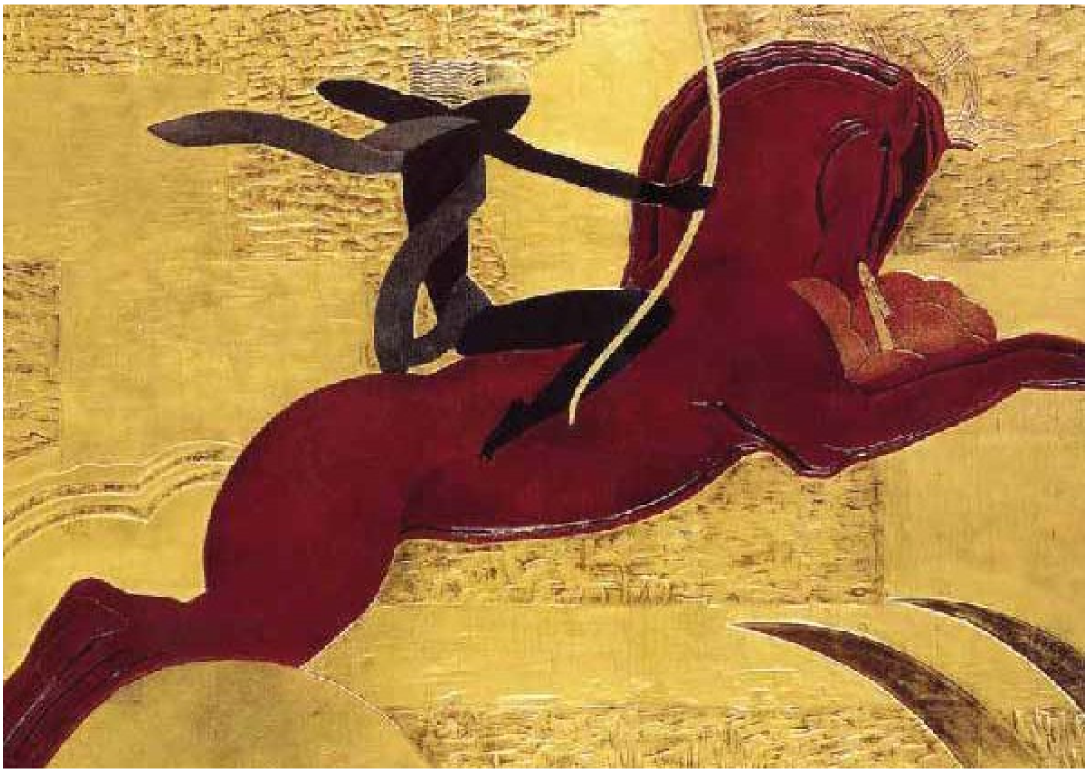


2019 Cenkos Securities plc Annual Report

About Cenkos

Cenkos Securities plc* is an independent, specialist institutional stockbroking company

We act as a nominated advisor, sponsor, broker and financial advisor to a range of companies and investment funds, at all stages of their growth and across all sectors. We concentrate on companies that seek admission of their shares to trading on AIM or the Main Market of the London Stock Exchange ("LSE") and companies that are already quoted on those markets. We seek long-term relationships with our clients throughout the various stages of their development. Our ethos is to focus on understanding our clients' financing needs to deliver good outcomes for them.

Cenkos' shares were admitted to trading on AIM in 2006. The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the LSE. It has offices in London and Edinburgh.

** The "Company", "Cenkos" or the "Firm"*

Contents

Continuing Operations

Revenue

2019	2018
£25.9m	£45.0m

Profit before tax

2019	2018
£0.1m	£3.2m

Profit after tax

2019	2018
£0.0m	£2.4m

Cash

2019	2018
£18.3m	£33.6m

Net Assets

2019	2018
£24.7m	£27.6m

Basic earnings per share

2019	2018
(0.2)p	4.4p

Total dividend per share

2019	2018
3.0p	4.5p

Our Services

Corporate Finance

Cenkos focuses on investment funds, growth companies, large cap corporate transactions, traditional mineral and advanced technology companies. The teams provide specialist technical advice on all forms of corporate transactions including IPOs, fund raisings, M&A, disposals, restructuring and tender offers. Our track record in raising substantial equity capital for our clients is underpinned by our wide and deep network of institutional investors.

	2019	2018
Revenue (CF Revenue)	£17.4m	£32.7m
Funds raised	£664m	£1.19bn
Number of transactions	25	32
Number of transactions of which are IPOs	3	3

Nomad, Broking and Research

At the heart of our business is the depth of our relationship with our retained corporate and investment fund clients. We act as the intermediary between our clients, existing shareholders and potential investors, with teams that have proven track records in raising equity finance and other funding solutions. In addition to transactional advice, Cenkos provides strategic advice, regulatory guidance, assistance with investor relations and research.

	2019	2018
Revenue (Retainer fees and commission)	£6.6m	£7.8m
Number of clients	100	116
Number of clients of which AIM listed	78	81
Number of clients of which Main Market listed	21	35

Execution Services

With access to multiple trading platforms, we are able to provide liquidity and facilitate institutional business, making markets in both small and large cap equities and investment funds. 2019 has seen a decrease in stocks in which Cenkos makes a market which reflects the Company's risk appetite and the perceived risk in the market.

	2019	2018
Revenue (Market making)	£2.0m	£4.4m
Number of stocks we make markets in	237	285

Chief Executive Officer's statement

This year's Annual Report is my first as Chief Executive Officer since my re-appointment in August 2019. Although 2019 was a difficult year nobody could have foreseen the enormous impact of the Coronavirus ("COVID-19") in 2020 to date. However, we are operating from a position of robust financial health both from the viewpoint of cash and capital resources and due to the quality and flexibility of our people and the strengths of our business we as a Company are well placed to face the challenges ahead. I look forward to building on Cenkos' strengths going forward for all our stakeholders.

Performance

I was formally appointed as CEO in August 2019 at a challenging time for Cenkos. The first half of the year had seen revenues plummet to £10.6 million. At the same time overheads were rising due to increased legal and regulatory fees, costs associated with data and other outsourced suppliers and, in addition, the Company was obliged to extend the contracts of various Board members to provide control function cover, ahead of my approval by the regulator. Although I am pleased to report that revenues in the second half of the year increased to £15.3 million, this performance combined with the consequences of MIFiD II, prompted me to conduct an in-depth review of overheads, leading to a consultation process involving a number of employees. This review incurred an additional £1.3 million of one-off costs associated with the restructuring but will result in our fixed cost base being some £3 million lower in 2020.

Markets have been very difficult in 2019, reflecting uncertainties around Brexit and the General Election. I am, however, pleased to report that we performed well in terms of market share executing three of the 10 IPOs on the AIM market and raising £664 million for our corporate clients. Although down on last year due to the rotation of several investment trusts, some de-listings and a generally quieter period of M&A activity, our client base remains solid at 100 companies and investment trusts. Of these, 45% have been with Cenkos over 5 years reflecting our ethos of building and developing long-term relationships.

I am pleased to report that the implementation of the new SMCR regime was successful and proceeded according to plan. As with other firms we continue to invest in people, systems and technology to meet the requirements of new regulation and legislation. Delivering good client outcomes lies at the heart of the Firm and we believe that all regulation must be accompanied by a strong internal culture underpinned by the highest ethical and professional standards. The highest standards need to be set by the Board, but ultimately all our staff must take responsibility for the way in which they conduct business and work with colleagues.

The Board

There have been several changes to the Board in 2019. In July 2019, Jeremy Miller joined the Board as a Non-Executive Director and has brought further independence and challenge to the Board. Joe Nally and Paul Hodges, founder shareholders of Cenkos, stepped down as Executive directors in September 2019. On behalf of the Board, I would like to thank them for their valuable contribution. I would also like to thank Jeff Hewitt for 11 years of service as a director and acting chairman of Cenkos. In November 2019, it was announced that Julian Morse, the head of our Growth Companies team, would join the Board as an Executive Director subject to regulatory approval, this approval has just been received and his appointment to the Board will be confirmed shortly.

I am pleased to report that following a search for a new Chairman, in February 2020 we announced the appointment of Lisa Gordon as your new Chairman subject to regulatory approval.

Assessment of Coronavirus impact

Cenkos responded to COVID-19 promptly by enacting its business continuity plan and successfully implementing a comprehensive remote working capability. These procedures are working well and have enabled us to ensure both the wellbeing of our staff and the ability to continue servicing our clients during this period of uncertainty. Due to the quality and flexibility of our people and the strengths of our business, our ability to attract and win new high-quality corporate clients remains strong. We continue to sign up clients and have the capacity to add many more to our stable. We are operating from a position of robust financial health both from the viewpoint of cash and capital resources and, in addition, the actions referred to above reduce the fixed cost base, thus providing an even stronger foundation for future growth.

Outlook

The outlook for 2020 is clouded by the as yet unknown economic impact of COVID-19. I am however, pleased to report that we have started the year well, completing the largest IPO on AIM so far this year and despite unprecedented market circumstances have also executed a number of secondary fund raisings. We are continuing to work closely with our corporate clients to assess the impact of COVID-19 and the disruption that many of them are currently experiencing. Our pipeline is good, so I look forward to 2020 with tempered optimism and with a cost base that is significantly below the 2019 level. We are well placed to face the challenges ahead.

Dividend

Our confidence in Cenkos over the long term remains undimmed and so we are pleased to announce a 1.0p final dividend which brings the full year dividend to 3.0p a share. We remain in a strong position from a capital and cash point of view. Since being admitted to AIM we have returned £114.1m of cash to shareholders, equivalent to 176.3p per share, before the payment of the proposed 2019 final dividend of 1.0p per share.

Jim Durkin
Chief Executive Officer
29 April 2020

Strategic report

About this report

In accordance with Section 414A of the Companies Act 2006, the Directors are pleased to present their Strategic report on the development and performance of the Company during the year ended 31 December 2019, the financial position of the Company as at 31 December 2019 and the principal risks to which the Company is exposed.

This report is a key part of the Annual Report and Accounts and provides an opportunity for the Directors to communicate our objectives and strategy (Strategic objectives), the measures we used to determine how well the Firm is performing (Key performance indicators) and the key enterprise-wide risks (Principal risks) faced by the Firm which could prevent these goals from being achieved.

We also provide an overview of how the Firm is structured (Our Business Model) and a review of the Company's performance for the year ended 31 December 2019 (Review of performance) in order to add context to the results presented in the financial statements. Finally, we summarise the Firm's financial position (Financial Position) and have commented upon the future prospects for the Firm (Chief Executive Officer's statement).

Strategic objectives

Our goal is to help our clients to realise the funding strategies that will help their businesses develop and therefore meet their shareholder expectations.

	Progress	Outlook
Strategic Objective 1 Grow the revenues base by providing a consistent, focused market-leading service in order to retain existing clients and winning new ones	**Number of clients** 100 at 31 December 2019, compared to 116 in 2018 **Funds Raised** £0.66bn at 31 December 2019, compared to £1.19bn in 2018 Almost half of our clients have been with Cenkos more than 5-years.	■ A strong ethos of client trust. ■ Growth in revenue and the client base will depend upon the health of the financial markets and investor sentiment in 2020.
Strategic Objective 2 Strong team culture aimed at attracting and developing talent	**Average number of staff** 111 during 2019, compared to 110 in 2018 **Revenue per head** £0.2m at 31 December 2019, compared to £0.4m in 2018	■ Culture conducive to the support and continuous development of staff. ■ Collaborative environment across firm to leverage the talents of employees and ensure good outcomes for our clients.
Strategic Objective 3 Disciplined approach to operational efficiency	**Administrative expenses to revenue** 100% in 31 December 2019, compared to 93% in 2018	■ 2019 review of fixed cost base anticipated to yield annual savings of £3m compared to 2019. ■ Keep fixed costs low to mitigate the impact of swings in the financial markets.

Strategic Objective	Progress	Outlook
Strategic Objective 4 Use our strong balance sheet and capital position to grow the business	**Cash** £18.3m at 31 December 2019, compared to £33.6m in 2018 **Solvency ratio** 226% at 31 December 2019, compared to 183% in 2018.	- The Company has a strong balance sheet with cash resources of £23.8m as at 1 April 2020. - Maintain strong liquidity and capital position in excess of its regulatory requirements to mitigate the impact of swings in the financial markets.
Strategic Objective 5 Increase shareholder distributions	**Total dividend per share** 3.0p in respect of 2019, compared to 4.5p in respect of 2018 **Basic earnings per share** (0.2p) at 31 December 2019, compared to 4.4p in 2018. **Total shareholder return** -10% at 31 December 2019, compared to -27% in 2018.	- Dividends payable in FY2020 will be subject to the level of trading and balance sheet strength.

Our business model

We have an **integrated business model** that, subject to regulatory and legal requirements, allows the combined expertise within the Firm to work together for the benefit of our clients.

Clients

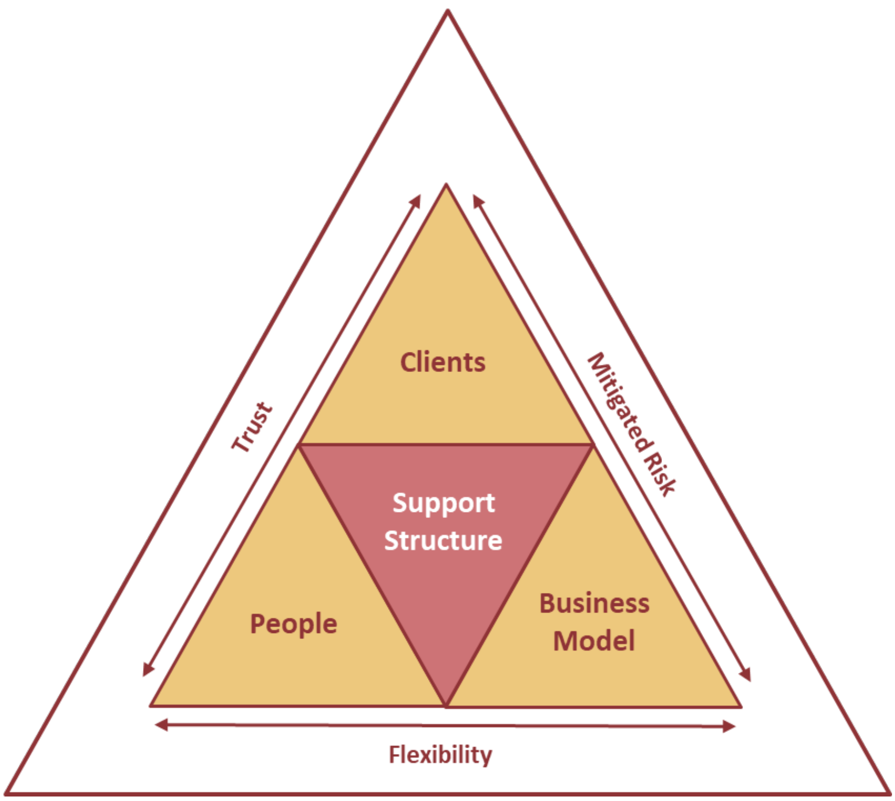
Our business is about providing an integrated service, offering corporate finance, nomad, broking, research and execution services to small and mid-cap growth companies and investment funds across a wide range of sectors. We focus on companies that seek admission of their shares to trading on the UK's LSE's AIM or Main Market or companies that are already quoted on those markets.

Our clients' interests lie at the heart of everything we do. We work closely with them to understand their needs and ambitions, so we may provide the most appropriate advice. Whether this is in relation to fundraising strategy, merger and acquisitions, shareholder lists or board composition, our goal is to achieve the best outcome for them.

This applies equally to our Institutional clients. The depth of our engagement means that we are fully aware of their investment strategies and consequently able to introduce them to appropriate opportunities in terms of size, sector and stage of development.

Our relationships are built on a strong ethos of client trust. We see this as a key factor in determining the long-term success of our business, with just under half of our clients having been with Cenkos for more than five years. As a trusted adviser, we are actively involved with our corporate clients. We maintain regular contact with them, holding face to face meetings, arranging investor meetings and frequent site visits and hosting the Cenkos Innovators & Investors Forum and regional investor days. This is all with the aim of offering our corporate clients opportunities to increase their investor exposure and shareholder engagement.

Our Strategic objectives are outlined in more detail on pages 4 and 5.



People, culture and conduct

Our people are our greatest asset and the key to maintaining long-term client relationships. More than 54% of the front office staff have been employed by Cenkos for over five years, offering continuity and a high level of service, and we continuously seek to hire intelligent and committed people at different levels throughout the organisation, who buy into the Cenkos' entrepreneurial culture.

We seek to maintain the highest standards of business conduct to ensure good outcomes for our clients and thereby help safeguard our reputation for the long term. To achieve this, we provide our people with the support to develop through Continuous Professional Development programmes supported by the Chartered Institute for Securities and Investment, other relevant professional and educational bodies and through ongoing support from legal and other professional service providers.

We firmly believe the long-term success of our business is aligned to the long-term success of our client base, thereby involving the collaborative effort and talents of all our staff, building trusted professional relationships by acting with honesty, fairness, reliability and competence.

We strive to remunerate our people within a framework that incorporates basic and performance-related pay, and that motivates them to perform in line with Cenkos' strategic objectives and in the context of their role within the Firm.

Details of governance arrangements and associated risk management processes are outlined in more detail in the Governance report and, for financial risks, in note 24 of the financial statements.

Our business model

Our business is reliant on the health of the financial markets and investor sentiment, which in turn are impacted by macro-economic factors and geo-political events. The swings of the financial markets can lead to a certain amount of volatility in performance year-on-year as much of our revenue is generated from corporate finance transactions, the commissions on which are usually large and irregular by nature. To mitigate this, we operate an efficient and flexible business model specifically designed to allow for volatility by keeping fixed costs low and controlled, while focusing on growing our client base. Our remuneration policy reflects the business model, aiming to align remuneration with the long-term success of Cenkos by retaining the principle of "performance-related pay".

The main revenue streams are described below:

1. **Corporate finance**
   Commission is earned on primary and secondary capital raising, where Cenkos will bring together our clients requiring capital with those investors willing to provide capital and fees earned in relation to corporate finance advisory work, generally in connection with corporate actions, mergers and acquisitions, disposals, restructuring and tender offers. The revenue is generally dependent upon the size and complexity of the transaction.

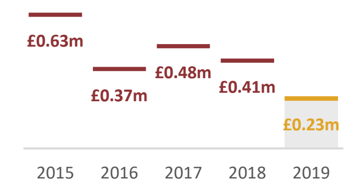
2. **Nomad, Broking and Research**
   Annual retainer fees are received for acting as Nomad, broker and/or financial advisor, generated from our corporate and investment trust clients.

3. **Execution**
   Gains or losses are made from positions in shares we hold as market maker or where we receive shares in lieu of fees. The role of a market maker is mainly that of providing liquidity to other market participants to ensure there is an active market in the relevant share. With access to multiple trading platforms and liquidity providers, our market makers provide skill and human effort that, we believe, cannot be found in either dark pools or standalone electronic trading venues.

Client-facing staff are underpinned by a Support Services team and selective outsourcing arrangements that provide high levels of resilience and expertise. Our core trading and settlement systems are outsourced to Fidessa and Pershing respectively.

Key performance indicators

Revenue per head



The total revenue expressed as a ratio to the total (full time equivalent) number of employees

Link to strategic objective

1. Grow revenues by retaining existing clients and winning new ones.
2. Strong team culture aimed at attracting and developing talent.
4. Use our strong balance sheet and capital position to grow the business.

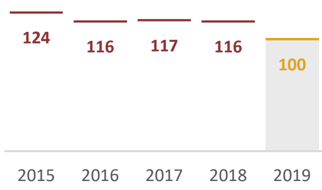
FY19 Progress

- Challenging markets reflecting uncertainties around Brexit and the general election.
- Client base down on last year due to the rotation of several Investment Trust clients, delisting and reduced M&A activity.

Key Risks

- Uncertainty is ever present with market swings caused by macro-economic factors, geopolitical events, the UKs decision to leave Europe, the Oil price war and the Corona virus (COVID-19).

Corporate client base



The total number of retained clients.

Link to strategic objective

1. Grow revenues by retaining existing clients and winning new ones.
2. Strong team culture aimed at attracting and developing talent.

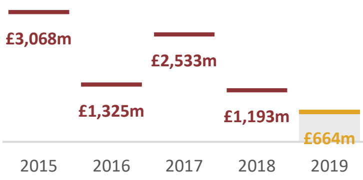
FY19 Progress

- Putting our corporate and investment trust clients at the core of what we do is a key factor in determining the long-term success of the business.
- Client base down on last year due to the rotation of several Investment Trust clients, delisting and M&A activity.

Key Risks

- Client departures may continue to occur through M&A and other routes (for example, as their boards require advisors to rotate away).

Funds raised for clients



Total funds raised.

Link to strategic objective

1. Grow revenues by retaining existing clients and winning new ones.
2. Strong team culture aimed at attracting and developing talent.

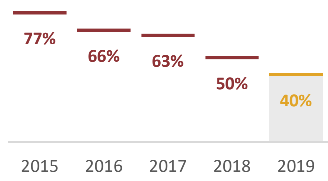
FY19 Progress

- A track record in raising funds on AIM with 8% of all raisings in 2019 (2018: 13%). In addition, we have built up expertise and a clear track record in taking clients to the LSE's Main Market.

Key Risks

- Uncertainty is ever present with market swings caused by macro-economic factors, geopolitical events, the UKs decision to leave Europe, the Oil price war and the Corona virus (COVID-19).
- Regulatory change over recent years, compounded by further expected change, will require investment and could, as with MIFiD II, render certain areas of business uneconomic.
- Client departures may continue to occur through M&A and other routes (for example, as their boards require advisors to rotate away).

Non-corporate finance revenue to fixed costs



Link to strategic objective

1. Grow revenues by retaining existing clients and winning new ones.
3. Disciplined approach to operational efficiency

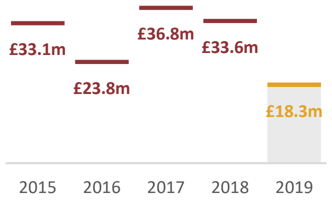
FY19 Progress

- We operate an efficient and flexible business model specifically designed to mitigate against the volatility in the financial markets.
- We conducted a consultation process and in-depth review of overheads which is expected to yield a £3m reduction in the fixed cost base for 2020 when compared to 2019.

