Consolidated income statement
for the year ended 31 December

	Notes	2022 Before acquisition-related costs £m	2022 Acquisition-related costs (note 5) £m	2022 After acquisition-related costs £m	2021 Before acquisition-related costs £m	2021 Acquisition-related costs (note 5) £m	2021 After acquisition-related costs £m
Revenue	3, 4	**603.8**	–	**603.8**	443.3	–	443.3
Cost of sales	3	**(21.8)**	–	**(21.8)**	(16.5)	–	(16.5)
Trading profit		**582.0**	–	**582.0**	426.8	–	426.8
Administrative expenses		**(481.2)**	**(0.8)**	**(482.0)**	(355.7)	(0.3)	(356.0)
Operating profit/(loss)	3, 4	**100.8**	**(0.8)**	**100.0**	71.1	(0.3)	70.8
Finance income	3	**1.9**	–	**1.9**	1.3	–	1.3
Finance costs	3	**(2.2)**	–	**(2.2)**	(3.1)	–	(3.1)
Other finance income – pensions	3	**0.4**	–	**0.4**	0.1	–	0.1
Profit/(loss) before taxation		**100.9**	**(0.8)**	**100.1**	69.4	(0.3)	69.1
Taxation	6	**(20.6)**	**0.1**	**(20.5)**	(14.7)	–	(14.7)
Profit/(loss) for the year		**80.3**	**(0.7)**	**79.6**	54.7	(0.3)	54.4
Attributable to:							
Equity holders of the Parent Company		**76.3**	**(0.7)**	**75.6**	50.4	(0.3)	50.1
Non-controlling interests		**4.0**	–	**4.0**	4.3	–	4.3
Profit/(loss) for the year		**80.3**	**(0.7)**	**79.6**	54.7	(0.3)	54.4
Earnings per share							
Basic	7	**250.3p**		**247.9p**	165.6p		164.6p
Diluted	7	**248.5p**		**246.1p**	164.2p		163.2p

Included in the Consolidated Income Statement are net impairment losses on financial assets amounting to £5.8m (2021: £2.6m).

Consolidated statement of comprehensive income
for the year ended 31 December

	Notes	2022 £m	2021 £m
Profit for the year		**79.6**	54.4
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on employee benefit schemes – net of tax	22	**(5.5)**	7.2
Changes in the fair value of equity instruments at fair value through other comprehensive income – net of tax		–	(1.7)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		**13.5**	0.5
Foreign currency hedges recycled to profit or loss – net of tax	24	**3.3**	(2.4)
Foreign currency hedge revaluations – net of tax	24	**(8.9)**	(0.8)
Other comprehensive income		**2.4**	2.8
Total comprehensive income for the year		**82.0**	57.2
Attributable to:			
Equity holders of the Parent Company		**78.0**	52.9
Non-controlling interests		**4.0**	4.3
Total comprehensive income for the year		**82.0**	57.2

Consolidated balance sheet
as at 31 December

	Notes	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	9	**25.5**	22.5
Investment properties	10	**1.0**	1.2
Right-of-use assets	11	**39.3**	45.1
Intangible assets	12	**188.9**	183.2
Trade and other receivables	14	**2.6**	1.0
Investments	15	**1.2**	1.0
Employee benefits	22	**15.8**	25.8
Deferred tax assets	6	**14.6**	10.5
		288.9	290.3
Current assets			
Inventories	16	**2.4**	1.5
Trade and other receivables	14	**150.1**	117.4
Income tax receivable		**3.0**	1.0
Investments	15	**3.5**	10.3
Cash and cash equivalents	17	**384.4**	261.6
		543.4	391.8
Current liabilities			
Trade and other payables	18	**(335.9)**	(235.4)
Lease liabilities	19	**(9.9)**	(9.7)
Income tax payable		**(19.8)**	(11.6)
Provisions	20	**(0.6)**	(0.6)
		(366.2)	(257.3)
Net current assets		**177.2**	134.5
Non-current liabilities			
Trade and other payables	18	**(5.8)**	(2.7)
Lease liabilities	19	**(37.7)**	(44.1)
Provisions	20	**(1.9)**	(1.6)
Employee benefits	22	**(0.4)**	(3.8)
Deferred tax liabilities	6	**(7.1)**	(11.0)
		(52.9)	(63.2)
Net assets		**413.2**	361.6
Capital and reserves			
Share capital	23	**7.7**	7.6
Other reserves	24	**114.8**	104.0
Retained earnings		**287.2**	245.3
Equity attributable to shareholders of the Parent Company		**409.7**	356.9
Non-controlling interests		**3.5**	4.7
Total equity		**413.2**	361.6

The financial statements on pages 151 to 193 were approved by the Board on 3 March 2023, 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	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to equity holders of the Parent Company					
Balance at 1 January 2022		**7.6**	**104.0**	**245.3**	**356.9**	**4.7**	**361.6**
Profit for the year		–	–	**75.6**	**75.6**	**4.0**	**79.6**
Other comprehensive income/(loss)		–	**7.9**	**(5.5)**	**2.4**	–	**2.4**
Total comprehensive income for the year		–	**7.9**	**70.1**	**78.0**	**4.0**	**82.0**
Transactions with owners:							
Share issues	23,24	**0.1**	**2.6**	–	**2.7**	–	**2.7**
Employee share schemes	24	–	**0.3**	**(1.3)**	**(1.0)**	–	**(1.0)**
Tax on other employee benefits	6	–	–	**(0.2)**	**(0.2)**	–	**(0.2)**
Tax on other items in equity	6	–	–	**(0.4)**	**(0.4)**	–	**(0.4)**
Dividend paid	8	–	–	**(25.9)**	**(25.9)**	**(4.3)**	**(30.2)**
Contribution to non-controlling interests		–	–	**(0.4)**	**(0.4)**	**(0.9)**	**(1.3)**
Total transactions with owners		**0.1**	**2.9**	**(28.2)**	**(25.2)**	**(5.2)**	**(30.4)**
Balance at 31 December 2022		**7.7**	**114.8**	**287.2**	**409.7**	**3.5**	**413.2**

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to equity holders of the Parent Company					
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 (loss)/income		–	(2.7)	5.5	2.8	–	2.8
Total comprehensive (loss)/income for the year		–	(2.7)	55.6	52.9	4.3	57.2
Transactions with owners:							
Share issues	24	–	1.8	–	1.8	–	1.8
Employee share schemes	24	–	0.3	(0.1)	0.2	–	0.2
Tax on other employee benefits	6	–	–	2.3	2.3	–	2.3
Dividend paid	8	–	–	(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

Consolidated cash flow statement
for the year ended 31 December

	Notes	2022 £m	2021 Restated £m*
Cash flows from operating activities			
Profit before taxation		**100.1**	69.1
Adjustments for:			
Foreign exchange differences	3	**(0.5)**	(3.2)
Depreciation	3, 9, 10, 11	**13.7**	13.3
Share-based payment expense	21	**1.8**	1.8
Loss/(gain) on sale of property, plant and equipment		**1.5**	(0.6)
Amortisation of intangibles	3, 12	**4.1**	1.6
Difference between pension contributions paid and amount recognised in the income statement		**0.4**	(0.1)
Finance income	3	**(1.9)**	(1.3)
Finance costs	3	**2.2**	3.1
Other finance income – pensions	3	**(0.4)**	(0.1)
Increase in inventories	16	**(0.9)**	(0.2)
Increase in trade and other receivables		**(26.1)**	(38.7)
Increase in bonus accrual		**88.8**	60.4
Increase in trade and other payables		**16.2**	29.1
Increase in provisions		**0.5**	0.1
Cash generated from operations		**199.5**	134.3
Income tax paid		**(20.6)**	(9.2)
Net cash flow from operating activities		**178.9**	125.1
Cash flows from investing activities			
Interest received		**1.3**	0.2
Purchase of property, plant and equipment	9	**(7.6)**	(3.7)
Purchase of intangible assets	12	**(2.0)**	(2.9)
Purchase of investments		**(0.6)**	(3.5)
Proceeds from sale of investments		**1.0**	9.4
Proceeds from sale of property, plant and equipment		**0.7**	1.6
Transfer from current investments (cash on deposit and government bonds)	15	**6.8**	20.0
Transfer to current investments (cash on deposit and government bonds)	15	**(0.3)**	(6.8)
Acquisition of subsidiaries, net of cash acquired	12	**(4.9)**	–
Dividends received from investments	3	**0.2**	–
Net cash flow from investing activities		**(5.4)**	14.3
Cash flows from financing activities			
Interest paid and other charges		**(2.2)**	(2.3)
Dividend paid	8	**(25.9)**	(24.4)
Dividend paid to non-controlling interests		**(4.3)**	(3.9)
Repayment of borrowings		**(0.6)**	(0.1)
Principal elements of lease payments		**(11.2)**	(9.1)
Proceeds from shares issued		**2.7**	1.8
Contributions to non-controlling interests		**(1.3)**	–
ESOP shares acquired		**(20.4)**	(13.2)
Net cash flow from financing activities		**(63.2)**	(51.2)
Net increase in cash and cash equivalents		**110.3**	88.2
Cash and cash equivalents at 1 January		**261.6**	173.4
Net foreign exchange differences		**12.5**	–
Cash and cash equivalents at 31 December	17	**384.4**	261.6

* Restatement in relation to equity-settled liabilities, see note 2.1 for further details.

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 2022 were authorised for issue in accordance with a resolution of the Directors on 3 March 2023. 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 'Parent 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 2022. 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 acquisition-related costs; this is referred to as 'underlying profit'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets, the costs of acquiring new businesses 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 151 to 193.

Statement of compliance

The consolidated financial statements of the Clarkson PLC Group have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom's Financial Conduct Authority.

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 a profit and good cash inflows. 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 geo-political tensions. 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 overheads, the net cash and available funds position at 31 December 2022, the collection of debts and the invoicing and collection of the forward order book. This test determined that, in the absence of any mitigating 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 funds* available to it. In the third scenario, current net cash and available funds* together with the collection of debts and the forward order book would leave sufficient cash resources to cover at least the next 12 months without any new business.

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.

* Classed as an APM. See pages 214 and 215 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.

