

Cavendish Financial plc

Report and Accounts for the financial year ended  
31 March 2024

Registered No: 11540126



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## Letter from the Chair

I am delighted to report on a transformational year for Cavendish Financial plc, following the merger\* of Cenkos Securities plc (Cenkos) and finnCap Group plc (finnCap) in September 2023. This strategic merger positions Cavendish at the forefront of UK investment banking in the small and mid-market space, offering comprehensive services across Private and Public M&A, Equity Capital Markets, Debt Advisory and wider services for their owners be they private equity, institutional investors or entrepreneurs. Both firms entered the merger with strong franchises, efficient cost structures and financial foundations, and post-merger I am pleased to report continued success in client acquisition, talent retention and operational excellence.

### **Our Culture**

A successful merger of people businesses is difficult to achieve. However, from the outset, both management teams recognised that the two firms shared a common culture and ambition - the essential bedrock for success. This cultural alignment was underpinned by careful financial and operational planning and execution in the months leading up to completion and since. This has enabled us to report a strong set of financial results in the year we became Cavendish Financial plc and provides the springboard for further growth.

### **Our Financial Performance**

Our financial results are detailed in the following pages. We have achieved a like-for-like annual revenue growth of 8% on a full-year proforma basis\*\*, secured the predicted £7m annualised synergies, strengthened our balance sheet, and gained 13 new corporate clients since September. Our resilience in arguably the most challenging market conditions for 30 years, positions us well to make the most of future market opportunities.

### **Our Philosophy**

Cavendish's philosophy is to be client-centric and service-led. Our reputation hinges on our ability to retain clients by being the most trusted and reliable adviser. Outstanding execution has resulted in dynamic and enduring client relationships, underscoring our ability to add value through both prosperous and challenging times.

### **Our People**

With 190 talented and driven individuals, Cavendish's success is a testament to their dedication during both the merger and challenging market conditions. Their resilience has been remarkable, and I am confident that our collective strength will drive significant achievements in more favourable market conditions.

\* The merger was achieved via the acquisition of Cenkos Securities plc (now called Cavendish Securities plc) by finnCap Group plc (now called Cavendish Financial plc) and the subsequent renaming of the group to Cavendish.

\*\* Including the result of Cavendish Securities plc (formerly Cenkos Securities plc) for the full 12-month period and the comparative 12 months.

## **Our Board**

I extend my gratitude to my Board colleagues for their professionalism throughout the year. Post-merger, Andy Boorman, Andy Hogarth, and Barbara Anne Firth stepped down, along with Robert Lister, who played a pivotal role during the merger. We welcomed Mark Astaire as an independent NED, whose capital markets expertise is already proving invaluable. Richard Snow, our Chief Operating Officer, announced his departure in July. Richard's significant contributions, particularly in integrating the two businesses, have been greatly appreciated, and we wish him well in his future endeavours. Most recently, Annette Andrews has informed me of her decision not to stand for re-election at the next AGM and I would therefore, like to thank her for her contribution as chair of the Remuneration Committee and to the Board as a whole.

## **Our Shareholders**

We are committed to delivering attractive returns to our shareholders. Given the market backdrop and merger-related costs, the Board proposes a modest final dividend of 0.25p, which is expected to be paid after our Annual General Meeting on 16 September. Moving forward, we aim to pay a higher dividend at a consistent level enhancing total shareholder returns, whilst retaining a robust balance sheet.

## **The Future**

We have a clear strategy and roadmap to grow our business and market share across public and private capital markets. We have proven we can grow in suppressed conditions. We have talented people, driven by a shared goal and ambition. We have the resource to invest in business development and the technological mind-set to improve operating effectiveness. We have carried forward the business momentum from the second half of the year into the new financial period.

For all these reasons, I believe we have a very exciting future.

I look forward to seeing what Cavendish can achieve as we embark on the next stage of our journey together.

**Lisa Gordon**

**Chair**

## Chief Executive Officers' statement

The past 12 months have been transformative for our Group. Against a challenging operating and economic environment, we have created a leading full-service investment bank.

At the start of our financial year, we announced our intention to merge finnCap Group plc and Cenkos Securities plc, completed the process in September 2023 and implemented a fast operational integration. We rebranded the Group as Cavendish, giving a new identity which reflects our strength and capability to provide a comprehensive range of investment banking services, supporting our clients throughout their entire growth cycle.

Following the announcement of our merger, we worked hard to ensure the combination was seamless, whilst maintaining high quality client service and transaction execution. Careful planning, clear operational design and disciplined cost control allowed us to save £7 million on an annualised basis whilst creating a robust and scaleable platform. This cost-efficient model has created a solid foundation for capitalising on market growth.

At the heart of the Group are our people. Over the past six months, their dedication and hard work have ensured a smooth integration across the Group, driving an 80% revenue growth in H2 FY2024 compared to H1 FY2024 on a pro-forma basis\*.

### **Leveraging Our Strengths for Continued Growth**

Despite external challenges, this has been a productive year for Cavendish, and working closely with the Board, the Executive Management Team has refined our strategic priorities, identified and shared best practices, thereby positioning Cavendish to better serve clients, attract new business, and strengthen our platform.

We believe that Cavendish has a unique combination of strategic financial advisory services. This enables us to offer clients a wide array of funding solutions, whether public or private equity, debt, or any appropriate combination and to advise them during periods of strategic change. Our breadth of specialist market knowledge, combined with industry-specific expertise, enables us to unlock opportunities for clients and create value for them and the broader economy.

### **Investing in Talent**

Our one-firm culture emphasizes teamwork as the cornerstone of success. We strive to attract and retain top talent who thrive in a dynamic and solution-oriented working environment. Our operating efficiency and strong balance sheet have enabled us to remain committed to making strategic hires, adding 9 client-facing people since the merger. In February we launched a firm-wide Share Incentive Plan and concluding the period, we were pleased to be in a position to reward the contribution from our employees with bonuses.

\* Including the result of Cavendish Securities plc (formerly Cenkos Securities plc) for the full 12-month period.

## **Public Markets**

The year started slowly due to difficult market conditions driven particularly by the economic impact of high interest rates and inflation, but activity picked up enabling us to deliver a strong second half. In FY24, on a pro forma basis we raised over £180m of equity capital for our clients and completed public M&A transactions with a value of £1.5b. Our pipeline remains good, and we continue to win clients and increase market share - since the merger in September, we have taken on 13 new clients.

## **Private Markets**

While FY24 was relatively subdued across private markets, the last five months have seen increased deal appetite among private equity and strategic acquirers. Many of our deals involve working with entrepreneurs, and our investment in business development is yielding a steady stream of opportunities. We continue to build our presence in private equity, with recent additions to our sponsor coverage team enhancing our ability to win debt advisory, buy-side, and sell-side mandates. In FY24 we completed private M&A transactions with an aggregate value of over £700m and raised debt and private capital in excess of £110m.

## **Outlook**

The platform is performing well in the new financial year, with deal flow balanced across Equity Capital Markets, Public and Private M&A, Debt Advisory and Private Growth Capital. As we look ahead, we see many reasons to be positive, including continued equity issuance, private and public M&A, and a number of emerging IPO opportunities as companies seek to join the UK markets. Clearly there remain many uncertainties and macro issues that may impact market sentiment but with our well diversified offering and robust platform we look forward to returning to a profit next year as the merger synergies are fully realised and with that the compensation ratio returning to normalised levels.

John Farrugia & Julian Morse

Chief Executive Officers

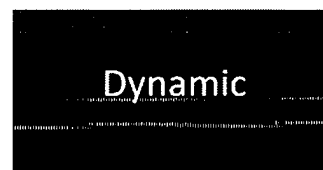
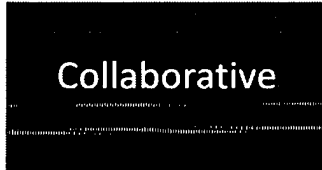
## About Us

### Our goal

To partner with innovative, entrepreneurial and determined businesses, supporting them through each stage of their development and capital requirement.

### How we work

Cavendish promotes three key behaviours focused on creating value through strong partnerships with our clients. These attributes define our approach to business and operations.



**Collaborative** – We work as a team, so our clients get the best possible advice and solutions drawing on our wide-ranging expertise in public and private markets.

**Innovative** – We continually look for better ways of delivering services and advice to our clients and sharing best practice across the firm.

**Dynamic** – We partner with our colleagues and clients in an effective, iterative and solution-oriented way.

### Our Clients

- Listed and private companies
- Private equity funds
- Institutional investors
- Family offices
- Investment companies
- Hedge funds
- Private client fund managers

### Our Strategic Advisory Services

- Corporate Finance Advisory
- Debt Advisory
- Investment Companies
- Public company capital raising and IPO
- Private M&A
- Private Growth Capital
- Public M&A
- Research & Distribution

### Key Industry Sectors

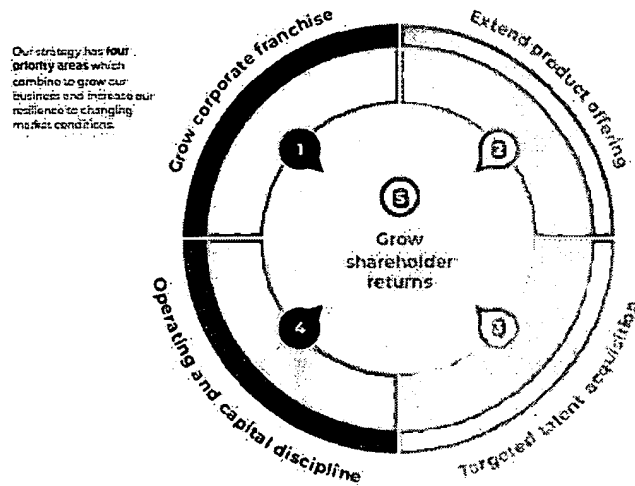
- Business Services
- Consumer
- Financial Services
- Healthcare
- Industrials
- Technology, Media and Telecommunications
- Natural Resources

## Our strategy

### Unlocking value for clients and shareholders

We are focused on growing our revenues, profits and shareholder value through the economic cycle by continuously enhancing and increasing the scope of our services. We continue to refine our sector-based approach to maximise our relevance and broaden our appeal to institutional, private equity, corporate and high net worth clients.

Our strategy has four priority areas which combine to grow our business and increase our resilience to changing market conditions.



Our strategic priorities are clearly linked to our KPIs (page 8) and how we manage risk (page 10).

	Strategic priority	KPIs	Risks
1	<p><b>Grow corporate franchise</b></p> <p>Win mandates from ambitious small and mid-sized companies, public and private.</p>	<p>Revenue per head</p> <p>New Clients</p> <p>Active mandates      M&amp;A</p>	<p>Strategic risk</p> <p>People risk</p> <p>Conduct, regulatory and legal risk</p> <p>Reputational risk</p>
2	<p><b>Extend product offering</b></p> <p>Increasing the combinations and range of services delivered to our clients.</p>	<p>Advisory revenue</p>	<p>Strategic risk</p> <p>People risk</p> <p>Conduct, regulatory and legal risk</p> <p>Operational risk</p>
3	<p><b>Targeted talent acquisition</b></p> <p>Strengthen our sector and product expertise through selective hiring.</p>	<p>Client-facing hires</p>	<p>Strategic risk</p> <p>People risk</p> <p>Conduct, regulatory and legal risk</p> <p>Other operational risk</p>
4	<p><b>Operating effectiveness and capital discipline</b></p> <p>Disciplined cost control, operating efficiency and liquidity management.</p> <p>Standardization and automation of operational processes.</p> <p>Development of data and analytics capability.</p>	<p>Non-employment cost per head</p> <p>Cash</p>	<p>Strategic risk</p> <p>Technology risk</p> <p>People risk</p> <p>Conduct, regulatory and legal risk</p> <p>Other operational risk</p>
5	<p><b>Grow shareholder returns</b></p> <p>Reward shareholders for the capital they give us.</p>	<p>Adjusted earnings per share</p> <p>Dividend per share</p>	<p>All operating risks can impact our ability to deliver attractive shareholder returns</p> <p>Risk of rising corporation or other tax rates</p>

## Our Key Performance Indicators (KPIs)

We use a range of financial and non-financial indicators to measure our performance at different levels of the business and assess alignment with our strategy. All measures, except dividend per share, are non-GAAP measures. References to notes are to the notes to the financial statements.

<p style="text-align: center;"><b>Revenue per head (£'000)</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Revenue per head (£'000)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>271</td> </tr> <tr> <td>2023</td> <td>212</td> </tr> <tr> <td>2022</td> <td>339</td> </tr> <tr> <td>2021</td> <td>343</td> </tr> <tr> <td>2020</td> <td>186</td> </tr> </tbody> </table>	Year	Revenue per head (£'000)	2024	271	2023	212	2022	339	2021	343	2020	186	<p><b>Measures our productivity per employee and reflects the performance of our business</b></p> <p>Revenue per head increased as transaction volumes increased in the second half of the period and the efficiency of the post-merger platform.</p> <p>Revenue per head in each financial period is calculated as: total revenue (see Note 6) divided by average total number of employees (see Note 8)</p>
Year	Revenue per head (£'000)												
2024	271												
2023	212												
2022	339												
2021	343												
2020	186												
<p style="text-align: center;"><b>Corporate clients</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Corporate clients</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>191</td> </tr> <tr> <td>2023</td> <td>117</td> </tr> <tr> <td>2022</td> <td>118</td> </tr> <tr> <td>2021</td> <td>119</td> </tr> <tr> <td>2020</td> <td>126</td> </tr> </tbody> </table>	Year	Corporate clients	2024	191	2023	117	2022	118	2021	119	2020	126	<p><b>Measures the size of our Public Markets franchise</b></p> <p>The combination of the Cenkos and finnCap equity capital markets businesses significantly increased the number of corporate clients and the associated market share.</p>
Year	Corporate clients												
2024	191												
2023	117												
2022	118												
2021	119												
2020	126												
<p style="text-align: center;"><b>Transactions (£m)</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Transactions (£m)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>33.5</td> </tr> <tr> <td>2023</td> <td>22.6</td> </tr> <tr> <td>2022</td> <td>40.0</td> </tr> <tr> <td>2021</td> <td>33.4</td> </tr> <tr> <td>2020</td> <td>15.9</td> </tr> </tbody> </table>	Year	Transactions (£m)	2024	33.5	2023	22.6	2022	40.0	2021	33.4	2020	15.9	<p><b>Fees generated from our clients engaged in private and public transactions</b></p> <p>Advisory revenue grew reflecting strong post-merger activity in H2 as we took advantage of opportunities created by the larger service teams and client base.</p>
Year	Transactions (£m)												
2024	33.5												
2023	22.6												
2022	40.0												
2021	33.4												
2020	15.9												

**Notes:** (1) The FY24 figures include the results of Cavendish Securities plc (formerly Cenkos Securities plc) for the seven months following its acquisition on 7 September 2023. The basis for non-GAAP adjusted data is on page 90.