Key Risks

- Uncertainty is ever present with market swings caused by macro-economic factors, geopolitical events, the UKs decision to leave Europe, the Oil price war and the Corona virus (COVID-19).
- Regulatory change over recent years compounded by further change coming downstream will require investment and could, as with MIFiD II, render certain areas of business uneconomic.

Cash at Bank



Link to strategic objective

4. Use our strong balance sheet and capital position to grow the business.

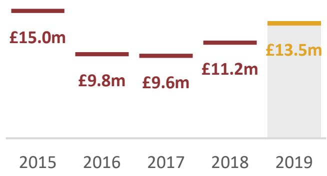
FY19 Progress

- Cash balance reflects the 2019 performance mitigated by the positive cash cycle inherent in the business model

Key Risks

- Uncertainty is ever present with market swings caused by macro-economic factors, geopolitical events, the UKs decision to leave Europe, the Oil price war and the Corona virus (COVID-19).

Regulatory surplus over Pillar 1 capital requirements



Capital surplus over Pillar 1 capital requirements at 31 December.

Link to strategic objective

3. Disciplined approach to operational efficiency.

4. Use our strong balance sheet and capital position to grow the business.

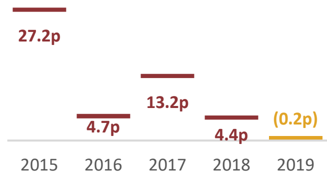
FY19 Progress

- Regulatory surplus remains solid, calculated using the methods prescribed in CRD IV.

Key Risks

- Uncertainty is ever present with market swings caused by macro-economic factors, geopolitical events, the UKs decision to leave Europe, the Oil price war and the Corona virus (COVID-19).

Basic earnings per share



Link to strategic objective

1. Grow revenues base by retaining existing clients and winning new ones.

2. Strong team culture aimed at attracting and developing talent.

5. Increase shareholder distributions.

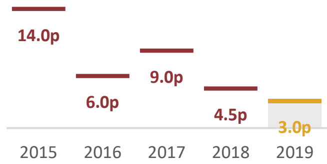
FY19 Progress

- Earnings per share reflecting 2019's performance.

Key Risks

- The growth in earnings per share will require favourable external market conditions. The breadth of the client base combined with the investment in our people position the Firm well for future success.

Dividend per share



Link to strategic objective

5. Increase shareholder distributions.

FY19 Progress

- Dividend per share reflecting 2019's performance and the strength of the business model.

Key Risks

- The sustainability of the dividend per share will be dependent upon performance and subject to the Board's intention to provide distribution across the business cycle.

Review of performance

Revenue

During the first half of 2019, we reported that transactional volumes had been extremely low as investors maintained a cautious approach to the UK equities markets due to the uncertainty surrounding the UK's exit from Europe. This sentiment continued into the second half, although market conditions improved towards the end of the year, following the UK General Election. Consequently, full year 2019 revenue totalled £25.9m. Although, this was lower than the £45.0m of revenue generated in 2018, this was against a backdrop of a 30% reduction in the total funds raised by AIM companies to £3.8bn (2018: £5.5bn) – (Source: LSE AIM factsheet December 2019), with Cenkos responsible for raising £316m, equivalent to 8% (2018: £734m, equivalent to 13%) of all funds raised on AIM. A summary of the revenue streams from the Company's business activities is set out in the table below:

Revenue streams	2019 £ 000's	2018 £ 000's
Corporate finance	17,364	32,734
Nomad, broking and research	6,582	7,824
	23,946	40,558
Execution	1,970	4,395
	25,916	44,953

Business activities

Corporate finance

Corporate finance activities contributed £17.4m (2018: £32.7m) of revenue in 2019, generated from the completion of 25 placing transactions (2018: 32) raising £0.7bn (2018: £1.2bn) for our clients, of which £0.3bn (2018: £0.7bn) was raised on AIM.

Throughout 2019 there were only 10 IPOs (2018: 42) on AIM, a decline of 76%, raising £0.4bn (2018: £1.1bn) (Source: LSE AIM factsheet December 2019). Cenkos completed 3 of those IPOs (2018: 3).

Notable deals completed during the year include the IPO for Diaceutics Plc raising £17m, Brickability Group Plc raising £57m and MJ Hudson Group Plc raising £29m and the placings for Creo Medical Group Plc raising £52m, GCP Asset Backed Income raising £63m and Kromek Group Plc raising £21m.

Nomad, broking and research

Nomad, broking & research fees amounted to £6.6m (2018: £7.8m) mainly generated from our client base of 100 companies and investment funds (2018: 116), of which 78 are AIM clients (2018: 81). Research fees and commission income from Institutional clients, included within this subsection, declined during the year due to the impact of MiFID II, low transactional volumes and lack of positive investor sentiment.

Execution services

Execution services delivered gains of £2.0m in 2019 (2018: £4.4m). This 50% decrease is reflective of the weak markets experienced in 2019. Notwithstanding this background, during the year we maintained a top three market share in 82% (2018: 78%) of our clients' stocks. Overall Cenkos makes markets in 237 stocks of which 91 are listed on the Main Market of LSE.

Administrative expenses

Administrative expenses for the year declined by £16.0m to £25.8m (2018: £41.8m). This reflects a reduction in bonus payments to staff in line with the fall in net revenue and the review of overheads, which began to bear fruit towards the end of the year. The reduction was partially offset by redundancy payments related to the reduction in staff numbers resulting from the period of consultation with affected employees.

A summary of these costs is set out in the table below:

Administrative expenses	2019 £ 000's	2018 £ 000's
Staff costs	15,805	27,431
Other administrative expenses	8,668	12,340
Re-organisation costs	1,281	1,507
Regulatory projects	47	536
	25,801	41,814

Average headcount increased to 111 (2018: 110), although total number of staff employed at the year-end declined to 95 (2018: 114) following the redundancies mentioned above. The overhead review has resulted in a significant reduction in the on-going fixed cost base, particularly in relation to staff costs and associated IT and data costs.

Profit and earnings per share

Profit before tax from continuing operations decreased by 96% to £0.1m (2018: £3.2m). The tax charge for the year of £0.1m (2018: £0.8m) equates to an effective tax rate of 70% (2018: 25%) on continuing operations. Profit after tax on continuing operations decreased by 98% to £0.0m (2018: £2.4m). Basic earnings per share from continuing operations decreased by 104% to (0.2)p (2018: 4.4p).

Principal Risks and Uncertainties

The Board is responsible for determining the Company's risk appetite and for ensuring that the risk management framework is appropriate and operating effectively.

The management of risk is built into our culture where employees are encouraged to take responsibility for ensuring that the identification and management of risk, be it reputational, operational, conduct, or other risks specific to their own business area, are integrated into their own working practices and thereby ensuring a robust governance framework from the bottom up as well as from the top, down.

The day-to-day management of risk has been delegated by the Board to the senior executives across the Firm overseen by the Audit, Risk and Compliance Committee (ARCC) and underpinned by proportionate systems and controls.

In a Firm that prides itself on its entrepreneurial and commercial culture, focussed on generating value and good outcomes for clients, the Board seeks to ensure that all significant and relevant risk exposures are identified and appropriately managed and any mitigation strategies employed are effective.

The Governance policy and framework (page 18 onwards) describes how the Board receives input from other key governance committees along with the framework employed by the Company to manage the risks faced in the normal course of business.

In financial terms, the Board's policy aim is to hold regulatory capital that, at a minimum, will meet its own interpretation of the most severe but plausible stress test measures and thereby maintaining an additional capital buffer available for use should adverse circumstances arise outside the Firm's normal and direct control.

The global pandemic of the novel coronavirus (COVID-19), which the World Health Organisation has declared as a Public Health Emergency of International Concern has had a significant impact on the global economy and the health of financial markets. An unprecedented global lockdown to stem the spread of the virus has materially impacted financial stability with production and manufacturing together with many other industries halting activity. It is still too early to know when the fight against the virus is under control and, therefore, when the recovery period will be and what this will look like. Accordingly, the principal risks to which the Company is exposed are set out in the table below against the backdrop of the current economic climate as a result of COVID-19. Although not exhaustive, this highlights the risks that are currently considered to be of most significance to the Company's activities and which could affect the ongoing financial health of the Firm.

	Description	Impact of COVID-19	How the risk is mitigated	Change in the year and trend in residual risk
People	At Cenkos our people are our most important asset and are a critical factor in determining the long-term success of the business. Attracting, developing and retaining our people is essential to maintain the Company's competitive advantage.	Notwithstanding the social distancing and lockdown measures introduced by the UK Government on 24 March 2020, there remains a risk that our people may contract the virus with severe cases requiring hospitalisation.	The retention, professional development and growth of our people remains at the top of the Board's agenda. We seek to minimise people risk by creating the right culture and working environment and by positively rewarding our people with a competitive total remuneration package. There are formal and structured performance-based staff appraisals underpinned by objectives aligned to the Company's strategy. Senior management succession planning is overseen by the Nomination Committee. Our business continuity plans had evolved to include a lockdown scenario and all staff have been working remotely since mid-March. This has enabled the Company to preserve the health and well-being of our staff.	Staff retention, other than in those areas subject to the period of consultation, has been high. The Firm's financial performance in 2019 and the lower volume of transactions has meant a reduction in bonus payments to staff. Share incentive schemes were run again in 2019 and will be implemented in 2020. An increase in residual risk after mitigating actions. **An increase in residual risk**

Health of financial markets and investor sentiment	Our income is heavily dependent upon the health of the financial markets and in particular the economic conditions of the UK and how they impact equity fund raising.	There has been a material and unprecedented impact on the global financial economy as a result of COVID-19 which has led to a halt in global production and manufacturing. This, together with an oil price war between Russia and Saudi Arabia, has meant extreme financial markets volatility.	The UK Government has implemented a number of emergency funding packages to support businesses affected by COVID-19. However, equity capital markets in the UK remain open with institutional support still being demonstrated. Since the lockdown, the Company has successfully completed a number of fund raises for our clients. The Company's strong institutional relationships together with its low cost base, maintenance of a flexible business model and underpinned by a series of outsourced contracts such as the trading and operations platforms with Fidessa and Pershing means that the Company's ability to withstand the financial turmoil and its resilience is well-placed .	The financial markets and investor sentiment have been severely tested by global issues and political uncertainty surrounding the UK's exit from Europe. This has now been exacerbated through the downturn which we will see in the first half of 2020. Although the current uncertainty is forefront of our minds, it is easy to forget the General Election in December 2019 which saw the election of a government with a clear majority. Although helpful in providing stability, at the time, the impact of COVID-19 and the progress of trade negotiations with the EU suggest the risk is likely to remain high in 2020. **No change**
Reputational	One of the most significant risks the Company faces is the damage to our reputation and the potential impact that may have on relationships with our clients and shareholders and the future performance of the business. Reputational risk can arise from financial, operational, conduct risks or a failure to meet the expectation of one of the Company's stakeholders.	COVID-19 brings into focus, in a way never seen previously, the Company's operational resilience and, in particular, its ability to react and continue to provide services to all of our clients from investors to corporate clients. Any perceived 'struggle' - whether operational, financial or regulatory - would quite quickly impact the Company's reputation and cause significant harm and detriment to its ability to continue to operate.	The Board sets the Company's cultural tone by requiring a strong ethical and professional culture. The appointment of Lisa Gordon (subject to FCA approval) is testament to the Board's continued focus on good corporate governance and its commitment to diversifying its thought. All new business is subject to rigorous multi-tier and multi-disciplinary committees each of which must approve such business and/or appointment. These are both chaired by the Senior Co-Head of Corporate Finance with other skilled and experienced members to appropriately challenge. The New Business Committee, one of the Company's key corporate governance committees has been enhanced to ensure the escalation and consideration of matters which may cause detriment to the Company's reputation and/or that of its clients. Emphasis is placed upon hiring the right people with a strong work ethic and professional mind set. We regularly engage with stakeholders and market practitioners to understand how our reputation is perceived.	Given our market share of both IPO and secondary fund raisings on AIM in 2019, we believe our reputation remains strong. This has been enhanced with the Company's ability to continue to operate effectively throughout the lockdown and its successful completion of transactions during this period. There is, however, no room for complacency with a continued focus on all mitigating factors. The residual risk remains static. **No change**

Strategic	The Board recognises that the key to the Company's long-term success is the clear articulation and execution of its strategy.	COVID-19 has meant a global shift in focus making plans for the long-term irrelevant if the short and medium-term, cannot be navigated through.	The Executive team ("ExCo") is subject to robust and healthy challenge from the Board and its committees on the Company's strategic direction and strategy execution. The Board reviews strategy execution and the risks that threaten the achievement of the strategy. Since the outbreak of COVID-19 in the UK, a Crisis Management Team has been established to deal with the primacy issues faced by a remote workforce but also to inform medium-term strategy to ensure that Cenkos is well placed to take advantage of a recovery as and when this comes The corporate governance structure and relatively small size of the Company ensures that the Board has sufficient, well-articulated, timely and accurate information from which they can make informed decisions and gain appropriate levels of assurance.	The Company's financial performance in 2019 reflects its ability to significantly reduce its cost base during times of reduced activity. In addition, the reduction in ongoing fixed costs resulting from the review of overheads, demonstrates a reasonable execution of the strategy. An increase in residual risk reflects a reduction in the number of retained clients, highlighting the need for improvement in performance in some areas. **Increase in residual risk**
Conduct, regulatory & legal	Conduct risk is defined as the risk that inappropriate behaviour, conduct or practices result in a poor outcome for clients, the Company or for the wholesale markets. Regulatory and legal risk is the risk of fines, penalties, sanctions or legal action arising from the Company's failure to identify or meet regulatory, legislative or its legal requirements. Implementation of the Senior Managers and Certification Regime at the end of 2019 has rightly put the focus on senior management and those within certified functions to be responsible and accountable. The Conduct Rules, which accompanied this in many ways codified what is and should be the right behaviour and ensure the right culture.	Remote working required as a result of the social distancing measures implemented in March 2020 requires a different level of management and oversight and could lead to an increased risk of regulatory non-compliance.	The Company monitors and improves systems and controls where necessary and as new regulation and legislation requires or where market practice and regulatory expectations develop. Continued enhancement of the Company's systems and controls remains a focus for the compliance function together with a continued strengthening of the corporate governance framework. More recently, a culture project, initiated by the Chief Executive Officer, has assisted in developing the senior management team's insight into conduct, and enable better oversight of the regulatory and legal risks to which the Company is exposed. During these unprecedented times, the senior management team has developed communication techniques to continue to demonstrate leadership and enable close oversight of the Company's business activities.	Regulatory obligations are significant and the pace of change shows no signs of relenting with changes expected as a result of the UK's withdrawal from the EU, a necessary focus on sustainability issues and the role that the financial services sector must play. We continue to prioritise various enhancements to our systems and controls in order to enable the Company's ability to remain relevant and focused. Notwithstanding the remote working environment and the fast developing legislative environment necessary to enable operational resilience in light of COVID-19, there continues to be a moderate reduction in residual risk after mitigating actions. **Decrease in residual risk**

Operational resilience	Operational risks can arise from the failure of the Company's core business processes or one of its third-party providers.	COVID-19 has required business continuity plans to be viewed through a new lens where previously these would unlikely have factored entire work forces working remotely for a prolonged period of time. This together with the slow-down in production and manufacturing (which as noted previously has had a significant impact on the world economy) has resulted in a turbulent market in which to operate. This environment has tested both the Company's and those of its outsource providers' operational resilience and their ability to continue their business activities.	We aim to be able to sustain resilient operations and client services with minimum disruption from a combination of strong supplier relations, cloud-based data retention tools and business continuity planning. Senior management is actively involved in identifying and analysing operational risks to find the most effective means to mitigate them. COVID-19 saw business continuity plans develop in real-time and the Company has been able to meet the challenges that this dysfunctional operating environment presents.	Operational risk exposures remain at similar levels to those in prior years, with the exception of technology, information security and cyber security, where the risk has increased. While we continue to invest in training our people to understand and manage those risks and in conjunction with a significant investment programme there is, as a result of the current environment a moderate increase in residual risk after mitigating actions. **Increase in residual risk**
Financial	Financial risks are set out and described in more detail in note 24 to the financial statements. Financial risks include: ■ Market; ■ Credit/Counterparty; ■ Liquidity; and ■ Capital.	COVID-19 has had an unprecedented impact on the global economy, the health of the financial markets and the way in which business is conducted. Although Cenkos has adapted well to remote working, the impact of the movement in asset prices, on-going investor sentiment and the impact of COVID-19 on the business of its clients will define the challenges ahead.	As a regulated entity, the Company is required to stress test its business model under various scenarios to measure its resilience in terms of its solvency and liquidity (Internal Capital Adequacy Assessment Process ("ICAAP") and Individual Liquidity Adequacy Assessment ("ILAA")) and its recovery capacity under stress (Recovery and Resolution Plan ("RRP")). These reports are updated regularly and reviewed by the ARCC and Board – see the Governance report.	The significant stress that COVID-19 has caused the global economy and financial markets has been modelled, in all but name, in the stress tests detailed in the Firm's ICAAP, ILAA and RRP. In addition, the strength of the Company's balance sheet, the flexibility of the business model and reduced fixed cost base, results in it being well placed to face the challenges ahead. Notwithstanding this, the financial risk exposures are similar to the previous year. A moderate increase in residual risk after mitigating actions. **Increase in residual risk**

Financial position

Our statement of financial position disclosed a decrease in net assets during the year to £24.7m (2018: £27.6m). The decrease in net asset position reflects the aggregate impact of an increase in net trading investments to £7.2m (2018: £6.9m), a decrease in trade and other receivables to £13.5m (2018: £18.8m) and a reduction in cash resources to £18.3m (2018: £33.6m) used partly to reduce trade and other payables to £14.7m (2018: £32.6m). The fall in cash at bank from £33.6m to £18.3m reflects the generated profits for the year of £0.0m (2018: £2.4m) offset by the payment of staff bonus in respect of the prior year, £2.5m (2018: £3.6m) of dividends and the purchase of shares into treasury and by the EBT of £1.3m (2018: £2.4m).

Net asset summary	2019 £ 000's	2018 £ 000's
Non-current assets	5,611	1,178
FVOCI financial assets	60	220
Other current financial assets	8,973	12,648
Other current financial liabilities	(1,840)	(6,018)
Net trading investments	7,193	6,850
Trade and other receivables	13,455	18,831
Trade and other payables – current	(14,715)	(32,640)
Trade and other payables – non-current	(5,219)	(263)
Cash at bank	18,333	33,635
Net assets	24,658	27,591

As at 31 December 2019, Cenkos had a capital resources surplus of £13.5m (2018: £11.2m) in excess of the Pillar 1 regulatory capital requirements equating to a solvency ratio of 226% (2018: 183%). The Board continues to review the amount of capital held over and above our minimum regulatory requirement as part of the ICAAP and the cash balances required to meet the working capital needs of the business as part of the ILAA especially in light of the COVID-19 outbreak, its impact on the financial markets and the global economy.

The Board's intention is to use earnings and cash flow to underpin shareholder returns through a combination of dividend payments and share buy-backs into treasury. Our goal is to pay a stable ordinary dividend, reinvest into our Firm and return excess cash to shareholders subject to capital and liquidity requirements and the prevailing market conditions and outlook. In view of this, but also taking into account the ongoing economic uncertainty created by the COVID-19 pandemic the Board is recommending a final dividend of 1.0p per share (2018: 2.5p per share) which results in a total dividend for the year of 3.0p per share (2018: 4.5p per share).

From time to time, it is the intention to repurchase shares to match unvested share awards and manage our issued share capital.
This report was approved by the Board of Directors on 29 April 2020 and signed on its behalf by:

Jim Durkin
Chief Executive Officer
29 April 2020

Governance policy and framework

Governance policy

The Board recognises the importance of high standards of corporate governance and considers that the Company's success is enhanced by the imposition of a strong corporate governance framework.

The Board has agreed to apply the Quoted Companies Alliance Corporate Governance Code ("the QCA Code"). The QCA Code is based around 10 broad principles of good corporate governance, aimed at delivering growth, maintaining a dynamic management framework and building trust. The application of the QCA Code requires Cenkos to apply these 10 principles and to publish certain related disclosures on its website and within its Annual Report.

The Board does not consider there to be any practices that differ from the expectations set by the QCA Code during 2019. However, due to the number of changes to the Board's composition during the year a formal Board evaluation did not take place. The Board's composition continues to change with additional appointments being made in 2020.

The following report sets out how Cenkos has measured itself against these principles in terms of the substance and form of good Corporate Governance.

Principle One

Establish a strategy and business model which promotes long-term value for shareholders.

Over the past 16 years the Company has established a successful platform that has been profitable in ever year of its existence and delivered strong returns to shareholders. The prime strategy is to become the pre-eminent UK institutional broker to growth companies and investment funds admitted to trading or listed on a UK market. We aim to achieve this through:

- Understanding the needs of our clients, enabling us to deliver successful fund raisings and advice through an innovative and entrepreneurial approach.
- Delivering sustainable, diversified and growing income streams.
- Growing revenues by retaining existing clients and gaining new clients.
- Creating a strong team culture aimed at attracting and developing talent.
- Using our strong balance sheet and capital position to grow the business.
- Managing costs and risks carefully.
- Delivering increased shareholder returns.

We have an integrated business model that allows the combined expertise from within the Company to work together for the benefit of our clients.

Our business is about providing an integrated service to our clients. We offer advice and access to equity finance at all stages of our clients' development and provide corporate finance, Nomad and broking, research and execution services to small and mid-cap growth companies and investment funds across a wide range of sectors, investment funds and increasingly larger companies.

Further details concerning the Company's strategy and business model can be found on pages 4 to 7.

Principle Two

Seek to understand and meet shareholder needs and expectations.

The Board believes that it is important to maintain open and constructive relationships with shareholders and is committed to this. During the year, the Chief Executive Officer was in regular contact with the Company's major institutional shareholders and was responsible for ensuring that shareholders' views were communicated to the Board. As well as being in dialogue with the institutional shareholders, the Chief Executive Officer was in regular dialogue with several significant individual shareholders. Internally, staff also hold approximately 35% of the Company's ordinary share capital and regular briefings and updates are provided to staff.

Principle Three

Considering wider stakeholder and social responsibilities.

The Board recognises that the long-term success of the Company is reliant upon open communication with its internal and external stakeholders: shareholders, clients, regulators and of course its employees. The Company has close ongoing relationships with a broad range of its stakeholders and provides them through regular contact with the opportunity to raise issues and provide feedback.

