CENKOS

2020 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

	2020	2019
Revenue	£31.9m	£25.9m
Underlying profit *	£4.0m	£1.4m
Profit before tax	£2.3m	£0.1m
Profit after tax	£1.8m	£0.0m
Cash	£32.7m	£18.3m
Net Assets	£25.6m	£24.7m
Basic earnings per share (2019 Restated) **	3.7p	0.1p
Total dividend per share	3.5p	3.0p

** Underlying profit is profit before restructuring costs and charges related to the Cenkos Short-Term Incentive Plan and tax. A reconciliation between Underlying profit before tax and Profit before tax is shown in the table on page 12*

*** See note 10 for further details*

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.

	2020	2019
Revenue (CF Revenue)	£22.3m	£17.4m
Funds raised	£944m	£664m
Number of transactions	29	25
Number of transactions of which are IPOs	4	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.

	2020	2019
Revenue (Retainer fees and commission)	£6.2m	£6.6m
Number of clients	94	100
Number of clients of which AIM listed	70	78
Number of clients of which Main Market listed	23	21

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. 2020 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.

	2020	2019
Revenue (Market making)	£3.5m	£2.0m
Number of stocks we make markets in	197	237

Chairman's statement

What a year 2020 turned out to be. Every sector of the economy and society as a whole, was faced with challenges most of us have never seen in our lifetime. I joined the Board of Cenkos just as the COVID-19 pandemic struck and working with the Cenkos team to manage the logistical challenges and meet our responsibilities to our clients, our employees and our shareholders, turned out to be the most intense and effective induction exercise I could have asked for. It also enabled me to see first-hand the calibre of talent we have at Cenkos and I would like to thank every person in the Company for their focus, professionalism, and the way they have supported each other and our clients throughout the year. Our 2020 financial results are testament to our strong performance. In total we completed 29 transactions during the year including four IPOs (FRP, Calnex, Round Hill and HeiQ), but I am particularly encouraged by what can't be so easily measured – the renewed sense of collaboration and purpose that is driving Cenkos forwards.

Board Changes

I want to take this opportunity to pay tribute to our Chief Executive, Jim Durkin, who announced his impending retirement in December. Jim's City career has spanned almost 40 years and since 2005 he has been central to the creation and development of Cenkos. During the last few months, he has fulfilled one of the most challenging aspects of any CEO role, which is to manage succession. The appointment of Julian Morse as Chief Executive Officer (subject to FCA approval) and the wider changes to the senior management team, including the appointment of Jeremy Osler to the Board as Executive Director (also subject to FCA approval), creates a strong management team to take the business forward. As at the time of signing this statement FCA approval has not yet been received for these appointments. Jim will continue to remain in the CEO role in order to facilitate a smooth transition of leadership through to the AGM when Jim will retire from the Company. On behalf of the Board, I want to thank Jim for his passion, his support and his commitment to the Firm, as demonstrated by his return as CEO in 2019.

Strategy

In December 2020, the Board endorsed a Strategic Plan put forward by the incoming leadership team. The future strategy builds on existing strengths. Cenkos has a strong track record in transactions – raising £0.9bn for our clients in 2020 – but our service offering to clients is much broader than access to capital. At Cenkos we have a very high calibre team of Corporate Advisory specialists and our strategy is focussed on building on our dual strengths in Corporate Finance and Broking, together with driving increased collaboration across our sector specialisms. This 'team of teams' approach is reflected in the new operating structure that has been put in place with leadership drawn from both sides of the business. Two taskforces have also been created to focus on Equity Capital Markets and Business Development, to increase synergies and leverage our core strengths across the whole Firm. This synergistic approach is reflected in a reformed Executive Committee (Exco) focused on firm-wide development as well as governance, and the deployment of enhanced systems and processes to deliver increased performance and service levels.

Capital and Dividend

The Board conducted extensive stress testing of the Company's capital structure in the early part of the year as we faced uncharted territory with the pandemic. The Company has a strong balance sheet with cash resources of £32.7m as at 31 December 2020 and a capital surplus over Pillar 1 requirements of £14.5m as at 31 December 2020. Our focus is to maintain strong liquidity and capital position to mitigate the impact of swings in the financial markets, to fund growth and to distribute returns to shareholders by way of dividends.

Culture and employee engagement

Over the past 12 months we have focused on developing the Cenkos culture. We have engaged with employees across the whole Firm to understand how to drive the business forward – in terms of growth and conduct. The feedback on perceived strengths, weaknesses and opportunities, has been key to our strategic planning as we go forward as a team. Maintaining strong governance, high standards of conduct and an unwavering focus on client service, are fundamental to our culture and to successfully delivering our growth strategy.

Communication is an essential feature of a successful culture and the increased use of video technology, forced upon us by remote working, has enhanced our internal communications – and we are committed to maintaining this level of engagement in a post-pandemic world. In the absence of face-to-face meetings, I have hosted weekly Chairman's 'virtual lunches' throughout the year and it has enabled me to get to know everyone from across the Firm, which has proved to be not only enjoyable, but of great business benefit. I have seen the energy and passion that the Cenkos team has for their clients and for the firm itself, which is the reason I look forward to the future with such confidence.

Looking ahead

I have spent most of my career in Plcs and I passionately believe that the UK Capital Markets is the optimal environment for ambitious companies - which represent our core client base. As a Plc Director myself, I understand the importance and value of having a trusted adviser alongside you at every step of the capital markets journey. Cenkos has a real opportunity to grow market share by delivering the most trusted and professional advisory and transactional services, to both corporates and investors in our core markets.

I believe the 2020 results represent the start of a new era for Cenkos, during which I expect to see the Firm grow strongly, in both size and reputation. We may not be the biggest, but we are determined to be the best.

Lisa Gordon
Non-executive Chairman
19 March 2021

Chief Executive Officer's statement

2020 has been an extraordinary year like no other experienced in living memory. The pandemic and measures taken to contain it have far reaching implications for all, impacting our daily lives and how we conduct our business. I am proud to report that the groundwork laid over the past two years and the outstanding, combined efforts of our staff has enabled us, as a Firm, to react immediately and concentrate our efforts on supporting our clients and assisting them to meet the challenges they face.

Strong performance in challenging times

After a brief pause, when the pandemic was announced, we have seen activity increase over the year as companies looked to the equity markets for fast access to capital. During 2020, we raised £0.9bn (2019: £0.7bn) for our clients, completing 29 transactions (2019: 25 transactions), predominantly to fund acquisitions or new growth opportunities. This included 4 IPOs (2019: 3) of which two companies' shares were admitted to trading on AIM and one company and an investment trust introduced to the main market. Consequently, our revenue increased by 23% to £31.9m (2019: £25.9m) and underlying profit increased by 188% to £4.0m (2019: £1.4m).

Since 2007, the number of companies listed on AIM has fallen. However, £5.76bn was raised on AIM in 2020, which was over 15% higher than the average funds raised in the last 10 years, underpinning our belief that the Capital Markets provide the optimal platform for ambitious companies seeking access to long term growth capital. Our Board-endorsed strategy focusses on entrepreneurial growth companies and investment trusts. We believe these organisations and the positive macro trends towards equity markets are key, not only to Cenkos' future growth and success, but also to rebuilding our economy and providing employment as lockdown restrictions are lifted.

Our goal has always been to develop deep, long term relationships with both our corporate and institutional clients. In this way, we are best equipped to help them realise their funding strategies and, in our role as trusted adviser, support them in the development of their business. Our employees are key to achieving this. I wish to personally thank them all, as it is their hard work and dedication which enabled the Firm to react so quickly to the threat posed by COVID-19 and seamlessly switch to remote working, whilst maintaining the high level of service provided to our clients.

In 2019 we launched our Culture project to increase employee engagement. Following on from this, our Chairman, Lisa Gordon, has hosted 'virtual lunches', meeting with nearly all Cenkos' staff to gain their input and feedback. This is driven by a genuine belief that our future success is rooted in our shared vision for the Firm, its culture and strategy going forward.

Although our own Environmental Social and Governance ("ESG") journey is ongoing, we always maintain the highest professional and ethical standards. However, changes to the Board over the last two years have brought new energy and vigour to our governance, highlighting the importance of environmental, social and governance issues. Whilst we recognise that remote working does not come without its challenges, it has moved the Firm closer to paperless operation, cut employee commuter miles to a mere fraction of their pre-COVID-19 levels and enabled many of our staff to work more flexibly. To build on this, the Cenkos ESG committee was formed to drive forward and develop policies in line with responsible operation and, to assist our clients, in conjunction with our ESG partner MJ Hudson, we hosted a virtual conference: "Taking AIM at ESG: Responsible behaviours that hit the mark for public companies".

The Board

During the year, following Jeff Hewitt's retirement from the Board and his role as acting Chairman and Non-Executive Director on 28 February 2020, Jeremy Miller assumed the role as acting Non-Executive Chairman on an interim basis. Subsequent to the approval of their applications by the FCA, Lisa Gordon was appointed Chairman of the Board on 25 June 2020 and Julian Morse, Head of the Growth Companies Team was appointed Executive Director on 13 May 2020.

On 9 December 2020, I announced my intention to retire as Chief Executive. I am proud to have led the business over these past two years and am pleased to hand over the reins to Julian Morse, subject to FCA approval, in line with our succession plan. Jeremy Osler, Co-Head of Corporate Finance and Sponsor Services & General Counsel, will also be appointed an Executive Director on the Board, subject to approval of his application by the FCA.

Assessment of Coronavirus impact

The health and safety of our staff is our top priority and we are grateful to our IT team who ensured a seamless switch to remote working. This has had a minimal impact on the Company's cost base, but introduced and normalised new ways in which we conduct business. Even after the lockdown is lifted, we expect the use of these technologies to continue and to adapt, accordingly, the configuration of our office space.

As reported above, our strong performance in 2020 has been driven by the increase in market activity as companies looked to raise much needed capital, since the announcement of the pandemic. We will continue to maintain our strategic focus on growth companies and investment trusts as we believe it is these agile and entrepreneurial organisations which will lead the charge to rebuild the economy and provide employment as we emerge from the pandemic. 2020 has reinforced our already healthy cash and capital positions. Combined with our significantly reduced cost base, we are well placed to meet the challenges and opportunities ahead.

Outlook

The strength of UK equities during 2020, and in particular the AIM market, has shown the opportunity for ambitious companies to raise the money to fund their growth through the London capital markets. Last year the AIM index was up 21%, significantly outperforming the FTSE All Share index. Over the same period the average Cenkos deal increased shareholder value by significantly more, underlining our position as the Partner for Success with corporate and institutional clients. We are delighted to work with almost 100 corporate clients – companies which demonstrate growth, ambition and innovation – and the 2021 business pipeline is healthy. As a result, we are well placed to grow our franchise.

Cenkos is evolving. The leadership team is focused on providing first-class service, conduct and collaboration, and taking a long-term view of client relationships by maintaining effective corporate advisory support and execution in the aftermarket and secondary market. Our objective over the next two to three years is to continue to build on our strengths and synergies to deliver sustainable and predictable earnings and a stronger platform for growth.
I will be passing the CEO baton to Julian with confidence.

Dividend

The Board is confident in the Group's strong capital position and encouraged by the strategic direction it is heading in and is pleased to announce an 2.5p final dividend which brings the full year dividend to 3.5p a share. Since being admitted to AIM we have returned £115.1m of cash to shareholders, equivalent to 178.3p per share, before the payment of the proposed 2020 final dividend of 2.5p per share.

Jim Durkin
Chief Executive Officer
19 March 2021

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 2020, the financial position of the Company as at 31 December 2020 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 2020 (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 assist their businesses develop and therefore meet their shareholder expectations.

We have invested is sector expertise, so we fully understand our corporate clients' businesses enabling us to provide the correct advice and to target the right long-term investors for them to partner with. We were no.1 fundraiser for Medical Devices on AIM and no.2 fundraiser for Investment Trusts on the LSE. We pride ourselves in fair pricing aiming to raise money for our corporate clients at the market price or at a tight discount and following through with very effective aftermarket support. This has led to an average increase of 42% in the share price of our client's deals in 2020.

To properly access the talent across the firm, Equity Capital Market ('ECM') and Business Development task forces has been set up which will ensure greater efficiency and an extra driver for revenue generation.

Strategic Objective	Progress	Outlook
Strategic Objective 1 Grow the revenue base by providing a consistent, focused market-leading service in order to retain existing clients and winning new ones	**Number of clients** 94 at 31 December 2020, compared to 100 in 2019 During 2020 Cenkos won 18 new clients **Funds Raised** £0.94bn at 31 December 2020, compared to £0.66bn in 2019	■ 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 2021, this will be reliant on the success of Government policy to stimulate the economy and navigating a route out of lockdown.
Strategic Objective 2 Strong team culture aimed at attracting and developing talent	**Average number of staff** 91 during 2020, compared to 111 in 2019 **Revenue per head** £0.4m at 31 December 2020, compared to £0.2m in 2019	■ 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** 92% in 31 December 2020, compared to 100% in 2019	■ Restructuring program completed in 2020 anticipated to yield savings of £3m compared to 2019. ■ Keep fixed costs low to mitigate the impact of swings in the financial markets.
Strategic Objective 4 Use our strong balance sheet and capital position to grow the business	**Cash** £32.7m at 31 December 2020, compared to £18.3m in 2019 **Solvency ratio** 266% at 31 December 2020, compared to 226% in 2019.	■ The Company has a strong balance sheet with cash resources of £32.7m as at 31 December 2020 (2019: £18.3m). ■ Maintain strong liquidity and capital position in excess of its regulatory requirements to mitigate the impact of swings in the financial markets.

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

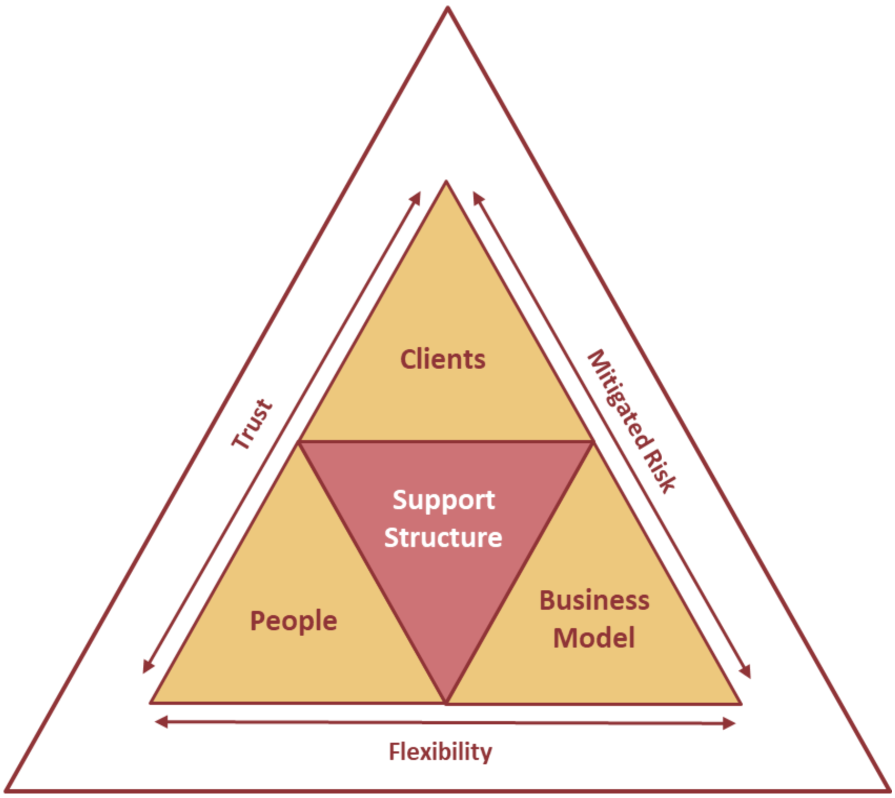
As an Institutional equity broker our clients are two fold, being both our corporate clients and our institutional fund management clients. The interests of both sets of clients lies at the heart of what we do.

Our corporate clients are some of the most exciting and ambitious companies listed on the UK market. By their nature the relationship they have with their institutional shareholders is crucial to their capital markets strategy and therefore their ultimate success. What we aim to do is provide the very best possible advice to our corporate clients which enables them to execute their strategy in the optimum way. The relationships with our corporate clients can be very enduring. Approximately half of our clients have been with Cenkos for over 5 years and some significantly longer. When we are appointed to advise a company we think in terms of years which we believe allows us to align our thinking with that of our clients.

We maintain regular contact with our clients both corporate and institutional which include verbal and electronic communications, face to face meetings, site visits and conferences. Maintaining an efficient exchange of information is a vital part of what we do.