<p style="text-align: center;"><b>Employee costs vs revenue</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>73%</td> </tr> <tr> <td>2023</td> <td>69%</td> </tr> <tr> <td>2022</td> <td>61%</td> </tr> <tr> <td>2021</td> <td>59%</td> </tr> <tr> <td>2020</td> <td>62%</td> </tr> </tbody> </table>	Year	Percentage	2024	73%	2023	69%	2022	61%	2021	59%	2020	62%	<p><b>Measures our ability to manage pay as market conditions and revenues fluctuate</b></p> <p>The compensation ratio has increased for this period reflecting our decision to reward staff for the delivery of the merger and strong performance together since. This ratio is expected to decrease in the next period.</p> <p>This measure excludes share-based payments.</p>
Year	Percentage												
2024	73%												
2023	69%												
2022	61%												
2021	59%												
2020	62%												
<p style="text-align: center;"><b>Adjusted earnings per share (EPS) (p)</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Adjusted EPS (p)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>(0.7)</td> </tr> <tr> <td>2023</td> <td>(0.9)</td> </tr> <tr> <td>2022</td> <td>4.5</td> </tr> <tr> <td>2021</td> <td>4.8</td> </tr> <tr> <td>2020</td> <td>0.8</td> </tr> </tbody> </table>	Year	Adjusted EPS (p)	2024	(0.7)	2023	(0.9)	2022	4.5	2021	4.8	2020	0.8	<p><b>A measure of profitability for shareholders</b></p> <p>Adjusted earnings per share was a negative during the period due to the level of employee remuneration paid in the year. This measure is expected to return to a profit next year as the merger synergies are fully realised and the compensation ratio returns to normalised levels.</p> <p>The basis for non-GAAP adjusted data is set out on page 90.</p>
Year	Adjusted EPS (p)												
2024	(0.7)												
2023	(0.9)												
2022	4.5												
2021	4.8												
2020	0.8												
<p style="text-align: center;"><b>Dividend per share</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Dividend per share</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>0.25</td> </tr> <tr> <td>2023</td> <td>-</td> </tr> <tr> <td>2022</td> <td>1.75</td> </tr> <tr> <td>2021</td> <td>1.50</td> </tr> <tr> <td>2020</td> <td>0.78</td> </tr> </tbody> </table>	Year	Dividend per share	2024	0.25	2023	-	2022	1.75	2021	1.50	2020	0.78	<p><b>The return for shareholder</b></p> <p>A 0.25p final dividend per share reflects the strong second half performance, continued momentum this period and the intention to uphold a stable dividend policy in the future.</p> <p>This KPI include dividends proposed with the annual statements.</p>
Year	Dividend per share												
2024	0.25												
2023	-												
2022	1.75												
2021	1.50												
2020	0.78												
<p style="text-align: center;"><b>Liquid Resources (£m)</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Liquid Resources (£m)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>26.5</td> </tr> <tr> <td>2023</td> <td>9.8</td> </tr> <tr> <td>2022</td> <td>26.0</td> </tr> <tr> <td>2021</td> <td>21.6</td> </tr> <tr> <td>2020</td> <td>5.6</td> </tr> </tbody> </table>	Year	Liquid Resources (£m)	2024	26.5	2023	9.8	2022	26.0	2021	21.6	2020	5.6	<p><b>Shows resources to grow the business</b></p> <p>Liquid resources increased significantly as a result of the merger and strong trading performance since then.</p> <p>A strong balance sheet supports our ability to invest for growth and our ability to support the business during periods of weak market demand.</p> <p>This measure, including the comparatives, now includes net market making assets in addition to cash to better reflect how the how the Group manages its resources.</p>
Year	Liquid Resources (£m)												
2024	26.5												
2023	9.8												
2022	26.0												
2021	21.6												
2020	5.6												

## Managing Risks

We actively manage risk by regularly reviewing the business and our operating environment, and by promoting a culture of compliance. Our employees are encouraged to take responsibility for ensuring that the identification, escalation and management of risk, specific to their own business area, are integrated into their working practices.

Our risk framework is supported by robust internal controls, and a maintained Risk Register with delegated authorities and authorisation processes, which are reviewed on an ongoing basis so they operate effectively.

The day-to-day management of risk is delegated by the Board to the senior executives and overseen via the Audit, Risk and Compliance Committee and underpinned by robust systems and controls proportionate with the Firm's risk appetite and governance arrangements.

The Governance policy and framework section, page 27, describes how the Board receives input from other key governance committees along with the framework employed by Cavendish to manage the risks faced in the normal course of business.

The principal risks to which the Company is exposed are set out in the summary table below against the backdrop of the current economic climate. 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 Cavendish.

## Risk assessment

Risk Category	Description	How we mitigate these risks	Change in the year
<p><b>People</b></p>	<p>The health and wellbeing 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 our competitive advantage.</p>	<p>The retention, professional development and growth of our people remains at the top of the Board's agenda.</p> <p>We seek to minimise people risk by creating a workplace and culture that is welcoming and inclusive for everyone to drive the best outcomes for clients and by positively rewarding our people with a competitive total remuneration package.</p> <p>We have specific policies in place on diversity and inclusion, family related, and agile working to support our employees and ensure our ongoing operational resilience whether they are working in the office or from home.</p> <p>We seek to mitigate these risks by maintaining appropriate remuneration and employment policies so we can retain and improve the quality of our team.</p>	<p><b>Unchanged</b></p>

<p><b>Health of Financial Markets &amp; Investor Sentiment</b></p>	<p>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 capital markets. We are also particularly exposed to the availability of funds for investment in smaller listed companies, including companies listed on the Alternative Investment Market ("AIM").</p>	<p>The ongoing geopolitical events continue to result in a degree of uncertainty and, therefore, subdued confidence across equity markets more generally.</p> <p>Despite this, we continue to develop new client relationships and supporting existing clients in achieving their ambitions.</p> <p>The resilience of our balance sheet and ongoing discipline in incurring costs means we are well placed to emerge from this subdued environment in a strong position, ready for the return of market sentiment.</p>	<p><b>Elevated</b></p>
<p><b>Strategic</b></p>	<p>The Board recognises that the key to the Company's long-term success is the clear articulation and execution of its strategy.</p>	<p>The Executive Committee is subject to robust and healthy challenge from the Board and its sub-committees on the Company's strategic direction and execution.</p> <p>The Board reviews strategy execution and the risks that threaten the achievement of the strategy.</p> <p>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.</p>	<p><b>Unchanged</b></p>
<p><b>Reputational</b></p>	<p>Reputational risk potentially accompanies all transactions we advise on, our retained client relationships and associations, and from our personal behaviour within and outside the Group. Failure to maintain a good reputation would adversely affect our financial performance and our ability to grow.</p>	<p>The Board sets the Company's cultural tone by requiring a strong ethical and professional culture.</p> <p>We have robust policies on behaviour and conduct, which require us to maintain high standards.</p> <p>All new business is subject to review and challenge through a combination of committees, each of which must approve any new</p>	<p><b>Unchanged</b></p>

		<p>business and/or appointments.</p> <p>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.</p> <p>We actively engage with stakeholders, other professional bodies and our peers, as well as monitoring media and internet coverage, to understand our external perception.</p> <p>In the event of risk crystallisation, the Management team would rapidly address any market concerns with the support of the Board and its specialist communications advisers to maintain confidence in our offering and services</p>	
<b>Operational Resilience</b>	<p>Operational risks can arise from the failure of the Company's core business processes or one of its third-party providers which then materially impact its ability to provide services to clients.</p>	<p>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 particularly where these involve the outsourcing of critical or important functions.</p>	<b>Elevated</b>
<b>Financial</b>	<p>Financial risks are described in more detail in the financial statements and include:</p> <ul style="list-style-type: none"> <li>• Market;</li> <li>• Credit/Counterparty</li> <li>• Capital; and</li> <li>• Liquidity.</li> </ul>	<p>As a regulated entity, we are required to stress test our business model under various scenarios to measure its resilience in terms of its solvency and liquidity and its recovery capacity under stress.</p> <p>This is conducted under the Internal Capital and Risk</p>	<b>Unchanged</b>

		<p>Assessment (ICARA) process. In addition, the capital and liquidity positions are closely monitored, forecast and reported upon. These reports are updated regularly and reviewed by the Audit, Risk and Compliance Committee and Board – see the Governance section.</p>	
<p><b>Conduct, regulatory and litigation</b></p>	<p>Conduct risk is the risk that inappropriate behaviour, conduct or practices result in poor outcomes for clients, the Company or for the wholesale markets.</p> <p>Regulatory and litigation risk is the risk of fines, penalties, sanctions or legal action arising from the Company's failure to identify or meet regulatory, legislative or its legal requirements.</p>	<p>With a continued emphasis on a robust corporate governance framework, the Board leads through its action and tone from the top which is reinforced by senior management's oversight in daily operations.</p> <p>A structured programme of training supports in this area and consists of internally delivered sessions delivered by the Head of Compliance and other senior managers and external third parties as appropriate.</p> <p>The Compliance Function monitors and updates systems and controls where necessary and as new regulation and legislation requires this or where market practice and regulatory expectations develop.</p> <p>The control framework includes a robust monitoring programme which is designed to focus on areas identified by our internal risk assessments, as well as external reference points such as the FCA's in its Business Plan and other communications.</p>	<p><b>Unchanged</b></p>

## Operating Responsibly

### Operating Responsibly

We continue to focus on ensuring Cavendish operates sustainably and is engaged in contributing positively to its communities either directly or through its people.

### Sustainability

Our main environmental impact lies with the direct and indirect carbon energy emissions from employee travel, employee commuting, and energy usage in our office.

Our Energy and Carbon emissions report was compiled by Energise Ltd, our net-zero and energy efficiency joint venture (see page 45). In FY24, Cavendish produced 73 tonnes of CO2 equivalent (FY23: 54 tonnes) and we offset this through the purchase of certified carbon credits through a third party.

Cavendish recognises businesses must seek to reduce their environmental impacts wherever possible. We are committed to improving this in several ways:

- The business is operating from highly sustainable premises, with high energy operating efficiency. Our offices use natural gas and deploy a zero-to-landfill waste policy.
- We no longer have any car parking spaces and most of our employees use public transport and / or bicycles to get to the office. We have a large bike parking area and changing facilities.
- We operate bike-to-work and electric vehicle leasing schemes to incentivise our employees to choose more environmentally responsible means of transport.

### Monitoring, measuring and improving our performance

The Board recognises the importance of high standards of corporate governance. We have implemented a strong governance framework across the business to ensure compliance with standards and the SMCR Regime of the FCA. As an AIM company, Cavendish has adopted the QCA Code of Corporate Governance for Smaller Companies. More details of our corporate governance framework and performance are in the committee reports – Governance, Remuneration and Audit, Risk and Compliance – on pages 27 to 43.

We use a variety of KPIs to assess progress and also to drive strategically aligned behaviour across the various teams. Since the merger we have been developing our data and analytics capability to enable a broader and deeper understanding of our operational effectiveness and the markets we are operating in.

### Diversity and inclusion

We believe an inclusive, values-driven, forward-thinking culture empowers our people to realise their full potential and, in doing so, provide the best solutions to deliver our clients' ambition, as well as their own. We continue to focus on diversity and inclusion practices across Cavendish. Our goal is to provide a working environment where all employees are included and valued for their contribution.

Diversity at Cavendish is about recognising and valuing difference. It is not just about 'protected characteristics,' but extends to a range of other differences including background, education, personality, life experience, beliefs and opinions. Inclusion at Cavendish is about creating a psychologically safe working environment where everyone is heard, respected and valued. It is about creating a feeling of support and belonging, where everyone can be themselves and is able to perform to their full potential.

Compared with similar sized financial services firms, we believe Cavendish has good female representation including our Chair, Lisa Gordon. We believe our differentiated culture has been a key driver in our ability to attract the best and most capable people to work at Cavendish. As of 31 March 2024, our female workforce representation was 28%. Since the merger, we have recruited 16 female employees and 27 male employees.

Our Diversity and Inclusion Policy is on our website [www.Cavendish.com](http://www.Cavendish.com).

### Contributing to our communities, sponsoring entrepreneurship

We aim to contribute socially to our local community by encouraging our people to volunteer and support worthy causes. Our Employee Volunteer Scheme enables employees to take an additional two days paid leave each year to engage in charitable and voluntary activities.

Our employees are encouraged to support charities through their own fund-raising events, and we match up to £250 of any funds raised. In FY24, Lord Leigh, a senior partner at Cavendish, raised over £55,000 for WaterAid, taking the total he has raised for this charity to over £775,000. Many other colleagues have been involved in fund raising events or taken on challenges to raise money for charities, including: Havens Children's Hospice, Kinetic Foundation and Macmillan Cancer Support.

As an entrepreneurial business, we recognise how important it is to develop, mentor and champion business and social skills in future generations. We are lead sponsor of The Side Hustle, which is run by YourGamePlan Limited. It is an initiative to support and mentor young entrepreneurs across the UK as nationwide competition. Now in its third year, the final for the young entrepreneurs was held in September. Cavendish employees have since signed up to provide regular mentoring to finalists.

We also contributed socially to our local community through supporting specific activities and charities. We have recently selected three Charities of the Year for the financial year 2024/25, based on size, impact within their respective communities and alignment with our values of giving back and making a difference. Throughout the year, there will be various events and opportunities for fundraising.

Looking forward to 2025, we hope to re-engage with 10,000 Black Interns and to use Amberjack, who provide a diverse pool of candidates, for our graduate programme.

## Engaging with our key stakeholders

We set out below our key stakeholders, why and how we engage with them over the year. As is normal for most listed or larger companies, the Board delegates authority for Cavendish's day-to-day management to its Executive Directors and management team, providing oversight by monitoring their progress against our KPIs and strategy.

The Board has identified its key stakeholder groups as clients, employees, shareholders, regulators, and the wider community and environment. Below is more detail on our approach to engaging with each stakeholder group, and the standards we set for operating responsibly.

Clients	
Why we engage	How we engage
<p>Our clients are central to the success of our business. We aim to provide them with a team of experts who deliver exemplary service to help them achieve their business ambition.</p> <p>At 31 March 2024, we had 192 corporate clients. We work for clients on a diverse range of mandates including M&amp;A, private capital raising and debt advisory and equities trading.</p>	<p>Our strategy requires us to always provide and maintain a high-quality service for our clients. We recognise the success of our clients is critical to our own success, and this applies equally to our advisory, quoted and institutional clients.</p> <p>Our dedicated teams across sectors and advisory lines offer bespoke advice to our quoted, advisory and institutional clients based on an in-depth understanding of those clients' needs, with many relationships built over several years.</p> <p>We regularly select and undertake independent, internal peer reviews of transactions to maintain our internal standards and to identify where we can improve our service. We also hold weekly client service meetings to identify client issues and resolution, a key aspect for retaining our listed client base.</p> <p>In the unusual event we fail to meet our clients' high standards, our complaints procedure escalates matters immediately to the Head of Risk &amp; Compliance. Information about complaints is circulated to the Audit, Risk and Compliance Committee for appropriate oversight.</p>

People	
Why we engage	How we engage
<p>Our employees are central to our success in delivering high-quality service and advice to our clients.</p> <p>Our cultural values – smart thinking, collegiate, dynamic – were defined by our employees and outline how we succeed and behave. Together, the values create our culture of teamwork and partnership.</p>	<p>As a smaller company we enjoy a high degree of ad hoc day-to-day contact which is at the heart of our inclusive and dynamic working environment.</p> <p>There are regular functional and project team meetings and comprehensive monthly updates from the CEOs and all our Board members regularly meet with employees individually.</p> <p>In addition to the individual appraisal process we conduct an annual pulse survey for employees to provide direct feedback on a wide range of topics.</p> <p>To encourage collaboration across our teams we run regular "lunch and learn" sessions focussing on the various different parts of our business.</p> <p>Our Senior Managers participate in our Quarterly Business Reviews which focus on delivering our strategy.</p>

	Jeremy Miller, our Audit, Risk and Compliance Committee Chair, is available to employees to discuss concerns in relation to our business or operations.
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Shareholders	
Why we engage	How we engage
<p>We recognise that delivering on shareholder expectations is fundamental to ensuring our business continues to be successful in the long term. The Board is committed to ongoing and proactive dialogue with shareholders.</p> <p>Alongside the provision of capital, our shareholders play an essential role by monitoring our financial performance, progress on our KPIs, strategy development, and our approach to governance and Board leadership.</p>	<p>We reach out to shareholders as part our financial reporting cycle and on an ad hoc basis when there are relevant points of interest, such as the employee share scheme we introduced earlier this year.</p> <p>All shareholders are invited to attend our Annual General Meeting (AGM) and all Board Directors attend, giving individual shareholders the opportunity to engage directly with the Board and senior management. The Chair welcomes questions from shareholders, who have an opportunity to raise issues before or at the AGM. All our resolutions were passed by the requisite majority at our 2023 AGM.</p> <p>All Non-Executive Directors are available to meet shareholders, if requested, and the Board is regularly updated on shareholder feedback. The Chair is also available to meet major shareholders – without the Executive Directors being present – encouraging direct open feedback.</p> <p>We also benefit from regular ad-hoc investor feedback through our institutional equity sales team.</p>

Regulators and industry bodies	
Why we engage	How we engage
<p>We work in a highly regulated industry where it is vital to stay on top of key regulatory requirements. Cavendish is regulated by the Financial Conduct Authority, the London Stock Exchange, the UK Listing Authority and AIM team.</p> <p>We are a member of the Quoted Companies Alliance and our application of the QCA code drives effective corporate governance.</p> <p>Our participation in the Capital Markets Industry Taskforce enables review of government policy relating to UK capital markets.</p>	<p>We have an open and transparent dialogue with the regulatory and industry bodies we work with, and we employ experienced compliance professionals to monitor and police our adherence with best practice. We require our employees to undertake specific training on regulation and best practice as required by their roles.</p> <p>No formal review meetings with the FCA were held during FY24, neither were we subject to any censures or disciplinary action.</p> <p>We are an active member of the Quoted Companies Alliance engaged in regular review of and discussion about the evolution of the corporate governance code of practise.</p>

<b>Community and environment</b>	
<b>Why we engage</b>	<b>How we engage</b>
We believe companies require a broader 'consent to exist' from the communities where they operate and should have clear goals and objectives beyond shareholder returns, to demonstrate and measure a wider contribution.	We have set out the ways that Cavendish approaches ESG matters, contributes to its community and seeks to minimise its environmental impact – Operating Responsibly on page 14.

## Section 172(l) statement

Our ability to succeed depends, in part, on how we engage with and mobilise our diverse group of stakeholders – clients, employees, shareholders, regulators, and our local communities.

Cavendish’s Board, in line with its duties under Section 172(l) of the Companies Act 2006, acts in a way it considers, in good faith, would be most likely to promote Cavendish Financial plc’s success for the benefit of its shareholders, and examines a range of matters when making long-term decisions.