Principle Four

Embed effective risk management throughout the organisation.

The Board is responsible for determining the Company's risk appetite and for ensuring that the Risk Management Framework is appropriate and operating effectively. The day-to-day management of risk has been delegated by the Board to the senior executives across the Firm overseen by the Executive Committee and is underpinned by proportionate systems and controls. The management of risk is embedded into the Company's culture where each employee takes on the responsibility of ensuring that the management of risk is built into all their working practices.

Further details concerning the Company's Risk Management Framework can be found on pages 12 to 15 of the Strategic report.

Principles Five and Six

Maintain the Board as a well-functioning, balanced team led by the Chairman; and that the Directors have the necessary up to date experience, skills and capabilities.

The Board has been undergoing a number of changes to its composition and these is detailed further on page 22. Jeff Hewitt served as the Acting Non-executive Chairman throughout the year. After 11 years with the Company, Jeff Hewitt retired from the Board at the end of February 2020. Subject to FCA approval a new Chair is shortly to be appointed. On receiving FCA approval, Jim Durkin formally replaced Anthony Hotson as the Chief Executive Officer on 12 August 2019. The Board has continued to operate effectively during the year.

The Board currently consists of one Executive and two Non-executive Directors, but subject to FCA approval on new appointees, the Board composition in 2020 will be two Executive and three Non-executive Directors. The Directors collectively bring a broad range of business experience to the Board which is considered essential for the effective management of the Company. The Board is responsible for strategic and major operational issues affecting the Company. It reviews financial performance, regulatory compliance, monitors key performance indicators and will consider any matters of significance to the Company, including corporate activity. Certain matters can only be decided by the Board and these are contained in the schedule of matters reserved to the Board. The Board also delegates certain responsibilities to committees of the Board and reviews the decisions of those committees at each of its meetings. The day-to-day management of the Company's business is delegated to the Chief Executive Officer. He is assisted by the Executive Committee. The Non-executive Chairman is responsible for leading the Board, ensuring its effectiveness and steering its agenda.

The Non-executive Directors bring independent judgement, knowledge and experience to the Board.

Further details concerning the current individual Directors and their biographies can be found on page 21.

Principle Seven

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board is going through a period of significant change and it is envisaged that a formal evaluation will take place later in 2020 once the Board changes have been implemented and have had a period of time to embed.

The performance of the Chief Executive Officer will be appraised annually by the Chairman.

Principle Eight

Promote a corporate culture that is based on ethical values and behaviours.

The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by all staff. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company which in turn will impact the Company's performance. The Company strives to achieve and maintain an open and respectful dialogue with shareholders, clients, regulators and its staff. The importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

During the year, all staff members undertook relevant training on the FCA's Senior Manager and Certificate Regime. This culture is reinforced by all staff having to undertake compulsory mandatory online training on ethical values and behaviours with the Chartered Institute for Securities and Investment.

To assist in strategic and organised change initiatives, corporate cultural development and employee engagement an external firm was appointed to undertake a cultural assessment during the year. The Board is currently assessing the output from the review and working with the management team to implement and build on its recommendations.

Principle Nine

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The ultimate authority for all aspects of the Company's activities rests with the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved for the Board. Certain responsibilities have been delegated to Board Committees. The respective Chairman of those Committees reports on those Committee issues to the Board. The Chairman is responsible for the effectiveness of the Board, while, the Chief Executive Officer is responsible for the executive running of the Company on a daily basis.

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational, regulatory and other reports are considered. The Board is responsible for the Company's strategy and key financial and compliance issues.

Further details concerning the reporting and governance structure of the Board and its Committees can be found on pages 22 to 25.

Principle Ten

Communicate how the Company is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

All shareholders can raise questions with the Board at the Annual General Meeting and are encouraged to attend. All members of the Board are normally available to answer questions at that meeting. The results of all General Meetings are announced as soon as possible following the conclusion of the meeting.

All results announcements, annual reports, regulatory news announcements and items detailing recent transactions concerning clients are made available on the Company's website (www.cenkos.com).

The Chief Executive Officer meets with the main institutional shareholders at least twice a year (normally after the announcement of the interim and final results of the Company).

Governance framework

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved through its own decision-making and by delegating responsibilities to the Board Committees and to the Chief Executive Officer to manage the business through management committees.

The diagram below sets out the main parts of the Company's governance framework, the delegations of authority by the Board together with an indication of how this achieves the required levels of independent oversight.

The Board

The Board has principal responsibility for promoting the long-term strategy and success of the Company and providing strategic leadership. It sets the Company's values and standards which underpins our culture.

The Board delegates certain responsibilities to formal Board Committees below, whilst maintaining an appropriate level of oversight throughout regular reports from Committee Chairs.

The Matters Reserved for the Board and the Terms of Reference for the Board Committee can be found on the Investor Relations section of the website.

Delegated Committees

Audit, Risk & Compliance Committee

The Committee assists the Board in meeting its responsibility for overseeing the integrity of the Company's, financial reporting, risk management, internal controls as well as monitoring the effectiveness and objectivity of the internal and external auditors.

Nomination Committee

The Committee ensures that the Board exercises responsibility for reviewing and recommending changes to the composition of the Board and its Committees and to ensure that the Board retains an appropriate balance of skills to support the strategic objectives of the Company. It also ensures that there is an effective framework for succession planning.

Remuneration Committee

The Committee exercises independent judgement on remuneration policies and practices. It also oversees personal objectives, performance appraisal and individual compensation packages for Executive Directors.

Executive Committee

The purpose of the Executive Committee is to support the Chief Executive Officer in the implementation and formation of strategy, as well as overseeing all the day-to-day operational issues of the Company. It agrees operational decisions that are not otherwise reserved for the Board. The Committee consists of the Chief Executive, and members of senior management from different areas of the business.

New Business Committee

The purpose of the Committee is to provide oversight of all new corporate and client relationships and mandates and to consider reputational and commercial matters which may impact or can be detrimental to the Company or its clients.

Supervisory Committee

The purpose of the Committee is to consider all transactions prior to being recommend to the New Business Committee.

Board of Directors (as at 29 April 2020)

Executive Director

Jim Durkin — Chief Executive Officer

Jim was re-appointed as an Executive Director and to the position of Chief Executive Officer of the Company in August 2019 after relinquishing these positions in July 2017. Jim has more than 30 years' experience in the securities industry.

Jim is a founder shareholder and joined the Company as head of the corporate broking team in March 2005 and was appointed as executive director in October 2006. Prior to joining the Company, Jim worked at Collins Stewart. He has worked extensively on the origination and execution of corporate finance transactions across a range of industries including insurance, property, financials and utilities.

Non-executive Directors

Andrew Boorman — Non-executive Director

Andrew was appointed a Non-executive Director of the Company in November 2017. Andrew has extensive financial services experience and has worked with main boards covering remuneration, finance and risk issues as well as setting business strategies and delivering change management programmes. Since 2013, he has acted as a consultant and has advised boards on strategic human resources issues including governance, risk management and remuneration. He has previously held a number of senior roles at Henderson Group plc over a period of 10 years, including Managing Director, Corporate Services and Group HR Director. Prior to this Andrew held a number of senior Human Resources roles with AMP Group.

Andrew is Chairman of the Remuneration Committee and a member of the Audit, Risk and Compliance Committee as well as the Nomination Committee.

Jeremy Miller — Acting Non-executive Chairman

Jeremy was appointed a Non-executive Director of the Company in July 2019 and since the beginning of March 2020 has been undertaking the role of Acting Non-executive Chairman. Jeremy has over 30 years' investment banking experience working for leading financial services firms. He held senior roles at Centerview Partners (2009 - 2016) including London Chief Operating Officer, Simon Robertson Associates (2004 - 2009), Dresdner Kleinwort Wasserstein (1991 - 2003) including being Head of the European M&A Department and James Capel (1985 -1991). Prior to 1985 he qualified as a Chartered Accountant with KPMG and had been seconded to The Takeover Panel. He was previously a non-executive director at Countryside Properties and chaired their Audit and Remuneration Committees. He is Chairman of The National Merchant Buying Society, one of the UK's largest co-operative societies.

Jeremy is Chairman of the Audit, Risk and Compliance Committee and is a member of the Remuneration and Nomination Committees.

Board of Directors

Chairman and Chief Executive Officer

The Chairman is responsible for leading the Board, ensuring its effectiveness and steering its agenda. The Chairman is also responsible for promoting a healthy culture of challenge and debate. The Chairman evaluates the performance of the Chief Executive Officer and is responsible for succession planning and leads the Nomination Committee. Jeff Hewitt served as the Acting Chairman of the Company throughout 2019.

The Chief Executive Officer, Jim Durkin, is responsible for the executive running of the Company on a daily basis. This includes making recommendations to the Board on strategy. Jim Durkin has served as the Chief Executive Officer from 12 August 2019, prior to this date Anthony Hotson served as the Chief Executive Officer.

The Board

The Board is responsible for the stewardship of the Company, overseeing this strategy, conduct and affairs to create sustainable value and growth.

The Directors collectively bring a broad range of business experience to the Board, which is essential for the effective running of the Company. This is achieved through its own decision-making and by delegation of certain responsibilities to Board committees and by authority to manage the business to the Chief Executive Officer.

The Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

All Directors receive regular updates and training on legal, regulatory and governance issues. External advisers present to the Board regularly on thematic topics, providing training that is relevant to the business and to keep them abreast with developments in governance and AIM regulations. During the year, this included advice from Travers Smith LLP, Simmons & Simmons LLP, Promontory Financial Group LLP and Spark Advisory Partners Limited (the Company's Nomad).

All Directors have access to the Company's Nomad, company secretary, legal advisers and auditors and are able to obtain independent advice from other external professionals as and when required.

All Directors are properly briefed to enable them to discharge their duties, via regular update calls as well as the provision of detailed Board packs which are distributed several days in advance of formal scheduled meetings.

The Board meets a set number of times a year and at other times as necessary to discuss formal schedules of matters reserved for its decision which include:

- The Company's strategy and its associated risks.
- Acquisition, disposals, closures and other material transactions.
- Risk management strategy and risk appetite.
- Financial performance, annual budgets, periodic forecasts, half year results, the Annual Report and Accounts and dividends.
- Changes to the Company's capital structure.
- Appointments to and removals from the Board and committees of the Board.
- Remuneration policy.
- Communication with shareholders.
- Conflicts of interest relating to Directors.

The biographical details, skills and experiences of each current serving Directors is set out on page 21.

Board and committee composition

Board composition

The Board has gone through a further period of significant change over the past twelve months. Jeff Hewitt continued in his role as Acting Non-executive Chairman throughout the year. Jeff Hewitt has been assisted by Andrew Boorman who has served throughout the year and Jeremy Miller who has served since his appointment to the Board on 22 July 2019.

During the year two long serving Executive Directors, namely Paul Hodges and Joe Nally, retired from the Board.

The current composition of the Board reflects good corporate governance by having a majority of Non-executive Directors in place.

Succession of Chairman

A formal search for a successor to the Chairman commenced during the year and the Board employed an executive search firm in the process. The key attribute within the selection criteria included independence and extensive experience in financial services and in holding senior Non-executive positions together with an in depth understanding of the regulatory requirements facing the Company.

Lisa Gordon has been identified as a successor to the Acting Chairman and the appointment will be completed following regulatory approval being received.

Succession of Audit, Risk and Compliance Committee Chairman

Jeff Hewitt stood down as Chairman of the Audit, Risk and Compliance Committee following Jeremy Miller's appointment on 22 July 2019 as a Non-executive Director and his appointment to the position of Chairman of the Audit, Risk and Compliance Committee.

Succession of Chief Executive Officer

Anthony Hotson left the Company upon Jim Durkin's appointment as the Chief Executive Officer following regulatory approval being received on 12 August 2019.

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Company. There were eight scheduled and six ad-hoc Board meetings held during the year.

The attendance at Board Meetings is set out below.

	Position	Board		Committee			
	At 31 December 2019 or retirement/resignation if earlier	Maximum possible attendances	Meetings attended	Audit, Risk and Compliance committee	Nomination Committee	Remuneration Committee	Considered Independent
Jim Durkin [1]	Chief Executive Officer	7	7				
Anthony Hotson [2]	Executive Director	8	8				
Paul Hodges [3]	Executive Director	9	9				
Joe Nally [3]	Executive Director	9	9				
Philip Anderson [4]	Executive Director	3	2				
Jeff Hewitt	Acting Chairman (Non-executive Director)	14	14	Member	Chairman	Member	Y
Andrew Boorman	Non-executive Director	14	14	Member	Member	Chairman	Y
Jeremy Miller [5]	Non-executive Director	7	7	Chairman	Member	Member	Y

Chairman Member

1. Appointed as an Executive Director and to the position of Chief Executive Officer on 12 August 2019.
2. Resigned as an Executive Director and from the position of Chief Executive Officer on 12 August 2019.
3. Resigned as an Executive Director on 18 September 2019.
4. Resigned as an Executive Director on 31 March 2019.
5. Appointed as Non-executive Director on 22 July 2019.

Balance and independence

During the year ended 31 December 2019, the Board maintained a balance of Executive and Non-executive Directors.

The QCA Code requires that a board should have an appropriate balance between Executives and Non-executive Directors and should have at least two independent Non-executive Directors. The primary objective is that a board should be of sufficient size that the requirements of the business can be met and that an appropriate combination of Executive and Non-executive Directors should be maintained to ensure that no one individual or small group can dominate the board's decision making. As at 31 December 2019, there were four Directors: the Acting Non-executive Chairman, the Chief Executive Officer and two further Non-executive Directors.

The Board considers that the Non-executive Directors bring considerable valuable and relevant experience to the Board and that they act in the best interests of the Company, free of any conflicts or undue influence. Notwithstanding that Jeff Hewitt had served more than ten years and would not be considered independent under the QCA Code, due to his length of service, the Board was satisfied that he remained fully independent throughout 2019. The Board was also satisfied that Andrew Boorman and Jeremy Miller also remained independent throughout the year.

The Board has determined that the formal appointment of a senior independent Director is unnecessary given the structure and composition of the Board. In addition, given the size of the Company and active dialogue with the small number of institutional shareholders, the Board considers such an appointment would not provide any further benefit in assisting with shareholder communication.

Directors' appointments and time commitment

The Company's Articles of Association require that at every Annual General Meeting all Directors offer themselves for either election or re-election to the Board.

Non-executive Directors' letters of appointments stipulate that they are required to commit sufficient time to carry out their duties. The Board reviews the time commitments of any external appointments that each Non-executive Director may have prior to recommending their election or re-election to shareholders. The number of external appointments which each Non-executive Director may have is limited by professional guidelines.

Board induction and training

A personalised induction programme is provided to all new Directors in order to help familiarise them with their duties, the Company's culture, strategy and business model. The programme includes:

- Meeting all members of the Board and its committees.
- One-to-one meetings with other senior management from all parts of the business.
- Access to Board, committee reports, corporate documents and minutes.
- Meeting with relevant external advisors including the Nomad, the external and internal auditors.

A series of technical updates and briefing sessions are arranged with internal and external sources to ensure the ongoing training requirements of Directors have been satisfied.

Board committees

The Board has delegated certain of its responsibilities to its Audit, Risk and Compliance Committee, Remuneration Committee and the Nomination Committee. Each committee has appropriate terms of reference which have been approved by the Board.

The respective chairman of each committee formally reports to the Board on the activities undertaken by the committee.

Audit, Risk and Compliance Committee ("ARCC")

The ARCC is responsible for monitoring the Company's risk framework, internal control environment and financial reporting. The ARCC reports to the Board on the Company's full and half-year results. In addition, the Committee has direct and unrestricted access to the internal and external audit functions and sets the scope of their work and monitors their effectiveness, independence and objectivity. Specific responsibilities include:

- Monitoring the content and integrity of financial reporting.
- Reviewing appropriateness of accounting estimates and judgements.

- Reviewing the Company's risk and compliance policies.
- Reviewing the Company's regulatory reporting procedures and relationship with the regulators.
- Reviewing the Company's risk appetite and making recommendations to the Board.
- Reviewing and approving of financial and other risk limits and adherence to them.
- Reviewing and challenging the Company's process for the ICAAP and the ILAA.

The ARCC Report is set out on pages 34 to 36.

Remuneration Committee

The Remuneration Committee's primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives and those employees determined to be Code Staff under the FCA's Remuneration Code regulations.

The Remuneration Committee is also responsible for determining the overarching remuneration policy of the Company, including the quantum of variable remuneration after taking into account relevant regulatory and corporate governance developments.

The Remuneration Committee Report is set out on pages 28 to 33.

Nomination Committee

The Nomination Committee is responsible for identifying and nominating candidates, for making recommendations on Board composition, and for considering succession planning requirements to ensure that the requisite skills and expertise are available to the Board to address future challenges and opportunities.

The Nomination Committee Report is set out on pages 26 to 27.

Management Committees

To assist the Chief Executive Officer and senior management in the discharge of their duties, the Company has a number of management committees:

- Executive Committee: Responsible for the strategic development and management of the business.
- New Business Committee: Responsible for the oversight of all new corporate client relationships and mandates.
- Supervisory Committee: Responsible for the management and technical reporting of all new corporate client relationships.
- Recovery Plan Steering Group: The Recovery Plan Steering Group considers what action to take (if any) following any incident that may necessitate the initiation under the Firm's Recovery Plan.

This report was approved by the Board on 29 April 2020 and signed on its behalf by:
Jeremy Miller
Acting Non-executive Chairman
29 April 2020

The Nomination Committee Report

Introduction

The Nomination Committee has delegated responsibility from the Board for ensuring that the Board has the right balance and skills to ensure that the Board, its Committees and the senior management can discharge its respective duties and responsibilities.

Members and Meetings

The Committee comprises all Non-executive Directors and was chaired by Jeff Hewitt throughout 2019. During the year Andrew Boorman and Jeremy Miller also served as members of the Committee. The members of the Committee have significant experience in corporate governance and financial matters in the financial services sector.

The Chief Executive Officer and relevant senior managers are invited to attend these meetings as appropriate. The secretary of the Committee is the Company Secretary. External advisors are consulted on issues, when appropriate.

To ensure that there was no potential conflict of interest, Jeff Hewitt did not participate in the search for a new Chairman. Andrew Boorman acted as the Chairman of the Nomination Committee for this process.

The Committee met four times during the year.

The composition and attendance of the Committee for the year ended 31 December 2019 is set out below:

	Maximum possible attendances	**Meetings attended**
Andrew Boorman	4	4
Jeff Hewitt	4	3
Jeremy Miller (1)	3	3

1. *Appointed as a Non-executive Director on 22 July 2019*

Role of the Committee

The Committee's primary roles are:

- To keep the Board's composition in terms of competency, skills, experience, background and diversity under regular review in response to changing business needs.
- To identify the competency and experience base required for a specific Board appointment and conduct the search and selection process.
- To recommend the appointment of new candidates to the Board and the renewal, where appropriate, of existing Non-executive Director appointments.
- To review, support and challenge senior management development and succession plans in order to ensure the executive team is equipped to oversee governance, financial controls and risk management.

Nomination Committee activity

The Committee focused on senior management development and succession during the year.

The Committee recommended the appointment of Jeremy Miller as a Non-executive Director and to the position of Chairman of the Audit, Risk and Compliance Committee, and, following regulatory approval, this appointment was approved on 22 July 2019.

The key attributes within the selection criteria used to identify a successor for the role of Chairman of the Audit, Risk and Compliance Committee included extensive experience in providing independent Non-executive advice to financial services companies together with a strong and practical knowledge of relevant accounting and regulatory requirements facing companies that operate in the financial services sector.

Paul Hodges and Joe Nally stepped down from the Board in September 2019. As part of the internal succession plans in place to have a senior management presence on the Board, the Committee recommended the appointment of the Head of the Growth Companies Team to the position of Executive Director. This appointment will take effect once regulatory approval has been received.

Additionally, the Committee has recently recommended the appointment of a further Non-executive Director to the Board and to the position of Chairman. This appointment will take effect once regulatory approval is received. The appointee, Lisa Gordon, will succeed Jeff Hewitt, who held the position of Acting Chairman and was a Non-executive Director until retiring from the Board on 28 February 2020, after 11 years' service.

This appointment followed a detailed and robust selection process coordinated with an executive search firm, Lygon Group. The Committee worked closely with the executive search firm in compiling a list of candidates from various backgrounds and industries. Candidates were identified, interviewed and measured against pre-determined criteria.

The key attributes within the selection criteria included independence and having experience in financial services and in holding senior Non-executive positions together with an in-depth understanding of the regulatory requirements facing the Company.

Diversity

The Board seeks to ensure it remains an effective driver of diversity in its broadest sense, having regard to gender, ethnicity, background, skill set and breadth of experience, both in executive and Non-Executive appointments and in recruitment practices throughout the Company.

Induction Process

On joining the Board, new members receive a comprehensive induction, involving meetings with senior employees and external advisers and any required training. The programme is tailored for their role. This also applies to the other senior appointments detailed above.

This report was approved by the Nomination Committee on 29 April 2020 and signed on its behalf by:

Andrew Boorman
Acting Chairman of the Nomination Committee
29 April 2020

Directors’ Remuneration Report

Introduction

The Remuneration Committee has delegated responsibility from the Board for developing the Company’s remuneration strategy and for setting the remuneration of its Executive Directors and senior executives.

Members and Meetings

The Remuneration Committee comprises all Non-executive Directors and is chaired by Andrew Boorman. As set out in his biography on page 21, Andrew has significant and related experience advising main boards on strategic human resource issues including governance, risk management and remuneration. During the year Jeff Hewitt and Jeremy Miller were also members of the Remuneration Committee. The members of the Remuneration Committee have significant experience in corporate governance and financial matters in the financial services sector.

The Remuneration Committee met four times during the year. The Chief Executive Officer, Human Resources, Head of Compliance, Head of Finance, other Executive Directors and relevant senior managers are invited to attend these meetings as appropriate but are not present when their own remuneration is discussed. The secretary of the Remuneration Committee is the Company Secretary. External advisors are consulted on remuneration and regulatory issues, when appropriate.