Presentation of cash flow statement

Following correspondence this year with the Corporate Reporting Review Team of the Financial Reporting Council ('FRC'), we have agreed to restate the cash flows relating to certain equity-settled liabilities within the Consolidated Cash Flow Statement both within 'net cash flow from operating activities' and 'financing activities'. We have restated the Consolidated Cash Flow Statement for the year ended 31 December 2021 to add back £11.3m of equity-settled liabilities payments as 'operating activities' in the line 'increase in bonus accrual' and deduct £11.3m of shares acquired by the ESOP as 'financing activities'.

Cash flow statement 2021	As previously presented £m	Adjustment £m	Restated £m
Net cash flow from operating activities	113.8	11.3	125.1
Net cash flow from financing activities	(39.9)	(11.3)	(51.2)

This presentation has also been adopted for the year ended 31 December 2022. There is no net impact upon the cash flow statement overall and there is no impact on any balance sheet or income statement figures.

The review conducted by the FRC was based solely on the Group's published 2021 Annual Report and does not provide any assurance that the report is correct in all material respects.

2.2 Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework –Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2022 and not early adopted

Certain new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 when due. 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.

2 Statement of accounting policies continued

Alternative performance measures

The Group excludes adjusting items (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 214 and 215.

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 in accordance with 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.

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 is 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:

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 on page 156). 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 14 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. See note 13 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 22 for further details.

2 Statement of accounting policies continued

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 10.

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.

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 which is typically up to five years.

2 Statement of accounting policies continued

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 from the point at which the asset is ready for use, over the estimated useful life which is typically five years.

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 the 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.

2.9 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') 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 so 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.

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 Statement of accounting policies continued

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 to the extent there is uncertainty at the time of invoicing as to whether the clients are capable of settling their invoices when due. 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.

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 and reported in revenue.

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 Statement of accounting policies continued

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 administrative expenses.

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 21 for further details.

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 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 7 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.

2 Statement of accounting policies continued

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 dispatch 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.

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 14.

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. Cumulative translation differences have been set to zero at the date of transition to IFRS.

2 Statement of accounting policies continued

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.

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 occurs:

- 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.

3 Revenue and expenses

	2022 £m	2021 £m
Revenue		
Revenue from contracts with customers	**603.4**	443.0
Revenue from other sources: rental income	**0.4**	0.3
	603.8	443.3

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. Included in revenue is £7.9m (2021: £6.8m) that was included in the contract liability balance at the beginning of the year.

The forward order book comprises contracts where the Group's performance obligations are not yet satisfied and accordingly, no revenue or asset is recognised.

	2022 £m	2021 £m
Cost of sales		
Agency services	**5.9**	5.4
Inventories	**14.2**	9.6
Other	**1.7**	1.5
	21.8	16.5

	2022 £m	2021 £m
Finance income		
Bank interest income	**1.2**	0.1
Dividend income	**0.2**	–
Other finance income	**0.5**	1.2
	1.9	1.3

	2022 £m	2021 £m
Finance costs		
Bank interest charges	–	0.2
Interest expenses on lease liabilities	**1.9**	2.0
Other finance costs	**0.3**	0.9
	2.2	3.1

	2022 £m	2021 £m
Other finance income – pensions		
Net benefit income	**0.4**	0.1

Operating profit

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

	2022 £m	2021 £m
Depreciation	**13.7**	13.3
Amortisation of intangible assets	**4.1**	1.6
Net foreign exchange gains	**(0.5)**	(3.2)
Research and development	**21.2**	15.1
Short-term lease expense	**0.3**	0.3

3 Revenue and expenses continued

	2022 £000	2021 £000
Auditor's remuneration		
Fees payable to the Company's Auditor for the audit of the Company's and Group financial statements	**350**	348
Fees payable to the Company's Auditor and their associates for other services:		
The auditing of financial statements of subsidiaries of the Company	**384**	327
Audit-related assurance services	**89**	83
	823	758

Audit-related assurance services consists of £46,500 (2021: £44,500) in relation to the half year review and £42,500 (2021: £38,000) of other audit-related services in relation to required regulatory reporting.

	2022 £m	2021 £m
Employee compensation and benefits expense		
Wages and salaries	**350.1**	258.5
Social security costs	**28.8**	23.8
Share-based payment expense	**1.8**	1.8
Pension costs – defined contribution plans	**9.3**	8.4
	390.0	292.5

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Director's Remuneration Report in the Directors' emoluments and compensation table on page 122. The Clarkson PLC Directors are considered to be the only key management personnel.

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

	2022	2021
Broking	**1,256**	1,194
Financial	**106**	102
Support	**298**	266
Research	**123**	124
	1,783	1,686

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	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Broking	**495.5**	340.0	**117.6**	73.6
Financial	**49.8**	56.0	**7.8**	13.3
Support	**39.0**	29.6	**5.0**	3.3
Research	**19.5**	17.7	**7.0**	6.1
Segment revenue/profit	**603.8**	443.3	**137.4**	96.3
Head office costs			**(36.6)**	(25.2)
Operating profit before acquisition-related costs			**100.8**	71.1
Acquisition-related costs			**(0.8)**	(0.3)
Operating profit			**100.0**	70.8
Finance income			**1.9**	1.3
Finance costs			**(2.2)**	(3.1)
Other finance income – pensions			**0.4**	0.1
Profit before taxation			**100.1**	69.1
Taxation			**(20.5)**	(14.7)
Profit for the year			**79.6**	54.4

Business segments

	Assets		Liabilities	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Broking	**642.7**	479.8	**287.0**	201.0
Financial	**101.1**	107.3	**48.4**	50.5
Support	**41.6**	37.3	**16.4**	14.7
Research	**11.4**	18.8	**12.8**	12.0
Segment assets/liabilities	**796.8**	643.2	**364.6**	278.2
Unallocated assets/liabilities	**35.5**	38.9	**54.5**	42.3
	832.3	682.1	**419.1**	320.5

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	
	Property, plant and equipment 2022 £m	**Intangible assets 2022 £m**	Property, plant and equipment 2021 £m	Intangible assets 2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Broking	**11.5**	**9.3**	7.5	2.9	**11.0**	9.4	**4.1**	1.6
Financial	**0.8**	–	0.1	–	**1.2**	1.9	–	–
Support	**1.2**	**0.2**	3.0	–	**1.2**	1.6	–	–
Research	–	–	0.2	–	**0.2**	0.4	–	–
	13.5	**9.5**	10.8	2.9	**13.6**	13.3	**4.1**	1.6

4 Segmental information continued

Geographical segments – by origin of invoice

	Revenue 2022 £m	Revenue 2021 £m
Europe, Middle East and Africa*	**434.4**	330.9
Americas	**32.2**	18.9
Asia-Pacific	**137.2**	93.5
	603.8	443.3

Geographical segments – by location of assets

	Non-current assets** 2022 £m	Non-current assets** 2021 £m
Europe, Middle East and Africa*	**237.7**	232.8
Americas	**5.4**	8.6
Asia-Pacific	**15.4**	12.6
	258.5	254.0

* Includes revenue for the UK of £254.0m (2021: £198.0m) and non-current assets for the UK of £117.2m (2021: £115.6m).
** Non-current assets exclude deferred tax assets and employee benefits.

5 Acquisition-related costs

Included in acquisition-related costs is £0.2m (2021: £0.2m) relating to amortisation of intangibles acquired as part of previous acquisitions and cash and share-based payment charges of £0.3m (2021: £0.1m).

Also included in administrative expenses is £0.3m of transaction costs relating to acquisitions in the current year. See note 12 for further details.

6 Taxation

Tax charged in the consolidated income statement is as follows:

	2022 £m	2021 £m
Current tax		
Tax on profits for the year	**26.9**	13.1
Adjustments in respect of prior years	**(0.7)**	(0.6)
	26.2	12.5
Deferred tax		
Origination and reversal of temporary differences	**(4.9)**	2.5
Impact of change in tax rates	**(0.8)**	(0.3)
	(5.7)	2.2
Total tax charge in the income statement	**20.5**	14.7

6 Taxation continued

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

		2022 £m	2021 £m
Current tax			
Employee benefits	– on pension benefits	**(0.1)**	–
Employee benefits	– other employee benefits	**(0.3)**	(0.3)
Other items in equity		**0.4**	–
		–	(0.3)
Deferred tax			
Employee benefits	– on pension benefits	**(1.6)**	3.1
Employee benefits	– other employee benefits	**1.1**	(2.0)
Foreign currency contracts		**(1.8)**	(0.8)
		(2.3)	0.3
Total tax credit in the statement of changes in equity		**(2.3)**	–

Reconciliation of tax charge

The tax charge in the consolidated income statement for the year is higher (2021: higher) than the average standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £m	2021 £m
Profit before taxation	**100.1**	69.1
Profit at UK average standard rate of corporation tax of 19% (2021: 19%)	**19.0**	13.1
Effects of:		
Expenses not deductible for tax purposes	**2.3**	2.1
Higher/(Lower) tax rates on overseas earnings	**0.4**	(1.0)
Tax losses (recognised)/not recognised	**(0.1)**	0.5
Adjustments relating to prior year	**(1.3)**	(0.5)
Adjustments relating to changes in tax rates	**(0.8)**	(0.3)
Other adjustments	**1.0**	0.8
Total tax charge in the income statement	**20.5**	14.7

Deferred tax

Deferred tax (credited)/charged in the consolidated income statement is as follows:

		2022 £m	2021 £m
Employee benefits	– on pension benefits	**(0.1)**	(0.7)
Employee benefits	– on employee benefits	**(6.7)**	–
In relation to earnings of overseas subsidiaries		**0.5**	0.7
Intangible assets		–	1.2
Other items		**0.6**	1.0
Deferred tax (credit)/charge in the income statement		**(5.7)**	2.2

6 Taxation continued

Deferred tax included in the balance sheet is as follows:

		2022 £m	2021 £m
Deferred tax assets			
Employee benefits	– on pension benefits	**0.1**	0.9
	– other employee benefits	**15.8**	10.3
Foreign currency contracts		**1.7**	0.2
Other temporary differences		**0.9**	1.4
Deferred tax assets before offset		**18.5**	12.8
Offset against deferred tax liabilities		**(3.9)**	(2.3)
Deferred tax assets in the balance sheet		**14.6**	10.5
Deferred tax liabilities			
Employee benefits	– on pension benefits	**(3.9)**	(6.5)
In relation to earnings of overseas subsidiaries		**(2.8)**	(2.3)
Foreign currency contracts		**–**	(0.2)
Intangible assets		**(2.4)**	(2.3)
Other temporary differences		**(1.9)**	(2.0)
Deferred tax liabilities before offset		**(11.0)**	(13.3)
Offset against deferred tax assets		**3.9**	2.3
Deferred tax liabilities in the balance sheet		**(7.1)**	(11.0)

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

Included in the above are deferred tax assets of £8.3m (2021: £2.5m) and deferred tax liabilities of £nil (2021: £0.3m) 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 £3.1m (2021: £3.3m) in respect of unused tax losses of £9.4m (2021:£10.2m), which predominantly have either no expiry date or an expiry date of 10 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.