Key decisions and matters of strategic importance to Cavendish are appropriately informed by s172(l) factors and our Directors have regard, amongst other matters, to:

- The likely consequence of any decision in the long-term
- The interests of our employees
- Fostering business relationships with clients, regulators and others
- The impact of operations on the community and the environment
- Maintaining a reputation for high standards of business conduct
- Acting fairly between Cavendish’s employees

The Directors receive information on their responsibilities under s172(l) in each Board pack. Our Company Secretary provides support to the Board to ensure it considers issues relating to matters set out in s172 (l) when making key strategic decisions.

We prioritise an open and transparent dialogue with our key stakeholders, and we believe we have a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. How we engage with our key stakeholders is set out in more detail over the following pages.

As part of the Board’s decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders, as well as broader factors including: the impact of our operations on the community and environment, responsible business practices, and the likely consequences of our decisions over the long term.

### Key Board decisions during FY24

The Board made several key decisions driven by the merger in FY24. The table sets out how the Board’s decision making considered the matters set out in s172(l) and the implications for different stakeholders.

Decision	Considerations
<p><b>Implementation of the merger between finnCap and Cenkos</b></p> <ul style="list-style-type: none"> <li>• Designing a team-based organisation structure with a balanced mix of individuals from each of the legacy firms.</li> <li>• Following the requirements set out as part of TUPE regulations.</li> </ul>	<p><i>In March 2023 we announced a formal merger to create a market-leading, full-service advisory firm for growth and investment companies. The merged company legally came into effect in September, with the intention to capture operating cost synergies, deliver greater liquidity to our institutional and corporate clients and give access to a broader range of financial advisory services.</i></p> <p><b>Clients:</b> We needed to maintain our high-quality service and our provision of appropriately experienced and qualified executives</p>

<ul style="list-style-type: none"> <li>• Co-locating our people in One Bartholomew Close.</li> <li>• Migrating onto the cloud, increasing flexibility and reducing risk.</li> <li>• Streamlining contracts with professional service and software providers.</li> <li>• Choosing best-fit systems and processes.</li> <li>• Novating client contracts onto a single entity.</li> <li>• Harmonizing policies and procedures.</li> </ul>	<p>within our team to support our AIM clients without being distracted by the logistics and uncertainties associated with merging.</p> <p><b>Employees:</b> The impact on employees and on company morale of co-locating, changing the organisation structure and headcount reductions, is very significant. We endeavoured to communicate clearly with employees on these topics throughout the merger. Specifically with respect to the redundancy programme, we engaged with elected employee representatives, operating in line with our high standards of business conduct.</p> <p><b>Shareholders:</b> We aim to create value for our shareholders over the longer-term. We communicated the rationale for the merger to our shareholders and their approval was given for the combination of the two companies at the necessary Court and General Meetings. We communicated the progress made with the merger in our interim report and in subsequent meetings with individual shareholders.</p> <p><b>Regulators:</b> We informed and consulted with our key regulators, the FCA and the AIM regulator, throughout the merger. The FCA approved the combination in September.</p> <p><b>Environment:</b> We have co-located the London-based workforce in One Bartholomew Close which is a highly efficient and sustainable building.</p> <p><b>Outcome and impact of the decision:</b> We have fully integrated the two firms, materially reduced the combined operating cost, and enhanced the services we deliver to our clients.</p>
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## Chief Financial Officer's report

"The operating environment in FY24 continued to be challenging - requiring disciplined management of operating costs and liquidity. The creation of Cavendish in September established a more efficient platform with a higher proportion of client-facing roles and consequently, better value for clients. Further, the portfolio effect of increasing the scale of our operation has resulted in more regular and reliable deal fee income."

### Loss before tax and loss per share

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Loss before taxation (£m)	(4,312)	(6,285)
Adjusted loss before taxation (£m)*	(1,717)	(1,694)
Basic loss per share (p)	(1.4)	(3.3)
Adjusted basic loss per share (p)*	(0.7)	(0.9)

\*The basis for non-GAAP adjusted data is set out on page 90.

Given the 80% increase in revenues in H2 FY24 vs H1 FY24, with balanced contributions from all parts of the group, and continued momentum in FY25, we elected to award our people variable remuneration and pay our shareholders a dividend commensurate with our post-merger performance.

Consequently we recorded a loss before tax and loss per share. On an adjusted basis earnings per share were also negative. Going forward, our post-merger cost base and increased scale of fee-generating services gives us the ability to improve our financial performance, to grow our dividend and invest in further growth.

### Operating costs

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Employee costs	34,964	22,680
Share based payments	1,747	577
Introducer fees	773	147
Non-employee costs	14,159	11,139
<b>Administrative costs</b>	<b>51,643</b>	<b>34,543</b>

Administrative costs, increased by 50% with employee costs rising overall by 54% due to the inclusion of employees from Cavendish Securities plc (Cenkos) post the acquisition by the Group on the 7th September 2023.

As a result of the merger, the group has been able to consolidate its London operations into one location saving £1.3m per year, migrate onto a single trading platform saving £0.8m per year and reduce headcount saving £4.9m per year. Further smaller savings are anticipated as licenses for duplicated services come up for renewal.

Employee costs as a percentage of revenue were 73% (69% in FY23) reflecting bonuses awarded for people's contributions to our strong post-merger performance.

## Associates and Joint Ventures

The share of loss during the year was £346,000 (2023: £297,000). This is expected to decrease in the coming years as the entities become more profitable.

Our joint venture with Energise Ltd continues grow revenues and progress toward profitability, in line with plan. For its financial year to 30 September 2023, Energise Ltd recorded unaudited revenue of £2.3m, up c.50% on the previous year, and an unaudited pre-tax loss of c£0.4m.

Our 40% stake in Bookbuild Limited is moving towards yielding small initial returns. For its financial year to 30 July 2023, Bookbuild recorded unaudited revenue of £1.5m, up c.40% on the previous year, and an unaudited pre-tax loss of c£0.3m.

## Non-recurring expenditure

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Negative goodwill	(5,771)	-
Onerous contracts	2,563	-
Group restructuring costs	2,026	3,247
Transaction costs	1,234	411
<b>Total non-recurring items</b>	<b>52</b>	<b>3,658</b>

Negative goodwill reflects the difference between of the fair value of Cavendish Securities plc's net assets at merger and the fair value of consideration for the purchase. Onerous contracts reflect the write down of the property no longer occupied and redundant IT systems. Group restructuring is the cost of the headcount reduction programme. Transaction costs cover the advisory and execution fees relating to the merger.

Overall, the direct costs of the merger are estimated to be c.£3.8m (group restructuring and transaction costs) including £0.5m incurred by Cavendish Securities prior to the merger. The overall annualised savings for the Group will be more than £7.0m.

## Taxation

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Effective Corporate tax rate	n/m	n/m
Corporation tax	-	-
Net VAT paid	2,038	600
Business rates paid	737	500
Employer's National Insurance paid	3,788	3,500
<b>Total contribution</b>	<b>6,562</b>	<b>4,600</b>
% Revenue	14%	14%

Payment of taxes is an essential part of operating responsibly, contributing to the cost of public services and services for our community. In FY24, we generated a substantial loss, and paid no corporation tax as a result.

As people are our primary asset and cost, we pay significant Employer's National Insurance. As a business primarily offering intermediary services, a sizeable proportion of our input VAT is also irrecoverable.

## Cash flow, capital and liquidity

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating cashflow (net of lease)	(6,653)	(5,152)
Working capital	5,495	(5,016)
Tax paid	256	(1,155)
Investing activities	11,593	(1,858)
Financing activities	666	(1,872)
<b>Net cashflow</b>	<b>11,357</b>	<b>(15,053)</b>
Cash	20,739	9,382
Debt	484	1,324

Maintaining a strong liquidity position means we are in a better position to withstand challenging operating conditions and invest in growth opportunities.

Our cash balances have increased 120% during the year despite the cost of the merger. Given the firm's positive financial trajectory the Board is recommending a dividend of 0.25p for FY24 and looks forward to delivering a larger, stable dividend aligned to our financial performance in the years ahead.



**Ben Procter**

**Chief Financial Officer**

**14 July 2024**

# Governance report

## Board of Directors

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout Cavendish Financial plc. Certain responsibilities are delegated to Committees of the Board, as described in our Committee reports on pages 34 to 43. Each Director's biographical details, skills and experience are summarised below, including their expected time commitment.

Lisa Gordon, Independent Non-Executive Chair

Lisa Gordon was appointed as a Non-Executive Director and Chair of the Company on 7 September 2023, having held the same position at Cenkos since June 2020.

Lisa has almost 30 years of board experience, in both Executive and Non-Executive roles at both listed and private companies. Lisa is a Non-Executive Director of JP Morgan Mid-Cap Investment Trust plc, JP Morgan Small Cap Growth & Income plc, Magic Light Pictures Limited, a leading film and television production company, and is Board Adviser to Fulcrum Asset Management LLP. Lisa served as a Senior Independent Director of M&C Saatchi plc, the listed global marketing group, between March 2020 and June 2023, and as a Non-Executive Director and Chair of the Remuneration Committee of Alpha Group International plc between February 2017 and May 2024.

In her executive career, Lisa held a number of senior and board positions. She was a co-founder and 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 listed media group (1994-2004). Prior to this, Lisa's early background was in financial services as an analyst with County NatWest Securities.

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

**Time commitment:** At least 42 days per annum

John Farrugia, Co-Chief Executive Officer

John was appointed to the Board of finnCap Group plc as Chief Executive Officer (Designate) on 8 July 2022, became Chief Executive Officer with effect from 1 September 2022, and Co-Chief Executive Officer on completion of the merger with Cenkos on 7 September 2023.

John has over 20 years' experience in investment banking, primarily within mergers and acquisitions, and has an outstanding deal completion track record with the technology and tech enabled business services sectors. John graduated with a degree in Economics from the University of London in 2000. He started his career within the technology M&A division of DC Advisory (formerly Close Brothers) and subsequently Strata Technology Partners before moving to Cavendish.

**Time commitment:** Full-time

Julian Morse, Co-Chief Executive Officer

Julian was appointed to the Board as Joint Chief Executive Officer in September 2023 following completion of the merger with Cenkos, having served as an Executive Director of Cenkos since May 2020 and, as Chief Executive Officer from May 2021.

Prior to becoming Chief Executive Officer, Julian was head of the Cenkos Growth Companies Team. He led that team from 2016 and was one of its founding members, having joined Cenkos in 2006. Julian has over 28 years' experience in the City where he has advised and raised equity on IPOs 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.

**Time commitment:** Full-time

Ben Procter, Chief Financial Officer

Ben was appointed to the Board as Chief Financial Officer in 7 September 2023 following completion of the merger with Cenkos, having served a Chief Financial Officer of Cenkos since December 2022. He is an experienced finance professional, having led teams in Finance, Risk, Technology & Operations, during his 25 year career at UBS. He has a track record of

innovation and cross-functional transformation, focussed on data and analytics. He spearheaded UBS's Service Management framework, driving cost transparency and accountability throughout the firm. Prior to this he established the firmwide Reporting & Analytics function, developing KPIs to drive behaviour and measure progress. Ben is a dual citizen having spent half his career based in the US, working in the New York area.

**Time commitment:** Full-time

Richard Snow, Chief Operational Officer

Richard joined Cavendish as Chief Financial Officer in May 2020, and became Chief Operational Officer in September 2023 following completion of the merger with Cenkos. He has held CFO and senior finance roles in several organisations and brings a wide range of senior financial experience and expertise to the Board. He has also held senior investor relations roles and through his extensive investment banking career has wide experience in mergers, acquisitions, divestments and capital fund raising.

Prior to joining the Group, Richard was the Finance Director and Compliance Officer for Finance and Administration of the UK law firm Greenberg Traurig, LLP. He qualified as a Chartered Accountant with Arthur Andersen in 1991 and moved to the investment banking industry gaining 15 years' experience in corporate advisory at Charterhouse, Merrill Lynch, Goldman Sachs and Nomura. From 2006 to 2011 Richard was director of M&A and then Investor Relations at Vodafone Group plc. From early 2014, he was Director of Investor Relations of Ladbroke's plc and then, from December 2015, he served on its Executive Committee as acting Chief Financial Officer leading the finance team through the merger with Coral.

Richard Snow, our Chief Operating Officer, announced his departure in July 2024.

**Time commitment:** Full-time

Mark Astaire, Independent Non-Executive Director

Mark was appointed as an Independent Non-Executive Director on 1 January 2024, and brings over 35 years of investment banking experience to the Board having held a number of senior leadership positions including Chairman of Corporate Broking at Barclays and Head of Corporate Broking at Bank of America Merrill Lynch. Mark was also a member of the Takeover Panel.

Mark is a member of the board of Sky News (which protects the editorial independence of Sky News), a Trustee of the charity Breast Cancer Now and a member of the International Advisory Board of the University of Edinburgh Business School.

**Time commitment:** At least 20 days per annum

Annette Andrews, Independent Non-Executive Director

Annette joined the Board as an independent Non-Executive Director in January 2022. Annette brings substantial HR and people expertise to the Board after a 30-year career in HR roles in both regulated financial and commercial environments.

Over the past 15 years Annette has held senior HR leadership positions at Lloyd's of London (Chief People Officer), Catlin Insurance (HR Director), Lloyds Banking Group plc (various roles including Head of HR Americas) and the Ford Motor Company in Europe and the UK.

On leaving Lloyd's of London in 2020, Annette founded Acaria Coaching and Consultancy Ltd, working with individuals and organisations globally to help them achieve their full potential. Annette is MBA and FCIPD qualified and an Executive Coach and HR Consultant.

Annette is currently a non-executive director of Foxtons Group plc and the Company of Human Resource Professionals and Chair of Strengths in Communities, a community interest charity.

Annette Andrews has announced her intention to not stand for re-election at the next AGM.

**Time commitment:** At least 20 days per annum

Jeremy Miller, Independent Non-Executive Director

Jeremy Miller was appointed a Non-executive Director of the Company in September 2023, having served as a non-executive director and Chair of the Audit, Risk and Compliance Committee of Cenkos since 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, and a non-executive director of CPP Group plc and This Land.

**Time commitment:** At least 20 days per annum

## Corporate Governance report

I am pleased to present our Corporate Governance report for the year ended 31 March 2024, our first following the successful merger of finnCap Group plc (“finnCap”) and Cenkos Securities plc (“Cenkos”) in September 2023. As both finnCap and Cenkos were AIM quoted companies, had adopted the Quoted Companies Alliance’s Corporate Governance Code (QCA Code), and had very similar businesses, we have not needed to make material changes to the overriding governance framework. However we continue to keep the framework under review to ensure it adapts to meet the needs of the enlarged Group.

We continue to adopt and apply the principles of the QCA Code and this report sets out how we have applied those principles (as set out in the 2018 version of the QCA Code which applied to us during FY24). We also describe our governance framework that supports the implementation of the principles, and our approach to good corporate governance. The 2023 version of the QCA Code will apply to us in FY25, and we will report our approach to applying the principles of the updated version next year.

The activity of the finnCap and Cenkos Boards in the period to September 2023 was naturally focused on completion of the merger. From September 2023 onwards, the new Board’s priorities have been to ensure that the benefits and synergies of the merger have been realised, and to ensure that management reporting, governance and compliance processes and procedures have been adapted to meet the requirements of the enlarged Group.

There have been a number of changes to the Board’s composition during the year. In connection with the merger, Barbara Firth and Andy Hogarth stepped down as Non-Executive Directors, and Geoff Nash stepped down as an Executive Director (but remains with the business as a senior Director in the corporate finance team). Julian Morse (Co-CEO), Ben Procter (CFO), Jeremy Miller (Non-Executive Director) and I all joined the Board on the merger effective date. Robert Lister stepped down as a Non-Executive Director on 31 December, and we welcomed Mark Astaire to the Board as a Non-Executive Director on 1 January 2024. Since the year-end, Richard Snow (who remained on the Board as Chief Operational Officer following the merger) has signalled his intention to step down from the Board at the end of July. Most recently, Annette Andrews has informed me of her decision not to stand for re-election at the next AGM on 16 September 2024. I would like to place on record my thanks to all of the directors, past and present, for their contribution to the Group, and in particular their support in ensuring the success of the merger and post-merger integration.

The terms of reference of the Board’s principal committees were reviewed and updated as part of the merger process, with the Audit Committee and Risk & Compliance Committees combined into a single Audit, Risk and Compliance Committee as flagged in last year’s Corporate Governance Report. The activities of the Audit, Risk and Compliance Committee and Remuneration Committees during the year are described in their respective reports from page 34 to 43.

We continue to receive updates on all relevant regulatory and corporate governance developments. Our Head of Compliance attends all meetings of the Audit, Risk and Compliance Committee, and also submits a detailed compliance report to each Board meeting. Our Company Secretary provides a report to each scheduled Board meeting, including a forward-looking view of potential legislative and governance developments that may impact us in the future.