The composition and attendance of the Remuneration Committee for the year ended 31 December 2019 is set out below:

	Maximum possible attendances	**Meetings attended**
Andrew Boorman	4	4
Jeff Hewitt	4	4
Jeremy Miller [1]	1	1

1. Appointed as a Non-executive Director on 22 July 2019.

Role of the Remuneration Committee

The Remuneration Committee’s primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors. It also reviews the compensation decisions made in respect of all other senior executives and those employees determined to be Code Staff under the FCA’s Remuneration Code regulations. The Remuneration Committee is also responsible for determining the overarching remuneration policy applied by the Company, including the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments including the introduction of the Senior Managers and Certification Regime (“SMCR”) in December 2019.

Remuneration policy

The Company’s remuneration policy is designed to attract and retain individuals of the highest calibre and probity and reward them so that they are motivated to grow the long-term value of the business. Remuneration consists of two components, namely a moderate base salary and a variable performance-related award. The performance-related aspect reflects the success or failure of the Company in meeting its targets and objectives and is, therefore, substantially reflective of the Company’s overall financial performance. Variable remuneration is paid through the Company’s profit-sharing model and is only paid to revenue generating staff when it is demonstrated that a team or an individual’s performance has contributed to the profitability of the business, after relevant direct and associated costs have been deducted and risk factors (including conduct) have been considered and taken into account. The distribution to individuals of each business team’s profit share is based on performance. Employees who are not directly involved in revenue generation are considered for a discretionary variable performance award depending on their performance and the Company’s overall financial results, once risk factors (including conduct) have been taken into account. All variable remuneration is subject to the terms and conditions of the Company’s deferral scheme whereby a portion of variable remuneration is deferred and vests over a three-year period.

Regulatory considerations applying to the Company's remuneration approach

The Company's approach to remuneration takes account of relevant legislation, regulation, corporate governance standards and guidance issued by regulators and shareholder representative bodies. The Company follows the Financial Conduct Authority – IFPRU Remuneration Code (the "Code"); however, on the basis of proportionality the Company has dis-applied certain remuneration principles within the Code. This includes the application of a bonus cap and certain elements of the deferral provisions, although the Company does have a bonus deferral scheme in place for all employees with total remuneration above £160,000. For the year ending 31 December 2020, the deferral will be widened to cover all employees irrespective of their total remuneration and the percentage of deferral will also increase.

The Remuneration Committee continues to monitor the regulatory environment and consider any impact on the Company's remuneration policies in particular the introduction of SMCR.

Remuneration for the year

The Directors' remuneration and other benefits (medical and life assurance cover) during the year in respect of the performance of their role as a Director for the year ended 31 December 2019 (or date of resignation if earlier) are set out in the table below:

	Base salary /fees 2019	Annual Performance Award 2019	Vested cash award received in respect of the deferred bonus scheme	Benefits 2019	Payment for loss of office (including settlement agreements)	Total 2019	Total 2018
Directors	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Executive Directors							
Jim Durkin (1)	98	–	–	1	–	99	–
Anthony Hotson (2)	154	–	–	2	155	311	609
Paul Hodges(3)	65	–	192	3	–	260	1,348
Joe Nally(3)	54	34	39	5	–	132	812
Philip Anderson(4)	55	–	–	1	–	56	411
Non-executive Directors							
Andrew Boorman	66	–	–	–	–	66	96
Jeff Hewitt	105	–	–	–	–	105	111
Jeremy Miller(5)	27	–	–	–	–	27	–
Gerry Aherne(6)	–	–	–	–	–	–	203
	624	34	231	12	155	1,056	3,590

1. Appointed as an Executive Director and to the position of Chief Executive Officer on 12 August 2019.
2. Resigned as an Executive Director and from the position of Chief Executive Officer on 12 August 2019.
3. Resigned as an Executive Director on 18 September 2019.
4. Resigned as an Executive Director on 31 March 2019.
5. Appointed as a Non-executive Director on 22 July 2019.
6. Retired as a Non-executive Director on 5 November 2018.

The Company has a workplace pension scheme (the "Scheme") with Aviva. All Executive Directors have opted out of the Scheme. The Company does not operate any other pension scheme on behalf of its employees or Directors.

Basis of determining Annual Performance Awards for Executive Directors

The annual performance award is a significant variable component of the overall remuneration of Directors and senior managers but is at the sole discretion of the Remuneration Committee.

The variable component of the profit-sharing model reflects the financial success of the teams within Cenkos, taking account of conduct risk and other factors. For 2019 no current Executive Director received a performance award.

The level of performance award that will be made to the Chief Executive Officer in 2020 will be based upon a number of performance measures including:

- The financial performance of the Company;
- Shareholder returns;
- Risk factors including conduct and SMCR adherence; and
- Individual performance measures:
  - Strategic development of the Company;
  - Leadership and culture; and
  - Development of the Executive team.

Remuneration principles used in recruitment

We may choose to compensate potential employees for remuneration forfeited by them as part of the recruitment process, where amounts are reasonable and there is tangible proof in support of forfeiture.

We do not make any form of guaranteed variable compensation commitment above and beyond buyout provisions (which are subject to the employee remaining in employment) or that fall outside the exceptional circumstances envisaged within the relevant regulation.

Payments for loss of office

The Remuneration Committee may agree additional exit payments where such payments are made in good faith to discharge existing legal obligations, or as damages for breach of such obligations, or in settlement (but not necessarily admission) or compromise of any claim.

Non-executive Directors' remuneration

Non-executive Directors' remuneration is set by the Board based upon the recommendation of the Executive Directors considering comparisons with peer group companies, experience and responsibility of the individual and the level of work carried out in the year.

Remuneration comprises an annual fee with reimbursement of all reasonable expenses. The Chief Executive Officer has recommended that if any additional work is undertaken by a Non-executive Director (at the request of the Company) then a further fee may be paid to them covering the additional work and time required. Any such work is usually undertaken providing the Board is fully satisfied that the Non-executive Director is independent, and objectivity is not compromised in any matter. There were no additional fees paid in 2019 (2018: £130,000).

The annualised base fee for 2020 for the Non-executive Chairman is set at £100,000 and for the remaining Non-executives is set at £61,000.

The Non-executive Directors' base fees, and extra responsibility allowances for acting as chairman of a Committee during the year, are set out below:

	Base fee 2019	Additional fee for acting as Chairman of a Committee 2019	Total 2019	Total 2018
	£000s	£000s	£000s	£000s
Andrew Boorman [1]	61	5	66	96
Jeff Hewitt[2]	95	10	105	111
Jeremy Miller[3]	25	2	27	–
Gerry Aherne[4]	–	–	–	203
	181	17	198	410

1. Within the base fee was £5,000 which was awarded in shares in the Company.
2. Within the base fee was £10,000 which was awarded in shares in the Company.
3. Appointed as a Non-executive Director on 22 July 2019.
4. Retired as a Non-executive Director on 5 November 2018.

Directors' service contracts

Executive Directors

The general principle is that all Executive Directors will have a rolling contract of employment with mutual notice periods of at least six months. Service contracts do not contain any provision for compensation upon early termination as parties are expected to rely on employment rights conferred by law.

The table below provides details of service contracts of the sole Executive Director as at 31 December 2019.

	Date of Appointment	Nature of contract	Notice period from Company	Notice period from Director	Next re-election
Executive Director					
Jim Durkin	12 August 2019	Rolling	6 months	6 months	2020

Non-executive Directors

Non-executive Directors are engaged under letters of appointment, which are available for Shareholders to view at the Company's registered office and will be available at the Annual General Meeting.

The table below provides details of the date of appointment of the Non-executive Directors together with the next election or re-election date as at 31 December 2019.

	Date of Appointment	Next election or re-election	Notice period by either party
Non-executive Directors			
Andrew Boorman	17 November 2017	2020	1 month
Jeff Hewitt[1]	23 June 2008	n/a	3 months
Jeremy Miller	22 July 2019	2020	1 month

1. Retired from the Board on 28 February 2020.

Directors' interests in share options and under Employee Share Plans

The Company has the following share incentive plans through which discretionary share-based awards can be made:

Company Share Option Plan

The Plan provides for the grant of HMRC tax advantage and non-tax advantage share options. No options were granted under the Plan during the year (2018: none).

Share Investment Plan (SIP)

The SIP consists of free shares, partnership shares, matching shares and dividend shares. Under the terms and conditions of the SIP, the free and matching shares are subject to certain forfeiture conditions if they are not held for three years from the award date.

The Executive Directors' interests in the Company's ordinary shares that are held in the SIP as at 31 December 2019 (or date of resignation if earlier) are set out below.

	Number held as at 31 December 2019 or date of resignation if earlier	Number of shares subject to forfeiture conditions as at 31 December 2019 or date of resignation if earlier	Number held at 31 December 2018	Number of shares subject to forfeiture conditions as at 31 December 2018
Executive Directors				
Paul Hodges	23,724	6,594	22,752	11,802
Joe Nally	23,724	6,594	22,752	11,802
Anthony Hotson	9,244	6,592	8,865	6,592
Philip Anderson	8,865	6,592	8,865	6,592
Jim Durkin	-	-	-	-

Save As You Earn Scheme (SAYE)

The participants of the SAYE Scheme entered a three-year savings contract with an option to purchase a fixed number of shares at the maturity date. If a participant stops saving at any time before the end of the savings term the option may lapse.

The Executive Directors' interests in SAYE options over ordinary shares in the Company as at 31 December 2019 (or date of resignation if earlier) are set out below.

	Number held as at 31 December 2018	Granted during the year	Exercised during the year	Lapsed or forfeited during the year	Number held as at 31 December 2019 or date of resignation if earlier	Exercise price	Date of grant	Earliest exercise date	Latest exercise date
Executive Directors									
Paul Hodges	21,094	-	-	-	21,094	£0.853	14 May 18	1 Jun 21	30 Nov 21
Anthony Hotson	21,094	-	-	-	21,094	£0.853	14 May 18	1 Jun 21	30 Nov 21
Philip Anderson	21,094	-	-	21,094	-	£0.853	14 May 18	1 Jun 21	30 Nov 21
Joe Nally	-	-	-	-	-	-	-	-	-
Jim Durkin	-	-	-	-	-	-	-	-	-

Deferred Bonus Scheme

All variable remuneration is subject to the terms and conditions of the Company's Deferred Bonus Scheme which takes the form of a share award which vests over a three-year period. In certain circumstances, the Remuneration Committee may defer awards into a deferred award over a one-year period. Further details on the Deferred Bonus Scheme can be found in note 23 of the Notes to the Financial Statements.

The awards under the Deferred Bonus Scheme are set out below:

Deferred cash awards under the Deferred Bonus Scheme

	Deferred cash awards outstanding as at 1 January 2019	Vested during the year	Awarded during the year	Outstanding deferred cash award as at 31 December 2019 or date of resignation if earlier
Executive Directors	£	£	£	£
Paul Hodges	497,986	192,221	-	305,765
Joe Nally	171,360	39,077	-	132,283
Anthony Hotson	-	-	-	-
Philip Anderson	-	-	-	-
Jim Durkin	-	-	-	-

The vested cash awards are included within the remuneration for the year table on page 29.

Deferred share awards under the Deferred Bonus Scheme

	Deferred share awards outstanding as at 1 January 2019	Shares vested during the year	Awarded during the year	Outstanding deferred share award as at 31 December 2019 or date of resignation if earlier
Executive Directors	No of shares	No of shares	No of shares	No of shares
Paul Hodges	183,228	61,076	-	122,152
Joe Nally	136,715	45,571	-	91,144
Anthony Hotson	16,159	16,159	-	-
Philip Anderson	5,042	5,042	-	-
Jim Durkin	-	-	-	-

These shares will vest over a three year period, one-third vesting on each of the anniversaries from the date of grant. The vested share awards are not included within the remuneration for the year table on page 29.

Directors’ interests in ordinary shares

The Directors’ interests in the ordinary shares in the Company as at 31 December 2019 are shown on page 39 within this Directors’ report. To ensure appropriate alignment with the interests of our shareholders, Executive Directors, individually or with their connected persons, are expected to satisfy a shareholding guideline of acquiring shares in the Company where that value at least matches their basic salary within three years from their date of appointment.

This report was approved by the Remuneration Committee on 29 April 2020 and signed on its behalf by:

Andrew Boorman
Chairman of the Remuneration Committee
29 April 2020

Audit, Risk and Compliance Committee Report

Introduction

The Audit, Risk and Compliance Committee ("ARCC") has delegated responsibility from the Board and is responsible for monitoring the Company's risk and regulatory framework, internal control environment and financial reporting.

Members and meetings

The ARCC is chaired by Jeremy Miller. As set out in his biography on page 21, as well as being a qualified accountant, Jeremy has recent and relevant financial experience. Jeff Hewitt was the Chairman of the Committee until 22 July 2019 and served as a member of the Committee throughout 2019 as did Andrew Boorman. The ARCC meets at least three times every year. Internal and external auditors are invited to attend all meetings. The Head of Compliance, the Head of Finance and other members of the Board are also invited to attend. The secretary of the ARCC is the Company Secretary.

The composition and attendance of the ARCC for the year ended 31 December 2019 is set out below:

	Maximum possible attendances	**Meetings attended**
Jeremy Miller [1] – Chairman	1	1
Andrew Boorman	3	3
Jeff Hewitt	3	3

1. *Appointed as a Non-Executive Director on 22 July 2019.*

Roles and responsibilities

The Board has delegated certain responsibilities to the ARCC and the terms of reference of the ARCC are available on the Company's website and the key responsibilities are set out on pages 24 and 25.

The ARCC reported to the Board on how it has discharged its responsibilities during the year. This has included reporting and making recommendations on remedial action to address any matters or areas in the Company where the Committee has considered improvements were required.

Significant issues and material judgements

In discharging its duties during the year, the ARCC considered the following significant issues in relation to the financial statements of the year:

- Ensuring correct revenue recognition for any corporate transactions that straddled reporting periods to ensure compliance with the Company's accounting policies, as explained in note 1 of the financial statements. There were no issues with revenue recognition during 2019 or at the year-end;
- The appropriateness of valuations of financial instruments, including the valuation of warrants and options held over AIM stocks and unquoted investments held by the Company, classified as Level 3 in the fair value hierarchy. Valuation factors considered for any instruments classified as Level 3 include an external option pricing model and associated inputs from external valuation specialists and for unquoted holdings, the International Private Equity and Venture Capital ("IPEV") valuation guidelines – as explained in note 24 of the financial statements;
- The deferred bonus scheme and the associated accounting treatment and disclosures in 2019 which included the deferral to future years of £0.3 million (2018: £1.3 million) of bonuses from the current year and inclusion of £0.8 million (2018: £0.8 million) from prior years and an assessment of the vesting conditionality of the deferrals;
- The appropriateness of the valuation techniques applied to share-based payments and their associated accounting treatment – as explained in note 1 of the financial statements; and
- Since the year-end the ARCC has considered the adverse impact that the COVID-19 outbreak could have in particular in relation to the effect on fee revenue and in adopting the going concern basis in preparing the Financial Statements. Further details in relation to going concern are set out in note 1 of the financial statements.

Risk management, compliance and internal controls

The Board is responsible for the overall adequacy of the Company's system of internal controls and risk management. The Board has delegated responsibility to the ARCC for reviewing and monitoring the effectiveness of the Company's systems of risk management, regulatory compliance and internal control.

The systems of internal control are designed to manage, rather than eliminate, risk. Consequently, these controls provide reasonable, but not absolute, assurance against material misstatement or loss. The risk management and internal control framework in place during the year was as follows:

- Principal risks have been identified and evaluated by the Board (see Principal risks on pages 12 to 15). Significant risks were identified and evaluated by the senior managers in the areas of business for which they held responsibility, and these formed the basis for the risk register compiled centrally and regularly reviewed by the ARCC. The Board inputted a top down view of risks into this review. Actions to mitigate risks were a major focus of the Board with delegated accountabilities to relevant management.
- The Compliance team review of regulatory and internal control requirements including the risk register to form the basis for testing and internal audit planning. Oversight and challenge has been maintained by a series of reviews at the ARCC and the Board.
- To strengthen the three lines of defence model, second line compliance monitoring was augmented through the use of an independent regulatory consultancy, Promontory Financial Group LLC.

The identification and evaluation of the risks from the above processes are aligned with the ICAAP, ILAA and the Recovery and Resolution Plan.

Following a review, the ARCC has concluded that the risk management process supports the Board's summary of the principal risks presented in the Strategic report on pages 12 to 15 of this Annual Report.

Internal audit

BDO LLP acted as the internal auditor during the year and they provided independent assurance over the adequacy and effectiveness of the systems of internal control throughout the Company.

During the year, BDO LLP undertook a number of internal reviews and presented their findings directly to the Chair of the ARCC.

In January 2020, it was agreed that the Internal audit function would be brought in-house, although BDO would be retained to assist and to provide technical assistance as required.

External auditor independence

The ARCC ensures the external auditor, Ernst & Young LLP, has longstanding safeguards to avoid the possibility that objectivity and independence could be compromised. These safeguards include the auditor's report to the ARCC on the actions it takes to comply with professional, ethical and regulatory requirements and best practice, designed to ensure their independence.

The annual appointment of the auditor by shareholders in the Annual General Meeting is a fundamental safeguard to auditor independence, but beyond this, the ARCC monitors and controls additional, non-audit, work provided by the auditor. The ARCC considers there are some areas of work that are prohibited by the external auditor, including where:

- The provision of the services would contravene any relevant regulation or ethical standard.
- The external auditor is not considered to be expert providers of the non-audit service.
- The provision of such services by the external auditor creates a conflict of interest for the Board.
- The potential services provided are considered to be likely to inhibit the auditor's independence or objectivity of auditors.

The ARCC has stipulated that the fees paid to the auditor for any individual item of non-audit work should not exceed £20,000 without approval by the ARCC and any such service should be agreed by the ARCC prior to commencement of the services and be accompanied by terms regarding liability, cost and responsibilities.

External auditor performance and re-appointment

The ARCC evaluates the performance of the auditor annually factoring the objectivity and effectiveness of the audit, the quality of formal and informal communications with the ARCC and the views of management. In the current year, the ARCC again evaluated the auditor's performance as good and the relationship with management to be sound.

The Company last tendered its external audit in 2011, when it appointed Ernst & Young LLP as its auditor. The ARCC is aware of the regulations on audit tendering and firm rotation arising from the European Commission, Competition and Markets Authority and Financial Reporting Council. Whilst these regulations do not apply to companies whose shares are admitted to trading on AIM, the Committee is mindful of the time that has lapsed since Ernst & Young LLP was appointed. The ARCC has therefore decided that a tender process for the 31 December 2020 year-end audit will take place. Depending on the time scale of the tender process, Ernst & Young LLP has indicated its willingness to continue in office to perform the review work for 2020, should this be required. Ernst & Young LLP has also indicated that it will resign from the end of the tender process if required, and in such circumstances, the Board is authorised to fill the vacancy created by the auditor's resignation.

External auditor's fees for audit and non-audit services

The ARCC evaluates the fees charged in light of the performance of the auditor. There had been a substantial reduction in the materiality threshold during the year resulting in significantly more testing being undertaken as part of the audit process, this together with further emphasis on regulatory and reporting requirements, resulted in an increase in the audit fees for the year.

	2019	**2018**
	£000's	£000's
Fee payable to the Company's auditor for the audit of the Company's annual accounts and consolidation	317	201
Other assurance services	137	70
Total fees payable to the Company's auditor and their associates	454	271

This report was approved by the ARCC on 29 April 2020 and signed on its behalf by:

Jeremy Miller
Chairman of the Audit, Risk and Compliance Committee
29 April 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- Assess the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Strategic report on pages 4 to 16 includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks that it faces.

This statement was approved by the Board of Directors on 29 April 2020 and signed on its behalf by:
Jim Durkin
Chief Executive Officer
29 April 2020

Directors' Report

The Directors serving during the year ended 31 December 2019 and up to the date of signing the financial statements present their report on the affairs of the Company (Cenkos Securities plc) together with the audited financial statements and the associated independent auditor's report thereon, for the year ended 31 December 2019.

Cenkos is an independent, specialist institutional securities company, focused on small and mid-cap companies and investment funds. Its principal activity is institutional stockbroking.

Business review and future developments

A review of the Company's operations and performance during the financial year, setting out the position at the year end, significant changes during the year and the principal risks to which the Company is exposed is provided within the Strategic report, along with an indication of the outlook for the future. Our risk management processes are outlined in more detail in the Governance section and in note 24 of this Annual Report. The Directors have considered section 172 of the Companies Act 2006 and are aware of their wider responsibilities not only to the Company and its members but also to a wider group of stakeholders.

Results and dividends

The results for the year are set out in the income statement on page 49.

An interim dividend of 2.0p per share was paid to shareholders on 5 November 2019 (2018: interim dividend of 2.0p per share). The Directors recommend the payment of a final dividend of 1.0p per share (2018: final dividend of 2.5p per share).

The total interim and final dividends in respect of the year ended 31 December 2019 are 3.0p (2018: 4.5p). The final dividend will be paid on 2 July 2020 to the shareholders on the register at 5 June 2020, subject to approval at the Annual General Meeting to be held on 25 June 2020.

Directors

The names of the current serving Directors of the Company are set out on page 21. These Directors have served throughout the year or since their respective appointments to the Board.

Philip Anderson served as a Director of the Company until his resignation from the Board on 31 March 2019. Anthony Hotson served as a Director of the Company until his resignation from the Board on 12 August 2019. Paul Hodges and Joe Nally served as Directors of the Company until their retirements from the Board on 18 September 2019.

On receiving regulatory approval, Jeremy Miller served as a Director of the Company from 22 July 2019 and Jim Durkin served as a Director of the Company from 12 August 2019. At the Annual General Meeting to be held on 25 June 2020, both Jeremy Miller and Jim Durkin will offer themselves for election to the Board. Andy Boorman will offer himself for re-election to the Board.

Jeff Hewitt retired from the Board on 28 February 2020.

Share capital

The Company's share capital comprises one class of ordinary share with a nominal value of 1p per share. As at 31 December 2019, 56,694,783 (2018: 56,694,783) ordinary shares were in issue. The total voting rights in the Company as at 31 December 2019 was based on 56,694,783 (2018: 55,310,055) ordinary shares.