The relationship we have with our institutional fund management clients is strong and is built on the quality of the portfolio of corporate clients that we act for and on the quality of our institutional sales, research, execution and Investor relations functions. What this means in practice is that we understand what sort of investment opportunities our institutional clients are looking for, both in terms of sector and size and where they may fit in their investment strategy.

Our Strategic objectives are outlined in more detail on pages 6 and 7.



People, culture and conduct

Cenkos is a collection of highly intelligent and talented people. We recruit based on ability and reward on merit irrespective of race, age or gender. Because of the nature of our business model our people are some of the most highly experienced in the UK market. The average age of employee across the firm is 43 and over half of front office staff have been with Cenkos for over 5 years, which provides continuity for our clients and a strong team ethos within the organisation. The wealth and depth of knowledge of capital markets is what makes Cenkos unique amongst its peers.

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.

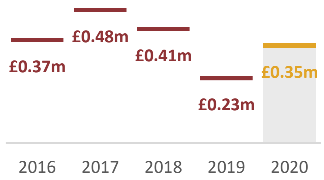
2. **Nomad, Broking and Research**
   Annual retainer fees are received for acting as Nomad, broker and/or financial advisor, generated from our corporate and investment trust clients.

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 and could support far higher revenues with very little additional cost. 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.

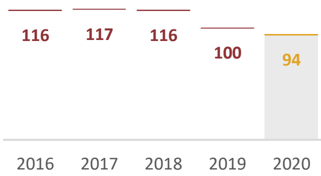
FY20 Progress

- Increase in transactional activity as companies looked to the equity markets for fast access to capital.
- Client base down on last year due to the rotation of several clients, delisting and acquisition.

Key Risks

- The route out of COVID-19 lockdown, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.

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.

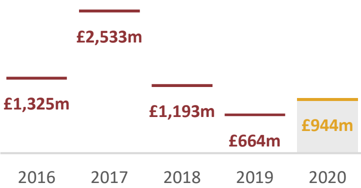
FY20 Progress

- 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 clients, delisting and acquisition.

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.

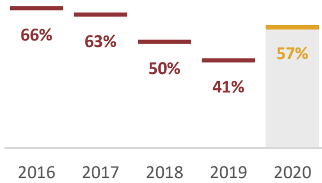
FY20 Progress

- A track record in raising funds on AIM with 8% of all raisings in 2020 (2019: 8%). In addition, we have built up expertise and a clear track record in taking clients to the LSE's Main Market.

Key Risks

- The route out of COVID-19 lockdown, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.
- Regulatory change continues with the supervisory imperatives set forth by the FCA, ongoing changes as a result of the UK's withdrawal from the EU and the continued focus on sustainability issues could 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

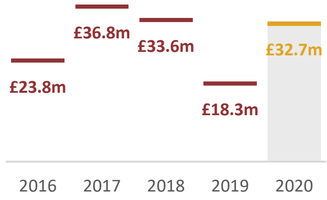
FY20 Progress

- We operate an efficient and flexible business model specifically designed to mitigate against the volatility in the financial markets.
- The restructuring programme, completed in 2020, yielded over a £3m reduction in the 2020 fixed cost base when compared to 2019.
- 2020 has reinforced our already healthy cash and capital positions. Combined with our significantly reduced cost base, we are well placed to meet the challenges and opportunities ahead.

Key Risks

- The route out of COVID-19 lockdown, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.
- Regulatory change continues with the supervisory imperatives set forth by the FCA, ongoing changes as a result of the UK's withdrawal from the EU and the continued focus on sustainability issues could 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.

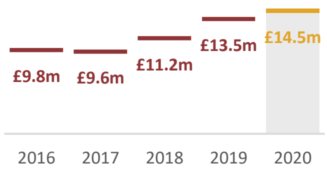
FY20 Progress

- 2020 has reinforced our already healthy cash and capital positions. Combined with our significantly reduced cost base, we are well placed to meet the challenges and opportunities ahead.

Key Risks

- The route out of COVID-19 lockdown, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.

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.

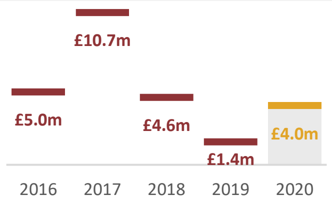
FY20 Progress

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

Key Risks

- The route out of COVID-19 lockdown, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.
- From January 2022, the capital surplus will be calculated under IFPR. Although exact details of the new calculations have not yet been published, we are confident our significant capital resources and the transition period will mean we will continue to be comfortably capitally adequate.

Underlying profit



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.

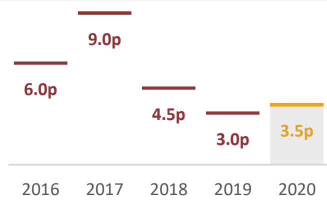
FY20 Progress

- Underlying profit reflecting 2020's performance.

Key Risks

- The route out of COVID-19 lockdown, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.

Dividend per share



Link to strategic objective

1. Grow revenues base by retaining existing clients and winning new ones.
4. Use our strong balance sheet and capital position to grow the business.

FY20 Progress

- Dividend per share reflecting 2020'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

I am pleased to report that our full year 2020 revenue increased by 23% to £31.9m (2019: £25.9m) reflecting the significant increase in corporate activity experienced during the year across both AIM and the Main market and an increase in asset prices at the end of the year on news of a trade agreement between the UK and EU. Total funds raised by companies on the Main Market increased by 120% to £37.4bn (2019: £17.0bn), while total funds raised by AIM Companies increased by 50% to £5.8bn (2019: £3.8bn) (Source: LSE AIM & Main Market factsheets December 2020).

A summary of the revenue streams from the Company's business activities is set out in the income statement below:

	2020	2019	
Revenue streams	£ 000's	£ 000's	% change
Corporate finance	22,250	17,364	28%
Nomad, broking and research	6,175	6,582	-6%
Execution - net trading gains	3,488	1,970	77%
Revenue	31,913	25,916	23%
Staff costs excluding restructuring costs and STIP	(21,304)	(15,805)	35%
Administrative expenses before restructuring and STIP	(6,585)	(8,715)	-24%
Underlying profit/(loss)	4,024	1,396	188%
Restructuring costs and STIP *	(1,625)	(1,281)	27%
Operating profit/(loss)	2,399	115	1986%
Investment income - interest income	30	106	-72%
Finance costs	(176)	(76)	132%
Profit/(loss) before tax	2,253	145	1454%
Tax	(449)	(101)	345%
Profit/(loss) after tax	1,804	44	4000%

* Restructuring costs and STIP includes legal fees associated with redundancy.

Business activities

Corporate finance

Corporate finance revenue increased by 28% to £22.5m (2019: £17.4m). This was generated from the completion of 29 placing transactions (2019: 25) including 4 IPOs (2019: 3). We raised £0.9bn (2019: £0.7bn) for our clients, of which £0.4bn (2019: £0.3bn) was raised on AIM. This is equivalent to 8% (2019: 8%) of all funds raised on AIM in 2020.

Notable deals completed during the year include the IPOs for FRP Advisory Group plc raising £80m, Calnex Solutions plc raising £22.5m, Round Hill Music Fund raising US$282m and HeiQ Materials Company Limited raising £60m and the placings for Marlowe plc raising £70m and Venture Life Group plc raising £36m.

Nomad, broking and research

Nomad, broking & research fees decreased by 6% to £6.2m (2019: £6.6m). This is partly due to a reduction in the size of our client base to 94 companies and investment trusts (2019: 100), a significant portion of which was due to companies delisting. There was also a fall in research fees and commission income following cuts in Institutional research budgets and secondary trading volumes. According to the Corporate Advisers Rankings Guide, Cenkos is ranked 2nd by number of AIM clients and 5th by their aggregate market capitalisation.

Execution services

Execution services delivered net trading gains of £3.5m in 2020 (2019: £2.0m). This 77% increase was achieved against a backdrop of extremely difficult and volatile markets, while limiting the use of capital, but still maintaining a top 3 market share in 84% (2019: 82%) of our client's stocks. The year ended on a positive note as asset prices increased on news of the agreement of a trade deal between the UK and EU. Overall Cenkos makes markets in 197 (2019: 237) stocks of which 58 (2019: 91) are listed on the Main Market of LSE.

Administrative expenses

Staff costs excluding restructuring costs and STIP

Staff costs increased by 35% to £21.3m (2019: £15.8m). This was due to an increase in the variable remuneration accrued for staff in line with the overall improvement in Cenkos' performance, which was partially offset by the reduction in salary costs resulting from the reduction in staff numbers. As a result of the restructuring programme, average headcount decreased to 91 (2019: 111) and the total number of staff employed at the year-end decreased to 87 (2019: 95).

Administrative expenses before restructuring and STIP

Administrative expenses before restructuring and Short-Term Incentive Plan ('STIP') costs for the year decreased by 24% to £6.6m (2019: £8.7m). This was due to a decrease in transactions costs and data costs which reflect a corresponding reduction in volumes and staff headcount respectively as well as reduction in professional fees in part arising from the audit tender.

Restructuring costs and STIP

The significant decrease in average headcount resulting from restructuring programme completed in H1 2020 led to a charge to the income statement of £0.7m (2019: £1.3m) and yielded an ongoing annualised saving in base staff costs of £0.8m.

As a result of this action, taken to shape the business for the future, Cenkos has not had to reduce salaries, furlough staff or utilise any government allowances beyond the automatic deferral of one quarter's payment of VAT, during the lockdown period.

The STIP was launched in April 2020 as a one-off plan to retain and incentivise key members of staff. The plan was funded using shares already held by the Cenkos' Employee Benefit Trust ('EBT'), which will vest in equal tranches on the first and second anniversaries of its launch. The charge of £0.9m (2019: £nil) represents the portion of the fair value of the scheme allocated to this year.

Profit and earnings per share

Underlying profit before tax increased by 188% to £4.0m (2019: £1.4m). This alternative performance measure is disclosed before restructuring costs and costs associated with the STIP as the Directors' believe it provides a clearer view of the performance of the business.

Profit before tax from continuing operations increased to £2.3m (2019: £0.1m). The tax charge for the year of £0.4m (2019: £0.1m) equates to an effective tax rate of 20% (2019: 70%) on continuing operations. Profit after tax on continuing operations increased to £1.8m (2019: £0.0m).

Basic earnings per share from continuing operations increased to 3.7p (2019: 0.1p).

Principal Risks and Uncertainties

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

An awareness and appreciation of risk are 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 robust systems and controls proportionate with the Firm's risk appetite and governance arrangements.

Cenkos prides itself on its entrepreneurial and commercial approach, focussed on generating value and the best outcomes for its clients. However, the Board recognises that this must be balanced with a culture that seeks to ensure that all significant and relevant risk exposures are identified and appropriately managed and that mitigation strategies employed are effective.

The Governance policy and framework section (page 25 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 sufficient regulatory capital that, at a minimum, it 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 COVID-19, which the World Health Organisation declared as a Public Health Emergency of International Concern in March 2020, has had a significant impact on the global economy and the health of financial markets. Unprecedented global lockdowns to stem the spread of the virus has materially impacted financial stability with production and manufacturing together with many other industries halting activity. The UK commenced its vaccination programme on 8 December 2020 with a commitment that by 15 February 2021 a first vaccine dose will have been offered to everyone in the top four priority groups identified by the Joint Committee on Vaccination and Immunisation. The most recent data published by the UK Government suggests that this target has been achieved and together with the other metrics indicate the UK is now past the peak of the second wave of the virus. However, we would note that there is still a long way to go before any 'normality' resumes and possibly longer still before the economy is able to start its recovery in earnest. 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 and Brexit. 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 the health and well-being of our employees is of fundamental importance as they are central to our success in delivering high quality service and advice to our clients and are a critical factor in determining the long-term success of the business. Attracting, developing and retaining talent is essential to maintain the Company's competitive advantage.	Notwithstanding the measures introduced by the UK Government to contain the virus and the vaccination programme currently being rolled out, there remains a risk that our people may contract the virus. Subject to the number of concurrent cases and the different business areas affected, there is a risk of short-term interruptions or delays to operations.	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 to drive the best outcomes for clients and by positively rewarding our people with a competitive total remuneration package. Cenkos commenced a company-wide culture survey to drive employee engagement towards the end of 2019 and our Chairman, Lisa Gordon has engaged directly with staff to understand their views and discuss their concerns in this regard. Senior management succession planning is overseen by the Nomination Committee, the result of which have been the changes to the Board, subject to FCA approval, announced on 9 December 2020. Our business continuity plans have evolved during lockdown to ensure our ongoing operational resilience providing long-term support to employees working remotely, including the provision of IT solutions and equipment to ensure they can operate effectively from home.	Staff retention, other than in those areas subject to the period of consultation, has been high. The improvement in the Firm's financial performance in 2020 has meant an increase in variable remuneration payments to staff. Share incentive schemes commenced again in 2020 and will be implemented in 2021. No change in residual risk after mitigating actions. **No Change**
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 the equity capital markets.	COVID-19 and the measures brought in to contain it, led to a significant fall in asset prices and disruption to the market in March 2020. Subsequently, there was an increase in transactional activity as our corporate clients looked to gain access to much needed capital. During this period investor sentiment remained favourable. The route out of lock down, success of the vaccines and UK Government' and the devolved administrations' policies to stimulate the economy will determine whether the market conditions remain favourable.	Throughout this year, Cenkos has demonstrated success in raising capital for its corporate clients regardless of whether colleagues have been able to work in the office when the restrictions were eased or remotely. The Company's financial performance has further enhanced its cash and capital position, while the restructuring programme started in 2019 significantly reduced its cost base. This, combined with the Company's strong institutional relationships and its flexible business model, mean it is well-placed to withstand financial turmoil.	Although 2020 saw an increase in market activity, the deliberate omission of financial services from the UK EU Trade and Cooperation Agreement has meant that uncertainty still remains as regards the long-term relationship between the UK and EU and the further impact of COVID-19 both on the financial markets and the global economy. The risk is likely to remain high in 2021. **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 stakeholders including our clients and shareholders and the future performance of the business. Reputational risk can arise from financial, operational,	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 institutional and corporate clients, whether we are operating from our office premises or through colleagues working remotely. Any perceived 'struggle' - whether operational, financial or regulatory - would quite quickly impact the	The Board sets the Company's cultural tone by requiring a strong ethical and professional culture. The appointment of Lisa Gordon was testament to the Board's continued focus on good corporate governance and its commitment to diversifying its cognitive thought. All new business is subject to rigorous multi-tier and multi-disciplinary committees each of	Given our market share of both IPO and secondary fund raisings in 2020, we believe our reputation remains strong. This has been enhanced by the Company's ability to continue to operate effectively and raise funds for its corporate clients throughout this period of adversity including completing the largest IPO on AIM in 2020, the largest new investment company in 2020 and the best

	legal or conduct risks or a failure to meet the expectation of one of the Company's stakeholders.	Company's reputation and could cause significant harm and detriment to its ability to continue to operate.	which must approve any new business and/or appointments. These are both chaired by Nick Wells, Co-Head of Corporate Finance and Sponsor Services, with other skilled and experienced members to appropriately support and 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. Company-wide training by the Co-Heads of Corporate Finance and the Head of Compliance was conducted during the course of 2020 to re-emphasise the importance of escalation during the prolonged periods of remote working. Emphasis is placed upon hiring the right people with a strong work ethic and professional mindset. We regularly engage with stakeholders and market practitioners to understand how our reputation is perceived.	performing IPO on AIM in 2020. 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 Committee ("ExCo") is subject to robust and healthy challenge from the Board and its sub-committees on the Company's strategic direction and 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 the green shoots of recovery as and when they emerge. The corporate governance structure and relatively small size of the Company ensures that the Board has sufficient, well-articulated, timely and accurate information on which they can make informed decisions and gain appropriate levels of assurance.	Cenkos' financial performance in 2020 has further enhanced its cash and capital position, while the restructuring programme and review of overheads completed in 2020 significantly reduced its cost base. This 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 poor outcomes 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	Remote working required as a result of the national and local lockdowns which commenced in March 2020 has required a different level of management and oversight. Failing to acknowledge this and embed different supervisory approaches to accommodate the shift in working practices could lead to an increased risk of poor conduct and regulatory non-compliance.	The Company monitors and improves systems and controls where necessary and as new regulation and legislation requires this 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.	Regulatory obligations are significant and the pace of change continues with the supervisory imperatives set forth by the FCA together with ongoing changes as a result of the UK's withdrawal from the EU, the continued focus on sustainability issues including the increase in prominence of ESG factors in business operations, company disclosures and investor sentiment and the

	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 performing FCA certification 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.		As noted above, training in this regard was carried out through a combination of internal training delivered by the Head of Compliance and other senior managers and external third parties as appropriate. The culture project, initiated by the Chief Executive Officer in December 2019 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 including firm-wide Town hall meetings, new approaches to the previously face-to-face team and departmental meetings and training delivered virtually.	role that the financial services sector plays in this important area. We continue to strengthen our systems and controls in order to ensure the Company's robust approach to its regulated activities enables it to remain relevant and focused. The ongoing remote working environment, embedding of the certification regime within the Firm and the increased focus on conduct and operational resilience in light of COVID-19, the residual risk remains static. **No Change**
Operational resilience	Operational risks can arise from the failure of the Company's core business processes or one of its third-party providers.	As noted above, COVID-19 has required business continuity plans to be viewed through a new lens where previously these would unlikely have factored the entire work force working remotely for a prolonged period of time. The technology which made this possible has become critical to the Company's operational resilience enabling our service provision to clients to continue uninterrupted. This included understanding our outsource providers' operational resilience where our ability to provide uninterrupted business services was predicated on their ability to continue to provide 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 storage, remote collaborative communication 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 resulted in the Company immediately switch to remote working, providing all employees with IT solutions and equipment necessary to ensure they could operate successfully remotely.	Operational risk exposures remain at similar levels to those in prior years, with the exception of technology, information security, cyber security and fraud, where the risk has increased as a result of the pandemic. While we continue to invest in training our people to understand and manage those risks, especially in the remote working environment, there is, as a result, 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, as lockdown restrictions are lifted, the impact of government policy to stimulate the economy, 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 strength, the financial risk exposures are similar to the previous year. Consequently, a moderate increase in residual risk after mitigating actions. **Increase in residual risk**

Financial position

During the year, our net assets increased to £25.6m (2019: £24.7m) due to Cenkos' profitable performance for 2020. The statement of financial position reflects this profitability as the aggregate impact of the increase in cash and cash equivalents to £32.7m (2019: £18.3m), partially offset by the increase in trade and other payables to £29.5m (2019: £19.9m) resulting from an increase in the accrual for variable remuneration in line with the Cenkos' performance and a decrease in net trading investments as book limits were reduced to protect against market volatility. The increase in cash mentioned above reflects that generated from transactional activity during the year but partially offset by the payment of dividends of £1.0m (2019: £2.5m) and the acquisition of own shares to satisfy employee incentive schemes of £2.0m (2019: £1.3m).