The UK Government announced on 3 March 2021 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 this tax rate and are reflected in these financial statements.

7 Earnings per share

	2022 Underlying £m	2022 Reported £m	2021 Underlying £m	2021 Reported £m
Profit for the year attributable to equity holders of the Parent Company	**76.3**	**75.6**	50.4	50.1

	2022 Underlying Million	2022 Reported Million	2021 Underlying Million	2021 Reported Million
Weighted average number of ordinary shares (excluding share purchase trusts' shares) – basic	**30.5**	**30.5**	30.4	30.4
Dilutive effect of share options	**0.2**	**0.2**	0.3	0.3
Weighted average number of ordinary shares (excluding share purchase trusts' shares) – diluted	**30.7**	**30.7**	30.7	30.7

	2022 Underlying	2022 Reported	2021 Underlying	2021 Reported
Basic earnings per share	**250.3p**	**247.9p**	165.6p	164.6p
Diluted earnings per share	**248.5p**	**246.1p**	164.2p	163.2p

Basic earnings per share amounts are calculated by dividing profit 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 per share amounts are calculated by dividing profit 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 per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive 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 (2021: nil).

There were 34,089 share options in relation to the employee ShareSave scheme that are not included because they are anti-dilutive at the year end (2021: 66,313). These options could potentially dilute basic earnings per share in the future.

8 Dividends

	2022 £m	2021 £m
Declared and paid during the year:		
Final dividend for 2021 of 57p per share (2020: 54p per share)	**17.2**	16.4
Interim dividend for 2022 of 29p per share (2021: 27p per share)	**8.7**	8.0
Dividend paid	**25.9**	24.4
Proposed for approval at the AGM (not recognised as a liability at 31 December):		
Final dividend for 2022 proposed of 64p per share (2021: 57p per share)	**19.6**	17.4

9 Property, plant and equipment

31 December 2022

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2022	9.4	18.7	23.4	1.3	52.8
Additions	1.2	2.1	4.3	–	7.6
Arising on acquisitions	–	–	0.1	–	0.1
Disposals	(0.9)	(0.6)	(1.1)	(0.2)	(2.8)
Foreign exchange differences	0.3	0.4	0.6	–	1.3
At 31 December 2022	10.0	20.6	27.3	1.1	59.0
Accumulated depreciation					
At 1 January 2022	1.9	9.8	17.9	0.7	30.3
Charged during the year	0.2	1.4	2.3	0.2	4.1
Disposals	(0.1)	(0.5)	(1.1)	(0.1)	(1.8)
Foreign exchange differences	0.1	0.3	0.5	–	0.9
At 31 December 2022	2.1	11.0	19.6	0.8	33.5
Net book value at 31 December 2022	7.9	9.6	7.7	0.3	25.5

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

At 31 December 2022 there was £5.6m included in the above figures relating to fully depreciated property, plant and equipment that is still in use (2021: £4.0m).

10 Investment properties

	2022 £m	2021 £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*	**0.1**	0.0*
Foreign exchange differences	**0.1**	–
At 31 December	**1.1**	0.9
Net book value at 31 December	**1.0**	1.2

* The depreciation charged during 2021 was less than £0.1m.

The fair value of the investment properties at 31 December 2022 was £2.3m (2021: £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.

11 Right-of-use assets

	Leasehold properties 2022 £m	Leasehold properties 2021 £m
Cost		
As at 1 January	**69.5**	63.4
Additions	**5.9**	7.1
Disposals	**(6.6)**	(0.8)
Foreign exchange differences	**2.0**	(0.2)
At 31 December	**70.8**	69.5
Accumulated depreciation		
As at 1 January	**24.4**	16.4
Charged during the year	**9.5**	8.8
Disposals	**(3.3)**	(0.7)
Foreign exchange differences	**0.9**	(0.1)
At 31 December	**31.5**	24.4
Net book value at 31 December	**39.3**	45.1

12 Intangible assets

31 December 2022

	Goodwill £m	Development costs £m	Other intangible assets £m	Total £m
Cost				
At 1 January 2022	**284.8**	**19.3**	**30.6**	**334.7**
Additions	–	**2.0**	–	**2.0**
Arising on acquisitions	**5.4**	–	**2.1**	**7.5**
Other (reclassification)	**(0.2)**	–	**0.2**	–
Foreign exchange differences	**1.9**	–	**0.5**	**2.4**
At 31 December 2022	**291.9**	**21.3**	**33.4**	**346.6**
Accumulated amortisation and impairment				
At 1 January 2022	**118.9**	**2.2**	**30.4**	**151.5**
Charged during the year	–	**4.0**	**0.1**	**4.1**
Other (reclassification)	**(0.1)**	–	**0.1**	–
Foreign exchange differences	**1.5**	–	**0.6**	**2.1**
At 31 December 2022	**120.3**	**6.2**	**31.2**	**157.7**
Net book value at 31 December 2022	**171.6**	**15.1**	**2.2**	**188.9**

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

Development costs are amortised based on their estimated useful life, which will not typically exceed five years, when ready for use. These costs represent expenditure incurred in relation to the **Sea/** suite of products, see page 36 for further details on **Sea/.**

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 2022 the Group made acquisitions, which are detailed below, resulting in goodwill of £5.4m and £2.1m of other intangibles assets.

Acquisitions – 2022

On 3 October 2022, the Group, through Maritech Holdings Limited, the legal entity behind **Sea/**, acquired 100% of the share capital of Swedish-based technology company Chinsay AB and its 100% subsidiary Chinsay Pte. Ltd. located in Singapore ('Chinsay'). Cash consideration of US$3.2m (£2.9m) was paid. Post year-end Chinsay AB changed its name to Sea by Maritech Sweden AB and Chinsay Pte. Ltd. changed its name to Sea by Maritech Singapore Pte. Ltd.

On 4 November 2022, a further acquisition was completed by Maritech Holdings Limited. 100% of the share capital of Setapp Sp. z.o.o. ('Setapp'), a Polish technology company, was acquired for cash consideration of €3.0m (£2.6m).

12 Intangible assets continued

Both acquisitions allow **Sea/** to continue to build The Intelligent Marketplace for Fixing Freight and project the business towards its purpose of powering better decisions to enable sustainable shipping.

In 2022, the Group also acquired 100% of the share capital of PPE Suppliers Limited ('PPE') through Gibb Group Ltd for £0.2m resulting in goodwill of £0.2m.

The net assets acquired in the PPE and Setapp acquisitions were each less than £0.1m.

The following table summarises the consideration paid, the provisional fair value of the net assets acquired, and the liabilities assumed relating to the Chinsay acquisition.

Fair value of identifiable assets acquired and liabilities assumed:	Total £m
Intangible assets	2.1
Property, plant and equipment	0.1
Trade and other receivables	0.5
Cash and cash equivalents	0.1
Total assets	2.8
Trade and other payables	(1.5)
Interest bearing loans and borrowings	(0.6)
Deferred tax liabilities	(0.4)
Total liabilities	(2.5)
Net identifiable assets acquired	0.3
Goodwill	2.6
Total consideration paid in cash	2.9

The goodwill is attributable to the team acquired and the synergies arising on the business combination.

There were no acquisitions in the year ended 31 December 2021.

Chinsay contributed revenues of £0.5m and net loss after tax of £0.5m to the Group for the period 3 October 2022 to 31 December 2022. If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and reported profit for the year ended 31 December 2022 would have been £605.7m and £78.7m respectively.

Setapp contributed revenues of £0.2m and net loss after tax of £0.1m to the Group for the period 4 November 2022 to 31 December 2022. If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and reported profit for the year ended 31 December 2022 would have been £605.1m and £78.8m respectively.

These amounts have been calculated extrapolating the subsidiaries' results without the need for adjustments for differences in accounting policies between the Group and the subsidiaries, including the additional depreciation and amortisation that would have been charged assuming that the fair value adjustments to intangible assets had applied from 1 January 2022, together with the consequential tax effects.

This information is not necessarily indicative of the 2022 results of the combined Group had the acquisitions actually been made at the beginning of the period presented, or indicative of the future consolidated performance given the nature of the business acquired.

	2022 £m	2021 £m
Outflow of cash to acquire subsidiaries, net of cash acquired		
Chinsay cash consideration	**2.9**	–
Setapp cash consideration	**2.6**	–
PPE cash consideration	**0.2**	–
	5.7	
Less: Cash acquired	**(0.1)**	–
Less: Amounts withheld	**(0.7)**	
Net outflow of cash – investing activities	**4.9**	–

Acquisition-related costs of £0.3m are included in administrative expenses in the income statement and in operating cash flows in the cash flow statement.

13 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:

	2022 £m	2021 £m
Dry cargo chartering	**16.1**	12.0
Container chartering	**2.0**	1.8
Tankers chartering	**10.6**	10.6
Specialised products chartering	**13.1**	12.9
Gas chartering	**2.8**	2.7
Sale and purchase broking	**45.8**	45.8
Offshore broking	**48.1**	47.1
Securities	**14.1**	14.1
Project finance	**12.6**	12.7
Port and agency services	**3.1**	2.9
Research services	**3.3**	3.3
	171.6	165.9

The movement in the aggregate carrying value is analysed in more detail in note 12.

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 12.7% (2021: 11.3%); port and agency services is 13.3% (2021: 11.3%); research services is 13.2% (2021: 11.3%); and for securities and project finance is 13.4% (2021: 11.9%). 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.
- 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 cyclicality of the business in which the CGU operates. The effect on cash flows of climate change was considered but assessed to have no material impact at this time. Cash flows beyond the five-year period are extrapolated in perpetuity using a conservative growth rate of 1.7% (2021: 1.7%) across all CGUs.