### *Strategy and business model (Principle 1 of the QCA Code) – Establish a strategy and business model which promotes long-term value for shareholders*

Our strategy and business model, including the key risks and challenges in delivering them, are set out in the strategic report on pages 6 to 13.

The Board regularly discusses the Group’s long-term strategy and monitors the Executive team’s performance in delivering that strategy. The Board also reviews performance against strategic KPIs at each meeting.

### *Shareholder relations (Principle 2) – Seek to understand and meet shareholder needs and expectations*

The Board believes that it is important to maintain open and constructive relationships with shareholders, to ensure our strategy, business model and performance are clearly understood. Helping these audiences understand our business and strategy is a key part of driving our success.

Through our Executive Directors (primarily our Co-CEOs and CFO), we maintain contact with the Company’s institutional shareholders and significant individual shareholders. The Chair and Non-Executive Directors are also available to engage directly with shareholders where appropriate.

The Board is kept informed of the views and concerns of shareholders through briefings following engagement activity conducted by the Executive Directors and Non-Executive Directors, and any significant investment reports are also circulated to the Board. See more on Board engagement in our s172(l) statement on page 19.

*Our stakeholders (Principle 3) – Take into account wider stakeholder and social responsibilities and their implication for long-term success*

The Board recognises that engaging with our stakeholders strengthens our relationships and helps us make better business decisions to support the long-term success of the Company. The Board is regularly updated on wider stakeholder feedback to stay abreast of stakeholder insights into issues that matter to them and our business, so the Board can understand and consider these issues in decision-making.

In addition to our shareholders, the Board has identified our key stakeholder groups as our employees, our clients, our community and the environment, our regulators and relevant industry bodies.

Through the Executive Directors' reports at each Board meeting, the Board is kept apprised of key engagement activity with these stakeholder groups. Following the merger, this has been particularly focused around engagement with employees to support the successful integration of the two firms (including in relation to culture, ways of working and employee benefits arrangements).

Information on how we engage with each key stakeholder group is on pages 16 to 18.

*Risk management (Principle 4) – Embed effective risk management, considering both opportunities and threats, throughout the organisation*

The Board has ultimate responsibility for determining the Company's risk appetite and for ensuring that the risk management framework is appropriate and operating effectively. Oversight of financial risk management systems and internal controls, and for assessing the quality, integrity, implementation and reliability of the Group's risk management processes has been delegated to the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee's report is on pages 34 to 36.

Further information on our approach to risk management and the principal risks facing the Group is on pages 10 to 13.

Key financial and non-financial controls are set out below:

#### *Financial controls*

- The Board is responsible for reviewing and approving overall Group strategy, approving revenue and capital budgets and plans, and determining our financial structure, including capital allocation, tax, dividend, and remuneration (with support of the Remuneration Committee) policy. Results and variances from plans and forecasts are reported to the Board.
- The Audit, Risk and Compliance Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.
- There are comprehensive procedures for budgeting and planning, monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profit, cash flows, capital expenditure, balance sheets and regulatory capital positions. Results are reported against budget and compared with the previous year, and forecasts for the current financial year are regularly revised in the light of actual performance.

#### *Non-financial controls*

The principal elements of the internal control system include:

- Close management of the Group's day-to-day activities by the Executive Directors.
- An appropriately resourced Compliance Department with a robust compliance monitoring programme which is reasonably designed to focus on areas identified by the FCA in its Business Plan but also takes into account the Group's own risk assessments.
- An organisational structure with defined levels of responsibility to promote entrepreneurial decision making and rapid implementation, while minimising risks.
- A robust IT strategy, which is vital to the Group's security and continuity.

*The Board (Principles 5 and 6) – Maintain the board as a well-functioning, balanced team led by the Chair; Ensure that between them, the Directors have the necessary up to date experience, skills and capabilities.*

The Board oversees corporate governance, and is responsible for ensuring that Cavendish Financial plc is managed for the long- term benefit of our shareholders, clients, employees and other key stakeholders.

A number of changes to the composition of the Board were made on 7 September 2023 in connection with the merger. Lisa Gordon (Chair), Julian Morse (Co-CEO), Ben Procter (CFO) and Jeremy Miller (Non-Executive Director and Chair of the Audit, Risk and Compliance Committee) were appointed as Directors, with Barbara Firth (Non-Executive Director), Andy Hogarth (Non-Executive Director) and Geoff Nash (Executive Director) stepping down. We subsequently announced Robert Lister's decision to step down from the Board at the end of 2023, and the appointment of Mark Astaire as a Non-Executive Director with effect from 1 January 2024. Since the year-end, we have also announced Richard Snow's decision to step down as a Director (and Chief Operational Officer) at the end of July 2024 and, Annette Andrews has informed me of her decision not to stand for re-election at the next AGM in September 2024.

As at the date of this report, the Board comprises: the Chair, four Executive Directors (reducing to three at the end of July 2024) and three Independent Non-Executive Directors (reducing to two in September). The Directors collectively bring a range of business experience to the Board, and that breadth of experience is considered important for the effective management of the Group. The Board is satisfied that there is an appropriate balance between independence and knowledge that supports its ability to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Board has effective procedures (including as set out in the Company's Articles of Association) to monitor and deal with conflicts of interest, including recording other external commitments and interests of its Directors.

The Board has delegated specific responsibilities to various Committees as follows:

- The Audit, Risk and Compliance Committee's responsibilities include overseeing financial performance and reporting, the internal compliance function, the Group's risk management and internal controls systems, and the external audit process.
- The Remuneration Committee is responsible for overseeing the Group's overall remuneration policy and the remuneration of the Executive Directors and the Group's material risk takers.
- The Nominations Committee is responsible for receiving and recommending changes to the composition of the Board and its Committees.

Further information on the work of the Audit, Risk and Compliance and Remuneration Committees is set out in their respective reports.

#### Board and Committee Meetings

The Board has regular scheduled meetings at least six times a year and meets at other times as necessary. At its scheduled meetings, the Board reviews financial performance, strategy and key risks, and monitors KPIs. Board packs are prepared and circulated several days in advance of formal scheduled meetings via an online Board portal (which supports an efficient and secure approach to managing Board and Committee meetings and distributing papers and other materials to the Board).

Attendance at Board and Committee meetings during the year ended 31 March 2024 is outlined in the table below. For Directors who were appointed to, or stepped down from the Board during the year, the table reflects their attendance at meetings from the relevant date.

Directors	Position	Board 6 Meetings (no. attended/no eligible to attend)	Nominations Committee (1 meeting) (no. attended/no eligible to attend)	Audit, Risk and Compliance Committee (4 meetings) (no. attended/no eligible to attend)	Remuneration Committee (6 meetings) (no. attended/no eligible to attend)
Lisa Gordon (appointed 7 September 2023)	Chair (Non-Executive Director)	4/4	N/A	2/2	3/3
John Farrugia	Co-CEO	6/6			
Julian Morse (appointed 7 September 2023)	Co-CEO	4/4			
Ben Procter (appointed 7 September 2023)	CFO	4/4			
Richard Snow	COO	6/6			
Annette Andrews	Independent Non-Executive Director	6/6	1/1	1/2	6/6

Mark Astaire (appointed 1 January 2024) Independent Non-Executive Director		2/2	N/A	1/1	2/2
Jeremy Miller Independent Non-Executive Director (appointed 7 September 2023)		4/4	N/A	2/2	3/3
<b>Past Directors</b>					
Robert Lister Deputy Chair (Non-Executive Director) (stepped down 31 December 2023)		2/2	1/1	3/3	4/4
Barbara Firth Non-Executive Director (stepped down 7 September 2023)		2/2	1/1	2/2	3/3
Andy Hogarth Non-Executive Director (stepped down 7 September 2023)		2/2	1/1	2/2	3/3
Geoff Nash (stepped down 7 September 2023) Executive Director	2/2				

## Roles and responsibilities

### Chair

Lisa Gordon is our Non-Executive Chair, having succeeded Robert Lister in that role on completion of the merger. She is responsible for the effective leadership and operation of the Board, including steering its agenda, promoting a healthy culture of challenge and debate, and ensuring all Directors contribute effectively to the Board's discussions. The Chair is also responsible for evaluating the performance of the Co-Chief Executive Officers, and leads the Nomination Committee when it meets to discuss Board succession planning.

The Chair also engages directly with all employees through a range of informal meetings.

### Independent Non-Executive Directors

Annette Andrews, Mark Astaire and Jeremy Miller are considered by the Board as Independent Non-Executive Directors (NEDs). The NED role is to oversee and scrutinise the Executive Directors' performance. Our NEDs are expected to devote enough time for the proper performance of their duties, equating to approximately two to three days a month (as stipulated in their letters of appointment), including attending all Board and Committee meetings for which they are members (or which they chair). The Board is satisfied that each of the NEDs is able to allocate sufficient time to the Company to discharge their responsibilities effectively, and that the NEDs have 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 institutional shareholders, the Board considers such an appointment would not provide any further benefit in assisting with shareholder communication.

### Executive Directors

The Executive Directors are responsible for day-to-day business management and, in the case of the Co-CEOs, the Group's strategic development. They have general authority to manage our business, subject to a list of matters reserved for consideration by the Board.

The Executive Directors sit on the boards of the Group's trading subsidiaries, Cavendish Capital Markets Ltd, Cavendish Securities plc and Cavendish Corporate Finance LLP, and (along with the Head of Compliance) are the regulated entities' 'Senior Managers' for the purposes of the Senior Managers & Certification Regime (SMCR). As part of the wider Group Executive Committee, they meet regularly in this capacity, reviewing matters relating to risk management, legal and compliance issues, employee conduct, technology risks, financial procedures and other issues as required.

### Directors' skills and capabilities

The Board has a blend of sector, financial and listed/quoted company experience, and the Executive Directors have broad experience in financial services, investment banking and M&A.

With the support of our Company Secretary, nominated adviser (Nomad) and other advisers, the training and development needs of the Board are met through regular updates on legal, regulatory and governance issues as appropriate.

On joining the Board, Directors are given the opportunity to meet with all members of the Board and senior management, access to Board and Committee papers and minutes, and meetings with relevant external advisers, including the Nomad.

Biographies of each Director, including details of their experience and roles on the Board, are on page 24.

*Board performance evaluations (Principle 7) – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement*

Given the significant changes to the Board during FY24, it was agreed that no performance evaluation would be conducted in order to allow more time to adapt to the new composition and ways of working as a merged business. It is intended that an evaluation exercise will be conducted (with the format to be discussed and agreed) during FY25 and the process followed and a summary of output to be included in the FY25 annual report.

The Chair is responsible for an annual appraisal of the Co-CEOs' performance, and the Co-CEOs for each of the other Executive Directors.

*Corporate culture (Principle 8) - Promote a culture that is based on ethical values and behaviours*

The Board recognises the importance of promoting a strong and positive corporate culture which should set the tone for all staff across the organization, and be demonstrated in the way that we interact with each other, our clients and other stakeholders. We aim to promote and maintain an open and respectful culture, with sound ethical values and behaviours.

This culture is reinforced through our mandatory training program. All employees receive training on various regulatory and compliance related issues. This includes training on expected levels of conduct. Materials are also available to employees on our intranet. Employee conduct is regularly reviewed by the Group Executive Committee and if required considered by the Conduct Rules Committee, and any conduct related matters are reported to the Audit, Risk and Compliance Committee and the Board through regular updates from the Group compliance function.

The Board receives feedback on Group culture through updates from the Executive Directors, including employee engagement surveys, and direct interactions with employees.

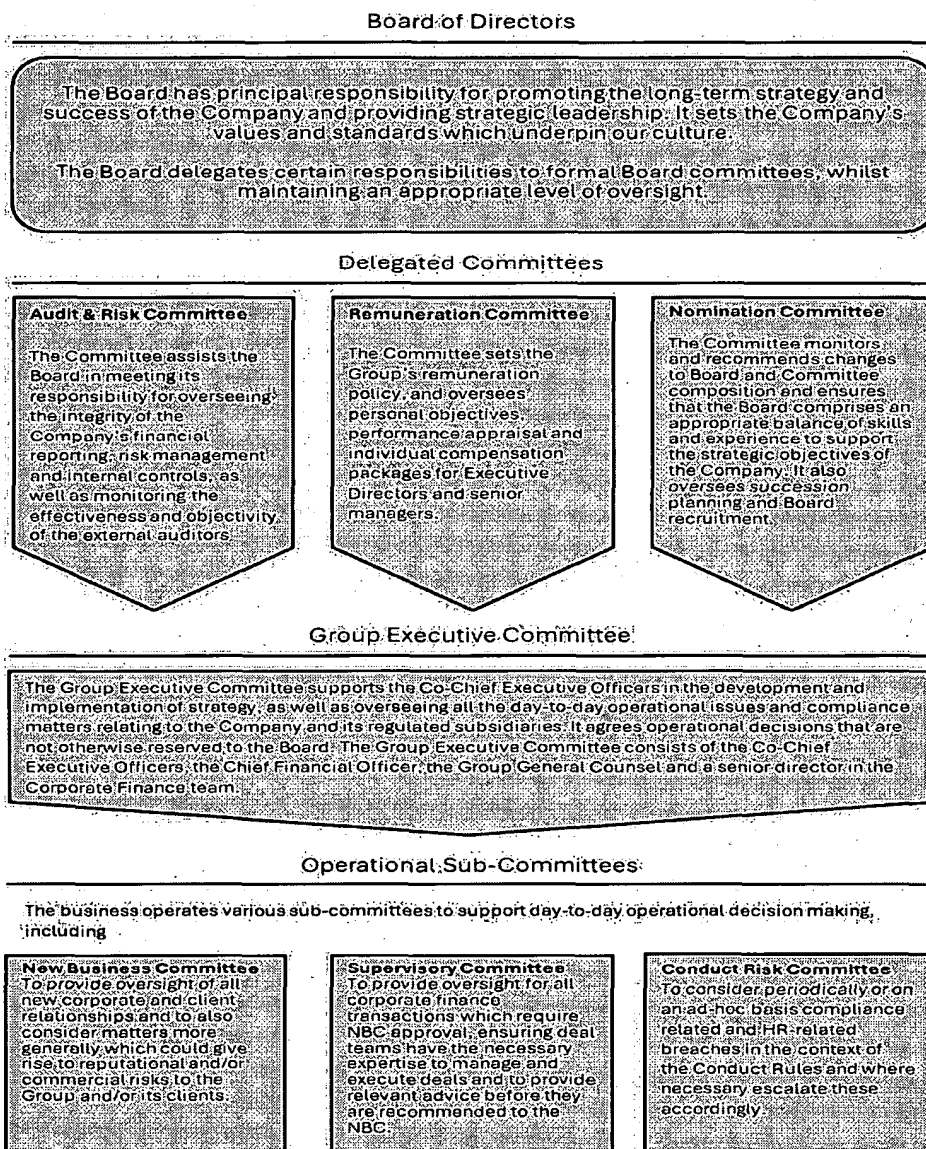
Further detail on culture and engagement can be found on page 16.

*Whistleblowing*

The Group has well-established policies on whistleblowing and financial crime. Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business. No matters were reported in the year.

*Governance structure (Principle 9) – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board*

The Group's governance framework is set out in the chart below.



Teams within our Equity Capital Markets and M&A businesses have their own management committee as required comprised of key revenue generators and department heads which meet regularly to discuss and decide on matters specific to the relevant business's performance and employees.

The Board is satisfied that our governance structures and processes are fit for purpose. The roles and responsibilities of the Board, its Committees and Directors are described above and in the reports of the principal Committees set out in this Annual Report.

There is a formal Schedule of Matters reserved to the Board, including but not limited to ensuring responsibility for overall strategy, approval of major investments (capital expenditure or operational expenditure), approval of external financial reporting, annual budgets, dividend policy, and Board structure. The Board also monitors the exposure to key business risks, and reviews the strategic direction of the Group's trading subsidiaries, their annual budgets and their performance in relation to those budgets.

Each of the Board's Committees operates under specific Terms of Reference approved by the Board and reviewed annually, available on our website.

Our governance framework is supported by robust internal controls, delegated authorities and authorisation processes, and these are reviewed on an ongoing basis so they operate effectively.

*Shareholder and stakeholder communications (Principle 10) – Communicate how the Company is performing by maintaining a dialogue with shareholders and other stakeholders.*

Our approach to maintaining a dialogue with shareholders and other stakeholders is explained in *Shareholder relations (Principle 2)* and *Our stakeholders (Principle 3)* above. The Board believes transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to.

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

Our Non-Executive Directors attend the AGM and can attend other meetings with shareholders, and do so from time to time or as requested. All shareholders are invited to attend the AGM to raise any questions regarding the Group's management or performance.