	2020	2019	Change
Net assets summary	£ 000's	£ 000's	£ 000's
Non-current assets	5,202	5,611	(409)
FVOCI financial assets	-	60	(60)
Other current financial assets	5,312	8,973	(3,661)
Other current financial liabilities	(1,011)	(1,840)	829
Net trading investments	4,301	7,193	(2,892)
Trade and other receivables	12,993	13,455	(462)
Trade and other payables - current	(24,520)	(14,715)	(9,805)
Trade and other payables - non current	(5,086)	(5,219)	133
Cash and cash equivalents	32,735	18,333	14,402
	25,625	24,658	967

At 31 December 2020, Cenkos had surplus capital in excess of the Pillar 1 regulatory capital requirements of £14.5m (2019: £13.5m) equating to a solvency ratio of 266% (2019: 226%). 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 pandemic, 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. 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. The Board is confident in the Group's strong capital position and encouraged by the strategic direction it is heading in and is pleased to announce a final dividend of 2.5p per share (2019: 1.0p per share) which results in a total dividend for the year of 3.5p per share (2019: 3.0p per share).

From time to time, it is the intention to purchase shares to match unvested share awards and manage our issued share capital.
This report was approved by the Board of Directors on 19 March 2021 and signed on its behalf by:

Jim Durkin
Chief Executive Officer
19 March 2021

Stakeholder Engagement

A key focus of the Board is to promote the success of the Company for the benefit of its members as a whole, while having regards to other matters as outlined in Section 172 of the Companies Act 2006. 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. 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 and how the Board and the Company have engaged with them during the year.

Staff

The Board through the Chairman and the Chief Executive Officer and Management engages with its employees through various mediums, including staff forums and "Town Hall" meetings. Throughout the year the Chief Executive Officer has led a weekly Town Hall meeting for all employees. This weekly meeting has been used as a forum to keep staff updated on all the developments through the Company; including business updates; regulations and compliance issues; and strategic initiatives and ensuring that staff are aware of issues and actions being taken to safeguard their Wellbeing.

During the year, the Chairman instigated and attended 'virtual lunches' with almost all the employees in the Company.

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 in late 2019 an external firm had been appointed to undertake a cultural assessment. Through 2020 the Board, led by the Chairman, has been assisting Management in implementing and building on the recommendations made following the conclusion of the cultural assessment review. This initiative together with understanding and, where appropriate, implementing those recommendations has been critical to the Company being able to identify and manage the drivers of good behaviour which ultimately maintains the Company's cultural health and reduces the potential for harm to it, its clients and the market more generally. Our employees' conduct is the window through which the Company's culture can be observed, measured and assessed and accordingly ensuring that investment and engagement continues to be made in this important area is critical to the Company being able to demonstrate its high standards of business conduct.

To ensure the Wellbeing of our staff the Company instigated a switch to home working from 17 March 2020 ahead of the UK Government's national lockdown which commenced on 23 March 2020. This transition was undertaken smoothly and has enabled the operational resilience of the Company together with preserving the Wellbeing of staff. The Company has continued to operate normally during the ongoing restrictions. In continuing to support staff while working from home the Company undertook an employee survey to understand their needs and concerns. All staff have been provided with the necessary IT solutions and equipment where needed to support them while working at home.

Shareholders

The Board believes that it is important to maintain open and constructive relationships with shareholders and is committed to this communication. This is Principle 2 of the QCA Corporate Governance Code with which the Company complies. 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 hold approximately 30% of the Company's ordinary share capital and regular briefings and updates are also provided to staff recognising the importance for the Company to act fairly to and engage appropriately with all its shareholders.

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 in 2020, shareholders were asked not to attend the 2020 Annual General Meeting but to submit questions in advance of the meeting.

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 concerning the Company including copies of its regulatory announcements in accordance with AIM Rule 26.

Regulators

The Board recognises the importance of open and cooperative dialogue with its regulators and the Board, together with Management have a close ongoing relationship with both the Financial Conduct Authority ("FCA") including Primary Market Oversight and AIM Regulation both as an AIM Company and as a Nominated Adviser to AIM Companies. 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 as previously announced and as part of this process the FCA was 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 and deliver its services most effectively. Whether this is in relation to fundraising strategies, merger and acquisitions, enhancing or diversifying shareholder lists or providing objective advice on board composition, the Company's goal is to achieve the best outcome for its corporate clients.

This ethos applies equally to the Company's Institutional clients. The depth of our relationships means that we are well placed to understand their investment strategies and consequently able to assist in the delivery of those including introducing them to appropriate investment opportunities in terms of size, sector and stage of development.

The Board believes that these close relationships are 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 five years or more. As a trusted adviser, the Company is actively involved with its corporate clients in helping them to achieve their respective objectives. Cenkos maintains regular dialogue with them, holding virtual and physical meetings, arranging investor meetings and, when COVID-19 restrictions permit, undertaking site visits and hosting physical and virtual events such as the Annual Cenkos Innovators & Investors Forum (unfortunately due to the COVID-19 restrictions this event could not be held in 2020), regional investor days and, together with its client, MJ Hudson, successfully delivering our first virtual ESG conference in November 2020 which sought to provide both its corporate clients and investor clients alike with the opportunity to solidify and understand the impact of ESG factors and similarly investor sentiment and how these are shaping the future of capital markets. This is all with the aim of facilitating our corporate clients' opportunities to increase their own investor exposure and shareholder engagement.

Suppliers

During the year, Cenkos reviewed its arrangements with a number of its key outsource providers and following a move to remote working it also reviewed its supplier arrangements in this regard. The Company also reviewed its Modern Slavery and Human Trafficking Statement to ensure that this delivers on the spirit of the legislation.

Community and environment

The Company regularly supports its employees to volunteer with raising funds for local communities and charitable causes. The Company has agreed to form a Charity Committee which on a more formal and on-going basis, will develop and support the Company's engagement with the local community and the charitable causes that it supports.

As detailed in the 2020 ESG Progress Report on pages 21 to 24, the Company has continued to take steps to reduce its impact on the environment in reducing our carbon footprint. The Company will endeavour to build and positively influence the ESG agenda through engaging with stakeholders to understand what and how ESG factors are positively or negatively impacting on their objectives and understanding how we might help them to achieve sustainable businesses.

Members of the Board, 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).

This report was approved by the Board of Directors on 19 March 2021 and signed on its behalf by:

Jim Durkin
Chief Executive Officer
19 March 2021

2020 ESG Progress Report

At Cenkos, we recognise the importance of embedding sustainability into business practice to help mitigate the issues that our societies and environment face at a global scale. By considering environmental, social and governance (ESG) factors within our operations, we can identify opportunities to reduce our negative impact, contribute to positive real-world outcomes and increase our resilience in a rapidly changing world. This report summarises our ESG activities over the last year and highlights our ambition for future progress.

Introduction

While we have already identified and managed several ESG factors relevant to our business, we are committed to broadening the issues we consider and improving our sustainability performance further. We are at an early stage of this journey and our ambition for the future is steered by the Board. Over the last year we have strengthened our approach to plan and develop initiatives that we will look to implement going forward, with support from all levels of the organisation. We also recognise that ESG factors are relevant to all of our stakeholders, including our suppliers and our clients, and we will consider our influence in understanding and engaging on their own sustainability performance.

Developments during the year

Early in 2020, the Company established an ESG Working Group that reports directly to the Company's Executive Committee. The ESG Working Group comprises members from various areas of the organisation and is responsible for the development of the Company's ESG policies, procedures and associated reporting and making recommendations to the Executive Committee and Board in this regard. In Q3 following a recommendation from the ESG Working Group, we engaged an independent ESG consultant to provide an educational session to management on how ESG matters can be considered more broadly to strengthen sustainability performance and to assist the Company in drafting a more formal policy and ESG framework and better integrating ESG factors into our governance framework including the New Business and Supervisory Committees.

In November 2020, the Company through the ESG Committee co-hosted a virtual "Taking AIM at ESG" conference with MJ Hudson. The purpose of the conference was not only to understand more about ESG factors but to explore the increasing role that ESG factors play in investors' investment decisions and how these factors are taking centre stage of non-financial reporting. The conference was targeted at AIM companies on how they can derive value by integrating ESG into their processes and policies to enable continued stakeholder engagement and access to the capital markets. More than three hundred attendees joined this conference and the conference received significant positive feedback.

ESG at Cenkos

For the various elements that fall under the topic of ESG, we have highlighted the initiatives we have implemented to date, as well as indicating our plans for future progress.

Environmental

The existential threats that the world faces through climate change and biodiversity loss, means that all businesses, including Cenkos, must identify and reduce environmental impacts where possible.

Our main environmental impact lies in direct and indirect carbon emissions from energy consumption in our offices and from employee travel. While employee travel has reduced significantly during 2020 as a result of the COVID-19 pandemic and the national and local restrictions effected by the UK Government and the devolved administrations, as an occupier of older office space, our challenge lies in increasing the energy efficiency of our London and Edinburgh premises. The Company, with the assistance of a dedicated facilities manager, continues to look at ways of reducing the Company's carbon footprint where practical. Although the amortisation of any capital investment in our office space would lead to an increase in our cost base this would likely be partially offset by a reduction in costs associated with energy savings and maintenance.

Beyond reducing our carbon emissions, a number of initiatives have been put in place over the last two years to further minimise our environmental impacts, including the reduction of single use plastic, water saving devices, and recycling and waste management initiatives.

We provide recycling bins for a range of materials in our offices and work with suppliers to minimise waste. We use recycled paper for internal documents. In respect of recycling and waste management over the period from April 2019 to March 2020 our London office generated 8,680kg of recyclable waste.

In 2019 our Edinburgh office consumed 22,734Kwh of energy. In 2020 this came down to 13,755Kwh. In 2019 our London office consumed 186,083 Kwh of energy and in 2020 this came down to 148,510 Kwh. This reduction was primarily due to a significant reduction in the use of our offices resulting from remote working.

The Company encourages cycling as a form of commuting and for staff based in the London office the Company provides storage for their cycles as well as showering and dressing room facilities. The Company also supports the Cycle to Work Scheme which allows employees a tax-free loan to purchase a cycle and associated equipment thereby facilitating their ability to make greener travel choices.

As part of developing an ESG policy and framework going forward, the Company will be looking at providing appropriate environmental disclosures to strengthen reporting on our progress. As part of our developing ESG framework, we will also consider how to engage our client and supplier base on their own sustainability practices.

Social

We firmly believe that our people are our main asset, and their wellbeing is of fundamental importance. We also recognise how this view fits into broader society and our role in encouraging fairness and decent work practices for all.

Response to the COVID-19 Pandemic

While COVID-19 has had a huge impact on the economy and society, it has brought out the very best in our business and people. Before the Government introduced the lockdown restrictions, we shifted in short order to a remote working model whilst continuing to provide reassurance to our clients during the significant market falls in March 2020.

We have supported our people throughout the crisis, and we are pleased to report that we placed no one on furlough nor utilised any of the Government financial support schemes.

The wellbeing of the Company’s employees during the working from home environment has been of paramount importance to the Board. During the period, a number of initiatives were put in place including an employee survey to understand employees’ views and concerns, regular manager catch-up meetings, and weekly Company-wide Town Hall calls, where employees were kept updated on the latest issues. A number of virtual social events to keep in touch within teams and across the Company were also undertaken.

All employees were provided with IT solutions and support as well as equipment to ensure that they could operate effectively remotely and that they could continue to work successfully and be in regular contact with their colleagues and clients.

Following the relaxation of guidelines in respect of the first lockdown, employees did have the opportunity if they so wished, to return to working from the office. The offices were adapted to be a COVID-19 compliant environment, and the Company provided the necessary sanitising and PPE measures together with ensuring that social distancing measures were put in place to protect those returning voluntarily to the office.

Going forward, the Company will be reviewing the way its employees can work more flexibly in a post COVID-19 environment.

Culture and Employee Engagement

As noted previously, our employees are central to our success in delivering high quality service and advice to our clients. Establishing a corporate culture and working environment that attracts and retains talent is paramount. Our current data confirms an average length of service of 6.6 years per employee. We believe this demonstrates our ability to retain talent and continue to provide our employees with the challenges and development that they seek during their tenure.

Towards the end of 2019, the Company commissioned FTI Consulting (an independent business advisory firm) to undertake a Cultural Assessment of the Company. The work undertaken involved one-to-one and group interviews with employees at all levels, as well as a Company-wide anonymised survey. The conclusions from this report were considered by the Board and the Executive Committee in February 2020 to better understand employee views on the Company’s culture and where enhancements could be made. The feedback from the process has been central to driving strategic and cultural changes subsequently made within the Company, as well as renewing the focus on some core values including adopting a collaborative approach, being entrepreneurial and innovative, and managing with respect.

To ensure that there was a direct and open engagement between the Board and employees during the year, Lisa Gordon, our new Non-Executive Chairman, took on an initiative of hosting a series of virtual meetings with employees to build a rapport, emphasising a speak-up culture in order to better understand their concerns and views. This will be an ongoing initiative and similar such meetings have already commenced in 2021. There was no set agenda for these meetings and almost all employees took part in this initiative in 2020. Employees were able to discuss openly their concerns in relation to the Company's strategy, business, day to day operations or any other matters that they had concerns on.

Learning and Development

The Board is committed to ensuring that its staff are appropriately trained on financial regulation and how it applies to their respective roles. During 2020, our staff participated in undertaking in total over 1,963 individual hours of compliance and continuing professional development training. This training took a number of mediums including online courses and virtual sessions delivered in-house by senior members of Compliance and the Company's core business areas and tailored virtual training from external third party providers.

Diversity and Inclusion

We are committed to creating a workplace and culture that is welcoming and inclusive for everyone. We value the contribution of all our people and recognise that diverse backgrounds, experiences, and ideas enable us to grow and remain versatile. The Company is committed to achieving a working environment which provides equality of opportunity and freedom from unlawful discrimination. The Company believes that all employees and clients are entitled to be treated with respect and dignity and is committed to actively opposing all forms of discrimination. The Company has specific policies in place on diversity and inclusion, family related, and flexible working policies to assist its workforce.

The percentage of females in our workforce is currently 28%. During the year, Lisa Gordon was appointed as the Non-executive Chairman of the Company, this has increased the female representation on Board and she was the second woman that had been appointed to the position of Chairman of a small cap broker at that time.