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

As the offshore broking and securities CGUs were subject to impairment in previous years, 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 £1.8m for offshore broking and £0.4m for securities. A decrease in total pre-tax cash flows of 5% would decrease value-in-use by £3.0m for offshore broking and £1.0m 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 geo-political uncertainty, the Board keeps the carrying value of goodwill under constant review and continually monitors for any potential indicators of impairment.

14 Trade and other receivables

	2022 £m	2021 £m
Non-current		
Other receivables	**2.6**	1.0
	2.6	1.0
Current		
Trade receivables	**127.2**	97.6
Other receivables	**10.3**	7.6
Foreign currency contracts	**0.1**	1.3
Prepayments	**9.0**	5.5
Contract assets	**3.5**	5.4
	150.1	117.4

Trade receivables are non-interest bearing and are generally on terms payable within 90 days. As at 31 December 2022, the allowance for impairment of trade receivables was £19.6m (2021: £12.9m). 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 £1.1m (2021: £1.6m) 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 18.

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 2022 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:

	2022			2021		
	Expected loss rate	**Gross carrying amount £m**	**Loss allowance £m**	Expected loss rate	Gross carrying amount £m	Loss allowance £m
0 – 3 months	**3.6%**	**116.2**	**4.2**	3.2%	89.4	2.9
3 – 12 months	**24.4%**	**20.1**	**4.9**	23.4%	14.5	3.4
Over 12 months	**100.0%**	**10.5**	**10.5**	100.0%	6.6	6.6
		146.8	**19.6**		110.5	12.9

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

	2022 £m	2021 £m
At 1 January	**12.9**	12.3
Release of loss allowance	**(8.2)**	(6.6)
Receivables written off during the year as uncollectible	**(0.3)**	(2.0)
Increase in loss allowance	**14.3**	9.2
Foreign exchange differences	**0.9**	–
At 31 December	**19.6**	12.9

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:

	2022 £m	2021 £m
US dollar	**81.7**	74.9
Sterling	**19.8**	11.2
Norwegian krone	**22.9**	7.7
Other currencies	**2.8**	3.8
	127.2	97.6

15 Investments

	2022 £m	2021 £m
Non-current		
Financial assets at fair value through profit or loss	**1.2**	1.0
	1.2	1.0
Current		
Cash on deposit	**3.1**	2.8
Government bonds	–	6.8
Financial assets at fair value through profit or loss	**0.4**	0.7
	3.5	10.3

The non-current financial assets at fair value through profit or loss relate to equity and other investments. The Group held deposits totalling £3.1m (2021: £2.8m) with maturity periods greater than three months and £nil of government bonds (2021: £6.8m). Current financial assets at fair value through profit or loss relate to convertible bonds in the Financial segment.

16 Inventories

	2022 £m	2021 £m
Finished goods	**2.4**	1.5

The cost of inventories recognised as an expense and included in cost of sales amounted to £14.2m (2021: £9.6m).

17 Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**320.1**	260.7
Short-term deposits	**64.3**	0.9
	384.4	261.6

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 £384.4m (2021: £261.6m).

Included in cash at bank and in hand is £12.4m (2021: £3.4m) of restricted funds relating to employee taxes, security trading deposits pending settlement, and other commitments.

18 Trade and other payables

	2022 £m	2021 £m
Current		
Trade payables	**50.0**	39.4
Other payables	**10.5**	8.3
Other tax and social security	**12.3**	6.7
Foreign currency contracts	**3.7**	–
Bonus accruals	**225.8**	148.9
Other accruals	**24.1**	23.9
Contract liabilities	**9.5**	8.2
	335.9	235.4
Non-current		
Other payables	**2.5**	2.0
Foreign currency contracts	**3.3**	0.7
	5.8	2.7

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

19 Lease liabilities

	2022 £m	2021 £m
Current		
Lease liabilities	**9.9**	9.7
Non-current		
Lease liabilities	**37.7**	44.1

A maturity analysis of undiscounted lease liability payments is included within note 27.

Included within lease liabilities are £11.8m (2021: £11.9m) 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.

20 Provisions

	2022 £m	2021 £m
Current		
At 1 January	**0.6**	0.5
Arising during the year	**0.2**	0.1
Foreign exchange differences	**(0.2)**	–
At 31 December	**0.6**	0.6
Non-current		
At 1 January	**1.6**	1.5
Arising during the year	**0.3**	0.1
At 31 December	**1.9**	1.6

Provisions have been recognised for the dilapidation of various leasehold premises of £1.5m (2021: £1.5m) which will be utilised on cessation of the lease and £1.0m (2021: £0.7m) in relation to provisions for employee benefits.

21 Share-based payment plans

	2022 £m	2021 £m
Expense arising from equity-settled share-based payment transactions	**1.8**	1.8

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2022 or 2021.

Share options

Long-term incentive awards

Details of the long-term incentive awards are included in the Directors' Remuneration Report on page 134. Awards made to the Directors are given in the Directors' Remuneration Report on page 126. 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 stochastic 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 to 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% to 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 2022	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2022	Exercisable at 31 December 2022	Weighted average contractual life Years
Long-term incentive awards[1]	**160,003**	**38,548**	–	**(57,033)**	**141,518**	–	**8.19**
2018 ShareSave[2]	**17,218**	–	**(660)**	**(16,558)**	–	–	–
2019 ShareSave[3]	**164,784**	–	**(3,756)**	**(121,642)**	**39,386**	**39,386**	**0.33**
2020 ShareSave[4]	**114,001**	–	**(6,581)**	**(3,146)**	**104,274**	–	**1.33**
2021 ShareSave[5]	**66,313**	–	**(32,224)**	–	**34,089**	–	**2.24**
2022 ShareSave[6]	–	**237,327**	**(3,073)**	–	**234,254**	–	**3.28**
	522,319	**275,875**	**(46,294)**	**(198,379)**	**553,521**	**39,386**	

The exercise prices for share options outstanding at the year-end were: [1]£nil, [2]£22.12, [3]£18.30, [4]£19.28-£19.87, [5]£31.44-£32.18, [6]£22.05–£22.51.

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

	Outstanding at 1 January 2022 £	Granted in year £	Lapsed in year £	Exercised in year £	Outstanding at 31 December 2022 £	Exercisable at 31 December 2022 £
Long-term incentive awards	–	–	–	–	–	–
ShareSave	**21.21**	**22.50**	**27.95**	**18.78**	**22.02**	**18.30**
Total	**14.71**	**19.35**	**27.95**	**13.38**	**16.39**	**18.30**

The weighted average share price at the date of exercise was £30.92.

21 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 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 exercise prices for share options outstanding at the year-end were: [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.

Significant inputs

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

	2022	2021
Share price at date of grant (£)	**26.30-34.45**	29.00-38.90
Exercise price (£)	**0.00-22.51**	0.00-32.18
Expected term (years)	**2.0-3.3**	2.0-3.3
Risk-free interest rate (%)	**1.7-4.4**	0.2-0.4
Expected dividend yield (%)	**0.0-3.3**	0.0-2.1
Expected volatility (%)	**32.1-35.3**	35.1-37.5

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, 562,184 shares (2021: 264,634 shares) at a weighted average price of £33.06 (2021: £28.87) were awarded to employees in settlement of 2021 (2020) cash bonuses.

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

22 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 actuarial valuation of the Clarkson PLC scheme shows a pension surplus on an ongoing basis of £11.5m (105%) as at 31 March 2022. Following the 2016 valuation, Clarkson PLC and the Trustees agreed to cease funding with effect from 1 October 2016. Since 1 May 2021 all expenses of the scheme will be met from the surplus assets.

The actuarial valuation of the Plowrights scheme shows a pension surplus on an ongoing basis of £3.0m (108%) as at 31 March 2022. 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 actuarial valuation of the Stewarts scheme showed a pension surplus on an ongoing basis of £0.1m (100%) as at 1 September 2021. Clarksons Offshore and Renewables Limited will continue to pay contributions of £0.4m per annum, which will include scheme expenses.

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

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if a scheme's 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 a scheme's 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 2021, 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 recognised in other comprehensive income for the year ended 31 December 2021.

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

22 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

	2022 £m	2021 £m
Fair value of schemes' assets	**134.7**	201.5
Present value of funded defined benefit obligations	**(115.2)**	(174.2)
	19.5	27.3
Effect of asset ceiling in relation to the Plowrights scheme	**(4.1)**	(5.3)
Net benefit asset recognised in the balance sheet	**15.4**	22.0

The net benefit asset disclosed above is the combined total of the three UK schemes. The Clarkson PLC scheme has a surplus of £15.8m (2021: £25.8m), the Plowrights scheme has a surplus of £nil (2021: £nil), and the Stewarts scheme has a deficit of £0.4m (2021: £3.8m). As there is no right of set-off between the schemes, the benefit asset of £15.8m (2021: £25.8m) is disclosed separately on the balance sheet from the benefit liability of £0.4m (2021: £3.8m).

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 £4.1m (2021: £5.3m) cannot be recognised.

A deferred tax asset on the benefit liability amounting to £0.1m (2021: £0.9m) and a deferred tax liability on the benefit asset of £3.9m (2021: £6.5m) is shown in note 6.