Directors' interests in ordinary shares

The Directors' interests in the share capital of the Company as at 31 December 2019 are set out below:

	Number held as at 31 December 2019	Percentage interest as at 31 December 2019	Number held as at 31 December 2018 or date of appointment if later	Percentage interest as at 31 December 2018 or date of appointment if later
Directors				
Executive Director				
Jim Durkin	4,985,831	8.79%	4,985,831	9.01%
Non-Executive Directors				
Jeff Hewitt	63,235	0.11%	50,888	0.09%
Andrew Boorman	68,152	0.12%	47,000	0.08%
Jeremy Miller	20,000	0.04%	--	--

The Directors have confirmed that none of their ordinary shares have been used for security or have had a charge, lien or other encumbrance placed upon them.

Directors' interests in options

The Directors' interests in options over ordinary shares in the Company as at 31 December 2019 are set out on page 32 in the Directors' Remuneration Report.

Directors' indemnities

Directors' and Officers' liability insurance is maintained by the Company for all Directors and Officers of the Company as permitted by the Companies Act 2006. The Company indemnifies its Directors against any claim made against them as a consequence of the execution of their duties as a Director of the Company, to the extent permitted by law and in accordance with its Articles of Association. The indemnity was in force during the year and up to the date of approval of the financial statements.

Substantial shareholders

In addition to the Directors' interests shown above, the Directors have been notified of substantial shareholders, set out below, who have an interest in 3% or more of the Company as at 31 December 2019.

Holder	Number held at 31 December 2019	Percentage interest at 31 December 2019
Canaccord Genuity Group Inc	5,372,862	9.47%
Paul Hodges	5,259,323	9.28%
Jim Durkin	4,985,831	8.79%
Andrew Stewart(1)	4,214,150	7.43%
JP Morgan Asset Management Limited(2)	3,940,287	6.95%
Nick Wells	2,217,801	3.91%

(1) As at 17 March 2020 Andrew Stewart has an interest in 5,104,662 ordinary shares (9.00%).
(2) As at 22 January 2020 J P Morgan Asset Management Limited no longer has a notifiable interest in the Company.

Purchase of own shares

The Company has three Employee Benefit Trusts ("EBTs") to service its share schemes and the Deferred Bonus Scheme. The EBTs are funded by the Company and have the power to acquire shares from the Company or in the open market to meet the Company's future obligations. During the year ended 31 December 2019, the EBTs purchased an aggregate of 2,297,246 (2018: 935,992) ordinary shares in the Company. The number of shares purchased represents 4.05% of the Company's issued share capital as at 31 December 2019 (2018: 1.69%) for an aggregate consideration of £1.28 million (2018: £0.88 million).

During the year, the Company issued 1,384,748 ordinary shares from Treasury (2018: nil). No shares were repurchased by the Company for Treasury (2018:1,384,748 ordinary shares).

Employment policies

The Company’s employment policies are based upon a commitment to equal opportunities from selection and recruitment processes through training, development, appraisal and promotion.

The Company provides its employees with information on matters of concern to them so that their views can be factored into account when making decisions that are likely to affect their interests.

Employees participate in the success of Cenkos through performance-based incentive schemes including formula-based profit-sharing arrangements, share option arrangements, a Share Incentive Plan and a SAYE.

Political donations

During the year, the Company made no political donations (2018: £nil).

Going concern

The Board reviewed the financial information prepared by management to support the fact that it is appropriate to adopt the going concern basis in preparing the financial statements presented in this Annual Report and Accounts. This included financial forecasts and modelling which reflected the current and anticipated trading performance for the period to September 2021. These forecasts were then stress tested to reflect possible adverse effects which could arise including the possible impact that the COVID-19 outbreak could have, particularly in relation to the effect on fee revenue. Following this detailed assessment, the Board concluded that it is appropriate to adopt the going concern basis in preparing the financial statements in this Annual Report and Accounts. Further details in relation to going concern are set out in note 1 of the notes to the financial statements.

Stakeholder Interests and Engagement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006. As part of the Board’s decision-making process, the Board and its Committees consider the potential impact of decisions made on relevant stakeholders whilst also having regard to a number of broader factors, including the impact on the Company’s operations and the likely consequences of decisions made in the long term. Set out below are the Company’s key stakeholder groups (staff, regulators, shareholders and clients), material issues and how the Board and the Company have engaged with them during the year.

Staff

The Board through the Chief Executive Officer and management engages with its employees through various mediums, including staff forums and “Town Hall” meetings. The Company also provides its employees with information on matters of concern to them so that their views can be factored into account when making decisions that are likely to affect their interests.

To assist corporate cultural development and employee engagement an external firm has been appointed to undertake a cultural assessment. The Board is currently assessing the output from the review and will be working with the management team to implement and build on its recommendations.

Shareholders

The Board believes that it is important to maintain open and constructive relationships with shareholders and is committed to this communication. During the year, the Chief Executive Officer was in regular contact with the Company’s major institutional shareholders and was responsible for ensuring that shareholders’ views were communicated to the Board. As well as being in dialogue with the institutional shareholders, the Chief Executive Officer was also in regular dialogue with several significant individual shareholders. Internally, staff also holds approximately 35% of the Company’s ordinary share capital and regular briefings and updates are also provided to staff.

The Chief Executive Officer communicates the Company’s strategy and results to shareholders and analysts through meetings following announcements of the Company’s final and half-year results.

Shareholders are normally encouraged to attend the Annual General Meeting at which all members of the Board are available to answer questions, however due to the Covid-19 issues this year you are asked not to attend this meeting but to refer to the Company’s website for the latest updates.

The Company's website contains electronic versions of the latest and prior years' annual report and accounts, half-year reports together with share price and other relevant information.

Regulators

The Board recognises the importance of open and continuous dialogue with regulators and the Board as well as management have a close ongoing relationship with both the Financial Conduct Authority ("FCA") and AIM Regulation - the London Stock Exchange. Formal scheduled meetings were held throughout the year with individual Board members, management and the Regulators. The FCA also receives regular management information from the Company. A number of Board changes took place during the year and as part of this process the FCA were consulted on each of the proposed changes.

Clients

The Board recognises that the Company's clients' interests lie at the heart of the business. Management works closely with corporate clients to understand their needs and ambitions, so that Cenkos may provide the most appropriate advice. Whether this is in relation to fundraising strategies, merger and acquisitions, shareholder lists or board composition, the Company's goal is to achieve the best outcome for corporate clients.

This ethos applies equally to the Company's Institutional clients. The depth of our engagement means that we are fully aware of their investment strategies and consequently able to introduce them to appropriate opportunities in terms of size, sector and stage of development.

The Board believes that this close relationship is a key factor in determining the long-term success of the business, with just under half of our corporate clients having been with Cenkos for more than five years. As a trusted adviser, the Company is actively involved with its corporate clients. Cenkos maintains in regular contact with them, holding face to face meetings, arranging investor meetings and frequent site visits and hosting events such as the Cenkos Innovators & Investors Forum and regional investor days. This is all with the aim of offering our corporate clients opportunities to increase their investor exposure and shareholder engagement.

Suppliers

During the year, the Board reviewed its supplier arrangements and updated its Modern Slavery and Human Trafficking Statement and reviewed its business and supply chains.

Community

The Company regularly supports its employees to volunteer with raising funds for local communities and charitable causes.

The Board members, both individually and collectively, consider that they have acted together, in good faith, and in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172 (1) (a-f) of the Companies Act 2006).

Disclosure of information to the Auditor

Each of the persons who are Directors at the date of approval of this Annual Report and Accounts confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Independent auditor

In accordance with good corporate governance practice during 2020 the Company envisages that it will be undertaking a tendering process for its 31 December 2020 year-end audit. Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint Ernst & Young LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting. Should a tendering process be undertaken and should Ernst & Young LLP not be successful, then Ernst & Young LLP has indicated that it will resign from the end of the tender process if required, and in such circumstances, the Board would be authorised to fill the vacancy created by the auditor's resignation.

Annual General Meeting

The Board is closely monitoring the Coronavirus (COVID-19) situation. The holding of the Annual General Meeting will be kept under review in line with official guidance. In the meantime, the Annual General Meeting of the Company has provisionally been convened to be held at 6.7.8 Tokenhouse Yard, London EC2R 7AS on 25 June 2020 at 9.30am.

At the date of going to print of this report, the UK Government's current guidance on restricting social gatherings in view of COVID-19 remained in place. If such guidance remains in place on the date of the Annual General Meeting, shareholders will be prohibited from attending the meeting. The Board is therefore encouraging shareholders to appoint the Chairman as their proxy (either electronically or by post) with their voting instructions.

Further details including the current measures that will take place and a copy of the Notice of the Annual General Meeting together with an explanation of the Resolutions to be proposed is set out on pages 80 to 85.

If any changes are made to the holding of the Annual General Meeting these will in the first instance be detailed on the Company's website. Shareholders should visit the https://www.Cenkos/investors/agm for the latest updates.

This report was approved by the Board of Directors on 29 April 2020 and signed on its behalf by:

Stephen Doherty,
Company Secretary
29 April 2020

Independent Auditor's report to the Members of Cenkos Securities Plc

Opinion

We have audited the financial statements of Cenkos Securities Plc (the 'Company') for the year ended 31 December 2019 which comprise Income statement, Statement of comprehensive income, Statement of financial position, Cash flow statement, Statement of changes in equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	■ Revenue recognition on corporate finance and placing deals. ■ Valuation of materials options/warrants and an equity security classified as Level 3 in the fair value hierarchy. ■ Going concern.
Materiality	■ Overall materiality of £260k which represents 1% of Company revenue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risks	Our response to the Risk	Key observations communicated to the Audit Committee
Revenue recognition on corporate finance and placing deals		
Corporate finance and placing revenues (2019: £17.4m, 2018: £32.7m) Refer to the Audit, Risk and Compliance Committee Report (page: 34); Accounting policies (page: 58); and Note 3 of the financial statements (page: 60) Revenue is considered by the market to be a key performance measure, as well as being linked to personal performance incentives. Revenue is recognised when, under the terms of the contract, the performance conditions have been satisfied such that the Company is entitled to the fees specified. We have determined that risk arises with respect to: - The cut-off of significant deals that are completed around the reporting date. - Completeness of documentation of contract amendments impacting performance conditions, which increases the risk of revenue being recorded incorrectly. We have identified this as a fraud risk as we consider the risk of management override is present due to the potential to influence the recognition of corporate finance revenue and therefore the reported results of the business and bonuses. The risk is neither increased nor decreased in the current year.	We confirmed our understanding of the corporate finance and placing revenue recognition process and assessed the design effectiveness of key controls. We reduced our testing threshold resulting in increased sample sizes for transactional testing. We agreed a sample of corporate finance and placing transactions to cash received and terms within the engagement letters or supporting documentation such as email correspondence from the counterparty and external announcements of completion of deals. Our transactional testing covered 94% (by value) of the corporate finance and placing deals in 2019. For transactions completed around the reporting date, which present a heightened risk of misstatement, we extended the cut-off period and used a lower testing threshold to increase our sample sizes. We also assessed the terms of the engagement letter and verified the recognition of the revenue through reference to the date when the transaction becomes unconditional.	No material issues were identified from the execution of the audit procedures over the risk of inappropriate revenue recognition on corporate finance and placing deals. All samples were agreed to engagement letters or supporting documentation. We have obtained assurance over the timing and accuracy of revenue recognised, which has been recognised in line with the Company's accounting policy.
(New in 2019) Valuation of material options/warrants and an equity security classified as Level 3 in the fair value hierarchy		
Options/warrants classified as Level 3 (2019: £567k, 2018: £975k) Equity security classified as Level 3 (2019: £153k; 2018: nil) Refer to the Audit, Risk and Compliance Committee Report (page: 34); Accounting policies (pages: 55-56); and Note 17 of the financial statements (page: 67) *Options and warrants* The Company holds a number of options and warrants in lieu of fees as at year end. These options are valued by the management's expert using the Monte Carlo simulation model. The choice of valuation model and the volatility model input used to calculate fair value are subjective and represent management's estimates. *Equity security* The specific Level 3 equity security (£101k as at 31 December 2019) that is classified as fair value through profit & loss was included in our fraud risk in the current year, given the significant decrease in market liquidity during H2 2019 when compared to the prior year and the resulting significant judgement that was required to determine its valuation at the measurement date. We have identified these matters as a fraud risk as we consider the risk of management override is present due to the potential to influence the valuation of these financial instruments. This is a new risk that we have identified in the current year.	We confirmed our understanding of the controls over the valuation of the options, warrants and equity security valued using models and assessed the design effectiveness of key controls. *Options and warrants* With the support of our internal valuation and modelling specialists, we assessed the appropriateness of the valuation techniques, the assumptions, and the inputs to the models for a sample of warrants and options. This primarily consisted of performing independent valuations using challenger models, independently sourced model inputs and comparison to peer practice. Our independent valuation testing covered 92% of the options and warrants balance as at 31 December 2019. *Equity security* With the support of our internal valuation and modelling specialists, we assessed management's valuation technique and assumptions for the Level 3 equity security. This testing included analysis of comparable equity securities at the measurement date. We tested 100% of the listed equity security classified as Level 3. To ascertain the completeness of equity securities classified as Level 3, we performed audit procedures on other listed equity securities to determine whether their valuation and associated fair value hierarchy disclosure was appropriate as at the measurement date. This primarily involved independent testing of management valuations to third party data as at the measurement date.	No material issues were identified from the execution of our audit procedures over the risk of inappropriate valuation of material options / warrants and equity security classified as Level 3 in the fair value hierarchy.

Risks	Our response to the Risk	Key observations communicated to the Audit Committee
(New in 2019) Going concern		
Refer to the Directors' Report (page: 40); Accounting policies (page: 54); and Note 27 of the financial statements (page: 79) The Directors have prepared the financial statements on a going concern basis. The Directors are required to determine the appropriateness of preparing the financial statements on a going concern basis. In doing so, they are required to consider the ability of the Company to meet its financial obligations as and when they fall due and payable for a period of at least 12 months from the date of approval of the financial statements. They are also required to assess the adequacy of the going concern disclosures in the annual report and financial statements. The assessment of going concern considers the future profit, cash flow and capital forecast of the Company which includes forward-looking judgements that are inherently uncertain and involve significant estimation. In addition, there is a risk that the uncertain impacts of COVID-19 have not been considered fully in Director's going concern assessment, and that disclosures in relation to going concern are not appropriate.	We obtained the base case and stressed case cash flow and capital forecasts until 31 December 2021, as well as the reverse stress test prepared by management and assessed the appropriateness of the inputs and key assumptions used in the forecasts. We challenged the assumptions used by management in the forecasts by evaluating the completeness of assumptions impacted by COVID-19 and performing independent stress testing on those key assumptions to assess whether the cash and capital headroom calculations are reasonable. This included: - stress analysis on all revenue streams, - assessed forecasted revenues against an assessment of recent transaction activity and status of pipeline deals - stress analysis on the valuation of financial instruments' valuation given market events in March 2020 - assessed the reasonableness of cost base assumptions and applied independent stresses. As part of our assessment, we considered the reasonableness of the mitigants available to Management in the event of a prolonged period of market dislocation and the effectiveness of those actions to manage cash flow and capital requirements over the period of the going concern assessment. Finally, we assessed the adequacy of disclosures in the financial statements relating to going concern and events after the reporting period to ensure they are in compliance with IAS 1 Presentation of Financial Statements and IAS 10 Events after the reporting period.	Based on the results of our audit procedures, we are satisfied that the Directors had an appropriate basis for which to conclude that there was no material uncertainty over going concern. We have reviewed the disclosures relating to going concern and events after the reporting period, and consider them to be appropriate.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

In 2019, Cenkos Securities Plc decided to present the Company-only financial statements, rather than to present both Company-only and consolidated financial statements. The decision was taken in light of the exemption available under section 405 of the Companies Act 2006. Refer to Note 1 'Change in accounting policy' to the financial statements for the relevant disclosure. We have therefore performed an audit of the Company-only financial statements for the year ended 31 December 2019.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £260k (2018: £450k), which is based on 1% of revenue, in line with the prior year. We believe that users of the financial statements would typically focus on activity-based measure. Given the prominence of revenue as reflected in the Company's trading updates to the market, and revenue being the key benchmark used by the stakeholders to assess the performance of the Company, we concluded that revenue is the most appropriate basis of materiality. We have not used an earnings based measure for the determination of materiality as the nature of the business is such that the Company is exposed to macroeconomic and market conditions, which coupled with the awards of bonuses results in volatility of earnings.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2018: 50%) of our planning materiality, namely £130k (2018: £224k). We have set performance materiality at this percentage due to number of considerations including our expectations about the likelihood of misstatements based on prior year experience.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Risk and Compliance Committee that we would report to them all uncorrected audit differences in excess of £13k (2018: £22k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 42, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rhys Taylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 April 2020

Notes:
1. The maintenance and integrity of Cenkos Securities plc's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income statement

For the year ended 31 December 2019

	Note	2019 £ 000's	2018 £ 000's
Continuing operations			
Revenue	3	25,916	44,953
Administrative expenses		(25,801)	(41,814)
Operating profit		115	3,139
Investment income - interest income	4	106	103
Finance costs - interest on lease liability	5	(76)	-
Profit before tax from continuing operations for the year	7	145	3,242
Tax	8	(101)	(805)
Profit after tax for the year		44	2,437
Attributable to:			
Equity holders of Cenkos Securities plc		44	2,437
Basic earnings per share	10	(0.2)p	4.4p
Diluted earnings per share	10	n/a	n/a

The notes on pages 53 to 79 form an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2019

	2019 £ 000's	2018 £ 000's
Profit for the year	44	2,437
Amounts that will not be recycled to income statement in future periods		
Loss on FVOCI financial asset	(46)	(180)
Tax on FVOCI financial asset	9	29
Other comprehensive losses	(37)	(151)
Total comprehensive income for the year	7	2,286
Attributable to:		
Equity holders of Cenkos Securities plc	7	2,286

The notes on pages 53 to 79 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2019

	Notes	2019 £ 000's	Restated* 2018 £ 000's	Restated* 1 Jan 2018 £ 000's
Non-current assets				
Property, plant and equipment	11	517	558	525
Right-of-use assets	12	4,540	-	-
Intangible asset	13	67	100	-
Deferred tax asset	20	486	520	738
Investments in subsidiary undertakings	14	1	1	1
		5,611	1,179	1,264
Current assets				
Trade and other receivables	15	13,455	18,830	20,814
FVOCI financial assets	16	60	220	250
Other current financial assets	17	8,973	12,648	10,615
Cash and cash equivalents	18	18,333	33,635	36,627
		40,821	65,333	68,306
Total assets		46,432	66,512	69,570
Current liabilities				
Trade and other payables	19	(14,715)	(32,640)	(36,203)
Other current financial liabilities	17	(1,840)	(6,018)	(3,341)
		(16,555)	(38,658)	(39,544)
Net current assets		24,266	26,675	28,762
Non-current liabilities				
Trade and other payables	19	(5,219)	(263)	(366)
Total liabilities		(21,774)	(38,921)	(39,910)
Net assets		24,658	27,591	29,660
Equity				
Share capital	21	567	567	567
Share premium		3,331	3,331	3,331
Capital redemption reserve	21	195	195	195
Own shares	22	(5,436)	(5,663)	(3,845)
FVOCI reserve		(141)	(93)	58
Retained earnings		26,142	29,254	29,354
Total equity		24,658	27,591	29,660

* See note 1 for details of restatement

The notes on pages 53 to 79 form an integral part of these financial statements.
The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2020.
They were signed on its behalf by:

Jim Durkin
Chief Executive Officer
29 April 2020
Registered Number: 05210733

Cash flow statement

For the year ended 31 December 2019

	Notes	2019 £ 000's	Restated* 2018 £ 000's
Profit for the year		44	2,437
Adjustments for:			
Deferred consideration for Nomad business		-	(100)
Net finance income		(30)	(103)
Tax expense	8	101	805
Depreciation of property, plant and equipment, ROU assets and intangible asset		899	247
Fair value adjustment to deferred consideration		40	-
Shares and options received in lieu of fees		(3,987)	(1,970)
Share-based payment expense		1,115	1,852
Operating cash flows before movements in working capital		(1,818)	3,168
Decrease in net trading investments and FVOCI financial assets		3,598	2,492
Decrease in trade and other receivables		5,212	1,998
Decrease in trade and other payables		(17,861)	(2,932)
Net cash flow from operating activities before interest and tax paid		(10,869)	4,726
Tax paid		(351)	(1,664)
Net cash flow from operating activities		(11,220)	3,062
Investing activities			
Interest received		90	90
Purchase of property, plant and equipment	11	(197)	(280)
Acquisition of Nomad business		(140)	-
Net cash outflow from investing activities		(247)	(190)
Financing activities			
Net outflow under lease arrangement		(113)	-
Dividends paid	9	(2,485)	(3,573)
Proceeds from sale of shares to employees on dividend reinvestment		40	62
Acquisition of own shares		(1,277)	(2,353)
Net cash used in financing activities		(3,835)	(5,864)
Net decrease in cash and cash equivalents		(15,302)	(2,992)
Cash and cash equivalents at beginning of year		33,635	36,627
Cash and cash equivalents at end of year		18,333	33,635

* See note 1 for details of restatement

The notes on pages 53 to 79 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2019

	Equity attributable to equity holders						
	Share capital £ 000's	Share premium £ 000's	Capital redemption reserve £ 000's	Own shares held in treasury £ 000's	FVOCI reserve £ 000's	Retained earnings £ 000's	Total £ 000's
At 1 January 2018 (restated*)	567	3,331	195	(3,845)	58	29,354	29,660
Profit for the year	-	-	-	-	-	2,437	2,437
Loss on FVOCI financial assets net of tax	-	-	-	-	(122)	-	(122)
Derecognition of FVOCI financial asset	-	-	-	-	(29)	23	(6)
Total comprehensive income for the year	-	-	-	-	(151)	2,460	2,309
Transfer of shares from share plans to employees (note 22)	-	-	-	535	-	(473)	62
Acquisition of own shares	-	-	-	(2,353)	-	-	(2,353)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	1,486	1,486
Dividends paid (note 9)	-	-	-	-	-	(3,573)	(3,573)
At 31 December 2018 (restated*)	567	3,331	195	(5,663)	(93)	29,254	27,591
Balance at 1 January 2019	567	3,331	195	(5,663)	(93)	29,254	27,591
Profit for the year	-	-	-	-	-	44	44
Loss on FVOCI financial assets net of tax	-	-	-	-	(37)	-	(37)
Gain on derecognition of FVOCI financial assets net of tax	-	-	-	-	(11)	11	-
Total comprehensive income for the year	-	-	-	-	(48)	55	7
Issue of shares to employees on dividend reinvestment	-	-	-	65	-	(25)	40
Transfer of shares from share plans to employees (note 22)	-	-	-	1,439	-	(1,439)	-
Acquisition of own shares	-	-	-	(1,277)	-	-	(1,277)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	775	775
Current tax on share-based payments (note 8)	-	-	-	-	-	7	7
Dividends paid (note 9)	-	-	-	-	-	(2,485)	(2,485)
At 31 December 2019	567	3,331	195	(5,436)	(141)	26,142	24,658

* See note 1 for details of the restatement.