Anti-corruption and Bribery and the Modern-Day Slavery Act

We are committed to ensuring that the behaviours and practices of our organisation, including those within our supply chains, reflect our own high business standards and compliance with applicable laws and standards. We have a zero-tolerance approach to slavery and human trafficking and bribery and corruption within our workforce and set the same robust expectations in relation to our supply chain and vendors.

As a provider of financial services, we do not have a very long or complex supply chain – our main vendors are either providers of office supplies and support services such as reprographics, IT, recruitment, and facilities management or professional advisers such as legal, accountancy and advisory firms. Whilst we consider our vendors to be at relatively low risk of engaging in practices of modern slavery and human trafficking and/or bribery and corruption, we nevertheless remain committed to preventing the occurrence of such practices both in our business and our supply chain.

We are confident that the policies and procedures that we have in relation to anti-slavery and human trafficking are in compliance with the Modern Slavery Act 2015 and our public statement, to this effect, is available on the Cenkos website (www.Cenkos.com).

Whistleblowing Policy

Whilst we believe we have a robust framework in place and a commitment to doing the right thing, where these high standards have not been met, we encourage our workforce to speak up and come forward through our Whistleblowing Policy. Indeed we have committed to providing all colleagues with a 'speak-up' training during 2021 in order to further evidence the psychologically safe environment that we strive to provide.

Health and Safety

We are committed to providing a safe environment for our employees and visitors. We have arrangements in place to ensure that we meet ongoing health and safety obligations to our employees and other stakeholders, such as visitors to our premises. Our Board is ultimately responsible for the overarching Health and Safety policies and procedures and we confirm that we comply with the Health and Safety at Work Act 1974 and all associated regulations and codes. Although we are still in a lockdown environment, our offices are COVID-19 secure with a focus on the provision of PPE, social distancing, additional signage, enhanced levels of cleaning, clear incident protocols and new processes to ensure that employees, clients, and other visitors remain safe at all times.

Community
While the Company regularly supports its employees to volunteer with raising funds for local communities and charitable causes, an ongoing initiative is the establishment of a Charity Committee and Community programme to drive forward the charitable agenda for the Company. Work has commenced in this area and a number of charities that employees would like the Company to support have already been identified. The Company will also continue to make its employees aware of the give as you earn scheme during 2021.

Community Apprenticeships
During 2020, the Company contributed over £46,000 to the Apprenticeships Levy Scheme. The Company is considering how to assist in supporting charity funded programmes through the Apprenticeship Levy Gifting Opportunities scheme and hopes to undertake this initiative in 2021, whereby a proportion of the levy incurred by the Company can be transferred to provide apprenticeship funding in the community and to charitable organisations.

Governance
Good governance breeds success. It requires effective oversight, sound decision making, a tone from the top that permeates through the organisation facilitating the right 'tone from above'. This in turn shapes our culture and results in the best outcome for our clients and reduction of potential harm to them, to us and to the market more generally. The Board is fully committed in driving the ESG agenda throughout the Company.

During 2020 and as noted on page 29, we welcomed Lisa Gordon and Julian Morse to the Board as Non-Executive Chairman and Executive Director, respectively. Lisa's steadfast approach to governance and Julian's significant experience in advising Cenkos' clients have enhanced Cenkos' Board dynamic. However, we know that good governance does not start and stop at the Board but that it is the foundation on which the governance framework is built, and on which the culture of the Company is set. The recent Cultural Assessment has provided the Board and Executive Committee with considerations for improvement.

The Company has operated a long-established Compliance training programme, which has comprised traditional face to face training, with seminars and presentations, together with online training provided by a number of external providers. Every staff member is an Affiliate of the Chartered Institute of Securities and accordingly there are a number of set mandatory course that the staff have to complete each year. During the year, as well as a number of mandatory courses undertaken for their specific roles, all staff were provided training on a number of topics including Anti-Money Laundering and Financial Crime, CyberCrime, Integrity & Ethics, Market Abuse, Misconduct in Wholesale Financial Markets, SMCR and the Company's Governance framework.

The Governance framework includes not only the Board and its sub-committees noted on page 28 but also a number of executive management committees that are tasked with ensuring that the Company conducts its business appropriately considering not just the commercial aspects of a relationship but also the reputational and regulatory aspects too. These structures together with the close engagement of the Board allow our employees to excel and to be able to harness the entrepreneurial spirit on which the Firm was originally created.

As an AIM Company, Cenkos has adopted the QCA Code of Corporate Governance for Smaller Companies. Further disclosures in this regard are set out on pages 25 to 27.

Further details on the Company's Governance and Risk Management framework are set out on page 28.

Going forward
With the ambition to significantly strengthen our approach to operating responsibly, ESG considerations are core to the Company's principles. The Company is working with MJ Hudson to develop a framework that will enable us to identify, prioritise and action on a wider range of ESG issues to achieve this ambition. The focus for 2021 will be to develop the Company's policies further, including considering such issues as flexible working, further reducing the Company's environmental impact and considering the impact of our stakeholders, as well as initiatives to support our communities further with the establishment and formalising of a Charity Committee. Our progress will be captured as part of our developing ESG policy, procedures and reporting framework.

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 explain how the Company meets these principles.

The Board does not consider there to be any practices that differ from the expectations set by the QCA Code during 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 17 years the Company has established a successful platform that has been profitable in every 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.
- Upholding a strong ethical and regulatory culture.
- 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 6 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 30% 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.

Further details concerning the Company's wider stakeholder and social responsibilities can be found on pages 19 to 20.

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. The Company continues to develop its risk management framework and an IT Solutions provider will be assisting in enhancing the risk management framework further in 2021, in implementing an automated system to assist management on reviewing its risk.

Further details concerning the Company's Risk Management Framework can be found on pages 14 to 17 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 changes are detailed further on page 32.

The Board currently consists of 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 pages 29 to 30.

Principle Seven

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

An evaluation of the performance of the Board and its Committees was undertaken by the Non-Executive Chairman of the Board in respect of 2020. The evaluation process included a written questionnaire for completion by each Director. The review assessed a number of Board issues including composition, structure, functionality, administration, management, strategy, and succession planning. The Chairman assessed the feedback and reported her findings to the Board. Some of the main themes and recommendations resulting from the 2020 Board Evaluation include:

- Continue to increase the employee engagement process including the introduction of regular presentations by senior staff and heads of department to the Board
- Broaden the focus on succession planning to include the senior and middle management levels.
- Considering enhancements of the flow and content of Management information to the Board to allow the Board to have more time

to consider strategic issues.

Further details including an explanation of how the evaluation was undertaken and the results of evaluation can be found on page 33.

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 its 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 Certification Regime. This culture is reinforced by all staff having to also undertake compulsory mandatory online training on various regulatory and compliance related issues as well as on ethical values and behaviours with the Chartered Institute for Securities and Investment.

To assist in strategic and organisational change initiatives, corporate cultural developments, and employee engagement an external firm was appointed to undertake a cultural assessment. Following this various enhancements and actions have been undertaken in 2020 to improve the culture and employee engagement in the Company.

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 31 to 34.

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. However, due to the lockdown restrictions this meeting was held as a closed meeting in 2020. The results of all General Meetings are announced as soon as possible following the conclusion of the meeting.

All result 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 regularly whether by video, conference call or in person with the main institutional shareholders and also with the larger individual shareholders at least twice a year (normally after the announcement of the interim and final results of the Company).

The staff also hold approximately 30% of the Company's ordinary share capital and regular briefings and updates are also provided to staff by the Chairman and Chief Executive Officer. During the year this has been undertaken through virtual 'Town Hall meetings'.

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 this Committee is to provide oversight of all new corporate and client relationships and to also consider matters more generally which could give rise to reputational and/or commercial risks to Cenkos and/or its clients.

Supervisory Committee

The purpose of the Committee is to provide oversight for all Corporate Finance transaction which requires NBC approval, ensuring deal teams have the necessary expertise to manage and execute deals and to provide relevant advice before they are recommended to the NBC.

Conduct Risk Committee

To consider periodically or on an ad-hoc basis compliance-related and HR-related breaches in the context of the conduct rules and where necessary escalate these accordingly.

Crisis Management Team

To consider matters giving rise to invocation of the Company's business continuity plan and to consider Cenkos' ongoing operational resilience.

ECM Taskforce

To consider the management Company-wide of the sales and equity strategy on fund raisings for clients.

Business Development Taskforce

To consider the development of client and institutional relationships together with associated business initiatives throughout the Company.

Recovery Plan Steering Group

To consider and initiate the actions (if ever needed) as per the Recovery Plan.

ESG Committee

To consider and develop the Company's ESG initiatives, framework and reporting, and when needed to provide advice to clients.

Board of Directors (as at 19 March 2021)

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 35 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 an 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.

Executive Director

Julian Morse — Executive Officer

Julian was appointed as an Executive Director of the Company in 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 and raised equity 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.

Non-executive Directors

Lisa Gordon — Non-executive Chairman

Lisa Gordon was appointed as a Non-executive Director and Chairman of the Company in June 2020.

Lisa has more than 25 years of Board experience, in both Executive and Non-Executive roles at both listed and private companies. Lisa is a Non-executive Director of Alpha FX Group plc, an AIM listed corporate foreign exchange specialist and she chairs their Remuneration and Audit Committees. She is also the Senior Independent Non-executive Director at M&C Saatchi Plc, the listed global marketing group and a Non-executive Director of Magic Light Pictures Limited, a leading film and television production company.

Lisa has held a number of Senior and Board positions. She was a founding Director and the Corporate Development Director of Local World plc (prior to its acquisition by Trinity Mirror) (2012-2015); the Chief Operating Officer of Yattendon Group (2007-2013), a private conglomerate; and the Director of Corporate Development of Chrysalis Group PLC, the media group (1994-2004). Prior to this, Lisa's early background was in financial services as an analyst with County NatWest Securities.

Lisa is the Chairman of the Company's Nomination Committee and is also a member of the Audit, Risk and Compliance Committee, as well as the Remuneration Committee.

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 an independent consultant and has advised boards on strategic human resources issues including conduct, 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. Andrew is also a director of BESTrustees Limited which provides governance services and advice to a number of companies.

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 — Non-executive Director

Jeremy was appointed a Non-executive Director of the Company in July 2019.

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. Jeremy also served as the Acting Chairman of the Company from 1 March 2020 to 24 June 2020.

The Board

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 and to also ensure the successful implementation of good corporate governance practices with the Board. 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 Non-executive Chairman of the Company until his retirement from the Board on 28 February 2020. Following this Jeremy Miller served as the Acting Non-executive Chairman of the Company from 1 March 2020 until Lisa Gordon was appointed as Non-executive Chairman of the Company on 25 June 2020.

The Chief Executive Officer, throughout 2020 was Jim Durkin, and he 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 announced his intention to retire from the Company and from the position of Chief Executive Officer. Subject to regulatory approval Julian Morse, Executive Director will succeed Jim Durkin 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 being provided with 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 pages 29 to 30.

Board and committee composition

Board composition

The Board has gone through a period of significant change over the past twelve months. On 28 February 2020 Jeff Hewitt who had served as a Non-executive Director of the Company retired after twelve years' service. At the time of leaving, he was also undertaking the position of Acting Non-executive Chairman until Lisa Gordon had received her regulatory approval for this position. On 1 March 2020 Jeremy Miller took on the role of Acting Non-executive Chairman until Lisa Gordon was appointed on 25 June 2020. Jim Durkin, Andrew Boorman and Jeremy Miller have served throughout the year. On 13 May 2020 following regulatory approval being received Julian Morse was appointed as an Executive Director of the Company.

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

On 9 December 2020 Jim Durkin informed the Board of his intention to retire from the Company and from the position of Chief Executive Officer. In accordance with the Company's Succession Plan the Company announced that Julian Morse, Executive Director and Head of the Growth Companies Team, was to be Jim Durkin's successor as soon as regulatory approval is received.

The Company has also announced that Jeremy Osler Co-Head of Corporate Finance and General Counsel will be appointed as an Executive Director of the Company in addition to his current role as soon as regulatory approval is received.

Board and Committee attendance

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

The attendance at Board Meetings during the year is set out below.

	Position	Board		Committee			
	At 31 December 2020 or retirement/resignation if earlier	Maximum possible attendances	Meetings attended	Audit, Risk and Compliance committee	Nomination Committee	Remuneration Committee	Considered Independent
Jim Durkin	Chief Executive Officer	16	16				
Julian Morse (1)	Executive Director	7	7				
Lisa Gordon (2)	Non-executive Chairman	7	7	✓	✔	✓	Y
Andrew Boorman	Non-executive Director	16	16	✓	✓	✔	Y
Jeremy Miller	Non-executive Director	16	16	✔	✓	✓	Y
Jeff Hewitt (3)	Non-executive Director	2	1	✓	✓	✓	Y

✔ Chairman ✓ Member

1. Appointed as an Executive Director on 13 May 2020.
2. Appointed as Non-executive Chairman on 25 June 2020.
3. Retired as a Non-executive Director on 28 February 2020.

Balance and independence

During the year ended 31 December 2020, 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 2020, there were five Directors: the Non-executive Chairman, the Chief Executive Officer and an Executive Director 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. The Board was satisfied that the Non-executive Directors 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 evaluation

An evaluation of the performance of the Board and its Committees for 2020 has been undertaken.

The Non-Executive Chairman of the Board undertook the formal internal annual evaluation process of the Board and that of its Committees. The evaluation process included a written questionnaire. The questionnaire was designed to be proportionate to the nature and size of the Company and to take account t of the various Board changes that had taken place during the year. The review assessed the effectiveness of all aspects of the Board and of its Committees and includes composition, structure, Board functionality, Board Administration, Management and strategy, oversight of risk and succession planning.

The Chairman assessed the feedback and reported her findings to the Board. The outcomes and principal findings were discussed with the Board at a formal meeting and, where appropriate, an action list of objectives, targets and aspirations for the coming year is made in order that the Board can measure its effectiveness in achieving those targets throughout the year.

Some of the main themes and recommendations resulting from the 2020 Board Evaluation include:

- Continue to increase the employee engagement process including the introduction of regular presentations by senior staff and heads of department to the Board Reviewing the performance of the External Auditors.
- Broaden the focus on succession planning to include the senior and also middle management levels.
- Considering enhancements of the flow and content of Management information to the Board to allow the Board to have more time to consider strategic issues.

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.
- Reviewing the performance of the Internal Audit function.
- Reviewing the performance of the External Auditors.

The ARCC Report is set out on pages 43 to 46.

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 37 to 42.

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 35 to 36.

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. These Committees are set out on page 28 under the Governance Framework.

This report was approved by the Board on 19 March 2021 and signed on its behalf by:
Lisa Gordon
Non-executive Chairman
19 March 2021

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 until his retirement from the Board on 28 February 2020. To ensure that there was no potential conflict of interest, Jeff Hewitt did not participate in the search for a new Chairman in late 2019. Andrew Boorman acted as the Chairman of the Nomination Committee for this process and also continued in this role when Jeff Hewitt retired until Lisa Gordon was appointed as Chairman of the Committee in June 2020. Andrew Boorman and Jeremy Miller served as members of the Committee throughout the year. 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 executives 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.

The Committee met four times during the year.

The composition and attendance of the Committee for the year ended 31 December 2020 is set out below:

	Maximum possible attendances	**Meetings attended**
Lisa Gordon (1) - Chairman of the Committee	2	2
Andrew Boorman	4	4
Jeremy Miller	4	4
Jeff Hewitt (2)	1	1

1. Appointed as Non-executive Chairman on 25 June 2020.

2 Retired as a Non-executive Director on 28 February 2020.

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 required for specific Board appointments 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.

In late 2019 the Committee commenced a search for a new Non-executive Chairman; following this in February 2020 the Company announced that Lisa Gordon would be appointed the Non-executive Chairman of the Company following receipt of her regulatory approval for the position.

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.

Lisa Gordon received regulatory approval in June 2020 and took her position as Chairman of the Company from then.

To strengthen the executive presence on the Board in late 2019 Julian Morse was appointed to the Board, subject to regulatory approval being received. This approval was received in May 2020 and Julian Morse took his position on the Board then.

In December 2020 Jim Durkin announced his intention to retire from the Company and from the position of Chief Executive Officer. In accordance with the Succession Plan in place it was announced that subject to regulatory approval Julian Morse would be appointed to the position of Chief Executive Officer of the Company. It is expected that the approval will be received shortly.

As part of the selection criteria the successor needed to have an excellent understanding of the business and that they needed to be fully conversant with the regulatory and conduct issues faced within a broking firm, as well as having significant and proven management skills and business acumen, being able to deliver results, have the vision and drive to implement strategic initiatives and to reinforce a strong regulatory and ethical culture within the Company.