**Lisa Gordon**

**Chair**

**14 July 2024**

## Audit, Risk and Compliance Committee report

### *Role of the Audit, Risk and Compliance Committee*

During the year, the Company's Audit and Risk & Compliance Committees were combined to form the Audit, Risk and Compliance Committee with updated terms of reference for the combined committee approved by the Board in August 2023. The Board has delegated authority to the Audit, Risk and Compliance Committee (the Committee) to oversee and monitor the Group's financial reports, its internal controls and its processes, its financial risk management systems, the appointment of and relationship with the external auditor, and the Company's risk and regulatory framework.

The Committee's Terms of Reference set out in further detail the objectives and responsibilities of the Committee and are available on the Company's website ([www.cavendish.com](http://www.cavendish.com)).

### *Committee members and meetings*

Since completion of the merger with Cenkos in September 2023, the Committee has been chaired by Jeremy Miller, who is a qualified accountant and has recent and relevant financial experience (as set out in his biography on page 24). Barbara Firth and Robert Lister served as Chairs of the Audit and Risk & Compliance Committees respectively prior to the merger. Barbara Firth and Andy Hogarth ceased to be members of the Committee when they stepped down from the Board on the merger effective date, and Robert Lister continued as a member of the Committee until he stepped down from the Board on 31 December 2023. As at the date of this report, the members of the Committee are:

- Jeremy Miller (Chair)
- Lisa Gordon, Board Chair
- Annette Andrews, Independent Non-Executive Director
- Mark Astaire, Independent Non-Executive Director

The Committee meets as appropriate and at least three times a year. Over the past financial year, the Committee met four times. More information about meetings and attendance during FY24 is in the table in the Corporate Governance report on page 27 of this Annual Report.

In addition to the Committee members, the CFO, Head of Compliance, other members of the Board and the external auditor are invited to attend all meetings of the Committee.

### *Key responsibilities*

The main items of business considered by the Committee during the year included:

- Reviewing and monitoring the integrity of the Group's interim financial statements published in December 2023
- Reviewing the FY24 audit plan and audit engagement letter
- Reviewing the suitability of the Group's External Auditor for FY24
- Considering the key audit matters and how they were addressed in the financial statements
- Reviewing the financial statements and Annual Report for FY23
- Considering the external audit report and management representation letter
- Reviewing the effectiveness and quality of the FY23 external audit process
- Assessing the principal risks and uncertainties facing the Group
- Reviewing our system of internal financial controls and risk management systems
- Considering the need for an internal audit function
- Reviewing and challenging the Company's process for the ICARA

*Specific areas of focus in FY24*

### **Significant issues considered in relation to the financial statements**

As part of monitoring the integrity of the financial statements, significant matters and accounting judgements identified by the finance team and External Auditor are reviewed by the Committee. Significant matters considered by the Committee for the year ended 31 March 2024 are set out below:

*Revenue recognition:* The Committee reviewed management's judgements around the timing of revenue recognition in respect of deal fees and commission income where such revenue is recognised near financial period ends. This includes reviewing the outcome of the external auditors' review of the design and implementation of controls around revenue recognition. The Committee is satisfied that income has been recognised in the correct accounting period.

*Acquisition accounting:* The Committee reviewed management's calculation of the fair value of assets and assumed liabilities acquired in the acquisition (as part of the merger process) of the share capital of Cenkos Securities plc, including the judgements and estimates made in respect of the business combination. The Committee is satisfied with the approach adopted.

### **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, but has delegated responsibility to the Committee for reviewing and monitoring the effectiveness of the Group's systems of risk management, regulatory compliance and internal control.

The systems of internal control are designed to manage, rather than eliminate risk, and consequently the controls provide reasonable but not absolute assurance against material misstatement or loss. The Group's system of financial controls includes a robust governance and reporting structure, clearly defined levels of delegated authority and controls for the key operational, regulatory compliance and financial processes of the business.

The Committee and Board review and evaluate the principal risks and uncertainties faced by the Group (as described under "Principal Risks" on pages 10 to 13. Significant risks are identified and evaluated by the Group Executive Committee and Senior Managers in the areas of business for which they hold responsibility with support and guidance from the Compliance and Finance functions. These form the basis for the centrally compiled risk register which will be reviewed by the Committee.

The Compliance function keeps under review the regulatory and internal control requirements (including the risk register) and reports regularly to the Committee and the Board on their operation, allowing the Board to provide oversight and challenge and to seek assurance that the controls operate effectively. In the future, the risk register and Compliance function review will inform the planning for areas where additional assurance from an internal audit function would be appropriate.

The Committee is satisfied that the risk management process supports the Board's summary of the principal risks presented on pages 10 to 13 of this Annual Report.

### **Internal audit**

The Committee is required to consider at least annually whether the Group requires an internal audit function. There was no internal audit function in place during the year, the Committee and Compliance function having agreed that it would be appropriate to focus on the post-merger integration of regulatory and internal controls prior to appointing an internal audit function (likely to be outsourced) to provide assurance on the effectiveness of those controls. It is anticipated that an outsourced internal audit function will be appointed during FY25.

### **Role of the External Auditor**

The Committee monitors our relationship with BDO LLP (BDO), our External Auditor, to ensure BDO maintains independence and objectivity. Noting the tenure of BDO, the Committee will keep the need for an external audit tender process under review.

#### *Audit process*

BDO prepares an audit plan for the review of the full-year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. This plan is reviewed and agreed in advance by the Committee. Following the audit, BDO presents its findings to the Committee for discussion.

#### *Non-audit services*

As part of its monitoring, the Committee keeps the nature and extent of non-audit services (and non-audit fees set out in Note 7 to the financial statements) provided by BDO, under review. Non-audit services are primarily in connection with regulatory reporting requirements. BDO and the Committee are satisfied that appropriate safeguards are in place so the external audit team preserves its independence.

#### *Audit effectiveness and Auditor reappointment*

The Committee annually assesses the External Auditor's performance. The Committee is satisfied with BDO's performance and has recommended to the Board that a resolution to reappoint BDO as Cavendish Financial plc's External Auditor is proposed at the forthcoming AGM.

**Jeremy Miller**

**Chair, Audit, Risk and Compliance Committee**

**14 July 2024**

# Remuneration Committee report

## ROLE OF THE REMUNERATION COMMITTEE

The Board has delegated authority to the Remuneration Committee to set the framework and policy for the remuneration of the Executive Directors and other Senior Managers, as well as to determine the overall remuneration policy for the Group.

The Committee's Terms of Reference set out in further detail the objectives and responsibilities of the Committee and are available on Cavendish's website ([www.cavendish.com](http://www.cavendish.com)).

## COMMITTEE MEMBERS AND MEETINGS

The Remuneration Committee membership consists of all the Non-Executive Directors and had been chaired throughout the year by Annette Andrews. Barbara Firth and Andy Hogarth served as members of the Committee until they stepped down from the Board on completion of the merger, with Lisa Gordon and Jeremy Miller joining the Committee from that date. Robert Lister served as a Committee member until he stepped down from the Board on 31 December 2024, and Mark Astaire joined the Committee on his appointment as a Non-Executive Director on 1 January 2024. At the date of this report, the Committee comprised:

- **Chair:** Annette Andrews
- Lisa Gordon, Board Chair
- Mark Astaire, Non-Executive Director
- Jeremy Miller, Non-Executive Director

Details on the experience and expertise of the Committee members are on page 24 of this Annual Report.

The Committee meets as appropriate, and at least three times per year. Over the past financial year, the Committee met seven times, and has met three times since the year-end to review Group bonus proposals in respect of FY24. Information about meetings and attendance is set out in the Corporate Governance Report on page 27.

The Co-CEOs, CFO, Head of Compliance and/ or HR Director are invited to attend these meetings as appropriate. None of these individuals are present when their own remuneration is discussed. The Committee is authorised to consult external advisers on remuneration and regulatory issues, when appropriate.

## MAJOR DECISIONS ON DIRECTORS' REMUNERATION DURING THE FINANCIAL YEAR

The Committee's activity during the year was framed by the merger with Cenkos, with specific decisions and recommendations required in relation to the post-merger remuneration of the Chair and Executive Directors, share incentive arrangements for all staff and for senior executives within the business, and ensuring the retention and motivation of the post-merger staff base to support the continuation of the positive and profitable performance of the business seen in the second half of the year.

As part of this process alignment has been achieved, and now integrated, on the approach across the business to performance management, promotions and compensation management.

As part of its review the Committee considered and approved proposals (including taking into account external benchmarking) relating to the remuneration packages of the Executive Directors (Julian Morse (Co-CEO) and Ben Procter (CFO)) who joined the Board on completion of the merger, with Julian Morse's salary set at £300k per annum (an increase on his CEO salary at Cenkos, but aligned with the other Co-CEO John Farrugia), and Ben Procter's salary set at £250k per annum (in line with the salary he received as CFO of Cenkos). The Committee also agreed to align base holiday entitlement and private medical insurance for Executive Directors given variance in the relevant terms between finnCap and Cenkos. Executive Director salaries were also reviewed again at the end of FY24, the Committee agreeing the proposal (having considered external benchmarking) that no changes be made for FY25.

The Committee also approved Lisa Gordon's fee as Chair of the Company following completion of the merger. The fee was agreed at £150k per annum, reflecting the fee Lisa Gordon received for the equivalent role at Cenkos, with the Committee recognising the significant time commitment associated with her role (a minimum of 42 days per annum as set out in Lisa's letter of appointment), and taking into account external benchmarking.

Alignment was also achieved on the fees for the Non-Executive Directors, as the two Boards were successfully brought together. The base fee for Non-Executive Directors has been set at £50k per annum, with an additional £10k per annum paid to the chairs of the Audit, Risk and Compliance and Remuneration Committees. The fees of the Chairman and other Non-Executive Directors will be subject to review during 2024/5 to see if any amendments are required considering benchmark data and the remit of the roles.

Following the merger, we supported the Executive Directors in formulating and approving proposals to equitise employees through both a one-off all staff HMRC approved Share Incentive Plan (SIP), and an executive Co-Investment Plan (CIP) to be offered to senior employees of the Group, with more details on each plan set out in the report below. Both plans were received positively within the business, and all of the Executive Directors elected to participate in both the SIP and the CIP.

As reported last year (and announced at the time of grant), we made a retention and incentive award of options under the legacy finnCap Group plc share option plan to John Farrugia prior to the merger effective date. The retention award comprised an option over 2m shares with

an exercise price of 1p per share, and the incentive award comprised an option over 5m shares with an exercise price of 15p per share. Both awards vest subject to continuing employment on 25 July 2024, and are subject to malus and clawback for a further two-year period following vesting. The relevant exercise periods are set out in the table below.

#### **Bonus**

Group revenue in FY24 was £54m, with the benefits of the merger both in terms of synergies but also importantly through the strong performance of the newly merged team contributing to H2 performance significantly ahead of H1. In the context of that performance, the Committee's discussions around potential bonuses for FY24 included considerations relating to:

- the critical need to motivate and retain employees who are key to the success and future of the Company (and therefore the benefit of shareholders as whole);
- the option to apply deferral to a part of any bonus that was awarded;
- the appropriate capital allocation policy for the Group, including distributions to shareholders;
- the cash position of the Group, and
- the transaction pipeline for FY25.

In accordance with its terms of reference, the Committee is also responsible for approving individual bonus awards for the Executive Directors and other senior executives classified as Material Risk Takers. Bonuses approved for the Executive Directors are set out in the table on page 40.

#### **Employee Share Plans**

##### **SIP**

A total of 10m shares were issued to participants under the SIP in the form of Partnership and Matching shares in March 2024, representing a total value at grant of £5,400 for each participant. An initial one-off bonus of £1,800 was paid to each eligible employee electing to participate in order to fund the acquisition of SIP Partnership Shares. As an HMRC approved plan, participants are required to hold their SIP shares within a trust for specified periods in order to qualify for associated tax benefits, and the Matching shares are subject to forfeit if Partnership shares are withdrawn within those specified periods.

##### **CiP**

Under the discretionary Co-Investment Plan (CiP), which was launched on 19 February 2024, eligible employees were offered the opportunity to acquire (out of their own post-tax funds) ordinary shares in the Company either through a one-off lump sum subscription, or monthly payroll deductions for 12 months. We were delighted that eligible employees subscribed for a total of 12.4m shares through the lump sum route, with a number also committing to purchase £73k worth via monthly purchases over a 12 month period. The CiP also includes a retention and investor alignment tool whereby as long as the participant remains an employee of the Group at the end of a 3 year lock-up period, additional shares will be awarded based on the number of CiP shares acquired and the satisfaction of stretching share price targets (set out under the "Directors' interests in share incentive plans and employee share plans" heading on page 40 below). The minimum number of additional shares which may be allotted is 6.2m and the maximum is 49.7m. We expect to offer a further opportunity to participate in the CiP to existing employees, new joiners and any additional employees who have become eligible in July 2024.

##### **finnCap Share Option Schemes**

Awards under legacy finnCap Share Option Schemes (including to John Farrugia as referenced above) remain outstanding. Save for one small award (a pre-merger contractual commitment) to be made in July 2024, the Committee does not intend to make any further awards under these plans. To the extent that outstanding options become exercisable or are exercised, we will endeavour to satisfy such awards using shares held or purchased in the market by our Employee Benefit Trusts (EBTs) in order to manage their dilutive extent as far as possible.

##### **Cenkos Share Incentive Plans**

In accordance with the treatment agreed and announced as part of the merger, outstanding awards under the former Cenkos Deferred Bonus Scheme (DBS) and Short Term Incentive Plan (STIP) were converted into awards over Cavendish shares. These awards vest in annual tranches (subject to participants continued employment or 'good leaver' provisions), and all will be satisfied using shares allocated for that purpose held in our Employee Benefit Trusts.

##### **Dilution**

It is our intention that overall shareholder dilution under the CiP will be managed through funding our EBTs to make market purchases over time, with the intention of limiting the overall dilution from all group share option and employee incentive plans to less than c.15% of issued share capital over a rolling ten-year period.

#### **SHAREHOLDER ENGAGEMENT**

The Committee is committed to an open and transparent dialogue with its shareholders and will be available to answer questions relating to our remuneration policy at the AGM in September 2024.

## REMUNERATION POLICY

The Group's remuneration policy, which operated during FY24, is designed to ensure that the remuneration packages attract, motivate and retain employees of a high calibre and to reward them for enhancing value to shareholders. The Group's policy is that a substantial proportion of the total potential remuneration of the Executive Directors should be aligned with regulatory requirements, performance-related, and aligned to performance measures that benefit all shareholders and promote the Group's long-term success. The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets, are undertaken by the Remuneration Committee. The Remuneration Committee is also responsible for determining the annual remuneration package of the Executive Directors' direct reports, and the Group's Material Risk Takers.

The main elements of the remuneration package that the Group offers to its Executive Directors, are summarised as follows:

### Fixed elements:

**Base salary:** The Group aims to pay competitive fixed salaries to support the recruitment and retention of Executive Directors, reflecting their role, skills and experience. Salaries are reviewed by the Remuneration Committee on an annual basis, having regard to competitors, industry needs and pay levels elsewhere within the Group.

**Benefits (including pension):** The Group aims to provide benefits aligned with the market on a cost-effective basis. Benefits offered include an employer pension contribution to a defined contribution pension scheme of 5% of base salary matched to an employee contribution (aligned with the contribution available to the wider workforce), private medical insurance, life assurance and subsidised gym membership. Other benefits may be offered in line with market practice if considered appropriate.

### Variable elements:

**Annual Bonus:** The Group operates a discretionary performance related annual bonus scheme. The bonus pool is determined by the Remuneration Committee considering corporate financial and non-financial performance, overall company culture, attitude to risk, and the need to balance all stakeholder interests. *Individual bonus awards* for the Executive Directors, their direct reports and Group Material Risk Takers are determined by the Remuneration Committee. The Committee has discretion under the bonus scheme to apply deferral to part of any bonus award, whereby a portion of the award is deferred and will vest over a specified period. All bonuses are subject to malus and clawback provisions. The Committee can also apply upwards and downwards discretion to any proposed awards, considering performance, risk, compliance, people & culture.

**Retention awards:** The Remuneration Committee also has discretion to approve any retention awards required to attract or retain key talent.

**Long-Term Incentive:** In order to retain and motivate senior leadership to drive strong Group performance, the Group operates Long-Term Incentive arrangements. Post-merger, long-term incentivisation is operated by way of the Co-Investment Plan (described above), whereby participants make an initial investment into shares and then have the opportunity for a further matching award depending on share price performance over a three-year period (and thereby aligned with the interests of shareholders).

The Group also has legacy pre-merger Long-Term Incentive arrangements under the ex-finnCap Unapproved Share Option Scheme, and ex-Cenkos Short Term Incentive Plan. Other than as noted above, there is no current intention to make further awards under the finnCap Unapproved Share Option Scheme. Further targeted awards may be made under the Short-Term Incentive Scheme to key individuals (excluding Executive Directors) but only to the extent that such awards may be satisfied from existing headroom in the Company's Employee Benefit Trusts.