The notes on pages 53 to 79 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

General information

Cenkos Securities plc is a public company limited by shares incorporated in England, United Kingdom under the Companies Act 2006 (Company Registration No. 05210733). These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Basis of accounting

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, with the prior period being presented on the same basis.

Changes in accounting policy

During the year, the Company elected to voluntarily change its accounting policy for the Cenkos Securities Employee Benefit Trust ('EBT'), the Deferred Bonus Scheme EBT and the Share Incentive Plan ('SIP'); to treat it as an extension of the Company instead of as a separate subsidiary company. Consequently, the Company no longer has material subsidiaries as the remaining subsidiaries are all dormant companies, and, as a result, the Company is able to take advantage of the exemption under section 405 of the Companies Act 2006 and prepare separate financial statements for the Company only, rather than prepare both consolidated and parent company financial statements. This provides a clearer view of the financial performance and position of the Company for the users of the financial statements. This change has been adopted retrospectively and the impact of this change on the Company statement of financial position for the comparative period is to eliminate a balance receivable from the EBT and recognise the shares held by the EBT as own shares held, as shown in the table below:

	Restated 31 December 2018 £ 000's	Restated 1 January 2018 £ 000's
Current Assets: Trade and other receivables - Amounts owed by group undertakings	(4,181)	(3,845)
Equity: Own shares	4,181	3,845

The impact of this change on the Company cash flow statement is to include the own shares acquired by the EBT during the year under the caption 'Acquisition of own shares' and eliminate the increase in the balance receivable from the EBT from trade and other receivables.

Adoption of new and revised standards

The Company applies IFRS 16 'Leases' for the first time. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company.

IFRS 16 'Leases' is effective for the years ending 31 December 2019 and requires all leases to be recognised under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees are also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16

The Company adopted IFRS 16 on a cumulative catch-up basis and has not applied the standard to prior year comparatives. The lease liability was measured as the present value of the remaining rental payments under the leases. The right-of-use asset was measured at an amount equal to the lease liability and adjusted for lease prepayments at 31 December 2018. The net impact on the statement of financial position as at the date of transition was nil. New leases on Cenkos' London office at Tokenhouse Yard were signed on 8 August 2019 for a term of 10 years out to 31 January 2030. The lease on Cenkos' Edinburgh office expires on 19 March 2022. As at 31 December 2019, the Company was obliged to make a further 8 payments under the lease on the usual quarter days. Cenkos has applied IFRS 16 from 1 January 2019 and recognised a lease liability of £0.68 million and a right-of-use asset of £0.86 million, including a prepayment of £0.18 million. The lease liability and right-of-use asset increased by £4.63 million when the new leases were signed on 8 August 2019. The lease liability and right-of-use asset is calculated by discounting the quarterly lease payments over the remaining term of the lease using a discount rate which represents the incremental cost of borrowing. The incremental cost of borrowing has been calculated to be equivalent to 3.25% per annum. The Company has taken advantage of the low value asset exemption with respect to the lease of car parking spaces at the Edinburgh Offices.

Going concern

The Company's business activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows, capital and liquidity position are set out in the Strategic report on pages 4 to 5. In addition, note 24 includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

Coronavirus ('COVID-19') was recognised as a pandemic by the World Health Organization (WHO) on 11 March 2020. In response, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. These actions have severely restricted the level of economic activity around the world and impacted the health of the financial markets. Cenkos responded to COVID-19 promptly by enacting its business continuity plan and successfully implementing a comprehensive remote working capability. These procedures are working well and have enabled us to ensure both the wellbeing of our staff and the ability to continue servicing our clients during this period of uncertainty.

The full extent of the pandemic is, as of today, yet unknown and there is a degree of uncertainty over what the impact on the Company will be. However, since the pandemic was declared, Cenkos has been appointed by several new clients and has completed a number of secondary placing transactions, which could suggest a period of increased activity as companies look to bolster their balance sheets to tide them over the period of lockdown. Alternatively, the recent significant decline in asset prices may dissuade companies from approaching the markets to raise further capital, leading to a period of inactivity. Whilst it is not possible to quantify the overall impact of COVID-19, as described above, if it were to lead to a period of inactivity this would most likely lead to a reduction in fees generated from placing and corporate finance and a decline in fair values of listed equities, options and warrants as observed in March 2020. Management continues to monitor the impact of the COVID-19 pandemic on the Company and the financial markets.

In order to mitigate the risk associated with fluctuations in the financial markets, the Company operates a flexible business model which links risk adjusted variable remuneration to corporate performance. Fixed costs are kept low and controlled and, in addition, the review of overheads conducted in 2019 has resulted in a significantly reduced fixed cost base going forward, so providing an even stronger foundation. Cenkos is not reliant on external borrowings but is funded entirely by share capital and retained earnings. The business is not capitally intensive. The trading book is tightly controlled by book limits and, apart from shares received in lieu of fees, is held for market making purposes or to facilitate client business. Cenkos has a positive cash cycle and does not run any liquidity mismatches. Cash is the largest asset on the statement of financial position and consequently its exposure to credit risk is largely due to its bank deposits before risk weighting.

Management has also performed an impact analysis as part of its going concern assessment using information available to the date of issue of these financial statements. As part of this analysis, a number of adverse scenarios have been modelled to assess the potential impact on the Company's revenue streams, in particular corporate finance fees, and on asset values, liquidity and capital adequacy. In addition, a reverse stress test has been modelled to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement or insufficient cash resources and including an assessment of any relevant mitigations management has within their control to implement. Having performed this analysis, management believes regulatory capital requirements continue to be met and the Company has sufficient liquidity to meet its liabilities for the next 12 months and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Intangible asset

Intangible assets are initially measured at cost being the fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic 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 the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Amortisation is provided at rates calculated to write off the cost over its estimated useful life, which for the client list is three years.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are recognised and derecognised on trade date when the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, any transaction costs that are directly attributable to their acquisition or issue.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" ("FVTPL"), "fair value through other comprehensive income" ("FVOCI") and "amortised cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when they fail the contractual cash flow test or they are held in a business model that is to manage them and evaluate their performance on a fair value basis.

Financial assets are classified as financial assets at FVTPL – held for trading where the Company acquires the financial asset principally for the purpose of selling it in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, as well as all derivatives that are not designated as FVTPL and hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset.

FVOCI investments

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.

Trading investments

Trading investments pertain to investment securities which are held for trading purposes. These investments comprise both long and short positions and are initially measured at fair value excluding transaction costs. Subsequently and at each reporting date, these investments are measured at their fair values, with the resultant gains and losses arising from changes in fair value being taken to the income statement. Trading investments include securities which have been received as consideration for corporate finance and other services rendered.

Derivative financial assets

Derivative financial assets include equity options and warrants over listed securities earned by the Company as part of fee arrangements. The Directors consider that the initial valuation reflects fair consideration for the services provided. All gains and losses on subsequent valuations are recorded in the income statement.

Trade and other receivables
Market and client receivables are measured at fair value. All other debtors are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash at bank
Cash at bank comprises cash on hand and demand deposits, which are subject to an insignificant risk of changes in value.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is held for trading.

A financial liability is classified as held for trading if:
- It has been incurred principally for the purpose of disposal in the near future; or
- It is part of an identified portfolio of financial instruments that the Company manages together and has a recent pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value plus any transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest which is recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Trade and other payables
Trade payables are initially measured at fair value. At each reporting date, these trade payables are measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds are received, net of direct issue costs.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. If re-issued, the amount of consideration above the carrying amount is recognised in the share premium account, while if re-issued at an amount less than the carrying amount the difference is recognised in retained earnings.

Financial guarantee contracts
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised as a liability at fair value. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the year on transactions denominated in foreign currencies are translated at the prevailing rate and included in the income statement.

Investments in subsidiary undertakings
Investments in subsidiaries are stated at cost, less any provision for impairment.

Leases
At the commencement date of a lease, the liability to make lease payments (ie the lease liability) and an asset representing the right to use the underlying asset during the lease term (ie, the right-of-use asset) is recognised. The interest expense on the lease liability and the depreciation expense on the right-of-use asset are charged to the income statement and separately recognised.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

- Leasehold improvements: Remaining term of the lease.
- Fixtures and fittings: Three years.
- IT equipment: Three years.

The carrying values of property, plant and equipment are subject to annual review and any impairment is charged to the income statement.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue comprises commission earned on primary and secondary capital raising, fees earned in relation to corporate advisory services and commission earned from execution all of which are taken to the income statement at the point in time when, under the terms of the contract, the conditions have been met such that Cenkos is entitled to the fees specified. Retainer fees from clients for ongoing advice and research services are taken to the income statement over the period of time when, under the terms of the contract, the conditions have been met such that Cenkos is entitled to the fees specified. Revenue also comprises gains and losses on market making, both realised and unrealised, on financial assets and financial liabilities, arrived at after taking into account attributable dividends and directly related interest.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Revenue includes the fair value of options and warrants over securities which have been received as consideration for corporate finance services rendered. The initial value of the options or warrants is posted to corporate finance revenue and any gain or loss on subsequent re-measurement posted to execution.

Segment reporting
IFRS 8 requires that an entity discloses financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments. Cenkos is managed as an integrated UK institutional stockbroking business and although it has different revenue streams it has one consolidated reportable segment. It considers its activities to be subject to similar economic characteristics. The internal reports used by the ExCo, as chaired by the Chief Executive Officer, for the purpose of monitoring performance and allocating resources reflect that integration.

Share-based payments
The Company has applied the requirements of IFRS 2 "Share-based payments". The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non- market-based vesting conditions) at the date of grant. The cost of these awards is measured by reference to the fair value determined at the grant date of the equity-settled share-based payments and the expected number of employees likely to become fully entitled to the award. This cost is expensed on a straight-line basis over the vesting period. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Deferred Bonus Scheme
In April 2015, Cenkos introduced a Deferred Bonus Scheme (the "Scheme"), the deferred element of any bonus award is to be held in Cenkos ordinary shares in an EBT and released to the employee evenly split on each of the three anniversaries of deferral into the Scheme. In prior years, at the date of grant, where an employee already held over £250,000 in Cenkos ordinary shares or £250,000 in intrinsic value in Cenkos options, the deferral was held in cash on the Company's statement of financial position and released in the same manner. The fair value of the cash deferral is recognised as a staff cost over a similar period with the recognition of a corresponding liability.

In 2019, the deferred element of any bonus award is to be held in Cash, irrespective of the Cenkos ordinary shares already held by the employee or their interest in Cenkos options. The Company has applied the requirements of IFRS 2: Share-based payments. The cost of these cash-settled awards is fair valued at the date of grant and expensed on a straight-line basis over the vesting period. The assets and liabilities of the EBT have been accounted for as part of the Company.

Related party disclosures
The compensation of the key management personnel of the Company and their interests in the shares and options over the shares of Cenkos Securities plc are set out in note 25.

Key management personnel comprise senior managers who are members of Executive Committee as they are able to exert significant influence over the financial and operating policies of the Company.

2. Critical accounting judgement and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key sources of estimation uncertainty and areas of critical accounting judgement that could have a significant effect on the carrying amounts of assets and liabilities are set out below:

a) Equity-settled share-based payments
The fair value of share-based payments is calculated by Mercer Limited, a third-party valuation specialist, using a Monte Carlo simulation. Inputs into the model are based on management's best estimates of expected volatility and risk-free rate of return, which are referred to in note 24. As a measure of implied volatility of the share-based payment is not available, a measure of the historic volatility of Cenkos' share price has been used as a proxy. This expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share-based payment is indicative of future trends, which may not necessarily be the actual outcome.

b) Valuation of derivative financial assets
Derivative financial assets comprise equity options and warrants over listed securities which include those received as non-cash consideration for advisory and other services. On the grant date, these instruments are fair valued. Thereafter, at each period end they are revalued using a Monte Carlo simulation by an external third-party specialist. Inputs to the model include share price, risk free rate of return and implied volatility. Although the underlying securities are listed, the equity options and warrants themselves are not. As a measure of implied volatility of the instrument is therefore not available, either the historic volatility of the underlying securities share price or that of a comparable company has been used as a proxy. The Directors consider that the initial valuation reflects fair consideration for the services provided.

c) Provisions and contingent liabilities

Provisions are measured at the Directors' best estimate of the expenditure required to settle obligations.

d) Revenue recognition where a capital raising transaction straddles a period end

As stated in the accounting policies in note 1, commission earned on a primary and secondary capital raising is taken to the income statement at the point in time when, under the terms of the contract, the conditions have been met such that Cenkos is entitled to the fees specified. Where transactions straddle reporting periods consideration is given as to the point in time when Cenkos became unconditionally entitled to the fees, usually the date of the client's general meeting to approve the capital raising to ensure revenue is recognised in the correct accounting period.

3. Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely within the UK.

Major Clients

For the year ended 31 December 2019, no one client contributed more than 10% of Cenkos' total revenue (2018: no one client contributed more than 10% of Cenkos' total revenue).

Revenue streams	2019 £ 000's	2018 £ 000's
Corporate finance	17,364	32,734
Nomad, broking and research	6,582	7,824
Total fee and commission income	23,946	40,558
Execution - net trading gains	1,970	4,395
	25,916	44,953
Total fee and commission income may be further disaggregated as follows:		
Services transferred at a point in time	18,416	34,513
Services transferred over a period of time	5,530	6,045
	23,946	40,558

4. Investment income - interest receivable

	2019 £ 000's	2018 £ 000's
Interest income generated from:		
Cash and cash equivalents	93	90
Trade and other receivables	13	13
	106	103

Interest income generated from cash and cash equivalents comprises the interest generated from instant access deposits held with banks.

5. Finance costs - interest on lease liability

	2019 £ 000's	2018 £ 000's
Interest on lease liability	76	-
	76	-

The interest on lease liability represents the incremental cost of borrowing applied to the lease liability.

6. Staff costs

	2019 £ 000's	2018 £ 000's
Staff costs comprise:		
Wages and salaries	12,487	21,970
Social security costs	2,077	3,522
Compensation for loss of office *	670	1,507
Defined contribution pension	126	87
IFRS 2 share-based payments	777	1,460
Cash-settled deferred bonus payments relating to the current year	337	392
	16,474	28,938

***** Compensation for loss of office includes £116,500 paid in relation to a settlement, but not admission, of claims related to the circumstances of the termination of a former Director. A further £34,500 in legal fees related to this settlement has also been paid and included within administrative expenses.

To comply with the Pensions Act, Cenkos has enrolled all qualifying employees into a defined contribution pension scheme ("the Scheme"). Under the scheme, qualifying employees are required to contribute a percentage of their relevant earnings. The Company contributed 2% of relevant earnings up to the end of March 2019 and 3% thereafter (2018: 1% of relevant earnings up to the end of March 2018 and 2% thereafter).

Cenkos has a Deferred Bonus Scheme for Executive Directors, senior managers and high earning employees. As a result, £0.30 million (2018: £1.33 million) of staff costs have been removed from the current income statement and deferred to future years. See note 23 for further details.

	2019	2018
The average number of employees (including executive Directors) was:		
Corporate finance	25	22
Corporate broking	43	47
Support services	43	41
	111	110

	2019 £ 000's	2018 £ 000's
The total emoluments of the highest paid Director serving during the year were:	311	1,348

Details of the remuneration of key management personnel are set out in note 25. Details of the Directors' remuneration is set out in the Directors' Remuneration Report on pages 28 to 33.

7. Profit for the year

Profit for the year has been arrived at after charging / (crediting)	2019 £ 000's	2018 £ 000's
Operating lease rentals	8	606
Amortisation of right-of-use asset	628	-
Auditor's remuneration (refer to analysis below)	454	271
Depreciation of property, plant and equipment	238	247
Staff costs (see note 6)	16,474	28,938
Net gains from financial assets at FVTPL on trading book	(2,530)	(4,438)
Exchange differences recognised in profit or loss	(47)	76
Change in fair value of share options and warrants at FVTPL	(571)	(19)
(Reversal of provision) / provision for impairment	(216)	196

The movement in administrative expenses is further discussed on page 10 in the Review of Performance.

The analysis of auditor's remuneration is as follows:	2019 £ 000's	2018 £ 000's
Audit of financial statements	317	201
Fees payable to the auditor and its associates for the audit of the annual accounts	317	201
Other assurance services	137	70
Total fees payable to the auditor and its associates	454	271

Other assurance services include the fee for the review of the Consolidated Interim Financial Information.

A description of the work of the ARCC is set out on pages 34 to 36 of this Annual Report and includes an explanation of how auditor objectivity and independence are safeguarded when non-audit services are provided by the auditor.

8. Tax

The tax charge is based on the profit for the year (see page 10 of the Review of Performance) and comprises:

	2019 £ 000's	2018 £ 000's
Current tax		
United Kingdom corporation tax at 19.00% (2018 - 19.00%) based on the profit for the year	67	805
Adjustment in respect of prior period		
United Kingdom corporation tax at 19.00% (2018: 19.00%)	-	(219)
Total current tax	67	586
Deferred tax		
Charge on account of temporary differences	34	3
Deferred tax prior year adjustment	-	216
Total deferred tax (refer to note 20)	34	219
Total tax on profit on ordinary activities from continuing operations	101	805

A reconciliation of the tax expense for 2019 and 2018, and the accounting profit multiplied by the standard rate of UK corporation tax of 19.00% (2018: 19.00%), is set out below:

	2019 £ 000's	2018 £ 000's
Profit before tax from continuing operations	145	3,242
Tax on profit on ordinary activities at the UK corporation tax rate of 19% (2018: 19%)	28	599
Tax effect of:		
Non-deductible expenses for tax purposes	36	78
Fair value movements in relation to the DTA on share-based payments	1	109
Deferred tax rate change adjustment	36	22
Adjustment in respect of prior year deferred tax	-	216
Adjustment in respect of prior year current tax	-	(219)
Tax expense for the year	101	805

The effective tax rate for the Company during the year is 70% (2018: 25%).

In addition to the tax expense presented in the income statement, the following amounts have been recognised through other comprehensive income and directly in equity:

	2019 £ 000's	2018 £ 000's
Other Comprehensive Income (OCI)		
Current tax credit arising on FVOCI financial asset	(11)	(29)
Statement of Changes in Equity (SOCIE)		
Current tax (credit) / expense arising on FVTPL financial asset	(3)	6

9. Dividends

Amounts recognised as distributions to equity holders in the year:

	2019 £ 000's	2018 £ 000's
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2018 of 2.5p (2017: 4.5p) per share	1,398	2,484
Interim dividend for the period to 30 June 2019 of 2.0p (June 2018: 2.0p) per share	1,087	1,089
	2,485	3,573

A final dividend of 1.0p per share has been proposed for the year ended 31 December 2019 (2018: 2.5p). The proposed final dividend is subject to approval at the Annual General Meeting and is not recognised as a liability as at 31 December 2019.

10. Earnings per share

	2019	2018
From continuing operations		
Basic earnings per share	(0.2p)	4.4p
Diluted earnings per share	n/a	n/a

The calculation of the basic and diluted earnings per share is based on the following data:

	2019 £ 000's	2018 £ 000's
Earnings from continuing operations		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders	(94)	2,283
Dividends on shares held in SIP and DBS	138	154
Earnings for the purposes of diluted earnings per share being net profit attributable to equity holders	44	2,437

	2019 No.	2018 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	51,157,915	51,807,655
Effect of dilutive potential ordinary shares	3,863,279	2,883,642
Weighted average number of ordinary shares for the purpose of diluted earnings per share	55,021,194	54,691,297

In accordance with IAS 33, when calculating the weighted average number of shares for the purpose of basic earnings per share, contingently issuable shares held by the SIP and DBS for the benefit of employees have been deducted. This adjustment is required by IAS 33 notwithstanding the fact that the employees have an un-forfeitable right to the dividend prior to the date of vesting from the date of grant. These contingently issuable shares have been included when calculating diluted earnings per share. For the year ended 31 December 2019, the share options issued under the SAYE scheme were anti-dilutive as the average share price over the year was below the respective strike price.

11. Property, plant and equipment

Cost	Leasehold improvements £ 000's	Fixtures and fittings £ 000's	IT equipment £ 000's	Total £ 000's
At 31 December 2017	1,630	264	1,762	3,656
Additions	62	56	162	280
At 31 December 2018	1,692	320	1,924	3,936
Additions	126	-	71	197
At 31 December 2019	1,818	320	1,995	4,133
Accumulated depreciation				
At 31 December 2017	(1,398)	(210)	(1,523)	(3,131)
Charge for the year	(41)	(33)	(173)	(247)
At 31 December 2018	(1,439)	(243)	(1,696)	(3,378)
Charge for the year	(52)	(42)	(144)	(238)
At 31 December 2019	(1,491)	(285)	(1,840)	(3,616)
Net book value				
At 31 December 2019	327	35	155	517
At 31 December 2018	253	77	228	558

The cost of fully depreciated property, plant and equipment still in use amounts to £188,704 (2018: £161,896).

12. Right-of-use assets

Present value of future lease payments	Liverpool £ 000's	Edinburgh £ 000's	London £ 000's	Total £ 000's
At 31 December 2018	-	-	-	-
Initial recognition	13	130	716	859
Lease modification	-	-	4,309	4,309
At 31 December 2019	13	130	5,025	5,168
Amortisation of right-of-use assets				
At 31 December 2018	-	-	-	-
Amortisation of right-of-use asset	(13)	(40)	(575)	(628)
At 31 December 2019	(13)	(40)	(575)	(628)
Net book value				
At 31 December 2019	-	90	4,450	4,540
At 31 December 2018	-	-	-	-

The right-of-use assets represents the discounted value of the contracted payments and receipt of landlord lease incentives under the terms of the leases for the Liverpool, Edinburgh and London offices at the later of the date of transition to IFRS 16 being the beginning of the year or the date of the lease modification. The lease payments have been discounted by a rate equivalent to the incremental cost of borrowing. The right-of-use assets are being amortised over the remaining terms of the leases. Further details relating to the lease liability can be found in note 19.