The Committee had also considered the Company's longer-term Strategic Plans noting that Julian Morse has been pivotal in developing the plans as part of the Management team.

The appointment of Julian Morse, who is known to the institutional and to the larger individual shareholders, will also provide long term stability within the Company going forward.

In December 2020 it was announced that as part of the internal succession plans in place to have senior management presence on the Board, the Committee recommended the appointment of Jeremy Osler, Co-Head of Corporate Finance and General Counsel to the position of Executive Director. This appointment will take effect once regulatory approval has been received.

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 management and external advisers. If required, they will also receive training and regulatory updates to enable them to undertake their roles. The programme is tailored for their role.

This report was approved by the Nomination Committee on 19 March 2021 and signed on its behalf by:

Lisa Gordon
Chairman of the Nomination Committee
19 March 2021

Remuneration Committee 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 29, Andrew has significant and related experience advising main boards on strategic human resource issues including governance, risk management and remuneration. Jeremy Miller served as a member of the Committee throughout the year; Lisa Gordon served since her appointment on 25 June 2020; and Jeff Hewitt served until his retirement on 28 February 2020. The members of the Remuneration Committee have significant experience in corporate governance and financial matters in the financial services sector.

The Remuneration Committee met seven times during the year. The Chief Executive Officer, Head of 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 2020 is set out below:

	Maximum possible attendances	**Meetings attended**
Andrew Boorman - Chairman of the Committee	7	7
Lisa Gordon (1)	2	2
Jeremy Miller	7	7
Jeff Hewitt (2)	-	-

1. *Appointed as Non-executive Chairman on 25 June 2020.*

2. *Retired as a Non-executive Director on 28 February 2020.*

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 Senior Managers and Certification Regime ("SMCR").

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 and share in the success of 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 discretionary and 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 behaviour and conduct) have been considered and taken into account. Other employees who are not directly involved in revenue generation are also 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 in shares over a three-year period.

A review of the overall remuneration policy has been undertaken during the year and the policy for 2021 will be that any variable compensation will primarily be based on a profit sharing model for the whole Company (rather than each business team), whereby an indicative percentage of the Company's overall profitability (subject to the approval and discretion of the Remuneration Committee) will go into one discretionary profit pool. Any individual distributions will continue to be discretionary and will continue to take regulatory, risk, behaviour and conduct issues into account.

For 2021 a new Long Term Incentive Plan for Executive Directors', Senior Managers and other key staff is being established. The Plan will be a based over a five-year period and will only vest on the satisfaction of performance conditions which will be measured over a period of three, four and five years being met. There will be a further two-year holding period requirement for Executive Directors and certain other Senior Managers. The Plan will align the interests of the Senior Managers with the shareholders to ensure the long-term growth in the business and to maximise shareholder returns.

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. For the year ended 31 December 2020, the deferral has been widened to cover all employees irrespective of their total remuneration and the percentage of deferral has also increased. This will have the effect of increasing share ownership amongst all employees and will align their interests further with those of the shareholders.

The Remuneration Committee continues to monitor the regulatory environment and consider any impact on the Company's remuneration policies in particular with 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 2020 (or date of resignation if earlier) are set out in the table below.

	Base salary /fees 2020	Annual Performance Award 2020[9]	Vested cash award received in respect of the 2017 deferred bonus scheme	Benefits 2020	Total 2020	Total 2019
Directors	£000s	£000s	£000s	£000s	£000s	£000s
Executive Directors						
Jim Durkin [1]	250	371	3	4	628	99
Julian Morse [2]	95	588	–	2	685	-
Anthony Hotson [3]	–	–	–	–	–	311
Paul Hodges [4]	–	–	–	–	–	260
Joe Nally [4]	–	–	–	–	–	132
Philip Anderson [5]	–	–	–	–	–	56
Non-executive						
Lisa Gordon [6]	59	-	-	-	59	-
Andrew Boorman	66	–	–	–	66	66
Jeremy Miller [7]	78	–	–	–	78	27
Jeff Hewitt [8]	40	–	–	–	40	105
	588	959	3	6	1,556	1,056

1. Appointed as an Executive Director and to the position of Chief Executive Officer on 12 August 2019.
2. Appointed as an Executive Director on 13 May 2020.
3. Resigned as an Executive Director on 12 August 2019.
4. Resigned as an Executive Director on 18 September 2019.
5. Resigned as an Executive Director on 31 March 2019.
6. Appointed as Non-executive Chairman on 25 June 2020.
7. Appointed as a Non-executive Director on 22 July 2019.
8. Retired as a Non-executive Director on 28 February 2020.
9. The Annual Performance Award for 2020 is subject to the Company's Deferred Bonus Scheme which takes the form of a share award which vests equally over a three-year period. Amounts shown for Executive Directors are net of the deferred amount. See note 23 for further details on the Deferred Bonus Scheme.

The Company has a workplace pension scheme (the "Scheme") with Aviva. Jim Durkin has opted out of the Scheme. Since Julian Morse's appointment to the Board the Company has contributed £833 to this Scheme on his behalf. The Non-executive Directors are ineligible for this 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.

The level of performance award that will be made to Executive Directors in 2020 is 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

The Company 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.

The Company will 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 2020 (2019: £Nil).

The annualised base fee for 2021 for the Non-executive Chairman is set at £150,000 and for the remaining Non-executives is set at £61,000. Jeremy Miller and Andrew Boorman also receive an additional fee of £5,000 for undertaking the Chairmanship of a Board Committee.

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 2020	Additional fee for acting as Chairman of a Committee 2020	Notice payment under Letter of Appointment 2000	Total 2020	Total 2019
	£000s	£000s		£000s	£000s
Lisa Gordon (1)	59	-	-	59	-
Andrew Boorman (2)	61	5	-	66	66
Jeremy Miller (3) (4) (5)	73	5	-	78	27
Jeff Hewitt (6)	16	-	24	40	105
	209	10	24	243	198

1. Appointed as Non-executive Chairman on 25 June 2020.
2. Within the base fee was £5,000 which was awarded in shares in the Company.
3. Appointed as a Non-executive Director on 22 July 2019.
4. Within the base fee was £6,666 which was awarded in shares in the Company.
5. Within the base fee was an additional fee (pro-rata fee) of £12,000 for acting as the Non-executive Chairman during part of the year.
6. Retired as a Non-executive Director on 28 February 2020.

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 Executive Directors as at 31 December 2020.

	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	2021
Julian Morse	13 May 2020	Rolling	6 months	6 months	2021

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 2020.

	Date of Appointment	Next election or re-election	Notice period by either party
Non-executive Directors			
Lisa Gordon (1)	25 June 2020	2021	3 months
Andrew Boorman	17 November 2017	2021	1 month
Jeremy Miller	22 July 2019	2021	1 month

1. Appointed as Non-executive Chairman on 25 June 2020.

Directors' interests in share options and under Employee Share Plans

The Company has the following share incentive plans (the Non-executive Directors are ineligible for these) 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 (2019: none).

Short Term Incentive Plan

The Plan provides an award of restricted shares, that are subject to vesting restrictions and will generally be released over a two-year period with 50% of the restricted share award being released after one year and the remainder being released after the second year. The shares are subject to certain forfeiture conditions. Julian Morse received an award during 2020 but before he was appointed as an Executive Director of the Company.

The Executive Directors interest in the Company's ordinary shares that are held in the Short-Term Incentive Plan as at 31 December 2020 are set out below.

	Restricted Share Award as at 1 January 2020 or date of appointment if later	Awarded during the year or since the date of appointment if later	Vested during the year or since the date of appointment if later	Restricted Share Award as at 31 December 2020
Executive Directors				
Jim Durkin	-	-	-	-
Julian Morse [1]	586,000	-	-	586,000

1. Appointed as an Executive Director on 13 May 2020.

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 2020 are set out below.

	Shares held as at 31 December 2020 or date of appointment if later	Shares subject to forfeiture conditions as at 31 December 2020 or date of appointment if later	Shares held at 31 December 2019 or date of appointment if later	Shares subject to forfeiture conditions as at 31 December 2019 or date of appointment if later
Executive Directors				
Jim Durkin	-	-	-	-
Julian Morse [1]	18,842	6,594	18,842	6,594

1. Appointed as an Executive Director 13 May 2020.

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 2020 are set out below.

	Number held as at 31 December 2019 or date of appointment if later	Granted during the year or after date of appointment if later	Exercised during the year or after date of appointment if later	Cancelled or Lapsed during the year or after date of appointment if later	Number held as at 31 December 2020	Exercise price	Date of grant	Earliest exercise date	Latest exercise date
Executive Directors									
Jim Durkin	-	-	-	-	-	-	-	-	-
Julian Morse: [1]	21,094	-	-	21,094	-	85.30p	14 May 18	1 Jun 21	30 Nov 21
	-	44,698	-	-	44,698	40.27p	16 Nov 20	1 Jan 24	30 Jun 24

1. Appointed as an Executive Director 13 May 2020.

Long Term Incentive Plan (LTIP)

A new LTIP for Executive Directors', Senior Managers and other key staff is being established for 2021. The LTIP will be a based on a five-year period and will only vest on the satisfaction of performance conditions which will be measured over a period of three, four and five years being met. The shares will vest on sliding scale to the extent that the performance conditions have been met. The awards will be subject to absolute TSR ('Total Shareholder Return') measures and will align rewards to the increase in shareholder value. Comprehensive malus and clawback provisions will be included. There will be a further two-year holding period requirement for Executive Directors and certain other Senior Managers.

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. 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 share awards outstanding as at 1 January 2020 or date of appointment if later	Shares vested during the year or since the date of appointment if later	Awarded during the year or since the date of appointment if later	Deferred share award as at 31 December 2020
Executive Directors	No of shares	No of shares	No of shares	No of shares
Jim Durkin	-	-	-	-
Julian Morse (1)	222,808	-	-	222,808

1. Appointed as an Executive Director 13 May 2020.

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 38.

Directors' interests in ordinary shares

The Directors' interests in the ordinary shares in the Company as at 31 December 2020 are shown on page 49 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. In addition in this regard a small portion of the fees for each Non-executive Director is paid in shares rather than cash.

This report was approved by the Remuneration Committee on 19 March 2021 and signed on its behalf by:

Andrew Boorman
Chairman of the Remuneration Committee
19 March 2021

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 30, as well as being a qualified accountant, Jeremy has recent and relevant financial experience. Andrew Boorman served as a member of the Committee throughout the year. Lisa Gordon served since her appointment on 25 June 2020 and Jeff Hewitt served until his retirement on 28 February 2020. The ARCC meets at least four 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 2020 is set out below:

	Maximum possible attendances	**Meetings attended**
Jeremy Miller - Chairman of the Committee	5	5
Andrew Boorman	5	5
Lisa Gordon (1)	4	4
Jeff Hewitt (2)	-	-

1. Appointed as Non-executive Chairman on 25 June 2020.
2. Retired as a Non-executive Director on 28 February 2020.

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 page 34.

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 finance 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 2020 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 2020 which included the deferral to future years of £1.5m (2019: £0.3m) of bonuses from the current year and inclusion of £0.6m (2019: £0.8m) from prior years and an assessment of the vesting conditionality of the deferrals;
- The adverse impact that a post-COVID-19 recession 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 14 to 17). 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 have 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 14 to 17 of this Annual Report.

Internal audit

The internal audit function provided independent assurance over the adequacy and effectiveness of the systems of internal control throughout the Company.

During the year a number of internal audit reviews were undertaken, and the findings were presented in the first instance directly to the Chairman and subsequently to the ARCC.

External auditor independence

The ARCC ensures the external auditor has longstanding safeguards in place 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 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.

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 ARCC was mindful of the time that had lapsed since Ernst & Young LLP was appointed. During the year, the ARCC therefore decided that a tender process for the 31 December 2020 year-end audit would take place.

A number of audit firms were asked to tender for the 2020 audit. Shortlisted firms were asked to submit a tender document. Each firm had access to a Data Room and were also given access to meet key Company contacts, including Committee members and Executive management. The meetings were designed both to allow the audit firms to learn about the Company's business and for the Company to assess the audit firms' capabilities, experience, and suitability before submitting their tender documents.

The selection criteria included:

- The proposed team, their experience, and personal credentials, including seniority of team, enthusiasm, and succession planning.
- Understanding of the organisation, our culture and experience of the stockbroking industry.
- Service approach, including transition, planning and delivery. To include:
  - - Detailed and well-prepared audit plan
  - - Robustness of proposed audit
  - - Communication plan
  - - Process for challenge and raising issues
  - - Involvement of specialists and technical support
  - - Form and content of audit committee reporting
  - - Responsiveness and availability
  - - Transition proposals
- Approach to quality assurance.
- Other considerations:
  - - Pro-activity
  - - Value-add, including fees

The ARCC considered each of the shortlisted audit firms and also considered the tender documents, feedback from meetings from management, as well as the presentation documents when reaching its decision. A final shortlist of two audit firms was presented to the Board in July by the ARCC together with a written submission from the incumbent audit firm Ernst & Young LLP. Following this process, the Board concluded that BDO LLP should be appointed as the external auditor of the Company to undertake the audit for 2020. The incumbent audit firm Ernst & Young LLP agreed to resign and BDO LLP were appointed to fill the casual vacancy.

In accordance with Section 519 (3B) of the Companies Act 2006, Ernst & Young LLP confirmed to the Company that there were no reasons and no matters connected with their ceasing to hold office that should be brought to the attention of the members or creditors of the Company.

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 has been a reduction in the audit fees compared with the prior year.

	2020	**2019**
	£000's	£000's
Fee payable to the Company's auditor for the audit of the Company's annual accounts and consolidation	225	317
Other assurance services	42	137
Non-audit services	3	-
Total fees payable to the Company's auditor and their associates	270	454

This report was approved by the ARCC on 19 March 2021 and signed on its behalf by:

Jeremy Miller
Chairman of the Audit, Risk and Compliance Committee
19 March 2021

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 with international accounting standards in conformity with the requirements of the Companies Act 2006, with the prior period being presented 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. 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 1 to 21 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 19 March 2021 and signed on its behalf by:
Jim Durkin
Chief Executive Officer
19 March 2021

Directors' Report

The Directors serving during the year ended 31 December 2020 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 2020.

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; further details concerning the Company's considerations of Stakeholder Engagement can be found on pages 19 to 20.

Results and dividends

The results for the year are set out in the income statement on page 58.

An interim dividend of 1.0p per share was paid to shareholders on 20 November 2020 (2019: interim dividend of 2.0p per share). The Directors recommend the payment of a final dividend of 2.5p per share (2019: final dividend of 1.0p per share).

The total interim and final dividends in respect of the year ended 31 December 2020 are 3.5p (2019: 3.0p). Subject to approval at the Annual General Meeting to be held on 12 May 2021 the final dividend will be paid on 17 June 2021 to the shareholders on the register at 14 May 2021.

Directors

The names of the current serving Directors of the Company are set out on pages 29 to 30. These Directors have served throughout the year or since their respective appointments to the Board.

On 9 December 2020 Jim Durkin announced that he would be retiring from the Company and from his position as Chief Executive Officer in 2021. Jim Durkin served throughout the year. Julian Morse served as an Executive Director of the Company from 13 May 2020 and Lisa Gordon served as a Non-executive Director of the Company since 25 June 2020. Jeff Hewitt retired from the Board on 28 February 2020.

At the Annual General Meeting to be held on 12 May 2021, Lisa Gordon will offer herself for election to the Board. Jeremy Miller, Andrew Boorman and Julian Morse will offer themselves for re-election to the Board.

Jim Durkin will not be seeking re-election to the Board at the Annual General Meeting.

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 2020, 56,694,783 (2019: 56,694,783) ordinary shares were in issue. No new shares were issued by the Company in 2020 (2019: 1,384,748 ordinary shares). The total voting rights in the Company as at 31 December 2020 was based on 56,694,783 (2019: 56,694,783) ordinary shares.

Directors' interests in ordinary shares

The Directors' interests in the share capital of the Company as at 31 December 2020 are set out below.

	Number held as at 31 December 2020	Percentage interest as at 31 December 2020	Number held as at 31 December 2019 or date of appointment if later	Percentage interest as at 31 December 2019 or date of appointment if later
Directors				
Executive Director				
Jim Durkin	4,985,831	8.79%	4,985,831	8.79%
Julian Morse (1) (2)	1,371,703	2.42%	1,371,703	2.42%
Non-executive Directors				
Lisa Gordon (3)	-	-	-	-
Andrew Boorman	88,152	0.16%	68,152	0.12%
Jeremy Miller	40,000	0.07%	20,000	0.04%

1. This includes interests in shares held in the Company's share schemes.
2. Appointed as an Executive Director on 13 May 2020.
3. Appointed as Non-executive Chairman on 25 June 2020.