## REMUNERATION FOR FY2024 (AUDITED)

The single total remuneration figure for each Director holding office during the year ended 31 March 2024 is set in the table below. Where Directors were appointed to or stepped down from the Board during the year, the amounts shown reflect payments made to them from or to the relevant date as appropriate:

	Base salary/fees £'000		Discretionary bonus £'000			Benefits (including pension) £'000		Total £'000	
	2024	2023	2024		2023	2024	2023	2024	2023
			Paid <sup>(1)</sup>	Deferred <sup>(2)</sup>					
<b>Executive Directors</b>									
John Farrugia	300	224	354	140	234	9	-	803	473
Julian Morse (appointed 7 September 2023)	170	-	207	230	-	3	-	610	-
Ben Procter (appointed 7 September 2023)	141	-	132	120	-	3	-	396	-
Richard Snow <sup>(3)</sup>	210	210	92	-	-	20	10	322	220
<b>Non-Executive Directors</b>									
Lisa Gordon (appointed 7 September 2023)	82	-	-	-	-	-	-	82	-
Annette Andrews	55	50	-	-	-	-	-	55	50
Mark Astaire (appointed 1 January 2024)	13	-	-	-	-	-	-	13	-
Jeremy Miller (appointed 7 September 2023)	34	-	-	-	-	-	-	34	-
<b>Past Directors</b>									
Geoff Nash (stepped down 7 September 2023)	87	159	-	-	-	1	2	88	161
Robert Lister (stepped down 31 December 2023)	60	70	-	-	-	1	3	61	73
Barbara Firth (stepped down 7 September 2023)	34	50	-	-	-	-	-	34	50
Andy Hogarth (stepped down 7 September 2023)	34	50	-	-	-	-	-	34	50
<b>Total</b>	<b>1,220</b>	<b>813</b>	<b>795</b>	<b>480</b>	<b>234</b>	<b>37</b>	<b>30</b>	<b>2,532</b>	<b>1,077</b>

(1) Including the £1,800 bonus made available to all employees of the Group to support participation in the SIP.

(2) Bonus amounts include a portion of the total FY24 bonus which is subject to deferral as follows: John Farrugia – 45%; Julian Morse – 50%; Ben Procter – 48%.

(3) Richard Snow's FY24 bonus was reduced to reflect his decision to step down from the Board and leave employment of the Group with effect from 31 July 2024.

## DIRECTORS' INTERESTS IN SHARE INCENTIVE PLANS AND EMPLOYEE SHARE PLANS

Executive Directors' interests (as at 31 March 2024) in the various share incentive plans in place are set out in the tables below:

### Unapproved Share Option Plan (ex finnCap):

	Date of Grant	Outstanding at 31 March 2023	Granted	Exercised	Lapsed	Outstanding at 31 March 2024	Exercise price (p) (if applicable)	Vested	Expiry date
John Farrugia	05/12/2018	610,090	-	-	610,090	0	28.0	-	05/12/2023
	01/04/2020	425,000	-	-	-	425,000	17.5	No	09/07/2027
	04/04/2020	775,000	-	-	-	775,000	17.5	No	09/07/2027
	18/08/2020	666,667	-	-	-	666,667	1.0	Yes	31/03/2025
	18/08/2020	666,667	-	-	-	666,667	1.0	Yes	31/03/2026
	22/08/2023	-	5,000,000	-	-	5,000,000	15.0	No	22/08/2033
Richard Snow	22/08/2023	-	2,000,000	-	-	2,000,000	1.0	No	22/08/2023
	13/08/2020	250,000	-	-	-	250,000	15.5	No	20/05/2028

**Deferred Bonus Plan and Short-Term Incentive Plan (ex Tenkos):**

Awards under the Deferred Bonus Plan (DBS) and Short Term Incentive Plan (STIP) comprise conditional awards which vest in equal tranches over a three-year period. Outstanding awards as at the merger effective date were converted into awards over Cavendish shares. Details of the awards held by Executive Directors are set out in the table below:

	Scheme	Date of Grant	Outstanding at 7 September 2023 <sup>(1)</sup>	Granted	Exercised	Lapsed	Outstanding at 31 March 2024
Julian Morse	DBS	08/04/2021	283,271	-	-	-	283,271
	DBS	08/04/2022	587,746	-	-	-	587,746
	STIP	24/07/2023	2,044,292	-	-	-	2,044,292
Ben Procter	DBS	24/07/2023	1,014,035	-	-	-	1,014,035
	STIP	24/07/2023	319,420	-	-	-	319,420

<sup>(1)</sup> Date of appointment as Directors

**Co-Investment Plan (CIP)**

Each of the Executive Directors elected to participate in the CIP with details of the shares acquired with their initial lump sum subscription ("Subscription Shares") and the minimum and maximum number of additional shares ("Additional Shares") which will be awarded at nil-cost based on the satisfaction of stretching share price targets at the end of a three-year lock-up period ending on 19 February 2027, set out in the table below:

	Subscription Shares acquired on 19/02/2024 at 9.75 pence per share	Minimum Additional Shares	Maximum Additional Shares
John Farrugia	205,128	102,564	820,512
Julian Morse	512,820	256,410	2,051,280
Ben Procter	512,820	256,410	2,051,280
Richard Snow	205,128	102,564	820,512

The share price targets relating to the Additional Shares are as follows:

Premium to Target Base Price (10.5p per share)	Corresponding Target Share Price	Additional Shares awarded for each Subscription Share acquired
<75%	Less than 18.4p	0.5
>=75%	18.4p	2
>=125%	23.6p	3
>=175%	28.9p	4

**Share Incentive Plan (SIP):**

Details of shares purchased by and awarded to the Executive Directors under the SIP (established in February 2024) are as follows:

	SIP shares held at 31 March 2023 <sup>(1)</sup>	Partnership Shares acquired on 19/03/2024	Matching Shares awarded on 19/03/2024	Total SIP Shares at 31 March 2024
John Farrugia	-	18,367	36,734	55,101
Julian Morse	-	18,367	36,734	55,101
Ben Procter	-	18,367	36,734	55,101
Richard Snow	-	18,367	36,734	55,101

<sup>(1)</sup> Or date of appointment if later.

#### Directors' interests in ordinary shares

The beneficial interests in the ordinary shares in the Company as at 31 March 2024 of the Directors who held office during the year are shown in the table below:

	31 March 2024 <sup>(1)</sup>	
	No. of ordinary ordinary shares of £0.01 each	% of issued share capital
<b>Executive Directors</b>		
John Farrugia	2,187,898	0.57%
Julian Morse <sup>(2)</sup>	5,948,372	1.55%
Ben Procter <sup>(2)</sup>	857,921	0.22%
Richard Snow	588,926	0.15%
<b>Non-Executive Directors</b>		
Lisa Gordon (Chair) <sup>(2)</sup>	569,420	0.15%
Mark Astaire <sup>(3)</sup>	100,000	0.03%
Jeremy Miller	175,681	0.05%
<b>Past Directors</b>		
Geoff Nash <sup>(2)</sup>	7,132,626	1.85%
Robert Lister <sup>(4)</sup>	65,450	0.02%
Barbara Firth <sup>(2)</sup>	357,142	0.09%
Andy Hogarth <sup>(2)</sup>	357,142	0.09%

<sup>(1)</sup> Or date of cessation if earlier

<sup>(2)</sup> Appointed/stepped down 7 September 2023

<sup>(3)</sup> Appointed 1 January 2024

<sup>(4)</sup> Stepped down 31 December 2023

#### 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 or compromise of any claim arising on termination of a Directors' office or employment. No such payments were made in FY24.

#### Non-Executive Directors' remuneration

Non-Executive Director remuneration is set by the Board based upon the recommendation of the Executive Directors after 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 only with reimbursement of all reasonable expenses. Non-Executive Directors do not participate in any form of variable compensation, be that discretionary cash bonuses or awards under the Group's share scheme and are not eligible for pension benefits.

#### Service Contracts and Letters of Appointment

##### 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. The table below provides details of service contracts of the Executive Directors as at 31 March 2024.

	Date of appointment	Nature of contract	Notice period	Next re-election
John Farrugia	7 July 2022	Rolling	6 months	2024
Julian Morse	7 September 2023	Rolling	6 months	2024
Ben Procter	7 September 2023	Rolling	6 months	2024
Richard Snow	20 May 2020	Rolling	6 months	N/A

##### 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 shows details of the date of appointment of the Non-Executive Directors together with their next election or re-election date as at 31 March 2024:

	Date of appointment	Nature of contract	Notice period	Next re-election
Lisa Gordon	7 September 2023	3 years	3 months	2024
Annette Andrews	25 January 2022	3 years	3 months	N/A <sup>(1)</sup>
Mark Astaire	1 January 2024	3 years	3 months	2024
Jeremy Miller	7 September 2023	3 years	3 months	2024

(1) Annette Andrews has indicated her intention to step down from the Board at the Company's 2024 AGM.

## Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with UK Adopted International Accounting Standards and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements, and they have elected to prepare the company financial statements in accordance with UK Adopted International Accounting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss for the group and company for that period. The directors are also required to prepare financial statements in accordance with rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Energy and Carbon Emissions Report

In line with “The Companies (Directors’ report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018” we present the details of the Group’s carbon and energy usage.

Emission type	2024		2023	
	kWh	Carbon (tonnes)	kWh	Carbon (tonnes)
Scope 1: Operation of Facilities	-	-	-	-
Scope 1: Combustion	-	-	-	-
<b>Total Scope 1</b>	-	-	-	-
Scope 2: Purchased Energy	353,947	73	266,753	51
<b>Total Scope 2</b>	<b>353,947</b>	<b>73</b>	<b>266,753</b>	<b>51</b>
Scope 3: Indirect Energy use	-	-	11,350	3
<b>Total Scope 3</b>	-	-	<b>11,350</b>	<b>3</b>
<b>Total</b>	<b>353,947</b>	<b>73</b>	<b>278,103</b>	<b>54</b>

### Methodology

Our methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a ‘dual reporting’ methodology for the reporting of Scope 2 emissions. In the ‘Total Footprint’ summary above, purchased electricity is reported on a location-based method. We have reported on all the measured emissions sources required under The Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 except where stated.

This includes limited emissions under Scope 1 and 2 (gas & fuel used in transport; purchased electricity), except where stated, and limited emissions under Scope 3 (fuel used in personal cars for business purposes). Energy use and emissions figures relate to our UK operation (including offshore energy and emissions) only, except where stated. Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2021. Conversion factors for UK electricity (market-based methodology) are published at [electricityinfo.org/](http://electricityinfo.org/) provided by the relevant supplier.

### Statement of Exclusions

None known at the time of reporting.

### Energy Efficiency Actions

During the financial year we have completed a refurbishment of our offices to expand the available office/meeting space. In delivering this we ensured that our investment aligned to current best practice in relation to energy efficiency (LED lighting, controls, high performance heating/cooling systems).

The Group continues to monitor energy use in its already highly efficient office space. Following completion of the Cenkos merger we expect that our energy intensity should decrease as we do not require to lease any more office space for the merged entity to operate. We continue to encourage staff to use energy efficient transport (eg choose train vs fly) where appropriate and continue to encourage cycle commuting through the Bike to Work scheme and the high quality bike storage and related locker and shower facilities in our office building.

## Directors' Report

### Directors' report

The Directors present their report for the year-ended 31 March 2024. Additional information which is incorporated by reference into this Directors' report can be located as follows:

Disclosure	Location
Future business developments	Strategic report
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 5 to the Financial Statements
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Strategic Report - pages 10 to 13 and note 5 to the Financial Statements
Directors' responsibilities statement	Page 44
s172 Statement	Page 19 to 20
Stakeholder engagement	Pages 16 to 18
Greenhouse gas emissions	Energy and Carbon Emissions Report – page 45

### Parent Company

The Company acts as the holding company for the Group and details of its subsidiary undertakings can be found in Note 16.

### Financial results and dividends

The Group's loss before taxation for the year was £(4.3)m (FY23: £(6.3)m). More information about the Group's financial performance can be found in the Chief Financial Officer's Report on pages 21 to 23 and in the financial statements on pages 67 to 89.

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of 0.25p pence per share. Subject to shareholder approval at the Annual General Meeting to be held on 16 September 2024, the final dividend will be paid on 15 October 2024 to shareholders on the register at the close of business on 20 September 2024.

### Post Balance Sheet Events

There were no material events to report on that occurred between 31 March 2024 and the date at which the Directors signed the Annual Report.

### Directors and their interests in shares of the Company

The Directors of the Company who held office during the year are set out below, their interests in shares in the Company are shown in the Remuneration Committee Report on page 41

#### *Executive Directors*

John Farrugia  
Julian Morse (appointed 7 September 2023)  
Ben Procter (appointed 7 September 2023)  
Richard Snow

#### *Non-Executive Directors*

Lisa Gordon (Chair) (appointed 7 September 2023)  
Annette Andrews

Mark Astaire (appointed 1 January 2024)  
Jeremy Miller (appointed 7 September 2023)

*Past Directors:*

Geoff Nash (stepped down 7 September 2023)  
Robert Lister (stepped down 31 December 2023)  
Barbara Firth (stepped down 7 September 2023)  
Andy Hogarth (stepped down 7 September 2023)

**Directors' Indemnities**

Directors and Officers' Liability Insurance is maintained by the Group for all Directors and Officers of the Company and the Group as permitted by the Companies Act 2006.

To the extent permitted by law and in accordance with its Articles of Association, the Company indemnifies its Directors in respect of any loss, liability or expense they incur in relation to the Company or any associated company of the Company. Indemnity provisions were in force during the year and these remain in force at the date of this report.

**Share Capital**

As at 31 March 2024, the issued share capital of the Company was £3,846,935 (31 March 2023 - £1,810,948) divided into 384,693,548 ordinary shares of 1 pence each (31 March 2023 – 181,094,844) which are admitted to trading on AIM. All shares have equal voting rights and no person has any special rights over the Company's share capital. Details of shares issued during the year are shown in Note 25.

## Significant shareholders

In addition to the Directors' interests noted 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 March 2024:

	31 March 2024	
	No. of ordinary ordinary shares of £0.01 each	% of issued share capital
Cavendish Securities plc EBT	27,591,689	7.2%
Jon Moulton	20,022,854	5.5%
Vin Murria	18,305,198	5.1%
Bridger Limited (Steward family holding)	17,495,186	4.8%
Baron Leigh of Hurley	17,044,403	4.4%
Sam Smith	16,330,000	4.2%
Canaccord Genuity Asset Management Ltd	15,857,244	4.1%
Jim Durkin	15,074,174	3.9%

## Authority to purchase own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the Company's AGM held on 29 September 2023, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 36,218,968 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the AGM to be held on 16 September 2024, and accordingly has an unexpired authority to purchase up to 36,218,968 ordinary shares with a nominal value of £362,189.68

The Group has Employee Benefit Trusts (EBTs) to service its various share incentive schemes. The EBTs are funded by the Company and have the power to subscribe for shares in the Company or to acquire shares in the open market to meet the Company's future obligations. During the year, the Cavendish Financial plc EBT subscribed (in its capacity as nominee on behalf of participants) for a total of 12,420,500 shares in the Company under the Co-Investment Plan (CiP), and acquired 69,145 shares as nominee for participants electing to make monthly market purchases under the CiP.

## Political donations

The Group did not make any political donations or incur any political expenditure during the year.

## Equal opportunities & employee involvement

The Group's employment policies are based on a commitment to equal opportunities for all from the selection and recruitment processes, through to training, development, appraisal and promotion. The Group actively encourages employee involvement and consultation and places emphasis on keeping its employees informed of the Group's activities and financial performance by such means as employee briefings and publication (via the Group's intranet) to all staff of relevant information and corporate announcements. More information on how we engage with our employees is set out in the Strategic Report.

### **Related Party Transactions**

There are no related party transactions required to be disclosed under the AIM rules.

### **Going concern**

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail on going concern is set out in Note 2 to the financial statements.

### **Disclosure of information to auditors**

So far as each of the Directors who held office at the date of this Director's Report is aware:

- There is no relevant audit information of which the Group's auditors are unaware; and
- Each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### **Independent auditor**

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

### **Annual General Meeting**

The Annual General Meeting will be held on 16 September 2024 at the Company's offices, One Bartholomew Close, London EC1A 7BL. The notice convening the meeting, together with details of the business to be considered and explanatory notes for each resolution, will be published separately and will be available on the Company's website and distributed to shareholders who have elected to receive hard copies of shareholder information. The Directors' Report was approved by the Board on 14 July 2024 and is signed on its behalf by:



**Ben Procter**

**Chief Financial Officer**

**14 July 2024**

## **Independent auditor's report to the members of Cavendish Financial plc**

### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions 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 Cavendish Financial plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cashflows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions 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 Group and the Parent 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 Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing going concern including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other;

- Challenging the Directors' assumptions and judgements made in their base case and stress tested cash forecasts including comparing the revenue pipeline to underlying support where applicable and expenditure to historical expenditure;
- Obtaining and reviewing the Directors' cash flow forecasts/budgets, stress tests and other available information to assess whether there are material uncertainties over the going concern assumption;
- Establishing the reliability of the Directors' forecasts by comparing prior year budgeted results to current year actuals;
- Evaluating the assumptions used in the forecasts and stress tests with reference to historical trends and current market factors;
- Agreeing forecasted figures to supporting documentation where possible;
- Performing our own sensitivity analysis of the forecasts which included consideration of the available liquidity and capital requirements; and
- Evaluating the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment.