13. Intangible asset

	Total £ 000's
At 31 December 2017	-
Additions	100
At 31 December 2018	100
Additions	-
At 31 December 2019	100
Amortisation	
At 31 December 2017	-
Amortisation	-
At 31 December 2018	-
Amortisation	(33)
At 31 December 2019	(33)
Net book value	
At 31 December 2019	67
At 31 December 2018	100

Acquisition of client list

On 11 December 2018, Cenkos completed the acquisition of the Nominated Adviser and Corporate Broker client list of Smith & Williamson. Under the terms of the agreement, Cenkos agreed to pay Smith & Williamson deferred consideration equal to 20% of all corporate finance fees earned during the 12 months following completion from existing clients transferring to Cenkos. The estimated amount of this consideration is included as an intangible asset and within accruals under current liabilities. Following initial recognition, intangible assets are recognised at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is provided at rates calculated to write off the cost over its estimated useful life of three years. No impairment has been recognised during the year.

14. Investment in subsidiaries

	Shares in subsidiary undertakings	
	2019 £ 000's	2018 £ 000's
Cost		
At 31 December	1	1

The Company has investments in the following subsidiary undertakings, consisting solely of ordinary shares, of:

Direct holdings	Principal activity	Proportion of ordinary shares and voting rights held
Cenkos Nominee UK Limited	Nominee company	100%
Cenkos Securities (Trustees) Limited	Nominee company	100%
Cenkos Fund Management Limited	Dormant company	98%
Tokenhouse Limited	Dormant company	100%
Tokenhouse Stockbrokers Limited	Dormant company	100%
Tokenhouse Yard Securities Limited	Dormant company	100%
Tokenhouse Partners Limited	Dormant company	100%
THY Securities Limited	Dormant company	100%

All of these subsidiary undertakings operate and are registered in England. In the opinion of the Directors, the value of the investments is not less than the amount at which they are stated in the Company's statement of financial position.

The assets and liabilities of the Cenkos Securities Employee Benefit Trust ("EBT"), the Deferred Bonus Scheme Employee Benefit Trust and the Cenkos Securities plc Share Incentive Plan Trust ("SIP") excluding the Partnership and Dividend shares (see note 23) are included in the Company Statement of Financial Position. This note should be read in conjunction with the changes in accounting policy and disclosure under note 1: Accounting Policies.

15. Trade and other receivables

	2019 £ 000's	Restated 2018 £ 000's
Current assets		
Financial assets		
Market and client receivables	11,225	16,596
Accrued income	279	139
Contract assets	316	414
Other receivables	598	814
	12,418	17,963
Non-financial assets		
Corporation tax receivable	98	-
Prepayments and other assets	939	867
	13,455	18,830

As at 31 December, the ageing analysis of trade receivables is, as follows:

			Days past due			
	Total £ 000's	Not past due £ 000's	< 30 days £ 000's	30-60 days £ 000's	61-90 days £ 000's	> 91 days £ 000's
31 December 2019	13,455	10,797	1,573	729	56	300
31 December 2018	18,830	17,550	1,276	2	1	0

The average credit period taken is 29 days (2018: 23 days). The Company has recognised expected credit losses amounting to £0.07 million (2018: £0.22 million) in accordance with the requirements of IFRS 9. The amount (credited)/charged to the profit and loss account for impairment is £-0.22 million (2018: £0.20 million).

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

As described in note 1, prior year comparatives have been restated following a voluntary change in accounting policy to account for the EBT as an extension of the Company and, therefore, the receivable balance with the EBT amounting to £4.2m has been eliminated.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets include retainer fee income accrued for ongoing advice to clients.

Credit risk

The Company's principal financial assets are cash at bank (see note 18), trade and other receivables and investments. The Company's credit risk is primarily attributable to its cash at bank and trade and other receivables. Trade and other receivables include amounts due from Cenkos' corporate and investment trust clients for corporate finance advisory services and retainer fees. The amounts presented in the statement of financial position are net of allowance for impairment. An allowance for impairment is made where there is an expectation of credit losses over the remaining life of the exposure based on historical observed default rates. The Company has no significant concentration of credit risk, other than those disclosed in note 24. In addition, the risk associated with financial assets is set out in note 24.

16. FVOCI investments

	2019 £ 000's	2018 £ 000's
Current assets		
Opening balance (at fair value)	220	250
Acquired during the year	350	150
Disposal of unlisted securities	(464)	(29)
Re-measurement recognised in Comprehensive Income	(46)	(151)
Closing balance (at fair value)	60	220

FVOCI financial assets include unlisted equity shares received in lieu of fees. These are classified as Level 3 within the fair value hierarchy. A number of valuation techniques have been used to provide a range of possible values for the FVOCI investments in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines. The carrying values have been adjusted to values within these ranges. There have been no other factors brought to the Board's attention which would suggest that there has been a fall in the fair value, which has not been recognised in these financial statements.

One of the FVOCI investments was disposed of during the year as the issuing company was undertaking a corporate restructure and IPO. The fair value of the disposal is equivalent to the carrying amount.

17. Other current financial assets and liabilities

	2019 £ 000's	2018 £ 000's
Financial assets at FVTPL		
Trading investments carried at fair value	8,406	11,673
Derivative financial assets - share options and warrants	567	975
	8,973	12,648
Financial liabilities at FVTPL		
Contractual obligation to acquire securities	(1,840)	(6,018)

Trading investments carried at fair value included above under financial assets at FVTPL and financial liabilities at FVTPL include long positions and short positions (contractual obligations to acquire securities), respectively, in listed equity securities that present the Company with the opportunity for return through dividend income and trading gains. The fair values of these securities are based on quoted market prices. Gains / losses from the financial assets and liabilities at FVTPL relate to market making activities and are included under execution revenue stream in the Income Statement. The management of risk resulting from these positions is described in note 24.

Derivative financial assets include options over the shares of client companies taken in lieu of fees. See notes 1 and 2 (b) for an explanation of how they have been treated in these financial statements.

Movements in net trading investments and FVOCI financial assets in cash flow Statement	2019 £ 000's	2018 £ 000's
Financial assets at FVTPL	3,675	(2,033)
Financial liabilities at FVTPL	(4,178)	2,677
FVOCI investments, net of tax	114	(122)
Shares and options received in lieu of fees	3,987	1,970
	3,598	2,492

18. Cash and cash equivalents

	2019 £ 000's	2018 £ 000's
Cash and cash equivalents	18,333	33,635

Cash at bank comprises cash held by the Company and instant access bank deposits. The carrying amount of these assets approximates their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies (see note 24).

19. Trade and other payables

	2019 £ 000's	2018 £ 000's
Current liabilities		
Financial liabilities		
Trade creditors	7,426	10,623
Lease liabilities	42	-
Other creditors	496	883
	7,964	11,506
Non-financial liabilities		
Accruals	6,041	20,118
Cash-settled deferred bonus scheme	283	473
Contract liabilities	427	343
Corporation tax payable	-	200
	6,751	21,134
	14,715	32,640
Non-current liabilities		
Financial liabilities		
Lease liabilities	4,910	-
Non-financial liabilities		
Cash-settled deferred bonus scheme	309	263
	5,219	263

Lease liabilities on a discounted basis	Liverpool £ 000's	Edinburgh £ 000's	London £ 000's	Total £ 000's
At 1 January 2019: Initial recognition	9	119	552	680
Lease modification	-	-	4,309	4,309
Accretion of interest	-	4	72	76
Rent paid during the year net of landlord incentives	(9)	(42)	(62)	(113)
At 31 December 2019	-	81	4,871	4,952
Maturity analysis of lease liabilities on an undiscounted basis				
Within one year	-	42	-	42
In the second to fifth years inclusive	-	41	2,673	2,714
After five years	-	-	3,457	3,457
At 31 December 2019	-	83	6,130	6,213
The following are the amounts recognised in the income statement				
Depreciation expense on right-of-use assets	13	40	575	628
Interest expense on lease liabilities	-	4	72	76
	13	44	647	704
Reconciliation of operating lease commitments as at				
31 December 2018 to lease liabilities at 1 January 2019				
Operating lease commitments as at 31 December 2018	9	98	550	657
Weighted average incremental borrowing rate as at 1 January 2019	-	21	2	23
Discounted lease liability as at 1 January 2019	9	119	552	680

The lease liabilities represent the discounted value of the contractual payments and receipt of landlord lease incentives under the terms of the leases for the Liverpool, Edinburgh and London offices at the later of the date of transition to IFRS 16 being the beginning of the year or the date of the lease modification. The lease payments are offset against this liability and interest charged on the outstanding balance at a rate equivalent to the incremental cost of borrowing.

20. Deferred tax

Deferred tax arises on all taxable and deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The following are the deferred tax assets and liabilities recognised by the Company and the movement thereon during the current and prior reporting year.

Deferred tax assets	Temporary differences Bonus payments £ 000's	Property, plant & equipment £ 000's	Share-based payments £ 000's	Total £ 000's
At 31 December 2017	826	(10)	(77)	739
Origination and reversal of temporary differences credit / (expense)	6	35	(44)	(3)
Deferred tax prior year adjustment credit	(216)	-	-	(216)
At 31 December 2018	616	25	(121)	520
Origination and reversal of temporary differences (expense) / credit	(61)	(37)	64	(34)
At 31 December 2019	555	(12)	(57)	486

The standard corporation tax in the UK was 19% throughout the reporting period. Future UK corporation tax rate reduction to 17% from April 2020 has been enacted and is reflected in the valuation of the deferred tax balances. As announced in the 2020 Budget, the corporation tax rate for the fiscal years 2020 and 2021 will remain at 19%. The estimated impact of re-measuring the deferred tax balance at this rate is an increase of £57k and a reduction of the effective tax rate to 30.5%.

The Company has unutilised capital losses on which a deferred tax asset has not been recognised as future utilisation of the losses is dependent on future chargeable gains. The unrecognised deferred tax asset in respect of capital losses carried forward is gross £302,261 (net £51,384 at 17% and £57,430 at 19%).

21. Share capital and capital redemption reserve

	2019 £ 000's	2018 £ 000's
Authorised:		
179,185,700 (2018 - 179,185,700) ordinary shares of 1p each	1,792	1,792
20,814,300 (2018 - 20,814,300) B shares of 1p each	208	208
	2,000	2,000
Allotted:		
56,694,783 (2018: 56,694,783) ordinary shares of 1p each fully paid	567	567

1 January 2018 to 31 December 2018
There were no shares issued or cancelled during the year.
1 January 2019 to 31 December 2019
There were no shares issued or cancelled during the year.

Capital redemption reserve	2019 Number	2018 Number	2019 £ 000's	2018 £ 000's
At 1 January	19,466,388	19,466,388	195	195
At 31 December	19,466,388	19,466,388	195	195

Nature and purpose of reserve
The capital redemption reserve was created to hold the nominal value of own shares purchased and cancelled by the Company.

22. Own shares

Own shares represent the cost of shares purchased by the Company's Employee Benefit Trust ("EBT") and those transferred to the deferred bonus scheme EBT and the Cenkos Securities plc Share Incentive Plan ("SIP").

The EBT was established by the Company in 2009. It is funded by the Company and has the authority to acquire Cenkos Securities plc shares. The shares held by the EBT have been excluded from the weighted average number of shares calculation up to this date. As described in note 1, prior year comparatives have been restated following a voluntary change in accounting policy to account for the EBT as an extension of the Company and therefore the shares held by the EBT are now included under own shares in equity.

	2019		2018	
Shares held by the EBT	**Number of shares**	**Cost £ 000's**	**Number of shares**	**Cost £ 000's**
At 1 January	777,474	710	2,127,584	2,177
Acquired during the year	2,297,246	1,277	935,992	871
Transferred from Treasury during the year	1,384,748	942	-	-
Transferred to the SIP				
Free shares	-	-	(332,484)	(340)
Matching shares	-	-	(337,504)	(345)
Dividend re-investment	-	-	(39,794)	(41)
Transferred to the deferred bonus scheme EBT	(2,125,005)	(1,617)	(1,576,320)	(1,612)
At 31 December	2,334,463	1,312	777,474	710
Shares held in the deferred bonus scheme EBT				
At 1 January	2,037,632	2,085	773,056	792
Transferred in from the EBT	2,125,005	1,617	1,576,320	1,612
Vesting shares transferred to employees	(816,053)	(744)	(311,744)	(319)
At 31 December	3,346,584	2,958	2,037,632	2,085
Free and matching shares held by the SIP				
At 1 January	1,357,527	1,386	858,374	876
Transferred in from the EBT				
Free shares	-	-	332,484	340
Matching shares	-	-	337,504	345
Shares transferred to employees	(241,090)	(220)	(170,835)	(175)
At 31 December	1,116,437	1,166	1,357,527	1,386
Shares held in Treasury				
At 1 January	1,384,748	1,482	-	-
Acquired during the year	-	-	1,384,748	1,482
Transferred to EBT during the year	(1,384,748)	(942)	-	-
Loss on shares transferred to EBT recognised in equity	-	(540)	-	-
At 31 December	-	-	1,384,748	1,482
At 31 December: Total own shares	6,797,484	5,436	5,557,381	5,663

23. Share-based payments

The Company has a Compensatory Award Plan 2009 ("CAP"), a Save-As-You-Earn ("SAYE") scheme, a Share Incentive Plan ("SIP") and a Deferred Bonus Scheme ("DBS") for all qualifying employees of the Company.

Compensatory Award Plan 2009 ("CAP")

CAP options are exercisable at a price agreed in accordance with the rules of the scheme on the date of grant and vest immediately. If the option remains unexercised after a period of 10 years from the date of grant, the options will expire. All options granted under this scheme expired during the year. No further options were granted during the year.

Save-As-You-Earn ("SAYE") scheme

In May 2018, Cenkos launched a SAYE scheme. Under the scheme employees may elect to save up to £500 per month from their net salary over three years. At the end of this period, employees have the option to acquire Cenkos ordinary shares at an exercise price which was set at a 20% discount to the share price at the date of the launch of the scheme.
Details of the share options outstanding during the year are as follows:

	2019		2018	
	Number of shares options	Weighted average exercise price (in £)	Number of shares options	Weighted average exercise price (in £)
Outstanding at beginning of year	9,415,742	1.24	9,000,729	1.24
Lapsed during the year	(8,759,602)	1.23	(241,127)	1.73
Issued during the year	-	-	656,140	0.85
Forfeited during the year	-	-	-	-
Outstanding and exercisable at the end of the year	656,140	0.85	9,415,742	1.24

					2019	2018
	Date of Grant	Vesting date	Date of Expiry	Remaining contractual life, months	Number of shares options	Number of shares options
Options exercisable at £1.15 per share	Jul-09	Jul-09	Jul-19	-	-	7,475,452
Options exercisable at £1.69 per share	Oct-09	Oct-09	Oct-19	-	-	1,284,150
Options exercisable at £1.728 per share	Jul-14	Jul-17	Feb-18	-	-	-
Options exercisable at £0.853 per share	May-18	Jul-21	Dec-21	24	656,140	656,140
Options in issue at the end of 31 December					656,140	9,415,742

The options outstanding as at 31 December 2019 have a weighted average remaining contractual life of 2.0 years (2018: 0.8 years). At the date of grant, the options had an aggregate estimated fair value of £142,382 (2018: £3,747,975).

Share incentive plan ("SIP")

In June 2014, Cenkos introduced a SIP scheme, whereby employees were invited to sacrifice up to £1,800 of earnings in order to acquire Cenkos ordinary shares ("Partnership shares") to be held in trust. Shares acquired under this scheme were matched by Cenkos on the basis of two "Matching shares" for everyone Partnership share held. In addition, employees were also offered the chance to apply for "Free shares" to be held in trust. The SIP scheme was launched again for staff in December 2017 and completed on January 2018 on the same basis as previous schemes.

The table below gives details of the number of shares held within the scheme:

		2019 Number of shares	2018 Number of shares
At 1 January		1,815,831	1,173,457
Contributions during the year	Partnership shares	-	168,752
	Matching shares	-	337,504
	Free shares	-	332,484
	Dividend shares	71,686	65,776
Free and matching shares transferred to employees		(241,090)	(170,835)
Partnership and dividend shares transferred to employees		(114,839)	(91,307)
At 31 December		1,531,588	1,815,831
At 31 December			
SIP shares allocated to individuals		1,301,562	1,628,187
Forfeited shares held by SIP		230,026	187,644
		1,531,588	1,815,831

Deferred bonus scheme ("DBS")

In April 2015, Cenkos introduced a Deferred Bonus Scheme (the "Scheme"), whereby a percentage of staff bonus awards was deferred over a three-year period. The deferred element of any bonus award being released to the employee evenly split on each of the three anniversaries of deferral into the Scheme. With respect to 2019, at the date of grant, the deferral was held in cash on the Company's statement of financial position. The fair value of the cash deferral is recognised as a staff cost over the service period with the recognition of a corresponding liability.

Under the Scheme, £0.44 million of 2019 bonus was deferred (2018: £2.03 million), in aggregate £1.78 million (2018: £2.28 million) will be charged to the P&L in future years over the life of the scheme.

	2019			
	Amount brought forward from prior years £ 000's	Gross bonus deferred £ 000's	Charge to income statement £ 000's	Amount to be charged in future years £ 000's
2015, 2016 & 2018 Bonus deferral into cash	512	-	239	273
2019 Bonus deferral into cash	-	298	98	200
	512	298	337	473
2015, 2016, 2017 & 2018 Bonus deferral into shares	1,770	-	559	1,211
2019 Bonus deferral into shares	-	145	49	96
2015 - 2019 Bonus deferral into shares	1,770	145	607	1308
	2,282	443	945	1,779

	2018			
	Amount brought forward from prior years £ 000's	Gross bonus deferred £ 000's	Charge to income statement £ 000's	Amount to be charged in future years £ 000's
2015 & 2016 Bonus deferral into cash	384	-	195	189
2018 Bonus deferral into cash	-	520	197	323
	384	520	392	512
2015, 2016 & 2017 Bonus deferral into shares	1,325	-	567	758
2018 Bonus deferral into shares	-	1,508	496	1,012
	1,325	1,508	1,063	1,770
	1,709	2,028	1,455	2,282

Shares held in the deferred bonus scheme EBT	2019 Number of shares	2018 Number of shares
At 1 January	2,037,632	773,056
Shares acquired during the year to settle prior year scheme awards	2,125,005	1,576,320
Vesting shares transferred to employees	(816,053)	(311,744)
At 31 December	3,346,584	2,037,632

During the year, the Company recognised expenses of £776,498 (2018: £1,459,846) related to equity-settled share-based payment transactions. These consist of expenses in respect of the SAYE scheme of £7,519 (2018: £29,627), the SIP schemes of £160,690 (2018: £366,659) and the deferred bonus of scheme of £608,289 (2018: £1,063,560). In addition, the Company recognised expenses of £337,381 (2018: £391,873) related to cash-settled payment transactions in respect of the deferred bonus scheme.

24. Financial instruments

Capital risk management

The Company manages capital to ensure that it will be able to continue as a going concern while aiming to maximise the return to stakeholders. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. At present the Company has no gearing and it is the responsibility of the Board to review the Company's gearing levels on an ongoing basis.

Externally imposed capital requirement

The Company is required to retain sufficient capital to satisfy the FCA capital requirements. These requirements vary from time to time depending on the business conducted by the Company. The Company always retains a buffer above the FCA minimum requirements and has complied with these requirements during and subsequent to the period under review.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

The Chief Executive Officer monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including price risk), credit risk and liquidity risk. Summaries of these reports are reviewed by the Board.

Compliance with policies and exposure limits is reviewed by the Chief Executive Officer and senior management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk management

The Company is exposed to interest rate risk because it has financial instruments on its statement of financial position which are at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate instruments.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity and interest rate risk table section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate assets, the analysis is prepared based on the average rate due on the asset or liability through the year. A 25 basis points increase or decrease is considered reasonable by senior management and represents their assessment of reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2019 would increase/decrease by £0.05 million (2018: increase/decrease by £0.08 million). This is attributable to the Company's exposure to interest rates on its variable rate instruments.

Market risk (including equity price risks)

The Company is exposed to market risk arising from short-term positions in market making stocks in predominantly AIM quoted companies. The Company has a low market risk appetite and manages this risk by establishing individual stock position limits and overall trading book limits. It is exposed to equity price risk arising from these equity investments, which present the Company with opportunity for return through dividend income and trading gains.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date and, in the opinion of senior management, a material movement in equity prices. This is based on the largest fall in the All Share AIM index in one day and over a two week period. These parameters are also considered in the Company's ILAA.

If equity prices had been 25% higher/lower, net profit for the year ended 31 December 2019 would have been £1.80 million higher/lower (2018: £1.73 million higher/lower) due to change in the value of FVTPL held for trading investments.

The Company's exposure to equity price risk is closely managed. The Company has built a framework of overall and individual stock limits and these along with Value at Risk metrics are actively monitored by senior management on a daily basis. This framework also limits the concentration of risks. The Company's overall exposure to equity price risk is set by the Board.

Foreign currency risk
The Company does not have any material dealings in foreign currency, as the majority of transactions are in UK based equities and hence denominated in sterling.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. These parties may default on their obligations due to the bankruptcy, lack of liquidity, operational failure and other reasons. The exposure of the Company to its counterparties is closely monitored and the limits set to minimise the concentration of risks.

The majority of the Company's credit risk arises from the settlement of security transactions. However, the settlement model primarily used by the Company does not expose the Company to counterparty risk as a principal to a trade. Rather, the Company's exposure lies solely with Pershing Securities Limited ("Pershing"), a wholly owned subsidiary of the Bank of New York Mellon Corporation, a AA- (2018: AA) rated bank. In addition, in circumstances in which the Company does act as principal when acting as a market maker, the counterparty will normally be an FCA regulated market counterparty rather than a corporate or individual trader. The Company does not have any significant credit risk exposure to any single counterparty with the exception of Pershing.

Cash resources also give rise to potential credit risk. The Company's cash balances are held with HSBC Bank plc (an A+ rated bank), Royal Bank of Scotland plc (an A+ rated bank) and Barclays Bank plc (an A rated bank). The banks with which the Company deposits money are reviewed at least annually by the Board and are required to have at least an investment grade credit rating. To limit the concentration risk in relation to cash deposits, the maximum amount which may be deposited with any one financial institution is set at no more than 100% of the Company's regulatory capital.