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 2020 are set out on pages 41 to 42 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 2020.

Holder	Number held at 31 December 2020	Percentage interest at 31 December 2020
Canaccord Genuity Group Inc	5,372,862	9.47%
Andrew Stewart	5,104,662	9.00%
Nick Wells	2,217,801	3.92%

Purchase of own shares

The Company has 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 2020, the EBTs purchased an aggregate of 3,889,889 (2019: 2,297,246) ordinary shares in the Company. The number of shares purchased represents 6.86% of the Company's issued share capital as at 31 December 2020 (2019: 4.05%) for an aggregate consideration of £1.96m (2019: £1.28m).

No shares were repurchased by the Company for Treasury (2019: nil).

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, and the use of employee share plans.

Political donations

During the year, the Company made no political donations (2019: £nil).

Energy and carbon emissions

This is the Company's first year reporting on carbon emissions under UK Streamline Energy & Carbon Reporting Regulations (SECR). The Company's business is predominantly conducted from our offices in London and Edinburgh and as an office-based business our activities are generally not regarded as having a high environmental impact. The Company's total carbon emissions for the year have been determined by multiplying the Company's total consumption of electricity for the year together with a relevant conversion factor for Scope 2 electricity.

Energy use and emissions

	Energy KWh	Factor per unit kgCO2e/kWh*	Emissions teCO2e	Percent
Energy and emissions				
London Office (Scope 2 output)	148,510	0.23314	34.624	91.5%
Edinburgh Office (Scope 2 output)	13,735	0.23314	3.202	8.5%
Total	**162,245**		**37.826**	**100.0%**

Intensity ratio: emissions per FTE	
Business metric:	91
Intensity ratio units	kgCO2e/FTE
Intensity ratio value	0.416

** BEIS June 2020 Conversion factor*

Intensity ratio

The emissions intensity ratio is based on the average number of full-time equivalents ("FTE") over the year. We consider the FTE as the most relevant business metric for the purposes of ongoing intensity ratio reporting.

Energy efficient initiatives that have been undertaken

The Company is working to identify and focus on initiatives where it can make positive difference and some of the existing sustainability initiatives include:

- Ongoing replacement and updating of energy inefficient IT hardware.
- Encouragement and assistance is given to staff to cycle to work.
- Increased use of video conferencing.
- Flexible and remote working initiatives to reduce the need for staff to commute.

Beyond reducing our carbon emissions, a number of other initiatives have been put in place over the last two years to further minimise our environmental impacts, including the reduction of single use plastic, water saving devices, and recycling and waste management initiatives.

Further details concerning the Company's progress in reducing its impact on the environment can be found on pages 21 to 24 of the 2020 ESG Progress Report.

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 December 2022. These forecasts were then stress tested to reflect possible adverse effects which could arise including problems with the supply and rollout of the vaccination program or a failure of Government action to stimulate the economy leading to a prolonged recession, 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.

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 undertook a tender process for its 31 December 2020 year end audit. The incumbent firm at the time Ernst & Young LLP were unsuccessful and agreed to resign on the conclusion of the tender process. BDO LLP were appointed by the Board to fill the vacancy created by the incumbent auditor's resignation.

In accordance with Section 519 (3B) of the Companies Act 2006, Ernst & Young LLP confirmed that there were no reasons and no matters connected with their ceasing to hold office that should be brought to the attention of the members or creditors of the Company.

BDO LLP has expressed its willingness to continue in office as auditor and a resolution to appoint BDO LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Board continues to monitor the 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 12 May 2021 at 9.30am.

At the date of going to print of this report, the UK Government's current guidance on restricting social gatherings of more than six people indoors remains 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 89 to 94.

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 19 March 2021 and signed on its behalf by:

Stephen Doherty,
Company Secretary
19 March 2021

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cenkos Securities plc (the 'Company') for the year ended 31 December 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and international accounting standards in conformity 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We have discussed, evaluated and challenged the Directors' assessment of the Company's ability to continue as a going concern;
- We have reviewed management's trading and cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements;
- We have substantiated key inputs into forecasts used;
- We have considered the accuracy of the Directors' ability to forecast accurately by considering the actual performance compared to previous forecasting;
- We have challenged management's assessment and stress test analysis, including reverse stress testing, to determine the risk posted to the Company in respect of going concern;
- We have critically assessed the assumptions used by management in making their assessment and have considered whether the events or conditions that impact going concern give rise to management bias; and
- We have reviewed the Company's disclosures surrounding going concern throughout the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	■ Revenue recognition over retainer fees and placing fees. ■ Valuation of material options and warrants classified as Level 3 in the fair value hierarchy.
Materiality	■ Financial statements as a whole - £318k based on 1% of revenue.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter	Key observations
Revenue recognition over retainer fees and placing fees (notes 1 and 3)		
Revenue is a key area for the users as it is a strong indicator of performance. Retainer fees (included within 'Nomad Broking and Research' revenue stream) and placing fees (included within the 'Corporate Finance' revenue stream) are recognised in the income statement when under the terms of the contract the performance obligations have been met such that the Company is entitled to the fees specified. We have determined that there is a specific risk that this revenue is not recognised in the correct period, particularly for significant deals that are completed around the reporting date. There is also a risk that fees recognised are not appropriately supported by signed engagement letters.	We responded to this matter by performing tests of detail which involves substantive testing as set out below. Our audit testing included, but was not restricted to: ■ We reviewed the accounting policies for all streams and assessed their suitability in accordance with IFRS 15. **Placing fees** ■ We obtained a list of placing fees prepared by management and agreed this to the trial balance at as 31 December 2020. We agreed a sample of clients' fees to engagement letters, invoices and bank receipt. We ensured that engagement letters were appropriately signed by all required parties; ■ We agreed the date of placing fees revenue recognised to gain comfort over the point in time of revenue recognition by agreeing to correspondence or external announcements of the completion of deals. ■ We reviewed cut off at the year end by obtaining the listing of fees in January 2021 and selecting a sample of clients to agree back to the source documentation to gain comfort over the cut off of revenue. We have applied this approach to the end of the period for a sample of items, to check that there is no revenue recognised in the year which should be recognised post year end. ■ Where there are amendments to fees since the date of the signed engagement letter, we have obtained alternative evidence to support fee rates, including an updated engagement letter and email correspondence with clients. **Retainer fees** ■ We have agreed a sample of client's fees to engagement letters, invoices and bank receipt. We ensured that engagement letters were appropriately signed by all required parties. ■ We have performed a recalculation of fees recognised on a straight line basis, based on client engagement letters and invoices, to gain assurance over the revenue recognised in the period and any associated accrued and deferred income. ■ Where there are amendments to fees since the date of the signed engagement letter, we have obtained alternative evidence to support fee rates, including an updated engagement letter and email correspondence with clients.	Based on our procedures performed, we did not identify any matters which would indicate that revenue is not materially recognised in accordance with the requirements of applicable accounting standards.

Key audit matters	How the scope of our audit addressed the key audit matter	Key observations
Valuation of options and warrants (notes 1 and 17)		
We consider the valuation of the options and warrants to be an area of high judgement. Financial instruments, including options and warrants, are received by the Company in lieu of fees. The financial instrument valuations are provided by management's expert who use the Monte Carlo simulation, based on information and assumptions provided by management. There is a potential risk of misstatement in the financial instruments valuations. Valuation of Level 3 financial instruments are based on unobservable inputs and so are subject to estimation uncertainty.	Our audit testing included, but was not restricted to: ■ We reviewed the valuation reports prepared by management's experts and agreed these to the trial balance as at 31 December 2020. ■ We engaged with internal valuations experts, who reviewed the methodology used by management's expert to check the appropriateness of the valuation techniques and assumptions. We agreed key inputs, such as volatility, to third party evidence, such as warrant instrument documentation, where applicable. ■ We ensured that the valuation methodology applied is in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines.	Based on our procedures performed, we did not identify any matters which would indicate that the options and warrants are not materially recognised in accordance with the requirements of applicable accounting standards.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2020 £000's
Materiality	■ 318
Basis for determining materiality	■ 1% of revenue
Rationale for the benchmark applied	■ We believe that users of the financial statements would typically focus on an 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	■ 206
Basis for determining performance materiality	■ 65% of materiality We believe this basis for determining performance materiality is appropriate, as this is the first year of audit by BDO.

Reporting threshold

We agreed with the Audit Risk and Compliance Committee that we would report to them all individual audit differences in excess of £6,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. 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.
Matters on which we are required to report by exception	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 by the Company; or ■ the Company financial statements and the part of the Directors' remuneration report to be audited 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 Directors

As explained more fully in the statement of Directors' responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the accounting standards and the Financial Conduct Authority's regulations.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;

- enquiries of management; and
- review of minutes of board meetings throughout the period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
19 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financials

Income statement

For the year ended 31 December 2020

	Note	2020 £ 000's	2019 £ 000's
Continuing operations			
Revenue	3	31,913	25,916
Administrative expenses		(29,514)	(25,801)
Operating profit		2,399	115
Investment income - interest income	4	30	106
Finance costs - interest on lease liability	5	(176)	(76)
Profit before tax from continuing operations for the year	7	2,253	145
Tax	8	(449)	(101)
Profit after tax for the year		1,804	44
Attributable to:			
Equity holders of Cenkos Securities plc		1,804	44
			Restated*
Basic earnings per share	10	3.7p	0.1p
Diluted earnings per share	10	3.3p	0.1p

The notes on pages 62 to 88 form an integral part of these financial statements.
* Restated as explained in note 10.

Statement of comprehensive income

For the year ended 31 December 2020

	2020 £ 000's	2019 £ 000's
Profit for the year	1,804	44
Amounts that will not be recycled to income statement in future periods		
Loss on FVOCI financial asset	(35)	(46)
Tax on FVOCI financial asset	6	9
Other comprehensive losses	(29)	(37)
Total comprehensive income for the year	1,775	7
Attributable to:		
Equity holders of Cenkos Securities plc	1,775	7

The notes on pages 62 to 88 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2020

	Notes	2020 £ 000's	2019 £ 000's
Non-current assets			
Property, plant and equipment	11	382	517
Right-of-use assets	12	4,059	4,540
Intangible assets	13	33	67
Deferred tax asset	20	727	486
Investments in subsidiary undertakings	14	1	1
		5,202	5,611
Current assets			
Trade and other receivables	15	12,993	13,455
FVOCI financial assets	16	-	60
Other current financial assets	17	5,312	8,973
Cash and cash equivalents	18	32,735	18,333
		51,040	40,821
Total assets		56,242	46,432
Current liabilities			
Trade and other payables	19	(24,520)	(14,715)
Other current financial liabilities	17	(1,011)	(1,840)
		(25,531)	(16,555)
Net current assets		25,509	24,266
Non-current liabilities			
Trade and other payables	19	(5,086)	(5,219)
Total liabilities		(30,617)	(21,774)
Net assets		25,625	24,658
Equity			
Share capital	21	567	567
Share premium		3,331	3,331
Capital redemption reserve	21	195	195
Own shares	22	(6,607)	(5,436)
FVOCI reserve		(170)	(141)
Retained earnings		28,309	26,142
Total equity		25,625	24,658

The notes on pages 62 to 88 form an integral part of these financial statements.
The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2021.
They were signed on its behalf by:

Jim Durkin
Chief Executive Officer
19 March 2021
Registered Number: 05210733

Cash flow statement

For the year ended 31 December 2020

	Notes	2020 £ 000's	2019 £ 000's
Profit for the year		1,804	44
Adjustments for:			
Investment income - interest income		(30)	(106)
Finance costs - interest on lease liability		176	76
Tax expense	8	449	101
Depreciation of property, plant and equipment, ROU assets and intangible asset		691	899
Fair value adjustment to contingent consideration		-	40
Shares and options received in lieu of fees		(11)	(3,987)
Share-based payment expense		2,395	1,115
Operating cash inflow / (outflow) before movements in working capital		5,474	(1,818)
Decrease in net trading investments and FVOCI financial assets		2,867	3,598
Decrease in trade and other receivables		468	5,212
Increase / (decrease) in trade and other payables		8,301	(17,861)
Net cash inflow / (outflow) from operating activities before interest and tax paid		17,110	(10,869)
Tax paid		(99)	(351)
Net cash inflow / (outflow) from operating activities		17,011	(11,220)
Investing activities			
Interest received		24	90
Purchase of property, plant and equipment	11	(41)	(197)
Acquisition of client list		-	(140)
Net cash outflow from investing activities		(17)	(247)
Financing activities			
Landlord incentive received as part of lease arrangement		500	500
Rent paid under lease arrangement		(117)	(613)
Dividends paid	9	(1,027)	(2,485)
Proceeds from sale of shares to employees on dividend reinvestment		12	40
Acquisition of own shares		(1,960)	(1,277)
Net cash used in financing activities		(2,592)	(3,835)
Net increase / (decrease) in cash and cash equivalents		14,402	(15,302)
Cash and cash equivalents at beginning of year		18,333	33,635
Cash and cash equivalents at end of year		32,735	18,333

The notes on pages 62 to 88 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2020

	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 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
Balance at 1 January 2020	567	3,331	195	(5,436)	(141)	26,142	24,658
Profit for the year	-	-	-	-	-	1,804	1,804
Loss on FVOCI financial assets net of tax	-	-	-	-	(29)	-	(29)
Total comprehensive income for the year	-	-	-	-	(29)	1,804	1,775
Issue of shares to employees on dividend reinvestment	-	-	-	13	-	-	13
Transfer of shares from share plans to employees (note 22)	-	-	-	776	-	(776)	-
Acquisition of own shares held in treasury	-	-	-	(1,960)	-	-	(1,960)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	2,166	2,166
Dividends paid (note 9)	-	-	-	-	-	(1,027)	(1,027)
At 31 December 2020	567	3,331	195	(6,607)	(170)	28,309	25,625

The notes on pages 62 to 88 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 accounting standards in conformity with the requirements of the Companies Act 2006, with the prior period being presented 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. As the Company has no material subsidiaries, the financial statements presented are for the Company only.

Adoption of new and revised standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective from 1 January 2020, none of which have a material impact on these financial statements.

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 1 to 21. 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.

The global pandemic of COVID-19, which the World Health Organisation declared as a Public Health Emergency of International Concern in March 2020 has had a significant impact on the global economy and the health of financial markets. Unprecedented global lockdowns to stem the spread of the virus has materially impacted financial stability with production and manufacturing together with many other industries halting activity. The UK commenced its vaccination programme on 4 December 2020 with a commitment that by 15 February 2021 a first vaccine dose will have been offered to everyone in the top four priority groups identified by the Joint Committee on Vaccination and Immunisation. The most recent data published by the UK Government suggests that this target has been achieved and together with the other metrics indicate the UK is now past the peak of the second wave of the virus. However, we would note that there is still a long way to go before any 'normality' resumes and possibly longer still before the economy is able to start its recovery in earnest. Accordingly, the principal risks to which the Company is exposed are set out on pages 14 to 17 against the backdrop of the current economic climate as a result of COVID-19 and Brexit.

The second half of 2020 saw an increase in activity as companies looked to the equity markets for fast access to capital. There is, however, a degree of uncertainty as to whether this will continue depending on the success of Government policy to restart the economy and navigating a route out of lockdown. Since the end of the year, Cenkos has been appointed by several new clients and has completed a number of placing transactions. The on-going success of the vaccination programme and a post-lockdown stimulation package could see this period of increased market activity continue. Alternatively, problems with the supply and rollout of the vaccines or a failure of Government action to stimulate the economy could lead to a prolonged recession. In turn this would likely have a negative impact on the health of the financial markets and investor sentiment leading which for Cenkos would result in a reduction in fees generated from placing and corporate finance and a decline in fair values of listed equities, options and warrants. Management continues to monitor the impact of the COVID-19 pandemic on the Company, the financial markets and Government policy.

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.

Cenkos Securities Employee Benefit Trust ('EBT')

The Cenkos Securities Employee Benefit Trust ('EBT'), the Deferred Bonus Scheme EBT and the Share Incentive Plan ('SIP') are included in the Company only numbers and treated as an extension of the Company rather than as a separate subsidiary company. The Company has no 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.

Intangible asset

Intangible assets relate to the acquisition of a client list, which was 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.

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

Trade and other receivables 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.

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
All leases are accounted for by recognising a right-of-use asset and a lease liability except for Leases of low value assets and leases with a duration of 12 months or less.

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 on share-based payments is recognised in the income statement up to the level of the income statement charge with any excess DTA above this being credited directly to 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

All revenue streams apart from Execution – net trading gains, are recognised in accordance with IFRS 15, to the extent that the fair value of the consideration received or receivable is expected to flow to the Company. It represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Where consideration includes financial instruments or other non-cash items, revenue is measured at fair value using an appropriate valuation method.