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 Group and the Parent 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.

<b>Overview</b>	<i>97% (2023: 96%) of Group profit before tax</i>		
<b>Coverage</b>	<i>100% (2023: 100%) of Group revenue</i>		
<b>Key audit matters</b>		2024	2023
	Revenue recognition of deal fees and commission income	✓	✓
	Revenue recognition of market making income	✓	✗
	Acquisition accounting	✓	✗
	<p>During the current financial year, the Group acquired 100% of the share capital within Cavendish Securities plc (formerly Cenkos Securities plc) in a share-for-share transaction.</p> <p>Due to assumptions made to calculate the fair value of acquired assets and assumed liabilities, there is a risk associated with management's judgements and estimates made in the business combination, including possible management's bias in fair value allocations.</p> <p>For this reason, we consider this area to be a Key Audit Matter for the current financial year.</p>		
<b>Materiality</b>	<i>Group financial statements as a whole</i>		
	£710,000 (2023: £490,000) based on 1.5% of Group's current year revenue (2023: 1.5% of Group's current year revenue).		

## An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group'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.

We tailored our audit to ensure we have performed sufficient work to be able to give an opinion on the Group financial statements as a whole taking into account the structure of the Group and its accounting processes and controls. The Group is based in the United Kingdom and operates through the subsidiaries of the Parent Company.

The Group audit engagement team carried out full scope audits for the Parent Company, Cavendish Financial plc, Cavendish Capital Markets, Cavendish Securities plc and Cavendish Corporate Finance LLP which were considered to be significant components of the Group due to their contribution to revenue. Analytical review procedures are performed on all non-significant components to the group, being Cavendish UK Limited and Energise Ltd.

### 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
<p><b>Revenue recognition of deal fees and commission income</b></p> <p><i>(Note 2 and Note 6)</i></p>	<p>Revenue from corporate finance transaction fees ("deal fees") and commission income are generated upon successfully raising debt or equity finance on behalf of clients and therefore only earned when the deal is concluded.</p> <p>The risk identified relates to both the timing of the recognition of revenue and whether it is appropriately supported by the completion of performance obligations. Revenue for these streams is recognised at a point in time, when the obligations under the contract have been fulfilled. Because there is judgement involved in determining when each performance obligation has been satisfied, we consider increased risk that revenue is not recognised in accordance with the contractual entitlement. This is particularly in relation to significant deals occurring at or around year end and at the acquisition date of the newly acquired subsidiary.</p> <p>Due to the judgement involved there is a risk that revenue might be misstated in</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have assessed the design and implementation of controls around revenue recognition.</li> <li>• We have performed cut-off testing by selecting a sample of corporate finance fee income recorded for a defined period before and after year end and the acquisition date of the newly acquired subsidiary.</li> <li>• We have agreed the performance obligations back to contract and regulatory announcements to check that the income was recorded in the correct accounting period.</li> </ul> <p><b>Key observations:</b></p> <p>Based on procedures performed we did not find any matters indicating that the recognition of deal fees and commission income was inappropriate.</p>

	<p>an effort to meet performance targets in the year.</p> <p>We therefore consider there to be a significant risk over the cut-off of revenue around the year end and at the acquisition date of the newly acquired subsidiary.</p>	
<p><b>Revenue recognition of market making income</b> (Note 2 and Note 6)</p>	<p>Revenue is a key area of focus for the users of the financial statements, as it is a strong indicator of performance.</p> <p>Recognised within the execution services revenue stream are realised and unrealised gains and losses on market making activities.</p> <p>The calculation of realised and unrealised gains and losses are driven by reporting from the third-party service provider and the trading system. These processes are largely automated and provides the Company with a daily Transaction Report ("PTR").</p> <p>Outside of the above-mentioned automated process, there are a number of manual adjustments made to the data extracted from the PTR by the finance team, before the journals are recognised within the accounting system.</p> <p>We therefore considered there to be a specific risk around the existence, completeness and accuracy of the manual adjustments.</p> <p>There is also a potential fraud risk as there is incentive to make adjustments that inflate revenue to improve performance.</p> <p>For these reasons we consider the revenue recognition from market making to be a key audit matter.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have assessed the design and implementation of controls around revenue recognition.</li> <li>• We selected a sample of PTR reports during the year and performed substantive procedures to assess their completeness and accuracy.</li> <li>• We traced a sample of movements in the PTR report to cash to assess the existence of the amounts reported.</li> <li>• We obtained management's reconciliation of the PTR report to the financial statements and have agreed this to the trial balance as at 31 March 2024.</li> <li>• We have identified and substantively tested all material manual adjustments, through recalculation, if relevant, and agreement to supporting documentation, including holding certificates and BDO FX rate.</li> <li>• We have obtained an understanding of the business rationale behind these adjustments, including why the balances are not included within the Fidessa and Pershing systems.</li> <li>• We have considered the completeness of adjustments through review of the prior year reconciliation as well as knowledge obtained in other areas of the audit.</li> </ul> <p><b>Key observations:</b></p> <p>Based on procedures performed we did not find any matters indicating that the recognition of market making income was not appropriate.</p>
<p><b>Acquisition accounting</b> (Note 2 and Note 17)</p>	<p>During the current financial year, the Group acquired 100% of the share capital within Cenkos Securities Plc in a share-for-share transaction.</p> <p>Due to assumptions made to calculate the fair value of acquired assets and assumed liabilities, there is a risk associated with management's judgements and estimates made in the business combination, including possible management's bias in fair value allocations.</p> <p>The key areas of risk relating to the acquisition accounting are the following:</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have assessed the basis used for the fair value of each asset and liability class considering the IFRS 3 and 13 principles.</li> <li>• We have recalculated the lease liability and right of use asset amounts based on the incremental borrowing rate used by management as at acquisition date.</li> <li>• We have evaluated the components of the deferred tax asset for accuracy and assessed the recoverability of the amount based on forecasted profits.</li> <li>• We challenged management's assessment of the completeness of intangible assets in the acquisition based on auditor expectation.</li> </ul>

	<ul style="list-style-type: none"> <li>- The completeness of the intangible assets recognised;</li> <li>- The treatment of the treasury shares held by the Cenkos EBT;</li> <li>- The impact of the share replacement awards on the consideration paid; and</li> <li>- The fair value of the net assets acquired, in particular the lease liability, right of use asset and deferred tax asset.</li> </ul>	<ul style="list-style-type: none"> <li>• We have consulted with our auditor's experts, as appropriate, as to the accounting treatment of complex areas including the treatment of the treasury shares held by the Cenkos EBT and the impact of the share replacement awards on the consideration paid.</li> <li>• We have audited each asset/liability fair value based on the fair value basis.</li> </ul> <p><b>Key observations:</b></p> <p>Based on procedures performed we did not find any matters indicating that the acquisition accounting was inappropriate.</p>
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### 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:

	Group financial statements		Parent company financial statements	
	2024 £	2023 £	2024 £	2023 £
<b>Materiality</b>	710,000	490,000	533,000	489,000
<b>Basis for determining materiality</b>	1.5% of the Group's current year revenue	1.5% of Group current year revenue	75% of the Group's materiality	99.8% of Group materiality
<b>Rationale for the benchmark applied</b>	We determined that current year revenue is the most appropriate benchmark (2023: revenue). Revenue is also a key measure of performance for users of the financial statements.		Capped 69% (2023: 99.8%) of group materiality given the assessment of the components aggregate risk.	
<b>Performance materiality</b>	532,000	367,000	400,000	366,000
<b>Basis for determining performance materiality</b>	75% (2023: 75%) of materiality based on our knowledge and experience of the audited entity including the expected total value of known and likely misstatements.			
<b>Rationale for the percentage applied for performance materiality</b>	Based on our knowledge and experience of the audited entity including the expected total value of known and likely misstatements.			

### *Component materiality*

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 30% and 75% (2023: 35% and 99.8%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £210,000 to £533,000 (2023: £178,000 to £489,000). In the audit of each component, we further applied performance materiality levels of 75% (2023: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

### *Reporting threshold*

We agreed with the Audit, Risk and Compliance Committee that we would report to them all individual audit differences in excess of £36,000 (2023: £25,000). 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 Report and Accounts 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.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>• 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</li><li>• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li></ul> <p>In the light of the knowledge and understanding of the Group and Parent 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.</p>
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<b>Matters on which we are required to report by exception</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>• the Parent Company financial statements are not in agreement with the accounting records and returns; or</li> <li>• certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>• we have not received all the information and explanations we require for our audit.</li> </ul>
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### **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 Group's and the Parent 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 Group or the Parent 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:

### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Inspection of correspondence with regulatory authorities for other laws and regulations that may have a material impact on the financial statements, we considered the significant laws and regulations to be Companies Act 2006, UK adopted International Accounting Standards, UK tax legislation, AIM Listing Rules and the Financial Conduct Authority's regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the risk of fraudulent revenue recognition, valuation of the goodwill intangible asset, acquisition accounting and management override of control.

Our procedures in respect of the above included:

- In addressing the risk of fraudulent revenue recognition and the acquisition accounting, the procedures set out in the key audit matters section of our report;
- In addressing the risk of inappropriate valuation of goodwill:
  - reviewing and challenging the assumptions used in the Value in Use model;
  - working with our internal valuation experts in forming a basis for our opinion on the reasonableness and comparability of some of the key assumptions used in the Value in Use model;
  - corroborating calculations used in the forecasts with those used in the Directors going concern assessment; and
  - considering any contradictory evidence.
- In addressing the risk of management override of controls, testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- To incorporate an element of unpredictability in our testing, testing a sample of journal entries throughout the year which do not meet the risk criteria;
- Assessing significant estimates in relation to the share option charge and valuation of unquoted equity and derivative instruments held made by management for bias by agreeing to supporting documentation and the use of internal experts; and
- Review of minutes of Board meetings throughout the period for any known or suspected instances of fraud.


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

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](http://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Neil Fung-On (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

14 July 2024

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

## Consolidated statement of comprehensive income

		Year ended 31 March 2024	Year ended 31 March 2023
	Notes	£'000	£'000
<b>Revenue</b>	6	<b>48,088</b>	<b>32,864</b>
Other operating expenses	6	(293)	(214)
Administrative expenses	7	(51,643)	(34,543)
<b>Operating loss before non-recurring items</b>		<b>(3,848)</b>	<b>(1,893)</b>
Non-recurring items	9	(52)	(3,658)
<b>Operating loss after non-recurring items</b>		<b>(3,900)</b>	<b>(5,551)</b>
Share of joint venture and associate losses		(346)	(297)
Finance income	10	359	65
Finance charge	10	(425)	(502)
<b>Loss before taxation</b>		<b>(4,312)</b>	<b>(6,285)</b>
Taxation	11	766	767
<b>Loss attributable to equity shareholders</b>		<b>(3,546)</b>	<b>(5,518)</b>
<b>Total comprehensive loss for the year</b>		<b>(3,546)</b>	<b>(5,518)</b>
<b>Losses per share (pence)</b>			
Basic	12	(1.40)	(3.25)
Diluted	12	(1.40)	(3.25)

There are no items of other comprehensive income.

All results derive from continuing operations.

The notes on pages 67 to 89 form part of these financial statements.

## Consolidated statement of financial position

		31 March 2024 £'000	31 March 2023 £'000
	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	13	11,052	12,239
Intangible assets	14	13,436	13,492
Financial assets held at fair value	15	538	404
Investment in associates and joint ventures	18	1,982	2,106
Deferred tax asset	19	3,626	886
<b>Total non-current assets</b>		<b>30,634</b>	<b>29,127</b>
<b>Current assets</b>			
Trade and other receivables	20	22,714	12,736
Corporation taxation receivable		-	450
Current assets held at fair value		4,210	269
Cash and cash equivalents	21	20,739	9,382
<b>Total current assets</b>		<b>47,663</b>	<b>22,837</b>
<b>Total assets</b>		<b>78,297</b>	<b>51,964</b>
<b>Non-current liabilities</b>			
Trade and other payables	22	8,713	10,008
Borrowings		98	481
Provisions		82	29
<b>Total non-current liabilities</b>		<b>8,893</b>	<b>10,518</b>
<b>Current liabilities</b>			
Trade and other payables	22	29,398	14,632
Borrowings	24	386	843
<b>Total current liabilities</b>		<b>29,784</b>	<b>15,475</b>
<b>Equity</b>			
Share capital	25	3,847	1,811
Share premium	26	3,099	1,716
Own shares held	27	(4,799)	(1,926)
EBT reserve		(274)	(294)
Merger relief reserve	26	25,151	10,482
Share based payments reserve	28	3,766	1,771
Retained earnings		8,830	12,411
<b>Total equity</b>		<b>39,620</b>	<b>25,971</b>
<b>Total equity and liabilities</b>		<b>78,297</b>	<b>51,964</b>

The notes on pages 67 to 89 form part of these Financial Statements. The Financial Statements of Cavendish Financial plc, company number 11540126, were approved and authorised for issue by the Board of Directors on 14 July 2024 and were signed on its behalf by:



**Ben Procter** (Chief Financial Officer)

## Company statement of financial position

		31 March 2024	31 March 2023
	Note	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	13	10,361	12,066
Intangible assets		6	6
Investments in subsidiaries	16	39,884	23,404
Investment in associates and joint ventures	18	1,837	2,006
Deferred tax asset	19	183	-
<b>Total non-current assets</b>		<b>52,271</b>	<b>37,482</b>
<b>Current assets</b>			
Trade and other receivables	20	1,860	2,026
Corporation taxation receivable		-	60
Cash and cash equivalents	21	354	187
<b>Total current assets</b>		<b>2,214</b>	<b>2,273</b>
<b>Total assets</b>		<b>54,485</b>	<b>39,755</b>
<b>Non-Current liabilities</b>			
Trade and other payables	22	8,474	10,008
<b>Total non-current liabilities</b>		<b>8,474</b>	<b>10,008</b>
<b>Current liabilities</b>			
Trade and other payables	22	4,462	4,077
Amounts due to subsidiaries	23	-	382
<b>Total current liabilities</b>		<b>4,462</b>	<b>4,459</b>
<b>Equity</b>			
Share capital	25	3,847	1,811
Share premium	26	3,099	1,716
Own shares held	27	(67)	-
Merger relief reserve	26	31,281	16,612
Share based payments reserve	28	20	7
Retained earnings		3,369	5,142
<b>Total equity</b>		<b>41,549</b>	<b>25,288</b>
<b>Total equity and liabilities</b>		<b>54,485</b>	<b>39,755</b>

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company Statement of Comprehensive Income. The loss after taxation attributable to the Company in the period ended 31 March 2024 was £1,773,000 (2023: £2,338,000).

The Financial Statements of Cavendish Financial plc, company number 11540126, were approved and authorised for issue by the Board of Directors on 14 July 2024 and were signed on its behalf by:



**Ben Procter** (Chief Financial Officer)

The notes on pages 67 to 89 form part of these Financial Statements.

## Consolidated statement of cashflows

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(4,312)	(6,285)
Adjustments for:		
Depreciation	1,899	1,789
Negative Goodwill	(5,771)	-
Amortisation of intangible assets	157	60
Finance income	(359)	(65)
Finance charge	425	502
Share of associate profits	346	297
Share based payments charge	1,747	577
Net fair value losses recognised in profit or loss	305	382
Payments received of non-cash assets	(55)	(854)
	<b>(4,096)</b>	<b>(3,597)</b>
<b>Changes in working capital:</b>		
Decrease/(increase) in trade and other receivables	(1,796)	398
(Decrease)/increase in trade and other payables	7,543	(5,951)
(Decrease)/increase in provisions	53	(65)
	<b>1,704</b>	<b>(9,215)</b>
<b>Cash generated from operations</b>	<b>1,704</b>	<b>(9,215)</b>
Net cash receipts /(payments) for current asset investments held at fair value through profit or loss	(305)	602
Tax paid	256	(1,155)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>1,655</b>	<b>(9,768)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(174)	(724)
Purchase of intangible assets	(101)	(40)
Investment in associates and joint ventures	(150)	(2,029)
Acquisition of Cavendish Securities plc	11,576	-
Proceeds on sale of investments	83	870
Interest received	359	65
<b>Net cash (outflow)/inflow from investing activities</b>	<b>11,593</b>	<b>(1,858)</b>
<b>Cash flows from financing activities</b>		
Equity dividends paid	-	(1,954)
Issue of share capital and exercise of options	1,540	3
Interest paid	(34)	(38)
Lease liability payments	(2,557)	(1,555)
Net proceeds from borrowings	(840)	117
<b>Net cash (outflow) from financing activities</b>	<b>(1,891)</b>	<b>(3,427)</b>
Net (decrease)/increase in cash and cash equivalents	11,357	(15,053)
Cash and cash equivalents at beginning of year	9,382	24,435
<b>Cash and cash equivalents at end of year</b>	<b>20,739</b>	<b>9,382</b>

The notes on pages 67 to 89 form part of these Financial Statements.