Recognised in the income statement

	2022 £m	2021 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**3.6**	2.8
Interest cost on benefit obligation and asset ceiling	**(3.2)**	(2.7)
Recognised in administrative expenses:		
Scheme administrative expenses	**(0.8)**	(0.3)
Net benefit charge recognised in the income statement	**(0.4)**	(0.2)

Recognised in the statement of comprehensive income

	2022 £m	2021 £m
Actual return on schemes' assets	**(59.0)**	3.6
Less: expected return on schemes' assets	**(3.6)**	(2.8)
Actuarial (loss)/gain on schemes' assets	**(62.6)**	0.8
Actuarial gain on defined benefit obligations	**54.7**	10.2
Actuarial (loss)/gain recognised in the statement of comprehensive income	**(7.9)**	11.0
Tax credit/(charge) on actuarial gain/(loss)	**1.2**	(2.0)
Release/(recognition) of asset ceiling in relation to the Plowrights scheme	**1.3**	(1.3)
Tax (charge)/credit on asset ceiling	**(0.2)**	0.2
Tax credit/(charge) on change in tax rates	**0.1**	(1.3)
Net actuarial (loss)/gain on employee benefit obligations	**(5.5)**	6.6
Cumulative amount of actuarial gains, before tax, recognised in the statement of comprehensive income	**1.4**	9.3

22 Employee benefits continued

Schemes' assets

	%	2022 £m	%	2021 £m
Equities*	**1.1**	**1.5**	2.7	5.4
Government bonds*	**39.5**	**53.2**	44.0	88.6
Corporate bonds*	**30.4**	**40.9**	28.3	57.1
Investment funds*	**25.6**	**34.5**	23.7	47.7
Cash and other assets	**3.4**	**4.6**	1.3	2.7
	100.0	**134.7**	100.0	201.5

* 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 2022

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2022	**(174.2)**	**201.5**	**27.3**	**(5.3)**	**22.0**
Expected return on assets	–	**3.6**	**3.6**	–	**3.6**
Interest costs	**(3.1)**	–	**(3.1)**	**(0.1)**	**(3.2)**
Employer contributions	–	**0.4**	**0.4**	–	**0.4**
Administrative expenses	–	**(0.8)**	**(0.8)**	–	**(0.8)**
Benefits paid	**7.4**	**(7.4)**	–	–	–
Actuarial gain/(loss)	**54.7**	**(62.6)**	**(7.9)**	**1.3**	**(6.6)**
At 31 December 2022	**(115.2)**	**134.7**	**19.5**	**(4.1)**	**15.4**

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

The Group expects, based on the valuations and funding requirements including expenses, to contribute £0.4m to its defined benefit pension schemes in 2023. (2022: £0.4m).

The principal weighted average valuation assumptions are as follows:

	2022 %	2021 %
Rate of increase in pensions in payment	**3.1**	3.3
Price inflation (RPI)	**3.3**	3.4
Price inflation (CPI)	**2.8**	3.1
Discount rate for scheme liabilities	**5.0**	1.8

22 Employee benefits continued

The mortality assumptions used to assess the defined benefit obligations at 31 December 2022 and 31 December 2021 are based on the 'SAPS' standard mortality tables, being SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 90% (2021: 95%), SP3A for the Plowrights scheme with a scheme specific adjustment of 84% for males and 98% for females (2021: SP3A Light) and SP3A for the Stewarts scheme (2021: S2PA). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2022 (2021: model published in 2021). Examples of the assumed future life expectancy are given in the table below:

		Additional years	
		2022	2021
Post-retirement life expectancy on retirement at age 65:			
Employees retiring in the year	– male	**22.2–23.5**	21.8–23.4
	– female	**24.5–25.2**	23.8–24.9
Employees retiring in 20 years' time	– male	**23.5–24.8**	23.1–24.6
	– female	**25.9–26.6**	25.3–26.3

Experience adjustments

	2022 £m	2021 £m
Experience (loss)/gain on schemes' assets	**(62.6)**	0.8
(Loss)/gain on schemes' liabilities due to changes in demographic assumptions	**(0.3)**	2.8
Gain on schemes' liabilities due to changes in financial assumptions	**67.6**	4.3
(Loss)/gain on schemes' liabilities due to experience adjustments	**(12.6)**	3.1
Gain/(loss) on asset ceiling	**1.3**	(1.3)
Actuarial (loss)/gain	**(6.6)**	9.7
Income tax credit/(charge) on actuarial loss/gain	**1.1**	(3.1)
Actuarial (loss)/gain – net of tax	**(5.5)**	6.6

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 13 years.

	2022		2021	
	Change in assumption	**Change in defined benefit obligation**	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	**+0.25%**	**(2.9%)**	+0.25%	(4.0%)
	(0.25%)	**3.1%**	(0.25%)	4.3%
Price inflation (RPI)	**+0.25%**	**2.4%**	+0.25%	3.2%
	(0.25%)	**(2.3%)**	(0.25%)	(3.0%)

An increase of one year in the assumed life expectancy for both males and females would increase the benefit obligation by 3.3% (2021: 4.6%).

23 Share capital

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

	Number of shares	2022 £m	Number of shares	2021 £m
At 1 January	**30,480,764**	**7.6**	30,399,893	7.6
Additions	**141,346**	**0.1**	80,871	–
At 31 December	**30,622,110**	**7.7**	30,480,764	7.6

During the year, the Company issued 141,346 shares (2021: 80,871) in relation to the ShareSave scheme. The difference between the exercise price (ranging from £18.30-£22.12 (2021: £18.30-£22.50)) and the nominal value of £0.25 was taken to the share premium account, see note 24.

Shares held by Employee Benefit Trusts

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

24 Other reserves

31 December 2022

	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 2022	**33.9**	**(0.5)**	**3.9**	**2.0**	**0.5**	**55.7**	**8.5**	**104.0**
Other comprehensive (loss)/income:								
Foreign exchange differences on retranslation of foreign operations	–	–	–	–	–	–	**13.5**	**13.5**
Foreign currency hedges recycled to profit or loss – net of tax	–	–	–	–	**3.3**	–	–	**3.3**
Foreign currency hedge revaluations – net of tax	–	–	–	–	**(8.9)**	–	–	**(8.9)**
Total other comprehensive (loss)/income	–	–	–	–	**(5.6)**	–	**13.5**	**7.9**
Share issues	**2.6**	–	–	–	–	–	–	**2.6**
Employee share schemes:								
Share-based payments expense	–	–	**1.8**	–	–	–	–	**1.8**
Transfer to profit and loss on vesting	–	**2.0**	**(2.0)**	–	–	–	–	–
ESOP shares acquired	–	**(20.4)**	–	–	–	–	–	**(20.4)**
Equity-settled liabilities	–	**18.9**	–	–	–	–	–	**18.9**
Total employee share schemes	–.	**0.5**	**(0.2)**	–	–	–	–	**0.3**
At 31 December 2022	**36.5**	–	**3.7**	**2.0**	**(5.1)**	**55.7**	**22.0**	**114.8**

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
ESOP shares acquired*	–	(13.2)	–	–	–	–	–	(13.2)
Equity-settled liabilities*	–	11.5	–	–	–	–	–	11.5
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

* ESOP shares acquired was previously stated at £1.7m within the 2021 Annual Report. This has been grossed up with a new line item called Equity-settled liabilities. See note 2.1 for further information.

24 Other reserves continued

Nature and purpose of other reserves

ESOP reserve

The ESOP reserve in the Group represents nil shares (2021: 13,905 shares) purchased by the Employee Benefit Trusts to meet obligations under various incentive schemes. The shares are stated at cost. The market value of these shares at 31 December 2022 was £nil (2021: £0.5m). At 31 December 2022 none of these shares were under option (2021: none). During the year the share purchase trusts acquired 576,894 shares at a weighted average price of £35.34 (2021: 389,411 shares at £33.93); see note 21 for further details of share incentive schemes.

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 21.

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 27.

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 Norway AS (formerly Clarksons Platou AS/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.

Currency translation reserve

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

25 Financial commitments and contingencies

Contingencies

The Group has given no financial commitments to suppliers (2021: none).

The Group has given no guarantees (2021: 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.

26 Events occurring after the reporting period

The Group acquired 100% of the share capital of DHSS Aviation B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Services B.V for cash consideration of €4.0m and additional maximum deferred consideration (including earn-out) of €6.3m.

27 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, 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 2022 and 2021, 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 14; 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.

27 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 2022	**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	**59.8**	**0.7**	**2.5**	–	–	**63.0**
Gross settled foreign currency contracts:						
Outflow	**10.4**	**55.7**	**78.3**	–	–	**144.4**
Inflow	**(9.2)**	**(53.2)**	**(75.0)**	–	–	**(137.4)**
Lease liabilities	**2.9**	**8.6**	**33.3**	**9.4**	–	**54.2**
	63.9	**11.8**	**39.1**	**9.4**	–	**124.2**

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*	3.3	8.1	36.7	13.1	0.3	61.5
	50.7	7.1	39.4	13.1	0.3	110.6

* Restated to correct prior year disclosure error.

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

	2022			2021		
	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	–	**53.8**	**53.8**	0.1	56.1	56.2
Arising on acquisitions	**0.6**	–	**0.6**	–	–	–
Cash flows – principal	**(0.6)**	**(11.2)**	**(11.8)**	(0.1)	(9.1)	(9.2)
Cash flows – interest	–	**(1.9)**	**(1.9)**	–	(2.0)	(2.0)
Interest charges	–	**1.9**	**1.9**	–	2.0	2.0
Other non-cash movements	–	**6.2**	**6.2**	–	7.1	7.1
Foreign exchange differences	–	**(1.2)**	**(1.2)**	–	(0.3)	(0.3)
At 31 December	–	**47.6**	**47.6**	–	53.8	53.8

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

27 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 2022, 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
2022	**5%**	**2.2**	**(4.9)**
	(5%)	**(2.0)**	**4.5**
2021	5%	1.6	(1.9)
	(5%)	(1.4)	1.7

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 24). 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	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Foreign currency contracts	**0.1**	1.3	**7.0**	0.7

At 31 December 2022 the Group had sterling forward contracts of US$80m due for settlement in 2023 at an average rate of US$1.28/£1, US$70m due for settlement in 2024 at an average rate of US$1.28/£1 and US$25m due for settlement in 2025 at an average rate of US$1.23/£1 (2021: 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).

In 2022, in addition to the above trades, the Group entered into NOK forward contracts of US$24m due for settlement in 2023 at an average rate of US$1/NOK9.81 and US$5m due for settlement in 2024 at an average rate of US$1/NOK9.76.

27 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 2022 or 31 December 2021. 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 DFTC 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.

28 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	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Assets						
Investments at fair value through profit or loss ('FVPL')	**0.5**	0.5	**1.1**	1.2	–	–
Foreign currency contracts	–	–	**0.1**	1.3	–	–
	0.5	0.5	**1.2**	2.5	–	–
Liabilities						
Foreign currency contracts	–	–	**7.0**	0.7	–	–
	–	–	**7.0**	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.

Investment properties are not measured at fair value, but the fair value is disclosed in note 10.