Corporate Finance

Revenue under this caption comprises commission earned on primary and secondary capital raising and fees earned in relation to corporate advisory services, 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. For instance Commission earned on primary and secondary fund raisings are recognised on the later of the trade date and the date of the client's EGM to approve the transaction.

Nomad Broking and Research

Revenue under this caption comprises:

- Retainer fees from clients for ongoing advice and research services are taken to the income statement over the period of time on a straight-line basis when, under the terms of the contract, the conditions have been met such that Cenkos is entitled to the fees specified.
- Commission earned from trading shares on an agency basis, which is recognised at the point in time when receivable in accordance with the date of the underlying transaction.

Execution – net trading gains

Revenue under this caption comprises:

- Net trading gains, both realised and unrealised, on financial assets and financial liabilities, arrived at after taking into account attributable dividends and directly related interest are taken to income on a trade date basis.
- Dividend income from investments which is recognised when the shareholder's right to receive payment has been established.
- Fair value gains and losses on 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 income under this caption.

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. Significant 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. 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. Further details of the Company's share-based payment schemes are provided in note 23.

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. Further details of the Company's derivative financial assets are provided in note 24.

c) Revenue recognition under the Corporate Finance 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 later of the trade date and the date of the client's EGM to approve the transaction 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 2020, two clients each contributed more than 10% of Cenkos' total revenue. One contributed £4.2m and the other £4.0m. (2019: no one client contributed more than 10% of Cenkos' total revenue).

Revenue streams	2020 £ 000's	2019 £ 000's
Corporate finance	22,250	17,364
Nomad, broking and research	6,175	6,582
Total fee and commission income	28,425	23,946
Execution - net trading gains	3,488	1,970
	31,913	25,916
Total fee and commission income may be further disaggregated as follows:		
Services transferred at a point in time	23,558	18,416
Services transferred over a period of time	4,867	5,530
	28,425	23,946

All of Cenkos's contracts are either for the provision of services within the next 12 months or where revenue is recognised on the satisfaction of a performance obligation for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

	Contract Assets		Contract Liabilities	
Contract balances	**2020 £ 000's**	**2019 £ 000's**	**2020 £ 000's**	**2019 £ 000's**
1 January	316	414	(427)	(343)
Transfer to trade and other receivables	(316)	(414)	-	-
Recognised as revenue during the year	178	316	427	343
Cash received in advance not recognised as revenue during the year	-	-	(549)	(427)
31 December	178	316	(549)	(427)

Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They relate to accrued and deferred client retainer fee income for ongoing advice and research services which under the terms of the contract, are billed either annually, half-yearly or quarterly in advance or in arrears. These fees are recognised in the Income statement over the period of time to which they relate, once the conditions have been met such that Cenkos is entitled to the fees specified which may not necessarily equal the cumulative payments received from clients at each balance sheet date.

4. Investment income - interest receivable

	2020 £ 000's	2019 £ 000's
Interest income generated from:		
Cash and cash equivalents	16	93
Trade and other receivables	14	13
	30	106

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

	2020 £ 000's	2019 £ 000's
Interest on lease liability	176	76
	176	76

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

6. Staff costs

	2020 £ 000's	2019 £ 000's
Staff costs comprise:		
Wages and salaries	16,977	12,487
Social security costs	2,525	2,077
Compensation for loss of office	597	670
Defined contribution pension	102	126
IFRS 2 share-based payments	2,166	777
Cash-settled deferred bonus payments relating to the current year	229	337
	22,596	16,474

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 3% of relevant earnings (2019: 2% of relevant earnings up to the end of March 2019 and 3% thereafter).

Cenkos has a Deferred Bonus Scheme for Executive Directors, senior managers and high earning employees. As a result, £2.19m (2019: £0.3m) of staff costs have been removed from the current income statement and deferred to future years. See note 23 for further details.

	2020	2019
The average number of employees (including executive Directors) was:		
Corporate finance	20	25
Corporate broking	34	43
Support services	37	43
	91	111

	2020 £ 000's	2019 £ 000's
The total emoluments of the highest paid Director serving during the year were:	685	311

Details of the remuneration of key management personnel are set out in note 25. Details of the Directors' remuneration is set out in the Remuneration Committee Report on pages 37 to 42.

7. Profit for the year

Profit for the year has been arrived at after charging / (crediting)	2020 £ 000's	2019 £ 000's
Operating lease rentals	3	8
Depreciation of right-to-use asset	481	628
Auditors’ remuneration (refer to analysis below)	270	454
Depreciation of property, plant and equipment	176	238
Staff costs (see note 6)	22,596	16,474
Net trading gains from financial assets at FVTPL on trading book	(3,210)	(2,530)
Exchange differences recognised in profit or loss	(40)	(47)
(Increase) / decrease in fair value of share options and warrants at FVTPL	(553)	571
Reversal of provision for impairment	-	(216)

The movement in administrative expenses is further discussed on page 13 in the Review of Performance.

The analysis of auditor's remuneration is as follows:	2020 £ 000's	2019 £ 000's
Audit of financial statements	225	317
Fees payable to the auditor and their associates for the audit of the annual accounts	225	317
Other assurance services	42	137
Other non-audit advisory services, including taxation	3	-
Total fees payable to the auditor and their associates	270	454

Other assurance services include the fee for the review of the Interim Financial Information and CASS limited assurance report.

A description of the work of the ARCC is set out on pages 43 to 46 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 13 of the Review of Performance) and comprises:

	2020 £ 000's	2019 £ 000's
Current tax		
United Kingdom corporation tax at 19.00% (2019 - 19.00%) based on the profit for the year	671	67
Adjustment in respect of prior period		
United Kingdom corporation tax at 19.00% (2019: 19.00%)	19	-
Total current tax	690	67
Deferred tax		
Charge on account of temporary differences	(223)	34
Deferred tax prior year adjustment	(18)	-
Total deferred tax (refer to note 20)	(241)	34
Total tax on profit on ordinary activities from continuing operations	449	101

A reconciliation of the tax expense for 2020 and 2019, and the accounting profit multiplied by the standard rate of UK corporation tax of 19.00% (2019: 19.00%), is set out below:

	2020 £ 000's	2019 £ 000's
Profit before tax from continuing operations	2,253	145
Tax on profit on ordinary activities at the UK corporation tax rate of 19% (2019: 19%)	428	28
Tax effect of:		
Non-deductible expenses for tax purposes	35	36
Fair value movements in relation to the DTA on share-based payments	45	1
Deferred tax rate change adjustment	(59)	36
Adjustment in respect of prior year deferred tax	(18)	-
Adjustment in respect of prior year current tax	18	-
Tax expense for the year	449	101

The effective tax rate for the Company during the year is 20% (2019: 70%).

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:

	2020 £ 000's	2019 £ 000's
Other Comprehensive Income (OCI)		
Current tax credit arising on FVOCI financial asset	(6)	(11)
Statement of Changes in Equity (SOCIE)		
Current tax credit arising on FVTPL financial asset	-	(3)

9. Dividends

Amounts recognised as distributions to equity holders in the year:

	2020 £ 000's	2019 £ 000's
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2019 of 1.0p (2018: 2.5p) per share	515	1,398
Interim dividend for the period to 30 June 2020 of 1.0p (2019: 2.0p) per share	512	1,087
	1,027	2,485

A final dividend of 2.5p per share has been proposed for the year ended 31 December 2020 (2019: 1.0p). The proposed final dividend is subject to approval at the Annual General Meeting and is not recognised as a liability as at 31 December 2020.

10. Earnings per share

	2020	Restated 2019
From continuing operations		
Basic earnings per share	3.7p	0.1p
Diluted earnings per share	3.3p	0.1p

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

	2020 £ 000's	Restated 2019 £ 000's
Earnings from continuing operations		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders	1,804	44

	2020 No.	2019 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	49,181,282	51,157,915
Effect of dilutive potential ordinary shares	5,303,193	3,863,279
Weighted average number of ordinary shares for the purpose of diluted earnings per share	54,484,475	55,021,194

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.

Prior year comparatives have been restated to conform with current interpretation of IAS 33 such that there is no adjustment for dividends on shares held in SIP & DBS in arriving at Earnings for the purpose of basic earnings per share.

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 2018	1,692	320	1,924	3,936
Additions	126	-	71	197
At 31 December 2019	1,818	320	1,995	4,133
Additions	-	-	41	41
At 31 December 2020	1,818	320	2,036	4,174
Accumulated depreciation				
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)
Charge for the year	(55)	(23)	(98)	(176)
At 31 December 2020	(1,546)	(308)	(1,938)	(3,792)
Net book value				
At 31 December 2020	272	12	98	382
At 31 December 2019	327	35	155	517
At 1 January 2019	253	77	228	558

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
At 31 December 2020	13	130	5,025	5,168
Depreciation of right-to-use assets				
At 31 December 2018	-	-	-	-
Depreciation of right-to-use asset	(13)	(40)	(575)	(628)
At 31 December 2019	(13)	(40)	(575)	(628)
Depreciation of right-to-use asset	-	(40)	(441)	(481)
At 31 December 2020	(13)	(80)	(1,016)	(1,109)
Net book value				
At 31 December 2020	-	50	4,009	4,059
At 31 December 2019	-	90	4,450	4,540

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 lease commencement, IFRS16 date of initial application and 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. The Edinburgh office lease expires on 18 March 2022 and the rent is fixed up until that point. New leases over the London offices were signed on 8 August 2019 for a term of 10 years out to 31 January 2030, with a tenants break option on 1 February 2025. The rent is fixed up to 1 February 2025. The Company has taken advantage of the low value asset exemption with respect to the lease of car parking spaces at the Edinburgh Offices. Having reviewed the impact of COVID-19 on the business, the Directors do not consider there to have been an impairment of the right-to-use assets at 31 December 2020. Further details relating to the lease liability can be found in note 19.

13. Intangible asset

	Total £ 000's
At 31 December 2018	100
Additions	-
At 31 December 2019	100
Additions	-
At 31 December 2020	100
Amortisation	
At 31 December 2018	-
Amortisation	(33)
At 31 December 2019	(33)
Amortisation	(34)
At 31 December 2020	(67)
Net book value	
At 31 December 2020	33
At 31 December 2019	67

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	
	2020 £ 000's	2019 £ 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 are registered in England. The registered address for all subsidiaries is 6.7.8. Tokenhouse Yard, London EC2R 7AS. 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.

15. Trade and other receivables

	2020 £ 000's	2019 £ 000's
Current assets		
Financial assets		
Market and client receivables	11,478	11,225
Accrued income	196	279
Contract assets	178	316
Other receivables	639	598
	12,491	12,418
Non-financial assets		
Corporation tax receivable	-	98
Prepayments and other assets	502	939
	12,993	13,455

As at 31 December, the ageing analysis of financial assets is, as follows:

	Total £ 000's	Not past due £ 000's	Days past due < 30 days £ 000's	30-60 days £ 000's	61-90 days £ 000's	> 91 days £ 000's
31 December 2020	12,491	10,809	1,281	236	112	53
31 December 2019	12,418	9,760	1,573	729	56	300

The average credit period taken is 19 days (2019: 29 days). The Company has recognised expected credit losses amounting to £nil (2019: -£0.2m) in accordance with the requirements of IFRS 9. The amount charged/(credited) to the income statement for impairment is £nil (2019: -£0.2m).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Having reviewed the impact of COVID-19 on the business, the Directors have not changed their assessment of credit risk and consequently their credit risk policy or approach.

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 Nomad broking and research 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 future expected 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

	2020 £ 000's	2019 £ 000's
Current assets		
Opening balance (at fair value)	60	220
Acquired during the year	-	350
Disposal of unlisted securities	(25)	(464)
Fair value loss through OCI	(35)	(46)
Closing balance (at fair value)	-	60

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.

17. Other current financial assets and liabilities

	2020 £ 000's	2019 £ 000's
Financial assets at FVTPL		
Trading investments carried at fair value	4,305	8,406
Derivative financial assets - share options and warrants	1,007	567
	5,312	8,973
Financial liabilities at FVTPL		
Contractual obligation to acquire securities	(1,011)	(1,840)

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 net trading gains. The fair values of these securities are based on quoted market prices. Net trading gains from the financial assets and liabilities at FVTPL relate to market making activities and are included under Execution - Net Trading Gains 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	2020 £ 000's	2019 £ 000's
Financial assets at FVTPL	3,661	3,675
Financial liabilities at FVTPL	(829)	(4,178)
FVOCI investments, net of tax	24	114
Shares and options received in lieu of fees	11	3,987
	2,867	3,598

18. Cash and cash equivalents

	2020 £ 000's	2019 £ 000's
Cash and cash equivalents	32,735	18,333

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

	2020 £ 000's	2019 £ 000's
Current liabilities		
Financial liabilities		
Trade creditors	9,404	7,426
Lease liabilities	584	42
Cash-settled deferred bonus scheme	145	283
Accruals	12,962	6,041
Other creditors	391	496
	23,486	14,288
Non-financial liabilities		
Contract liabilities	549	427
Corporation tax payable	485	-
	1,034	427
	24,520	14,715
Non-current liabilities		
Financial liabilities		
Lease liabilities	4,927	4,910
Cash-settled deferred bonus scheme	159	309
	5,086	5,219

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 renewal	-	-	4,309	4,309
Accretion of interest	-	4	72	76
Rent prepaid and paid during the year net of Landlord incentives	(9)	(42)	(62)	(113)
At 31 December 2019	-	81	4,871	4,952
Accretion of interest	-	2	174	176
Rent prepaid and paid during the year	-	(42)	426	384
At 31 December 2020	-	41	5,471	5,512
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
Within one year	-	41	712	753
In the second to fifth years inclusive	-	-	2,849	2,849
After five years	-	-	2,745	2,745
At 31 December 2020	-	41	6,306	6,347
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
Charge for the year ended 31 December 2019	13	44	647	704
Depreciation expense on right-of-use assets	-	40	441	481
Interest expense on lease liabilities	-	2	174	176
Charge for the year ended 31 December 2020	-	42	615	657

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 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. For further details of the leases see note 12.

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.

	Temporary differences			
Deferred tax assets	Bonus payments £ 000's	Property, plant & equipment £ 000's	Share-based payments £ 000's	Total £ 000's
At 31 December 2018	616	25	(121)	520
Origination and reversal of temporary differences credit / (expense)	(61)	(37)	64	(34)
At 31 December 2019	555	(12)	(57)	486
Origination and reversal of temporary differences expense	201	1	21	223
Deferred tax prior year adjustment	-	18	-	18
At 31 December 2020	756	7	(36)	727

The standard corporation tax in the UK was 19% throughout the reporting period. As announced in the Budget 2020, the corporation tax rate for the fiscal years 2020 and 2021 will remain at 19%. This rate has been substantially enacted from 17 March 2020 and is reflected in the valuation of the deferred tax balances.

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 £57,430 at 19%).

21. Share capital and capital redemption reserve

	2020 £ 000's	2019 £ 000's
Authorised:		
179,185,700 (2019 - 179,185,700) ordinary shares of 1p each	1,792	1,792
20,814,300 (2019 - 20,814,300) B shares of 1p each	208	208
	2,000	2,000
Allotted:		
56,694,783 (2019: 56,694,783) ordinary shares of 1p each fully paid	567	567

1 January 2019 to 31 December 2019

There were no shares issued or cancelled during the year.

1 January 2020 to 31 December 2020

There were no shares issued or cancelled during the year.

Capital redemption reserve	2020 Number	2019 Number	2020 £ 000's	2019 £ 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 Short-Term Incentive Plan ('STIP'), 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 EBT is treated as an extension of the Company and therefore the shares held by the EBT are included under own shares in equity.

