsala, Sweden | | 100% | Shipbroking |
| Clarksons Platou (USA) Inc. | United States | 251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States | | 100% | Holding company |
| Clarksons Platou AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | 100% | | Shipbroking |
| Clarksons Platou Asia Limited* | Hong Kong | 3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong | | 100% | Shipbroking |
| Clarksons Platou Asia Pte. Limited | Singapore | 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, 098632, Singapore | | 100% | Shipbroking |
| Clarksons Platou Business Management AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 50.01% | Shipping and offshore project syndication |
| Clarksons Platou Commodities USA LLC | United States | Delaware: 251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States Texas: 211 East 7th Street, Suite 620, Austin TX 78701, United States | | 100% | Introducing broker for LPG swaps |
| Clarksons Platou DMCC | United Arab Emirates | Unit No: AU-14-A, Gold Tower (AU), JLT-PH1-I3A, Jumeirah Lakes Towers, Dubai, United Arab Emirates | | 100% | Shipbroking |
| Clarksons Platou Futures Limited** | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Brokerage of shipping-related derivative financial instruments |
| Clarksons Platou GmbH | Germany | Johannisbollwerk 20, 5.fl, 20459, Hamburg, Germany | | 100% | Shipbroking |
| Clarksons Platou Japan K.K. | Japan | Otemachi Financial City South Tower 15th Floor, 1-9-7 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan | | 100% | Shipbroking |
| Clarksons Platou Legal Services Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Provision of legal services to the shipping industry |
| Clarksons Platou Offshore (Asia) Pte. Ltd. | Singapore | 12 Marina View, #29-01 Asia Square, Tower 2, 018961, Singapore | | 100% | Shipbroking |
| Clarksons Platou Project Development AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 34.37%*** | Real estate project management |
| Clarksons Platou Project Finance AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 31.02%**** | Shipping and offshore project syndication |
| Clarksons Platou Project Finance Shipping AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 50.01% | Shipping and offshore project syndication |
| Clarksons Platou Property Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Property holding company |
| Clarksons Platou Property Management AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 24.81%**** | Provision of property-related services |

* Has a branch in China.

** Has branches in Singapore and Switzerland.

*** The Group holds >50% of the voting rights.

**** Although the holding represents <50%, the Parent Company controls the entity through controlling interests in subsidiary companies.

W Subsidiaries continued

| Company name | Country of incorporation | Registered office address | Proportion of shares held directly by the Parent Company (%) | Proportion of shares held by the Group or its nominees (%) | Principal activity |
|---|--------------------------|---|--|--|--|
| Clarksons Platou Real Estate Investment Management AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 34%* | Management of companies and funds that invest in private companies investing in real estate and associated businesses |
| Clarksons Platou Securities (Canada), Inc. | Canada | 44 Chipman Hill, Suite 1000, Saint John NB E2L 2A9, Canada | | 100% | Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions |
| Clarksons Platou Securities AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 100% | Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions |
| Clarksons Platou Securities, Inc. | United States | 280 Park Ave NY 10017, United States | | 100% | Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions |
| Clarksons Platou Shipbroking (Switzerland) SA | Switzerland | Rue de la Fontaine 1, 1204 Geneva, Switzerland, Switzerland | | 100% | Shipbroking |
| Clarksons Platou Shipping Services USA LLC | United States | 211 East 7th Street, Suite 620, Austin TX 78701, United States | | 100% | Shipbroking |
| Clarksons Platou Structured Asset Finance Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Provision of advice on finance structuring for shipping-related projects |
| Coastal Shipping Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Company Event Management Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| CPPF Eiendom AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 50.02% | Holding company |
| Diligent Challenger Limited | Hong Kong | 3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong | | 100% | Non-trading |
| Enship Limited | United Kingdom | 303 King Street, Aberdeen, Scotland, AB24 5AP, United Kingdom | | 100% | Dormant |

* The Group holds >50% of the voting rights.

W Subsidiaries continued

| Company name | Country of incorporation | Registered office address | Proportion of shares held directly by the Parent Company (%) | Proportion of shares held by the Group or its nominees (%) | Principal activity |
|---|--------------------------|--|--|--|--|
| Genchem Holdings Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Holding company |
| Gibb Group (Netherlands) B.V. | Netherlands | De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands | | 100% | Supply of MRO, PPE and safety equipment for the energy and industrial sector |
| Gibb Group Ltd | United Kingdom | 271 King Street, Aberdeen, Scotland, AB24 5AN, United Kingdom | | 100% | Supply of MRO, PPE and safety equipment for the energy and industrial sector |
| H. Clarkson & Company Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Shipbroking |
| Halcyon Shipping Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| J.O. Plowright & Co. (Holdings) Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Dormant |
| LevelSeas Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| LNG Shipping Solutions Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Shipbroking |
| Manfin Consult AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 50.10% | Shipping and offshore project syndication |
| Marinet (Ship Agencies) Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Maritech Development Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Development of digital products for the shipping industry |
| Maritech Holdings Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | 100% | | Holding company |
| Maritech Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Support of digital products and services for the shipping industry |
| Maritech Services Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Sale of digital products and services to the shipping industry |
| Michael F. Ewings (Shipping) Limited | United Kingdom | 27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom | | 100% | Dormant |
| Norwegian Marine Services AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 50.01% | Shipping and offshore project syndication |
| Oilfield Publications Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |

W Subsidiaries continued

| Company name | Country of incorporation | Registered office address | Proportion of shares held directly by the Parent Company (%) | Proportion of shares held by the Group or its nominees (%) | Principal activity |
|--|--------------------------|--|--|--|--|
| RS Platou Africa Limited | Jersey | 1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey | | 100% | Non-trading |
| RS Platou AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 100% | Dormant |
| RS Platou Economic Research AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 100% | Dormant |
| RS Platou Hellas Limited | Cyprus | Arch. Makarios III, 58, Iris Tower, Floor 8, Nicosia, 1075, Cyprus | | 100% | Non-trading |
| RS Platou Offshore AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 100% | Dormant |
| RS Platou Shipbrokers AS | Norway | Munkedamsveien 62C, 0270 Oslo, Norway | | 100% | Dormant |
| Samuel Stewart & Co. (London) Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Seafix Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Sale of digital products and services to the shipping industry |
| Shipvalue.net Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Small & Co. (Shipping) Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Stewart Offshore Ghana Limited | Ghana | NALAG House, 2nd Floor, Gulf Street, South Legon, Accra, Ghana | | 75% | Non-trading |
| Stewart Offshore Services (Jersey) Limited | Jersey | 1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey | | 100% | Non-trading |
| Stewart Offshore Services Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| The Stewart Group Limited | United Kingdom | Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom | | 100% | Dormant |
| Tokyo Shipping & Trading, Limited | Hong Kong | 3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong | | 100% | Dormant |
| VAXA Drift AS | Norway | c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway | | 12.43%* | Operation cost management for property SPV |
| VAXA Group AS | Norway | c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway | | 12.43%* | Holding company |
| VAXA Økonomi AS | Norway | Philip Pedersens vei 20, Lysaker, 1366, Norway | | 6.23%* | Provision of accounting and financial advisory |
| VAXA Property AS | Norway | Philip Pedersens vei 20, Lysaker, 1366, Norway | | 12.43%* | Property management services |
| Waterfront Services Limited | United Kingdom | 27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom | | 100% | Dormant |

No exemptions have been taken in respect of dormant subsidiaries from preparing and filing individual statutory accounts under s394A of the Companies Act 2006.

* Although the holding represents <50%, the Parent Company controls the entity through controlling interests in subsidiary companies.