28 Financial instruments continued

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

Financial assets

	2022				2021			
	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	Amortised cost £m	Total £m
Other receivables	–	–	**12.9**	**12.9**	–	–	8.6	8.6
Investments	–	**1.6**	**3.1**	**4.7**	–	1.7	9.6	11.3
Trade receivables	–	–	**127.2**	**127.2**	–	–	97.6	97.6
Foreign currency contracts	**0.1**	–	–	**0.1**	1.3	–	–	1.3
Cash and cash equivalents	–	–	**384.4**	**384.4**	–	–	261.6	261.6
	0.1	**1.6**	**527.6**	**529.3**	1.3	1.7	377.4	380.4

Financial liabilities

	2022			2021		
	Hedging instruments £m	Amortised cost £m	Total £m	Hedging instruments £m	Amortised cost £m	Total £m
Trade payables	–	**50.0**	**50.0**	–	39.4	39.4
Other payables	–	**13.0**	**13.0**	–	10.3	10.3
Foreign currency contracts	**7.0**	–	**7.0**	0.7	–	0.7
Lease liabilities	–	**47.6**	**47.6**	–	53.8	53.8
	7.0	**110.6**	**117.6**	0.7	103.5	104.2

The carrying value of current and non-current financial assets and liabilities is deemed to equate to the fair value at 31 December 2022 and 2021.

Net gains on financial assets at fair value through profit or loss amounted to £0.3m (2021: £1.3m). Net losses on financial assets at fair value through other comprehensive income were £nil (2021: £1.7m). Net losses on financial liabilities at fair value through profit or loss amounted to £nil (2021: £0.3m). Gains/(losses) on trade receivables (measured at amortised cost) are shown in note 14.

29 Related party transactions

As in 2021, the Group did not enter into any related party transactions during the year, except as noted below.

As mentioned in the biographies in the Board of Directors on page 90, 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.

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.

	2022 £m	2021 £m
Short-term employee benefits	**12.1**	7.5
Post-employment benefits	**0.1**	0.1
Share-based payments	**1.1**	1.0
	13.3	8.6

Full remuneration details are provided in the Directors' Remuneration Report on pages 116 to 137.

30 Non-controlling interest

The non-controlling interest relates to 10 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 Project Finance AS 2022 £m	*Clarksons Platou Project Finance AS 2021 £m
Summarised balance sheet		
Non-current assets	**0.1**	0.1
Current assets	**6.8**	10.0
Current liabilities	**(3.1)**	(11.4)
Net current assets	**3.7**	(1.4)
Non-current liabilities	**(1.9)**	–
Net assets	**1.9**	(1.3)
Accumulated non-controlling interest	**1.3**	0.9
Non-controlling equity interest	**66.11%**	68.98%
Summarised statement of comprehensive income		
Revenue	**12.4**	14.8
Profit for the period	**4.0**	4.7
Profit attributable to non-controlling interest	**2.6**	3.2
Dividends paid to non-controlling interest	**(1.5)**	(2.5)
Summarised statement of cash flows		
Cash flows from operating activities	**0.4**	7.0
Cash flows from investing activities	**2.5**	(2.5)
Cash flows from financing activities	**(3.0)**	(6.7)
Total net cash outflow	**(0.1)**	(2.2)

* During the year Clarksons Platou Project Finance AS changed its name to Clarksons Project Finance AS.

In 2022 there was a re-organisation of the non-controlling entities to ensure retention of key personnel in Project Finance, resulting in a £1.3m contribution to non-controlling interests. Following the required series of transactions, there was no material change to the Group's overall control of the entities involved.

Parent Company balance sheet
as at 31 December

	Notes	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	C	**11.0**	11.1
Investment properties	D	**0.3**	0.3
Right-of-use assets	E	**17.2**	19.7
Investments in subsidiaries	F	**167.2**	168.0
Employee benefits	P	**15.8**	25.8
Deferred tax assets	G	**–**	–
		211.5	224.9
Current assets			
Trade and other receivables	H	**93.1**	57.6
Income tax receivable		**6.2**	1.7
Investments	I	**0.5**	0.5
Cash and cash equivalents	J	**0.3**	0.1
		100.1	59.9
Current liabilities			
Trade and other payables	K	**(28.2)**	(17.1)
Lease liabilities	L	**(3.2)**	(3.7)
		(31.4)	(20.8)
Net current assets		**68.7**	39.1
Non-current liabilities			
Lease liabilities	L	**(19.2)**	(22.4)
Provisions	M	**(1.1)**	(1.1)
Deferred tax liabilities	N	**(0.9)**	(5.4)
		(21.2)	(28.9)
Net assets		**259.0**	235.1
Capital and reserves			
Share capital	Q	**7.7**	7.6
Other reserves	R	**97.9**	95.5
Retained earnings		**153.4**	132.0
Total equity		**259.0**	235.1

The Company's profit for the year was £56.0m (2021: £37.5m profit).

The financial statements on pages 194 to 213 were approved by the Board on 3 March 2023, 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	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
		Attributable to equity holders of the Parent Company			
Balance at 1 January 2022		**7.6**	**95.5**	**132.0**	**235.1**
Profit for the year		–	–	**56.0**	**56.0**
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax	P	–	–	**(7.9)**	**(7.9)**
Total comprehensive income for the year		–	–	**48.1**	**48.1**
Transactions with owners:					
Share issues	R	**0.1**	**2.6**	–	**2.7**
Employee share schemes		–	**(0.2)**	**(1.3)**	**(1.5)**
Tax on other employee benefits		–	–	**0.5**	**0.5**
Dividend paid	B	–	–	**(25.9)**	**(25.9)**
Total transactions with owners		**0.1**	**2.4**	**(26.7)**	**(24.2)**
Balance at 31 December 2022		**7.7**	**97.9**	**153.4**	**259.0**

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
		Attributable to equity holders of the Parent Company			
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

Parent Company cash flow statement
for the year ended 31 December

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Profit before taxation		**49.4**	34.2
Adjustments for:			
Foreign exchange differences		**(0.3)**	0.1
Depreciation	C, D, E	**4.4**	4.2
Share-based payment expense		**1.1**	1.0
Impairment of investment in subsidiaries	F	**0.8**	–
Difference between pension contributions paid and amount recognised in the income statement		**0.7**	0.2
Finance income		**(71.4)**	(50.0)
Finance costs		**0.7**	0.7
Other finance income – pensions		**(0.5)**	(0.3)
Increase in trade and other receivables		**(37.8)**	(39.7)
Increase in bonus accrual		**9.6**	3.1
Increase in trade and other payables		**1.6**	0.9
Cash utilised from operations		**(41.7)**	(45.6)
Income tax received		–	2.2
Net cash flow from operating activities		**(41.7)**	(43.4)
Cash flows from investing activities			
Purchase of property, plant and equipment	C	**(1.8)**	(0.4)
Transfer from current investments (cash on deposit)	I	–	20.0
Dividends received from investments		**71.4**	50.0
Net cash flow from investing activities		**69.6**	69.6
Cash flows from financing activities			
Interest paid		**(0.7)**	(0.8)
Dividend paid	B	**(25.9)**	(24.4)
Payments of lease liabilities		**(3.7)**	(2.8)
Proceeds from shares issued		**2.7**	1.8
Net cash flow from financing activities		**(27.6)**	(26.2)
Net increase in cash and cash equivalents		**0.3**	–
Cash and cash equivalents at 1 January		**0.1**	0.1
Cash and cash equivalents at 31 December	J	**0.4**	0.1

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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 (UK IFRS) and the applicable legal requirements of the Companies Act 2006.

The Parent Company's functional and presentational currency is pounds sterling.

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 £56.0m (2021: £37.5m profit).

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 2022, 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

	2022 £m	2021 £m
Declared and paid during the year:		
Final dividend for 2021 of 57p per share (2020: 54p per share)	**17.2**	16.4
Interim dividend for 2022 of 29p per share (2021: 27p per share)	**8.7**	8.0
Dividend paid	**25.9**	24.4
Proposed for approval at the AGM (not recognised as a liability at 31 December):		
Final dividend for 2022 proposed of 64p per share (2021: 57p per share)	**19.6**	17.4

C Property, plant and equipment

31 December 2022

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Original cost				
At 1 January 2022	1.9	14.4	8.4	24.7
Additions	–	–	1.8	1.8
At 31 December 2022	1.9	14.4	10.2	26.5
Accumulated depreciation				
At 1 January 2022	0.6	6.5	6.5	13.6
Charged during the year	0.1	1.1	0.7	1.9
At 31 December 2022	0.7	7.6	7.2	15.5
Net book value at 31 December 2022	1.2	6.8	3.0	11.0

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

D Investment properties

	2022 £m	2021 £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 2022 was £0.9m (2021: £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

	2022 £m	2021 £m
Cost		
At 1 January	**26.5**	24.4
Additions	–	2.1
At 31 December	**26.5**	26.5
Accumulated depreciation		
At 1 January	**6.8**	4.5
Charged during the year	**2.5**	2.3
At 31 December	**9.3**	6.8
Net book value at 31 December	**17.2**	19.7

F Investments in subsidiaries

	2022 £m	2021 £m
Cost		
At 1 January	**168.0**	168.0
Impairment	**(0.8)**	–
At 31 December	**167.2**	168.0

In 2022 an impairment in Clarksons Platou (Italia) Srl (in liquidation) of £0.8m was taken, reducing Clarkson PLC's investment in the subsidiary to £nil. As the investment in Clarksons Norway AS (formerly Clarksons Platou AS) was subject to impairment in previous years, 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 £5.1m and a decrease in pre-tax cash flows of 5% would decrease value-in-use by £6.9m.

G Deferred tax assets

	2022 £m	2021 £m
Employee benefits – other employee benefits	**3.3**	1.9
Other temporary differences	**0.6**	0.4
Deferred tax assets before offset	**3.9**	2.3
Offset with deferred tax liabilities	**(3.9)**	(2.3)
Deferred tax assets in the balance sheet	–	–

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

Included in the above are deferred tax assets of £2.6m (2021: £0.9m) 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.

There were no unrecognised tax losses in the year (2021: none)

H Trade and other receivables

	2022 £m	2021 £m
Prepayments and accrued income	**1.0**	0.8
Owed by Group companies	**92.1**	56.8
	93.1	57.6

The Company has no trade receivables (2021: none). All amounts owed by Group companies are payable on demand with no interest being charged. As at 31 December 2022, the Company calculated the expected credit loss of amounts owed by Group companies to be immaterial (2021: immaterial). Further details of related party receivables are included in note V.

I Investments

	2022 £m	2021 £m
Cash on deposit	**0.5**	0.5

The Company held £0.5m (2021: £0.5m) in a deposit with a 95-day notice period. This deposit is held with an A-rated financial institution.

J Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**0.3**	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 £0.3m (2021: £0.1m).