	2020		2019	
Shares held by the EBT	**Number of shares**	**Cost £ 000's**	**Number of shares**	**Cost £ 000's**
At 1 January	2,334,463	1,312	777,474	710
Acquired during the year	3,889,889	1,960	2,297,246	1,277
Transferred from Treasury during the year	-	-	1,384,748	942
Transferred to the SIP				
Free shares	-	-	-	-
Matching shares	-	-	-	-
Dividend re-investment	-	-	-	-
Transferred to the deferred bonus scheme and STIP EBT	(3,200,000)	(1,797)	(2,125,005)	(1,617)
At 31 December	3,024,352	1,475	2,334,463	1,312
Shares held in the deferred bonus scheme EBT				
At 1 January	3,346,584	2,958	2,037,632	2,085
Transferred in from the EBT	-	-	2,125,005	1,617
Vesting shares transferred to employees	(1,210,602)	(679)	(816,053)	(744)
At 31 December	2,135,982	2,279	3,346,584	2,958
Shares held in the STIP				
At 1 January	-	-	-	-
Transferred in from the EBT	3,200,000	1,797	-	-
At 31 December	3,200,000	1,797	-	-
Free and matching shares held by the SIP				
At 1 January	1,116,437	1,166	1,357,527	1,386
Transferred in from the EBT				
Free shares	-	-	-	-
Matching shares	-	-	-	-
Shares transferred to employees	(196,426)	(110)	**(241,090)**	(220)
At 31 December	920,011	1,056	1,116,437	1,166
Shares held in Treasury				
At 1 January	-	-	1,384,748	1,482
Acquired during the year	-	-	-	-
Transferred to EBT during the year	-	-	(1,384,748)	(942)
Loss on shares transferred to EBT recognised in equity	-	-	-	(540)
At 31 December	-	-	-	-
At 31 December: Total own shares	9,280,345	6,607	6,797,484	5,436

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 in November 2019. 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 CAP and SAYE share options outstanding during the year are as follows.

	2020		2019	
	Number of shares options	Weighted average exercise price (in £)	Number of shares options	Weighted average exercise price (in £)
Outstanding at beginning of year	319,694	0.85	9,415,742	1.20
Lapsed during the year	(280,883)	0.85	(9,096,048)	1.22
Issued during the year	1,011,684	0.40	-	-
Outstanding and exercisable at the end of the year	1,050,495	0.42	319,694	0.85

	Date of Grant	Vesting date	Date of Expiry	Remaining contractual life, months	2020 Number of shares options	2019 Number of shares options
Options exercisable at £0.853 per share	May-18	Jun-21	Nov-21	11	38,811	319,694
Options exercisable at £0.4027 per share	Nov-20	Jan-24	Jun-24	42	1,011,684	-
Options in issue at the end of 31 December					1,050,495	319,694

The options outstanding at 31 December 2020 have a weighted average remaining contractual life of 3.4 years (2019: 2.0 years). At the date of grant, the options had an aggregate estimated fair value of £152,081 (2019: £69,374).

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:

		2020 Number of shares	2019 Number of shares
At 1 January		1,531,588	1,815,831
Contributions during the year	Partnership shares	-	-
	Matching shares	-	-
	Free shares	-	-
	Dividend shares	24,486	71,686
Free and matching shares transferred to employees		(196,426)	(241,090)
Partnership and dividend shares transferred to employees		(91,042)	(114,839)
At 31 December		1,268,606	1,531,588
At 31 December			
SIP shares allocated to individuals		1,040,060	1,301,562
Forfeited shares held by SIP		228,546	230,026
		1,268,606	1,531,588

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 2020, at the date of grant, where the deferral was held in Cenkos ordinary shares in an EBT, the fair value of the deferral is charged to the Income Statement as a staff cost over the service period with the recognition of a corresponding credit to reserves. Where the deferral was held in cash, the fair value of the deferral is charged to the Income Statement as a staff cost over the service period with the recognition of a corresponding credit as a liability.

Under the Scheme, £2.19m of 2020 bonus was deferred (2019: £0.44m), in aggregate £2.62m (2019: £1.78m) will be charged to the P&L in future years over the life of the scheme.

	2020			
	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
2016, 2018 & 2019 Bonus deferral into cash	473	-	220	253
2020 Bonus deferral into cash	-	26	9	17
	473	26	229	270
2016, 2017, 2018 & 2019 Bonus deferral into shares	1,307	-	409	898
2020 Bonus deferral into shares	-	2,162	711	1,451
2015 - 2020 Bonus deferral into shares	1,307	2,162	1,120	2,349
	1,780	2,188	1,349	2,619

	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
	1,770	145	608	1,307
	2,282	443	945	1,780

Shares held in the deferred bonus scheme EBT	2020 Number of shares	2019 Number of shares
At 1 January	3,346,584	2,037,632
Shares acquired during the year to settle prior year scheme awards	-	2,125,005
Vesting shares transferred to employees	(1,210,602)	(816,053)
At 31 December	2,135,982	3,346,584

Short Term Incentive Plan ("STIP")

In April 2020, Cenkos introduced a Short-Term Incentive Plan ('STIP') as a one-off plan to retain and incentivise key members of staff. Under the plan, share awards were made using shares already held in the EBT, which will vest on the first and second anniversaries of grant. The fair value of the deferral is charged to the Income Statement as a staff cost over the service period with the recognition of a corresponding credit to reserves.

Shares held in the STIP	2020 Number of shares	2019 Number of shares
At 1 January	-	-
Shares acquired during the year to settle scheme awards	3,200,000	-
At 31 December	3,200,000	-

During the year, the Company recognised expenses of £2,165,890 (2019: £776,498) related to equity-settled share-based payment transactions. These consist of a credit in respect of the SAYE scheme of £24,206 (2019: expense £7,519), expenses in respect of the SIP schemes of £140,462 (2019: £160,690), the STIP scheme of £929,218 (2019: £nil) and the deferred bonus of scheme of £1,120,416 (2019: £608,289). In addition, the Company recognised expenses of £228,858 (2019: £337,381) 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 as it represents their assessment of significant change in interest rates prompted by economic events.

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 £0.03m (2019: increase/decrease by £0.05m). 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 net 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 2020 would have been £1.08m higher/lower (2019: £1.80m 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 has limited exposure to foreign currency risk arising from short-term positions in market making stocks and cash balances denominated in US Dollars and Euros. The Company has a low appetite for foreign currency risk and manages this risk by establishing individual stock position limits and maintaining sufficient foreign currency only to cover its immediate needs and those of its clients.

Foreign currency risk sensitivity analysis
If foreign exchange rates had been 25% higher/lower, net profit for the year ended 31 December 2020 would have been £0.23m higher/lower (2019: immaterial) due to change in the value of FVTPL held for trading foreign currency denominated investments and cash balances. A 25% movement in currency rates is considered reasonable by senior management as it represents their assessment of significant change in foreign exchange rates prompted by economic events.

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. An allowance for impairment is made where there is an expectation of credit losses over the remaining life of the exposure.

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- (2019: 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 AA- 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. Having reviewed the impact of COVID-19 on the business, the Directors have not changed their assessment of credit risk and consequently their credit risk policy or approach.

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		2020 £ 000's	2019 £ 000's
Derivative financial assets - share options and warrants	Unrated	1,007	567
Market and client receivables	Unrated	9,270	7,704
Market and client receivables	AA	-	-
Market and client receivables	AA-	1,808	3,339
Market and client receivables	A+	154	27
Market and client receivables	A	-	155
Market and client receivables	BBB+	246	-
Accrued income	Unrated	196	279
Contract assets	Unrated	178	316
Other receivables	Unrated	639	598
Cash and cash equivalents	AA-	21,620	-
Cash and cash equivalents	A+	11,115	13,058
Cash and cash equivalents	A	-	5,275
		46,233	31,318

The expected credit losses in relation to the above credit exposures amount to £ nil (2019: £0.07m).

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 2020	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	-	-	-	-	-
Financial assets at FVTPL	NIB	4,305	-	1,007	-	5,312
Trade and other receivables	NIB, FIRI	-	12,491	-	-	12,491
Financial liabilities at FVTPL	NIB	-	(1,011)	-	-	(1,011)
Trade and other payables	NIB	-	(23,486)	(3,008)	(2,745)	(29,239)
Cash at bank	VIRI(0%)	-	32,735	-	-	32,735
		4,305	20,729	(2,001)	(2,745)	20,288

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

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	-	(14,288)	(3,023)	(3,457)	(20,768)
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	14,623	(2,456)	(3,457)	17,116

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:

	2020			
	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
FVOCI financial assets	-	-	-	-
Financial assets at FVTPL:				
Market and client receivables	11,478	-	-	11,478
Derivative financial assets - share options and warrants	-	-	1,007	1,007
Non-derivative financial assets held for trading	4,305	-	-	4,305
	15,783	-	1,007	16,790
Financial liabilities at FVTPL:				
Contractual obligation to acquire securities	1,011	-	-	1,011

	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

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 2020	-	101	60	567	728
Disposal of unlisted securities	-	-	(25)	-	(25)
Change in fair value recognised in Comprehensive income	-	-	(35)	-	(35)
Shares transferred from level 3 following the re-admission of shares to trading	-	(101)	-	-	(101)
Exercise of warrants	-	-	-	(294)	(294)
Unlisted warrants received in lieu of fees	-	-	-	181	181
Fair value gain	-	-	-	553	553
Closing balance 31 December 2020	-	-	-	1,007	1,007

	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

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 £0.33m or a decrease of £0.34m 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 20	Valuation Technique	Unobservable input	Range
Share options and warrants	1,007	Monte Carlo simulation	Volatility	43-76%

25. Related party transactions

Transactions with related parties are made at arm's length. There were no outstanding balances with related parties at the year-end (2019: none). 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:

	2020 £ 000's	2019 £ 000's
Aggregate emoluments	1,556	1,055

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% (2019: 3%) of relevant earnings. During the year ended 31 December 2020, Cenkos paid £833 (2019: £nil) into this scheme in respect of the Directors.

Related party interests in ordinary shares of Cenkos Securities plc	2020 No.	2019 No.
Number of shares	6,548,421	5,137,218
Percentage interest	12%	9%

	No. of shares held subject to forfeiture conditions		No. of shares held	
	2020 No.	2019 No.	2020 No.	2019 No.
Related party interests in SIP	6,594	nil	18,842	nil
Related party interests in STIP	586,000	nil	586,000	nil
Related party interests in DBS	222,808	nil	222,808	nil

Related party interests in share options	Exercise price	Grant date	Earliest exercise date	Latest exercise date	2020 No.	2019 No.
SAYE Scheme	£0.85	14/05/2018	01/06/2021	30/11/2021	-	21,094
SAYE Scheme	£0.40	17/11/2020	01/01/2024	30/06/2024	44,698	nil

26. Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

It is not expected that the amendments listed above, once adopted, will have a material impact on the financial statements.

27. Events after the reporting period

There were no material events to report on that occurred between 31 December 2020 and the date at which the Directors signed the Annual Report.

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 12 May 2021 at 9.30 am (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 2020, 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 2.5p per ordinary share for the year ended 31 December 2020 be declared payable on 17 June 2021 to the holders of ordinary shares registered at the close of business on 14 May 2021.
3. That Andrew Boorman be re-elected as a Director of the Company.
4. That Jeremy Miller be re-elected as a Director of the Company.
5. That Julian Morse be re-elected as a Director of the Company.
6. That Lisa Gordon be elected as a Director of the Company.
7. That BDO LLP be 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 the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company:

   9.1 up to a nominal amount of £188,982.00; and

   9.2 comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £188,982.00 in connection with an offer by way of a rights issue to:

      (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

      (ii) holders of other equity securities as required by the rights of those securities or, subject to such rights as the Directors otherwise consider necessary,

   and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

   The authorities conferred on the Directors to allot securities under paragraphs 9.1 and 9.2 will expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 or, if earlier, at 6.00pm on 12 August 2022 (unless previously renewed, varied or revoked by the Company at a general meeting). The Company may before these authorities expire, make an offer or enter into an agreement which would or might require such securities to be allotted after such expiry and the Directors may allot such securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.
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 where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act , as if section 561 (1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this Resolution shall be limited to:

   10.1 the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under Resolution 9.2 by way of a rights issue only) to (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and (ii) holders of other equity securities as required by the rights of those securities, or subject to such rights as the Directors otherwise consider necessary, in each case subject only to such limits, restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory 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 for cash (otherwise than pursuant to sub-paragraph 10.1 above) up to an aggregate nominal value not exceeding £28,347.00,

and these authorities 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 2022 or, if earlier, at 6.00pm on 12 August 2022, 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
19 March 2021
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 UK Government's guidance in respect of the removal of the lockdown restrictions. 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.

The format 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 required to ensure that the legal requirements to hold the AGM can be satisfied and other shareholders will not be permitted to attend. It is likely that the format of the meeting will be simply to propose and vote on the resolutions set out in the Notice and it will end immediately following the formal business of the AGM.

At the date of printing this Notice, the UK Government's guidance on restricting social gatherings remains in place. If such guidance remains in place on the date of the AGM, then shareholders will be prohibited from attending the AGM. The Board is, therefore, encouraging shareholders to appoint the Chair of the AGM as their proxy (either electronically or by post) with their voting instructions. Appointing the Chair of the AGM as your proxy is the only way to ensure your vote is exercised at the AGM as, depending on the guidance, other proxies may not be granted access to the AGM.

In line with corporate governance best practice, and in order that the proxy votes of shareholders are fully reflected in the voting on the resolutions, the Chair 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 restrictions on social gatherings have been removed, shareholders are reminded that if they still wish to attend the AGM 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. The Board may need to 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, to arrive no later than two 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. Responses will either be made by return email or published on our investors' website at www.Cenkos.com/investors, as deemed appropriate by the Board.

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

Notes in respect of casting proxy votes

- 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.
- 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. However, given the likely restrictions on attendance, shareholders are strongly advised to appoint the Chair of the AGM as their proxy rather than a named person who may not be permitted to attend the meeting.
- 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 10 May 2021 (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 Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL PXS1. Completion of the Form of Proxy will not prevent you from attending and voting in person, should this be permitted under applicable COVID-19 restrictions.
- 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.

- 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, should this be permitted under applicable COVID-19 restrictions.

- 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 10 May 2021 (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.

- 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.

- As at 19 March 2021 (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 19 March 2021 are 56,694,783.

Explanatory notes to the notice of Annual General Meeting

Resolution 1

Company's Annual Report and Accounts 2020 (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 2.5p per ordinary share in respect of the year ended 31 December 2020, which is recommended by the Board, requires the approval of the shareholders at the Annual General Meeting.

Resolution 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, Jeremy Miller and Julian Morse will retire and submit themselves for re-election and Lisa Gordon, who was appointed since the last AGM, will submit herself 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. Biographical details of all our Directors seeking re-election or election can be found on page 29 and 30 of the 2020 Annual Report.

Resolutions 7 and 8

Appointment of auditor and determination of their remuneration (ordinary resolutions)

As was explained in the 2020 Annual Report, the Audit, Risk and Compliance Committee undertook a tender process for the Company's external audit services during 2020. Following that process, the Audit, Risk and Compliance Committee recommended to the Board that BDO LLP be appointed as the Company's Auditor for the financial year ended 31 December 2020.

Resolution 7 proposes the appointment of BDO LLP as the Company's Auditor and Resolution 8 authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the Auditors. In practice, the Audit, Risk and Compliance 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 19 March 2021 (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 2022 or, if earlier, on 12 August 2022. The Directors have no present intention of exercising such authority. The Resolution replaces a similar resolution passed at the Annual General Meeting held in 2020.

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 19 March 2021) 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 treasury shares, fractional entitlements, record dates or other legal, regulatory or practical problems which might arise. In accordance with the Pre-Emption Group's Statement of Principles, the Directors confirm that they do not intend to issue shares for cash representing more than 7.5 per cent. of the Company's issued ordinary share capital in any rolling three-year period without prior consultation with shareholders. The authority will expire at end of the Annual General Meeting of the Company in 2022 or, if earlier, at 6.00pm on 12 August 2022. The Resolution replaces a similar resolution passed at the Annual General Meeting of the Company held in 2020.

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 9.99% of the ordinary shares of 1 penny each in issue as at 19 March 2021. 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 2020. 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 1,050,498 ordinary shares have been granted and are outstanding as at 19 March 2021 (being the latest practicable date prior to publication of this document) representing 1.85% 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 19 March 2021 would represent 2.06% of the ordinary share capital in issue following such exercise.

Information for shareholders

Directors	Lisa Gordon	(Non-executive Chairman)
	Andrew Boorman	(Non-executive Director)
	Jeremy Miller	(Non-executive Director)
	Jim Durkin	(Chief Executive Officer)
	Julian Morse	(Executive Director)
Company Secretary	Stephen Doherty	
Anticipated Financial Calendar	March	Year-end results announced
	May	Annual General Meeting
	June	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	BDO LLP 55 Baker Street London W1U 7EU	
Registrars	Link Asset Services The Registry 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL	
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	

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C005739

Printed by DG3 using Revive 100 Silk which is a white triple coated sheet, manufactured from FSC® Recycled certified fibre derived from 100% pre and post-consumer waste.

Cenkos Securities plc

LONDON
6.7.8 Tokenhouse Yard
London
EC2R 7AS
Telephone: +44 (0)207 397 8900

EDINBURGH
3rd Floor
66 Hanover Street
Edinburgh
EH2 1EL
Telephone: +44 (0)131 220 6939

Email: info@cenkos.com
www.cenkos.com