Trade receivables not related to the settlement of market transactions consist almost entirely of outstanding corporate finance fees and retainers and are spread across a wide range of industries. Contract assets consist almost entirely of accrued corporate finance fees and retainers and are spread across a wide range of industries. All new corporate finance clients are subject to a review by the New Business Committee. This Committee considers, amongst other issues, the financial soundness of any client taken on.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The table below summarises the Company's exposure to credit risk by asset class and credit rating. All assets within each class are uncollateralised.

Exposure to credit risk		2019 £ 000's	2018 £ 000's
Derivative financial assets - share options and warrants	Unrated	567	975
Market and client receivables	Unrated	7,704	11,168
Market and client receivables	AA	-	3,153
Market and client receivables	AA-	3,339	461
Market and client receivables	A+	27	1,814
Market and client receivables	A	155	-
Accrued income	Unrated	279	139
Contract assets	Unrated	316	414
Other receivables	Unrated	598	815
Cash and cash equivalents	AA-	-	20,632
Cash and cash equivalents	A+	13,058	8,980
Cash and cash equivalents	A	5,275	3,816
		31,318	52,367

The expected credit losses in relation to the above credit exposures amount to £0.07 million (2018: £0.22 million).

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board. It has, however, delegated day-to-day management to the Chief Executive Officer. The Company has in place an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Given the nature of the Company's business, it does not run any material liquidity mismatches, financial liabilities are on the whole short-term and the Company has sufficient liquid assets to cover all of these liabilities.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay. The table includes both interest and principal cash flows. The tables also detail the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. No maturity date has been listed where there is no contractual maturity for the financial assets.

31 December 2019	Weighted average effective interest rate	No Maturity Date £ 000's	Within 1 year £ 000's	Within 5 years £ 000's	After 5 years £ 000's	Total £ 000's
FVOCI financial assets	NIB	60	-	-	-	60
Financial assets at FVTPL	NIB	8,406	-	567	-	8,973
Trade and other receivables	NIB, FIRI	-	12,418	-	-	12,418
Financial liabilities at FVTPL	NIB	-	(1,840)	-	-	(1,840)
Trade and other payables	NIB	-	(7,964)	(2,714)	(3,457)	(14,135)
Cash at bank	VIRI(0.30%)	-	5,275	-	-	5,275
Cash at bank	VIRI(0.50%)	-	9,230	-	-	9,230
Cash at bank	VIRI(0.30%)	-	3,828	-	-	3,828
		8,406	20,947	(2,147)	(3,457)	23,749

NIB - Non-interest bearing
VIRI - Variable interest rate instruments
FIRI - Fixed interest rate instruments

31 December 2018	Weighted average effective interest rate	No Maturity Date £ 000's	Within 1 year £ 000's	Within 5 years £ 000's	After 5 years £ 000's	Total £ 000's
FVOCI financial assets	NIB	220	-	-	-	220
Financial assets at FVTPL	NIB	11,673	-	975	-	12,648
Trade and other receivables	NIB, FIRI	-	17,963	-	-	17,963
Financial liabilities at FVTPL	NIB	-	(6,018)	-	-	(6,018)
Trade and other payables	NIB	-	(11,506)	-	-	(11,506)
Cash at bank	VIRI(0.40%)	-	8,980	-	-	8,980
Cash at bank	VIRI(0.35%)	-	24,655	-	-	24,655
		11,673	34,074	975	-	46,722

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value hierarchy

All financial instruments carried at fair value are placed in three categories, defined as follows:

Level 1 – Quoted market prices

Level 2 – Valuation techniques (market observable)

Level 3 – Valuation techniques (non-market observable)

The Company held the following financial instruments measured at fair value:

	2019			
	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
FVOCI financial assets	-	-	60	60
Financial assets at FVTPL:				
Market and client receivables	11,225	-	-	11,225
Derivative financial assets - share options and warrants	-	-	567	567
Non-derivative financial assets held for trading	8,305	-	101	8,406
	19,530	-	668	20,198
Financial liabilities at FVTPL:				
Contractual obligation to acquire securities	1,840	-	-	1,840

	2018			
	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
FVOCI financial assets	-	-	220	220
Financial assets at FVTPL:				
Market and client receivables	16,595	-	-	16,595
Derivative financial assets - share options and warrants	-	-	975	975
Non-derivative financial assets held for trading	11,673	-	-	11,673
	28,268	-	975	29,243
Financial liabilities at FVTPL:				
Contractual obligation to acquire securities	6,018	-	-	6,018

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lower level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

	Convertible Loan £ 000's	Unlisted securities at FVTPL £ 000's	Unlisted securities at FVOCI £ 000's	Share options and warrants £ 000's	Total £ 000's
Opening balance 1 January 2019	-	-	220	975	1,195
Disposal of unlisted securities	-	-	(464)	-	(464)
Change in fair value recognised in Comprehensive income	-	-	(46)	-	(46)
Shares transferred from level 1 following the suspension of trading	-	101	-	-	101
Unlisted shares, options and warrants received in lieu of fees	61	-	350	163	574
Fair value loss	(61)	-	-	(571)	(632)
Closing balance 31 December 2019	-	101	60	567	728

	Unlisted securities £ 000's	Share options & warrants £ 000's	Total £ 000's
Opening balance 1 January 2018	250	335	585
Disposal of unlisted securities	(29)	-	(29)
Change in fair value recognised in comprehensive income	(151)	-	(151)
Unlisted shares, options and warrants received in lieu of fees	150	666	816
Exercise of warrants	-	(7)	(7)
Fair value loss	-	(19)	(19)
Closing balance 31 December 2018	220	975	1,195

Level 3 financial instruments consist of derivative financial assets and shares with no quoted market price.
The unlisted equity shares are classified as Level 3 within the fair value hierarchy. A number of valuation techniques have been used to provide a range of possible values for the investments in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines. The carrying values have been adjusted to values within these ranges. There have been no other factors brought to the Board's attention which would suggest that there has been a further fall in fair value which has not been recognised in these financial statements.

The derivative financial assets are carried as financial assets at FVTPL classified as Level 3 within the fair value hierarchy and comprise equity options and warrants over listed securities.

Impact of reasonably possible alternative assumptions
The significant unobservable input used in the fair value measurement of Cenkos' holdings of share options and warrants is the volatility measure. Significant increases/decreases in the volatility measure would result in a significantly higher/lower fair value measurement.

A sensitivity analysis based on a 25% increase/decrease in the volatility measure used as an input in the valuation of the share options and warrants shows the impact of such a movement would be an increase of £0.44m or a decrease of £0.40m respectively to the profit in the income statement.

Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments measured at fair value on an ongoing basis include trading assets and liabilities and financial investments classified as FVOCI.

Financial instruments are valued using models where one or more significant inputs are not observable. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are "non-observable". For these instruments, the fair value derived is more judgemental. "Non-observable" in this context means that there are few or no current market data available from which to determine the level at which an arm's length transaction would be likely to occur. It generally does not mean that there is absolutely no market data available upon which to base a determination of fair value (historical data may, for example, be used). Furthermore, the assessment of hierarchy level is based on the lowest level of input that is significant to the fair value of the financial instrument.

The valuation models used where quoted market prices are not available incorporate certain assumptions that the Company anticipates would be used by a third-party market participant to establish fair value.

	Fair value at 31 December 19	Valuation Technique	Unobservable input	Range
Share options and warrants	567	Monte Carlo simulation	Volatility	26-90%
Unlisted securities	161	Price of recent transactions	Price of recent transactions Liquidity adjustment	£27,000-£315,000 0-68%
	728			

25. Related party transactions

Transactions with related parties are made at arm's length. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Board includes those employees considered to be key management personnel. The compensation of the key management personnel of the Company (including the Directors) and their interests in the shares and options over the shares of Cenkos Securities plc were as follows:

	2019 £ 000's	2018 £ 000's
Aggregate emoluments	1,055	3,590

To comply with the Pensions Act, all qualifying employees are enrolled in a pension scheme. Under the scheme, qualifying employees are required to contribute a percentage of their relevant earnings. The Company also contributes 3% (2018: 2%) of relevant earnings. During the year ended 31 December 2019, no payments were made into this scheme in respect of the Directors (2018: £nil).

Related party interests in ordinary shares of Cenkos Securities plc	2019 No.	2018 No.
Number of shares	5,137,218	6,795,337
Percentage interest	9%	12%

	No. of shares held subject to forfeiture conditions		No. of shares held	
	2019 No.	2018 No.	2019 No.	2018 No.
Related party interests in SIP	nil	36,788	nil	63,234

Related party interests in share options	Exercise price	Grant date	Earliest exercise date	Latest exercise date	2019 No.	2018 No.
SAYE Scheme	£0.85	14/05/2018	01/06/2021	30/11/2021	nil	63,282

26. Standards issued but not yet effective

The following standards and interpretations were issued by the IASB and IFRIC, but have not been adopted either because they were not endorsed by the EU at 31 December 2019 or they are not yet mandatory and the Company has not chosen to early adopt. The impact on the financial statements of the future standards, amendments and interpretations below is still under review, and where appropriate, a description of the impact is given

International accounting standards and interpretations	Effective date
IFRS 17 'Insurance contracts'	1 January 2021
Amendment to IFRS3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

27. Events after the reporting period

COVID-19 is considered to be a non-adjusting post balance sheet event and, as such, there is no financial impact on the financial statements as at 31 December 2019. For further discussion concerning the Management's assessment the impact of COVID-19 on the Company, refer to the Going Concern section in note 1 Accounting Policies.

28. Contingent liabilities

From time to time the Company may become subject to various litigation, regulatory or employment related claims. The Directors have considered any current matters pending against the Company. Based on the evidence available, the facts and circumstances and insurance cover available, the Board has concluded that the outcome of these will be resolved with no material impact on the Company's financial position or results of operations.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Cenkos Securities plc (the "Company") will be held at 6.7.8 Tokenhouse Yard, London EC2R 7AS on 25 June 2020 at 9.30am (the "Meeting") for the transaction of the following business:

To consider and, if thought fit, to pass the following Resolutions, each of which will be proposed as an ordinary resolution, save for Resolutions 10 and 11 which will be proposed as special resolutions:

1. That the Company's Annual Accounts for the year ended 31 December 2019, together with the Directors' Report and the Auditor's Report on those accounts, be received.
2. That the final dividend recommended by the Directors of 1.0p per ordinary share for the year ended 31 December 2019 be declared payable on 2 July 2020 to the holders of ordinary shares registered at the close of business on 5 June 2020.
3. That Andrew Boorman be re-elected as a Director of the Company.
4. That Jim Durkin be elected as a Director of the Company.
5. That Jeremy Miller be elected as a Director of the Company.
6. That Julian Morse be elected as a Director of the Company.
7. That Ernst & Young LLP be re-appointed as auditor to the Company until the conclusion of the next Annual General Meeting of the Company.
8. That the Directors be authorised to fix the auditor's remuneration.
9. That for the purposes of section 551 of the Companies Act 2006 (the "Act") (and so that expressions used in this Resolution shall bear the same meanings as in the said section 551):

   9.1 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of £188,982.00 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the Annual General Meeting of the Company to be held in 2021 or, if earlier, at 6.00pm on 25 September 2021 (unless previously revoked or varied by the Company in general meeting); and further.

   9.2 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by them up to a maximum aggregate nominal amount of £188,982.00 during the period expiring at the conclusion of the Annual General Meeting of the Company to be held in 2021 or, if earlier, at 6.00pm on 25 September 2021 subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

   9.3 the Company be and is hereby authorised to make, prior to the expiry of such period, any offer or agreement that would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this Resolution, so that all previous authorities of the Directors pursuant to the said section 551 be and are hereby revoked.

10. That, subject to the passing of Resolution 9 set out in the Notice convening the Meeting, the Directors be and are empowered in accordance with section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that Resolution and/or to sell ordinary shares held by the Company as treasury shares, as if Section 561 (1) and sub- sections (1) – (6) of section 562 of the Act did not apply to any such allotment or sale, provided that the power conferred by this Resolution shall be limited to:

    10.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority granted under Resolution 9.2 by way of a rights issue only) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

10.2 the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph 10.1 above) of equity securities up to an aggregate nominal value not exceeding £28,347, and this power shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2021 or, if earlier, at 6.00pm on 25 September 2021, but shall extend to the making, before such expiry of an offer or agreement that would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

11. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 (the “Act”) to make market purchases (as defined in section 693 of the Act) of ordinary shares of 1 penny each in the capital of the Company (“ordinary shares”) provided that:

11.1 the maximum number of ordinary shares hereby authorised to be purchased is 5,663,808;

11.2 the minimum price (exclusive of expenses) that may be paid for such ordinary shares is 1 penny per ordinary share, being the nominal amount thereof;

11.3 the maximum price (exclusive of expenses) that may be paid for such ordinary shares shall be an amount equal to the higher of (i) 5% above the average of the middle market quotations for such shares taken from the AIM appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out;

11.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this Resolution is passed; and

11.5 the Company may make a contract to purchase its own ordinary shares under the authority conferred by this Resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

By order of the Board
Stephen Doherty
Company Secretary
13 May 2020
Registered office:
6.7.8 Tokenhouse Yard London
EC2R 7AS

Notes in respect of Coronavirus and the Annual General Meeting

We are closely monitoring the Coronavirus (COVID-19) situation. The Board takes its responsibility to safeguard the health of its all its stakeholders including shareholders and employees very seriously and so the following measures will be put in place for the AGM in response to the COVID-19 pandemic.

The holding of the AGM will be kept under review in line with official guidance. However, it will likely only be attended by the minimum number of Directors of the Company permissible. In order to reduce the risk of infection, the meeting will end immediately following the formal business of the AGM.

At the date of printing the report, the UK Government's current guidance on restricting social gatherings in view of COVID-19 remained in place. If such guidance remains in place on the date of the AGM, then shareholders will be prohibited from attending the meeting. The Board are therefore encouraging shareholders to appoint the Chairman as their proxy (either electronically or by post) with their voting instructions.

In line with corporate governance best practice, and in order that any proxy votes of shareholders are fully reflected in the voting on the resolutions, the Chairman of the AGM will direct that voting on all resolutions set out in the Notice of AGM will take place by way of a poll.

If by the time of the AGM the UK Government's restriction on social gatherings has been removed shareholders are reminded that if they still wish to attend the meeting in person they should not do so if they or someone living in the same household feels unwell or has been in contact with anyone who has the virus or who feels unwell. In accordance with the Company's Articles of Association, the Board may put in place arrangements to protect attendees from any risk to their health and may refuse entry to persons who do not comply with such arrangements.

We are, as always, committed to engagement with our shareholders. If you have questions which you would like to discuss in advance of the AGM, please contact the Company Secretary by email on Secretariat@Cenkos.com or send it in writing with your Form of Proxy to the Registrar, by no later than four days in advance of the AGM. The Company Secretary will pass your questions on to the appropriate person at the Company who will endeavour to respond as soon as practicable.

The Company will continue to monitor the impact of COVID-19. If any changes are made to the holding of the AGM these will in the first instance be detailed on the Company's website. Shareholders should visit the https://www.Cenkos/investors/agm for the latest updates.

Notes in respect of casting proxy votes

1. A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his/her place. A proxy need not be a member of the Company.
2. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
3. To appoint a proxy you may use the Form of Proxy enclosed with this Notice. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 9.30 am on 23 June 2020 (being not less than 48 hours before the Meeting, not including any part of a day that is not a working day), or in the event of any adjournment not less than 48 hours (excluding any part of a day that is not a business day) before the time appointed for holding the adjourned meeting, at the offices of the Company's registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. Completion of the Form of Proxy will not prevent you from attending and voting in person.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST-sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10), by the latest time for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

   It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001 (as amended).

   Appointment of a proxy through CREST will not prevent a member from attending and voting in person.
6. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company by close of business on 23 June 2020 (or, in the event of any adjournment on the date which is two days before the time of the adjourned Meeting, excluding non-business days). Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. As at 13 May 2020 (being the last business day prior to publication of the Notice), the Company's issued share capital consists of 56,694,783 ordinary shares of one penny each, carrying one vote each. Therefore, the total voting rights in the Company as at 13 May 2020 are 56,694,783.

Explanatory notes to the notice of Annual General Meeting

Resolution 1

Company's Annual Report and Accounts 2019 (ordinary resolution)

Company law requires the Directors to present to the Annual General Meeting the Annual Accounts, the Directors' Report and the Auditor's Report on those accounts.

Resolution 2

Final dividend (ordinary resolution)

The payment of a final dividend of 1.0p per ordinary share in respect of the year ended 31 December 2019, which is recommended by the Board, requires the approval of the shareholders at the Annual General Meeting.

Resolutions 3 to 6

Re-election and election of Directors (ordinary resolutions)

The Articles require that all serving Directors should submit themselves for re-election and election each year. At the Annual General Meeting, Andrew Boorman, will retire and submit himself for re-election and Jim Durkin, Jeremy Miller and Julian Morse will submit themselves for election. Resolutions 3 to 6 propose their re-elections and elections.

The Directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the Non-executive Directors are independent in character and judgement. Other than Julian Morse the biographical details of all the Directors seeking re-election or election can be found on page 21 of the 2019 Annual Report.

Julian Morse was appointed as an Executive Director of the Company on 13 May 2020. Julian is Head of the Cenkos Growth Companies Team and has led that team since 2016. He is one of the founding members of the team having joined Cenkos in 2006. He has over 25 years' experience in the City where he has advised on IPO's and secondary fund raisings for a wide range of companies across a broad range of sectors. Previously, Julian was a Director at Beeson Gregory and Evolution Securities.

Resolutions 7 and 8

Re-appointment of auditor and determination of their remuneration (ordinary resolutions)

The Company is required to appoint an auditor at each Annual General Meeting at which accounts are presented, to hold office until the conclusion of the next such meeting. The ARCC has reviewed the effectiveness, independence and objectivity of the external auditor, Ernst & Young LLP, on behalf of the Board, who now propose their re-appointment as the auditor of the Company. Resolution 8 authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

Resolution 9

Authority to allot shares (ordinary resolution)

Resolution 9 asks shareholders to grant the Directors authority under section 551 of the Companies Act 2006 (the "Act") to allot shares or grant subscription or conversion rights as are contemplated by section 551 (a) and (b) of the Act respectively up to a maximum aggregate nominal value of £377,964, being approximately 66% of the nominal value of the issued share capital of the Company as at 13 May 2020 (being the latest practicable date prior to the publication of this document), £188,982 of this authority is reserved for a fully pre-emptive rights issue. This is the maximum permitted amount under best practice corporate governance guidelines. The authority will expire at the end of the Annual General Meeting of the Company in 2021 or, if earlier, on 25 September 2021. The Directors have no present intention of exercising such authority. The Resolution replaces a similar resolution passed at the Annual General Meeting held in 2019.

Resolution 10

Disapplication of pre-emption rights (special resolution)

If the Directors wish to allot new shares or other equity securities for cash or sell any shares which the Company holds in treasury following a purchase of its own shares pursuant to the authority in Resolution 11 below (or otherwise), the Act requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holding. Resolution 10 asks shareholders to grant the Directors authority to allot equity securities for cash up to an aggregate nominal value of £28,347 (being approximately 5% of the Company's issued share capital as at 13 May 2020) without first offering the securities to existing shareholders. The Resolution also disapplies the statutory pre- emption provisions in connection with a rights issue, but only in relation to the amount permitted under Resolution 9.2, and allows the Directors, in the case of a rights issue, to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise. The authority will expire at end of the Annual General Meeting of the Company in 2021 or, if earlier, at 6.00pm on 25 September 2021. The Resolution replaces a similar resolution passed at the Annual General Meeting of the Company held in 2019.

Resolution 11

Authority to purchase the Company's own ordinary shares (special resolution)

Resolution 11 to be proposed at the Annual General Meeting seeks authority from shareholders for the Company to make market purchases of its own ordinary shares, such authority being limited to the purchase of 9.9% of the ordinary shares of 1 penny each in issue as at 13 May 2020. The maximum price payable for the purchase by the Company of its own ordinary shares will be limited to the higher of 5% above the average of the middle market quotations of the Company's ordinary shares, as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange, for the five business days prior to the purchase and the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out.

The minimum price payable by the Company for the purchase of its own ordinary shares will be 1 penny per ordinary share (being the nominal value of an ordinary share). The authority to purchase the Company's own ordinary shares will only be exercised if the Directors consider there is likely to be a beneficial impact on the earnings per ordinary share and that it is in the best interests of the Company at the time. This Resolution renews a similar resolution passed at the Annual General Meeting held in 2019. The Company is allowed to hold in treasury any shares purchased by it using its distributable profits. Such shares will remain in issue and will be capable of being re-sold by the Company or used in connection with certain of its share schemes. The Company would consider, at the relevant time, whether it was appropriate to take advantage of this ability to hold the purchased shares in treasury.

Options to subscribe for 319,822 ordinary shares have been granted and are outstanding as at 13 May 2020 (being the latest practicable date prior to publication of this document) representing 0.56% of the issued ordinary share capital at that date. If the Directors were to exercise in full the power for which they are seeking authority under Resolution 11, the options outstanding as at 13 May 2020 would represent 0.63% of the ordinary share capital in issue following such exercise.

Information for shareholders

Directors	Andrew Boorman	(Non-executive Director)
	Jim Durkin	(Chief Executive Officer)
	Jeremy Miller	(Non-executive Director)
	Julian Morse	(Executive Director)
Company Secretary	Stephen Doherty	
Anticipated Financial Calendar	April	Year-end results announced
	June	Annual General Meeting
	July	Final dividend paid
	September	Half-year results announced
	November	Interim dividend paid
Company Registration Number and Country of Incorporation	05210733, England	
Registered Office	6.7.8 Tokenhouse Yard London EC2R 7AS	
Banker	HSBC Corporate Banking 60 Queen Victoria Street London EC4N 4TR	
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL	
Auditors	Ernst & Young LLP 25 Churchill Place London E14 5EY	
Registrars	Link Asset Services The Registry 34 Beckenham Road Kent BR3 4TU	
Nominated Adviser	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH	
Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS	
Website	www.cenkos.com	

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Cenkos Securities plc

LONDON
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Telephone: +44 (0)207 397 8900
Fax: +44(0)207 397 8901

EDINBURGH
3rd Floor
66 Hanover Street
Edinburgh
EH2 1EL

Telephone: +44 (0)131 220 6939
Fax: +44 (0)131 220 2051