K Trade and other payables

	2022 £m	2021 £m
Other payables	**0.1**	–
Owed to Group companies	**2.1**	1.6
Bonus accruals	**20.0**	10.4
Other accruals	**4.3**	4.4
Deferred income	**1.7**	0.7
	28.2	17.1

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

	2022 £m	2021 £m
Current		
Lease liabilities	**3.2**	3.7
Non-current		
Lease liabilities	**19.2**	22.4

M Provisions

	2022 £m	2021 £m
Non-current		
At 1 January and 31 December	**1.1**	1.1

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

	2022 £m	2021 £m
Employee benefits – on pension benefit asset	**3.9**	6.5
Other temporary differences	**0.9**	1.2
Deferred tax liabilities before offset	**4.8**	7.7
Offset with deferred tax assets	**(3.9)**	(2.3)
Deferred tax liabilities in the balance sheet	**0.9**	5.4

Deferred tax assets and liabilities are offset and reported net where appropriate, 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

	2022 £m	2021 £m
Expense arising from equity-settled, share-based payment transactions	**1.1**	1.0

For more information on the Parent Company's share-based payment plans, see note 21 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 both 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 actuarial valuation of the Clarkson PLC scheme shows a pension surplus on an ongoing basis of £11.5m (105%) as at 31 March 2022. Following the 2016 valuation, Clarkson PLC and the Trustees had agreed to cease funding with effect from 1 October 2016. Since 1 May 2021 all expenses of the scheme will be met from the surplus assets.

The actuarial valuation of the Plowrights scheme shows a pension surplus on an ongoing basis of £3.0m (108%) as at 31 March 2022. 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 schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if a scheme's 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 a scheme's 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

	2022 £m	2021 £m
Fair value of schemes' assets	**124.4**	187.7
Present value of funded defined benefit obligations	**(104.5)**	(156.6)
	19.9	31.1
Effect of asset ceiling in relation to the Plowrights scheme	**(4.1)**	(5.3)
Net benefit asset recognised in the balance sheet	**15.8**	25.8

The net benefit asset disclosed above is the combined total of the two schemes. The Clarkson PLC scheme has a surplus of £15.8m (2021: £25.8m) and the Plowrights scheme has a surplus of £nil (2021: £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 £4.1m (2021: £5.3m) cannot be recognised.

A deferred tax liability on the benefit asset of £3.9m (2021: £6.5m) is shown in note N.

Recognised in the income statement

	2022 £m	2021 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**3.4**	2.7
Interest cost on benefit obligation and asset ceiling	**(2.9)**	(2.4)
Recognised in administrative expenses:		
Schemes' administrative expenses	**(0.7)**	(0.2)
Net benefit (charge)/income recognised in the income statement	**(0.2)**	0.1

Recognised in the statement of comprehensive income

	2022 £m	2021 £m
Actual return on schemes' assets	**(55.7)**	2.6
Less: expected return on schemes' assets	**(3.4)**	(2.7)
Actuarial loss on schemes' assets	**(59.1)**	(0.1)
Actuarial gain on defined benefit obligations	**48.0**	9.0
Actuarial (loss)/gain recognised in the statement of comprehensive income	**(11.1)**	8.9
Tax credit/(charge) on actuarial loss/gain	**2.1**	(1.6)
Effect of asset ceiling in relation to the Plowrights scheme	**1.3**	(1.3)
Tax (charge)/credit on asset ceiling	**(0.2)**	0.2
Tax charge on change in tax rates	–	(1.6)
Net actuarial (loss)/gain on employee benefit obligations	**(7.9)**	4.6
Cumulative amount of actuarial (losses)/gains, before tax, recognised in the statement of comprehensive income	**(1.0)**	10.1

Schemes' assets

	2022 %	2022 £m	2021 %	2021 £m
Government bonds*	**39.5**	**49.1**	45.9	86.2
Corporate bonds*	**30.4**	**37.8**	28.4	53.2
Investment funds*	**26.4**	**32.9**	24.3	45.7
Cash and other assets	**3.7**	**4.6**	1.4	2.6
	100.0	**124.4**	100.0	187.7

* 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 2022

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2022	**(156.6)**	**187.7**	**31.1**	**(5.3)**	**25.8**
Expected return on assets	–	**3.4**	**3.4**	–	**3.4**
Interest costs	**(2.8)**	–	**(2.8)**	**(0.1)**	**(2.9)**
Administrative expenses	–	**(0.7)**	**(0.7)**	–	**(0.7)**
Benefits paid	**6.9**	**(6.9)**	–	–	–
Actuarial gain/(loss)	**48.0**	**(59.1)**	**(11.1)**	**1.3**	**(9.8)**
At 31 December 2022	**(104.5)**	**124.4**	**19.9**	**(4.1)**	**15.8**

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)
Administrative expenses	–	(0.2)	(0.2)	–	(0.2)
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

Based on the valuations and funding requirements including expenses, the Company does not expect to contribute to its defined benefit pension schemes in 2023 (2022: £nil).

The principal valuation assumptions are as follows:

	2022 %	2021 %
Rate of increase in pensions in payment	**3.1**	2.9
Price inflation (RPI)	**3.3**	3.4
Price inflation (CPI)	**2.8**	3.1
Discount rate for schemes' liabilities	**5.0**	1.8

The mortality assumptions used to assess the defined benefit obligations at 31 December 2022 and 31 December 2021 are based on the 'SAPS' standard mortality tables, being SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 90% (2021: 95%) and SP3A for the Plowrights scheme with a scheme specific adjustment of 84% for males and 98% for females (2021: SP3A Light). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2022 (31 December 2021: model published in 2021). Examples of the assumed future life expectancy are given in the table below:

		Additional years	
		2022	2021
Post-retirement life expectancy on retirement at age 65:			
Employees retiring in the year	– male	**23.0–23.5**	22.5–23.4
	– female	**24.6–25.2**	24.8–24.9
Employees retiring in 20 years' time	– male	**24.3–24.8**	23.8–24.6
	– female	**26.0–26.6**	26.2–26.3

P Employee benefits continued

Experience adjustments

	2022 £m	2021 £m
Experience loss on schemes' assets	**(59.1)**	(0.1)
(Loss)/gain on schemes' liabilities due to changes in demographic assumptions	**(0.3)**	2.7
Gain on schemes' liabilities due to changes in financial assumptions	**61.2**	3.2
(Loss)/gain on schemes' liabilities due to experience adjustments	**(12.9)**	3.1
Gain/(loss) on asset ceiling	**1.3**	(1.3)
Actuarial (loss)/gain	**(9.8)**	7.6
Income tax credit/(charge) on actuarial loss/gain	**1.9**	(3.0)
Actuarial (loss)/gain – net of tax	**(7.9)**	4.6

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 13 years.

	2022		2021	
	Change in assumption	**Change in defined benefit obligation**	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	**+0.25%**	**(2.9%)**	+0.25%	(4.0%)
	(0.25%)	**3.1%**	(0.25%)	+4.2%
Price inflation (RPI)	**+0.25%**	**2.7%**	+0.25%	+3.5%
	(0.25%)	**(2.6%)**	(0.25%)	(3.3%)

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by 3.2% (2021: 4.5%).

Q Share capital

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

	Number of shares	2022 £m	Number of shares	2021 £m
At 1 January	**30,480,764**	**7.6**	30,399,893	7.6
Additions	**141,346**	**0.1**	80,871	–
At 31 December	**30,622,110**	**7.7**	30,480,764	7.6

During the year, the Company issued 141,346 shares (2021: 80,871) in relation to the ShareSave scheme. The difference between the exercise price, ranging from £18.30-£22.12 (2021: £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 2022

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2022	**33.9**	**3.9**	**2.0**	**55.7**	**95.5**
Share issues	**2.6**	–	–	–	**2.6**
Employee share schemes:					
Share-based payments expense	–	**1.8**	–	–	**1.8**
Transfer to profit and loss on vesting	–	**(2.0)**	–	–	**(2.0)**
Total employee share schemes	–	**(0.2)**	–	–	**(0.2)**
At 31 December 2022	**36.5**	**3.7**	**2.0**	**55.7**	**97.9**

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

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 Norway AS (formerly Clarksons Platou AS/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.

S Financial commitments and contingencies

Contingencies

The Company has given no financial commitments to suppliers (2021: none).

The Company has given no guarantees (2021: 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 2022	**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**	**2.8**	**15.1**	**7.0**	**25.8**

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	15.1	10.7	30.1

* Restated to correct prior year disclosure error.

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

	2022		2021	
	Lease liabilities £m	**Total £m**	Lease liabilities £m	Total £m
At 1 January	**26.1**	**26.1**	26.9	26.9
Cash flows – principal	**(3.7)**	**(3.7)**	(2.8)	(2.8)
Cash flows – interest	**(0.7)**	**(0.7)**	(0.7)	(0.7)
Interest charges	**0.7**	**0.7**	0.7	0.7
Other non-cash movements	–	–	2.0	2.0
At 31 December	**22.4**	**22.4**	26.1	26.1

In 2021, other non-cash movements included the net impact of modifications during the year.

Capital management

For information on the Parent Company capital management objectives, policies and processes, see note 27 of the consolidated financial statements.

U Financial instruments

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

Financial assets

	2022 Amortised cost £m	2022 Total £m	2021 Amortised cost £m	2021 Total £m
Owed by Group companies	**92.1**	**92.1**	56.8	56.8
Investments	**0.5**	**0.5**	0.5	0.5
Cash and cash equivalents	**0.3**	**0.3**	0.1	0.1
	92.9	**92.9**	57.4	57.4

Financial liabilities

	2022 Amortised cost £m	2022 Total £m	2021 Amortised cost £m	2021 Total £m
Other payables	**0.1**	**0.1**	–	–
Owed to Group companies	**2.1**	**2.1**	1.6	1.6
Lease liabilities	**22.4**	**22.4**	26.1	26.1
	24.6	**24.6**	27.7	27.7

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:

	2022 £m	2021 £m
Management fees charged	**2.6**	2.6
Rent receivable	**6.2**	6.7
Dividends received	**71.4**	50.0

Balances with subsidiaries at 31 December were as follows:

	2022 £m	2021 £m
Amounts owed by related parties	**92.1**	56.8
Amounts owed to related parties	**(2.1)**	(1.6)
Deferred income	**(1.7)**	(0.7)

There were no terms or conditions attached to these balances. The increased amounts owed by related parties are predominantly due to net movements with H. Clarkson & Company Limited, the principal banking entity in the UK, which sometimes receives/pays out money on behalf of Clarkson PLC.

As mentioned in the biographies in the Board of Directors on page 90, 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.

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 29 to the consolidated financial statements.

W Subsidiaries

The Parent Company had the following subsidiaries at 31 December 2022. 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
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
Chinsay AB	Sweden	Vasagatan 28, 111 20, Stockholm, Sweden		100	Sale and support of digital products and services for the shipping industry
Chinsay Pte. Ltd.	Singapore	140 Robinson Road #18-04, 068907, Singapore		100	Sale and support of digital products and services for the shipping industry
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 Hellas Ltd.(1)	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH 96960, Marshall Islands		100	Shipbroking
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 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 Holdings LLC	United States	Universal Registered Agents, Inc., 300 Creek View Road, Suite 209, Newark 19711, United States		100(2)	Dormant
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

(1) Has a branch in Greece.
(2) Membership interest.

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 Research Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Provision of data and intelligence to the shipping, trade, offshore and energy sectors
Clarkson Sale and Purchase Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Clarkson Shipbrokers Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
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(3)	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 and offshore sectors
Clarksons Australia Pty Limited	Australia	Level 9, 16 St Georges Terrace, Perth WA 6000, Australia		100	Shipbroking
Clarksons Business Management AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Shipping and offshore project syndication
Clarksons Denmark ApS	Denmark	Strandvejen 70, 2., 2900, Hellerup, Denmark		100	Shipbroking
Clarksons Deutschland GmbH	Germany	Johannisbollwerk 20, 5.fl, 20459, Hamburg, Germany		100	Shipbroking
Clarksons DMCC	United Arab Emirates	Unit No: B3-14-01 A, Gold Tower (AU), Plot No: JLT-PH1-I3A, Jumeirah Lakes Towers, Dubai, United Arab Emirates		100	Shipbroking
Clarksons ESG Core Plus AS	Norway	c/o Clarksons Platou Prop. Mngt. As, Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Real estate and alternative investment fund
Clarksons Hong Kong Limited(4)	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100	Shipbroking
Clarksons Japan K.K.	Japan	Otemachi Financial City South Tower 15th Floor, 1-9-7 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan		100	Shipbroking

(3) Membership interest.
(4) Has a branch in China.

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 Korea Limited	Republic of Korea	#602, 6F Shin-A, 50, Seosomun-ro 11-gil, Jung-gu, Seoul, 04515, Republic of Korea		100	Shipbroking
Clarksons Martankers, S.L.U.	Spain	Paseo del Pintor Rosales, 38, 28008, Madrid, Spain		100	Shipbroking
Clarksons Netherlands B.V.	Netherlands	De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands		100	Shipbroking
Clarksons Norway AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway	100		Shipbroking
Clarksons Offshore and Renewables Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Shipbroking
Clarksons Platou (Brasil) Ltda	Brazil	Avenida Rio Branco, 89-1601, Centro, Rio de Janeiro, 20040-004, Brazil		100	Shipbroking
Clarksons Platou (Italia) Srl in liquidazione	Italy	Via San Vincenzo 2, 16145, Genova, Italy	100		Shipbroking
Clarksons Platou Commodities USA LLC	United States	251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States		100(5)	Introducing broker for LPG swaps
Clarksons Platou Futures Limited(6)	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Brokerage of shipping-related derivative financial instruments
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	Dormant
Clarksons Project Development AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.29	Real estate project management
Clarksons Project Finance AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		31.01(7)	Shipping and offshore project syndication
Clarksons Project Finance Shipping AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Shipping and offshore project syndication
Clarksons Property Management AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		24.81(8)	Provision of property-related services
Clarksons Property UK Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Property holding company
Clarksons Real Estate Investment Management AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Management of companies and funds that invest in private companies investing in real estate and associated businesses

(5) Membership interest.
(6) Has branches in Singapore, Switzerland and the United Arab Emirates.
(7) The Group holds >50% of the company's voting rights.
(8) Although the holding represents <50%, the Parent Company controls the entity with 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 Securities AS	Norway	Munkedamsveien 62C, Oslo, 0270, 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 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 Securities Inc.	United States	1230 6th Avenue, #1603, New York NY 10022, 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 Shipbroking (Shanghai) Co., Limited	China	Room 111 Building 3 No.170, Huo Shan Road, Hongkou District, Shanghai, 200082, China		100	Shipbroking
Clarksons Shipping Services USA LLC	United States	211 East 7th Street, Suite 620, Austin TX 78701, United States		100(9)	Shipbroking
Clarksons Singapore Pte. Limited	Singapore	1 Harbourfront Avenue, #14-07, Keppel Bay Tower, 098632, Singapore		100	Shipbroking
Clarksons South Africa (Pty) Ltd	South Africa	23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa		100	Shipbroking
Clarksons 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
Clarksons Sweden AB	Sweden	Dragarbrunnsgatan 55, 753 20, Uppsala, Sweden		100	Shipbroking
Clarksons Switzerland SA	Switzerland	Rue du Prince 9, 1204, Genève, Switzerland		100	Shipbroking
Clarksons USA Inc.	United States	251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States		100	Holding company
Coastal Shipping Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
CPPF Eiendom AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Holding company
Enship Limited	United Kingdom	303 King Street, Aberdeen, Scotland, AB24 5AP, United Kingdom		100	Dormant

(9) Membership interest.

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 LLC	United States	Universal Registered Agents, Inc., 300 Creek View Road, Suite 209, Newark 19711, United States		100(10)	Dormant
Gibb Group Ltd	United Kingdom	303 King Street, Aberdeen, Scotland, AB24 5AP, 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, Oslo, 0270, Norway		50.1	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

(10) Membership interest

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
Norwegian Marine Services AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Shipping and offshore project syndication
PPE Suppliers Limited	United Kingdom	Brooklyn House, Gapton Hall Road, Great Yarmouth, Norfolk, NR31 0RD, United Kingdom		100	Dormant
RS Platou Africa Limited	Jersey	1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey		100	Non-trading
RS Platou AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Dormant
RS Platou Economic Research AS	Norway	Munkedamsveien 62C, Oslo, 0270, 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, Oslo, 0270, Norway		100	Dormant
RS Platou Shipbrokers AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		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
Setapp Spółka Z Ograniczoną Odpowiedzialnością	Poland	ul. Wojskowa 6, 60-792, Poznań, Poland		100	Support of digital products and services for 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 Services (Jersey) Limited	Jersey	1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey		100	Non-trading
VAXA Drift AS	Norway	c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway		8.62(11)	Operation cost management for property SPV
VAXA Group AS	Norway	c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway		8.62(11)	Holding company
VAXA Økonomi AS	Norway	Philip Pedersens vei 20, Lysaker, 1366, Norway		4.32(11)	Provision of accounting and financial advisory
VAXA Property AS	Norway	Philip Pedersens vei 20, Lysaker, 1366, Norway		8.62(11)	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

(11) Although the holding represents <50%, the Parent Company controls the entity with controlling interests in subsidiary companies.

Alternative performance measures

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. Directors' judgement is required as to what items qualify for this classification.

Adjusting items
The Group excludes adjusting items from its underlying earnings metrics with the aim of removing the impact of one-offs which may distort period-on-period comparisons.

The term 'underlying' excludes the impact of exceptional items and acquisition-related costs, which are shown separately on the face of the income statement. Management separates these items due to their nature and size and believes this provides further useful information, in addition to statutory measures, to assist readers of the Annual Report to understand the results for the year.

Underlying profit before taxation
Reconciliation of reported profit before taxation to underlying profit before taxation for the year.

	2022 £m	2021 £m
Reported profit before taxation	**100.1**	69.1
Add back acquisition-related costs	**0.8**	0.3
Underlying profit before taxation	**100.9**	69.4

Underlying effective tax rate
Reconciliation of reported effective tax rate to underlying effective tax rate.

	2022	2021
Reported effective tax rate	**20.5%**	21.3%
Adjustment relating to acquisition-related costs	**(0.1%)**	(0.1%)
Underlying effective tax rate	**20.4%**	21.2%

Underlying profit for the year attributable to equity holders of the Parent Company
Reconciliation of reported profit attributable to equity holders of the Parent Company to underlying profit attributable to equity holders of the Parent Company.

	2022 £m	2021 £m
Reported profit attributable to equity holders of the Parent Company	**75.6**	50.1
Add back acquisition-related costs	**0.7**	0.3
Underlying profit attributable to equity holders of the Parent Company	**76.3**	50.4

Underlying basic earnings per share
Reconciliation of reported basic earnings per share to underlying basic earnings per share.

	2022	2021
Reported basic earnings per share	**247.9p**	164.6p
Add back acquisition-related costs	**2.4p**	1.0p
Underlying basic earnings per share	**250.3p**	165.6p

Underlying administrative expenses
Reconciliation of reported administrative expenses to underlying administrative expenses for the year.

	2022 £m	2021 £m
Reported administrative expenses	**482.0**	356.0
Less acquisition-related costs	**(0.8)**	(0.3)
Underlying administrative expenses	**481.2**	355.7

Operational metrics

The Group monitors its cash and liquidity position by adjusting gross balances to reflect the payment of obligations to staff and restricted monies held by regulated entities.

Net cash and available funds

The Board uses net cash and available funds as a better representation of the net cash available to the business, since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

Reconciliation of reported cash and cash equivalents to net cash and available funds reported.

	2022 £m	2021 £m
Cash and cash equivalents as reported	**384.4**	261.6
Add cash on deposit and government bonds included within current investments	**3.1**	9.6
Less amounts reserved for bonuses included within current trade and other payables	**(225.8)**	(148.9)
Net cash and available funds	**161.7**	122.3

Free cash resources

Free cash resources is a further measure used by the Board in taking decisions over capital allocation. It deducts monies held by regulated entities from the net cash and available funds figure.

Reconciliation of reported cash and cash equivalents to reported free cash resources.

	2022 £m	2021 £m
Cash and cash equivalents as reported	**384.4**	261.6
Add cash on deposit and government bonds included within current investments	**3.1**	9.6
Less amounts reserved for bonuses included within current trade and other payables	**(225.8)**	(148.9)
Less net cash and available funds held in regulated entities	**(30.8)**	(30.0)
Free cash resources	**130.9**	92.3