## Company statement of cashflows

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(1,896)	(2,339)
Adjustments for:		
Depreciation (see note 16)	1,739	1,649
Finance charge	391	464
Share of associate profits	169	-
Share based payments charge	13	(19)
	<b>416</b>	<b>(245)</b>
<b>Changes in working capital:</b>		
Increase/(Decrease) in trade and other receivables	226	10,626
(Decrease)/increase in trade and other payables	(56)	(6,416)
Decrease in provisions	-	(11)
<b>Net cash inflow from operating activities</b>	<b>586</b>	<b>3,954</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(34)	(322)
<b>Net cash outflow from investing activities</b>	<b>(34)</b>	<b>(322)</b>
<b>Cash flows from financing activities</b>		
Equity dividends paid	-	(1,954)
Issue of share capital and exercise of options	1,540	3
Lease liability payments	(1,925)	(1,555)
<b>Net cash outflow from financing activities</b>	<b>(385)</b>	<b>(3,506)</b>
Net increase in cash and cash equivalents	167	126
Cash and cash equivalents at beginning of year	187	61
<b>Cash and cash equivalents at end of year</b>	<b>354</b>	<b>187</b>

The notes on pages 67 to 89 form part of these Financial Statements.

## Consolidated statement of changes in equity

Group	Share	Share	Own	EBT	Merger	Share Based	Retained	Total
	Capital	Premium	Shares	Reserve	Relief	Payment	Earnings	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022</b>	<b>1,799</b>	<b>1,475</b>	<b>(1,926)</b>	<b>(322)</b>	<b>10,482</b>	<b>1,294</b>	<b>20,261</b>	<b>33,063</b>
Total comprehensive loss for the period	-	-	-	28	-	-	(5,546)	(5,518)
<b>Transactions with owners:</b>								
Share based payments charge	-	-	-	-	-	577	-	577
Deferred tax on share based payments	-	-	-	-	-	-	(450)	(450)
Dividends paid	-	-	-	-	-	-	(1,954)	(1,954)
Share options exercised	12	241	-	-	-	(100)	100	253
	<b>12</b>	<b>241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477</b>	<b>(2,304)</b>	<b>(1,574)</b>
<b>Balance at 31 March 2023</b>	<b>1,811</b>	<b>1,716</b>	<b>(1,926)</b>	<b>(294)</b>	<b>10,482</b>	<b>1,771</b>	<b>12,411</b>	<b>25,971</b>
Total comprehensive loss for the period	-	-	-	20	-	-	(3,566)	(3,546)
<b>Transactions with owners:</b>								
Share based payments charge	-	-	-	-	-	1,747	-	1,747
Investment in subsidiaries	1,811	1,383	(3,164)	-	14,669	590	-	15,289
Purchase of shares	-	-	(67)	-	-	-	-	(67)
Issued share capital	225	-	358	-	-	(342)	(15)	226
	<b>2,036</b>	<b>1,383</b>	<b>(2,873)</b>	<b>-</b>	<b>14,669</b>	<b>1,995</b>	<b>(15)</b>	<b>17,195</b>
<b>Balance at 31 March 2024</b>	<b>3,847</b>	<b>3,099</b>	<b>(4,799)</b>	<b>(274)</b>	<b>25,151</b>	<b>3,766</b>	<b>8,830</b>	<b>39,620</b>

## Company statement of changes in equity

	Share Capital	Share Premium	Own Shares Held £'000	Merger Relief Reserve	Share Based Payment Reserve	Retained Earnings	Total Equity
<b>Balance at 31 March 2022</b>	<b>1,799</b>	<b>1,475</b>	-	<b>16,612</b>	<b>26</b>	<b>9,480</b>	<b>29,392</b>
Total comprehensive loss for the period	-	-	-	-	-	(2,339)	(2,339)
<b>Transactions with owners:</b>							
Share based payments charge	-	-	-	-	(19)	-	(19)
Deferred tax on share based payments	-	-	-	-	-	(45)	(45)
Dividends paid	-	-	-	-	-	(1,954)	(1,954)
Share options exercised	12	241	-	-	-	-	253
	<b>12</b>	<b>241</b>	-	-	<b>(19)</b>	<b>(1,999)</b>	<b>(1,765)</b>
<b>Balance at 31 March 2023</b>	<b>1,811</b>	<b>1,716</b>	-	<b>16,612</b>	<b>7</b>	<b>5,142</b>	<b>25,288</b>
Total comprehensive loss for the period	-	-	-	-	-	(1,773)	(1,773)
<b>Transactions with owners:</b>							
Share based payments charge	-	-	-	-	13	-	13
Investment in subsidiaries	1,811	1,383	-	14,669	-	-	17,863
Deferred tax on share based payments	-	-	-	-	-	-	-
Purchase of shares	-	-	(67)	-	-	-	(67)
Dividends paid	-	-	-	-	-	-	-
Issued share capital	225	-	-	-	-	-	225
	<b>2,036</b>	<b>1,383</b>	<b>(67)</b>	<b>14,669</b>	<b>13</b>	-	<b>18,034</b>
<b>Balance at 31 March 2024</b>	<b>3,847</b>	<b>3,099</b>	<b>(67)</b>	<b>31,281</b>	<b>20</b>	<b>3,369</b>	<b>41,549</b>

## Notes to the financial statements

### 1. General information

Cavendish Financial plc (the Company) is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The Company was incorporated on 28 August 2018. The registered office of the Company is at 1 Bartholomew Close, London, EC1A 7BL, United Kingdom. The registered company number is 11540126. The Company is listed on the AIM market of the London Stock Exchange.

### 2. Material Accounting policies

#### a. Basis of preparation

These consolidated and Parent Company Financial Statements contain information about the Group and have been prepared on a historical cost basis except for certain Financial Instruments which are carried at fair value. Amounts are rounded to the nearest thousand, unless otherwise stated and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates.

These consolidated and Parent Company Financial Statements have been prepared in accordance with UK Adopted International Accounting Standards.

The preparation of Financial Statements in compliance with UK Adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

#### b. Basis of consolidation

The Group's consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Group has control if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Subsidiaries are fully consolidated from the date on which control is established and de-consolidated on the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries. Transactions and balances between members of the Group are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

#### c. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in pages 1-7. The Strategic Report and Directors' Report describe the financial position of the Group; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

As normal, the Company has assessed the appropriateness of accounting on a going concern basis. This process involved the review of a forecast for the coming 18 months, along with stress testing a second downside scenario. Both cases showed that the Group has the required resources to operate within its resources during the period.

The Directors believe that the Company has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

#### d. New standards, amendments and interpretations

The Company has not adopted any new standards in this financial year.

There are other standards in issue, effective in future periods, which are not expected to have an impact on the Group.

#### e. Material accounting policies

#### Revenue and Other operating Expenses

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of trade 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. Revenue comprises:

- I. Securities - Income from trading activities
- II. Retainers – Recurring fees from retained clients
- III. Transactions - Corporate finance fees
- IV. Other operating expenses – gains and losses from warrants and options taken as consideration for core services

To determine whether to recognise revenue, the Group follows a five-step process as follows:

- I. Identifying the contract with the customer
- II. Identifying the performance obligations
- III. Determining the transaction price
- IV. Allocating the transaction price to the performance obligations
- V. Recognising revenue when/as performance obligation(s) are satisfied

The Group also considers whether it is acting as a principal or an agent for each type of revenue. Revenue is recognised either at a point in time, or over time as the Group satisfies performance obligations by transferring the promised services to its customers as described below.

**(a) Income from trading activities**

Income from trading activities includes commissions from agency dealing which are recognised on trade date. Trading activities also include gains and losses on market making, with trades recognised on trade date, with corresponding financial assets and financial liabilities until trade settlement. Market making positions are revalued to the closing market bid price (long positions) and offer price (short positions) on the London Stock Exchange as appropriate at the period end. Market making revenues consist of the realised and unrealised profits and losses on financial assets and financial liabilities, arrived at after considering attributable dividends. Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

**(b) Corporate finance fees and retainers**

Corporate finance transaction fees and commission are recognised at a point in time when, under the terms of the contract, the conditions have been unconditionally met such that the Company is entitled to the fees specified. Corporate finance retainer fees, including nominated adviser retainer fees, are recognised over time as the services are delivered.

**Other income**

Revenue also includes the fair value of options and warrants over securities received as consideration for corporate finance services rendered.

Contract costs including commissions and referral fees paid to introducers of business are shown in administrative expenses.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Depreciation**

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Fixtures, fittings and equipment	3-4 years straight line
Leasehold improvements	Over period of lease

It is assumed that all assets will be used until the end of their economic life.

**Investments**

Fixed asset investments are investments in subsidiaries and are stated at cost less any accumulated impairment losses. Cost is measure of the fair value of consideration paid for the investment.

Investments in excess of 20% where management has power to exercise significant influence over decision making are treated as associates. In the case of 50% ownership with no ability for management to directly control decision making, the investment is treated as a joint venture. Both joint ventures and associations are accounted for using the equity method.

Under the equity method, the investment is recognised at cost plus post-acquisition changes in the Group's share of the net assets less any distributions received and any impairment in the value of the investment. The Group income statement reflects the groups share of the results after tax of the equity accounted entity.

**Intangible assets**

Trademarks, trade names and computer software and are stated at cost net of accumulated amortisation and provision for any impairment in value. Amortisation is provided on the following basis:

Computer software	2-4 years straight line
Trade names	10 years straight line

Trademarks

held at cost less any provisions for impairment

Goodwill is recognised on consolidation as the difference between the fair value of identifiable assets and liabilities acquired and the purchase consideration. Goodwill has an indefinite life and is assessed for impairment at each reporting date.

#### **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, being the higher of value in use and fair value less costs to sell, of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating unit ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The reversal of the impairment loss does not increase the carrying amount of the asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. An impairment loss recognised for goodwill is not reversed.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on

- I. The initial recognition of goodwill
- II. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination
- III. Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### **3. Financial instruments**

#### **Financial assets**

The Company's financial assets comprise trading investments, derivative financial instruments, trade and other receivables, and cash and cash equivalents. The classification of financial assets at initial recognition depends upon the purpose for which they are acquired and their characteristics. Financial assets are measured initially at their fair value.

Financial assets held at fair value through profit or loss are held for trading and are acquired principally for selling or repurchasing. These include market making positions valued at the closing market bid price (long positions) or offer price (short positions) at the balance sheet date and presented within current asset investments. The change in the value of investments held for trading is recognised in the profit and loss account. Purchases and sales of investments are recognised on trade date with the associated financial assets and liabilities presented as market making counterparty debtors and creditors up to settlement date.

Non-current financial assets held at fair value through profit or loss are derivative assets comprising equity shares, options and warrants that are initially accounted for and measured at fair value on the date the Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within revenue, as part of net trading gains or losses. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. The fair values of the warrants are determined using the Black Scholes model. These valuation techniques maximise the use of observable market data, such as the quoted share

price. The variables used in the valuation include exercise price, expected life, share price at the date of grant, price volatility, dividend yield and risk-free interest rate. Derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

Gains and losses from the financial assets held at fair value through profit and loss are presented within revenue as income from trading activities, or other operating income for trading profit on short-term investments.

Financial assets also include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### **Financial liabilities**

The Group's financial liabilities comprise trade and other payables including market making counterparty creditors and provisions. The classification of financial liabilities at initial recognition depends upon the purpose for which they are acquired and their characteristics.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortised cost using the effective interest method. The entities' borrowings, trade and most other payables fall into this category of financial instruments. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

#### **Own shares held by the Cavendish Group Employee Benefit Trusts**

Transactions of the Group-sponsored Employee Benefit Trust are treated as being those of the Group and are therefore reflected in these consolidated financial statements. In particular, the Trust's purchases and sales of shares in the Company are debited and credited to equity.

#### **Share-based payments**

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values using the Black Scholes model.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. Where vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current year. The number of vested options ultimately exercised by holders does not impact the expense recorded in any year.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

## Leases

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the group's incremental borrowing rate.

On initial recognition, the carrying value of the right to use asset also includes:

- The amount of the lease liability, reduced for any lease incentives received
- Initial direct costs incurred
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

After initial measurement lease, liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease.

## 4. Critical accounting estimates and judgements

In preparing these financial statements, the Directors have made the following judgements:

**Impairment of non-current assets:** The Directors apply judgement in assessing whether the Company's tangible and intangible assets are impaired at each reporting date, considering several factors including the economic viability and expected future financial performance of the asset.

The Group holds options and warrants in unlisted entities which are not in an active market and cannot be valued by reference to unadjusted quoted prices for identical instruments. The Directors use judgement to select valuation techniques and make assumptions that are based on observable market data, as far as possible, in respect of equivalent instruments at the balance sheet date.

The accounting for the acquisition of subsidiaries required management to make assessment of the fair value of the acquired assets. Details of acquisition during the year are included in Note 17.

The Directors apply judgement in the assessment of the annual charges for share-based payments. These assumptions are set out in Note 27.

## 5. Risk management

The main risks arising from the holding of financial instruments are credit risk, liquidity and market risk. Market risk comprises currency risk, interest rate risk and other price risk. The Directors review and agree policies for managing each of these risks as summarised below.

### Credit risk

Credit risk is the risk that clients or other counterparties to a financial instrument or contracted engagement will cause a financial loss by failing to meet their obligation.

Credit risk exposure therefore arises as a result of trading, investing, and financing activities. The primary source of credit risk faced by the Group is that arising from the settlement of equity trades carried out in the normal course of business.

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Group less any partial payments less any collateral to which the Group is entitled.

Credit risk exposures are managed using individual counterparty limits applied initially on the categorisation of the counterparty and assessed further according to the results of relevant financial indicators and/or news flow.

Trade receivables relating to fees due on the Group's corporate finance and advisory activities are monitored on a weekly basis. Formal credit procedures include checking client creditworthiness before starting to trade, approval of material trades and chasing of overdue accounts.

Other debtors consist of deposits held at our agency settlement agent (Pershing, a wholly owned subsidiary of Bank of New York Mellon Corporation), employee loans secured by Cavendish Financial plc shares and s455 tax. These balances are considered low risk and are reviewed on a monthly basis.

The Group's cash and cash equivalents are held with HSBC Bank plc, National Westminster Bank plc and Pershing.

Risk exposure	Rating	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Non-current asset investments	AA-	538	404	-	-
Market making counterparty debtors	AA-	11,671	6,178	-	-
Trade debtors	Unrated	4,357	2,523	-	-
Other debtors	Unrated	2,199	1,495	-	-
Cash and cash equivalents	AA-	19,348	6,551	354	187
Cash and cash equivalents	A+	1,391	2,831	-	-
<b>Total</b>		<b>39,504</b>	<b>19,982</b>	<b>354</b>	<b>187</b>

The maximum exposure to credit risk on trade debtors at the end of the reporting period is equal to the balance sheet figure. In addition, the Group has credit risk exposure to the gross value of unsettled trades (on a delivery versus payment basis) at its agency settlement agent. The vast majority are settled within two days.

#### Liquidity risk

Liquidity risk is the risk that obligations associated with financial liabilities will not be met. The Company monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. The Company's objective is to maintain adequate cash resources with a material contingency to meet its obligations as they fall due.

The table below analyses the entities' non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group	
	2024 £'000	2023 £'000
<b>Less than three months</b>		
<b>Trade and other payables</b>	<b>12,301</b>	<b>8,893</b>

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks at the balance sheet date.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks at the balance sheet date.

#### Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group manages market price risk by monitoring the value of its financial instruments daily. The risk of future losses is limited to the fair value of investments as at the balance sheet date.

If equity prices had been 10% higher/lower, net profit for the period ended 31 March 2024 would have been £475k higher/lower (2023: £82k higher/lower) due to the change in value of investments held at fair value through the profit and loss. The Group's exposure to equity price risk is closely monitored by senior management on a daily basis.

#### Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
<i>Financial assets measured at fair value through profit or loss</i>				
Non-current financial assets – investments	538	404	-	-
Current asset investments	4,210	269	-	-
<b>Total non-current</b>	<b>4,748</b>	<b>673</b>	-	-
<i>Financial assets measured at amortised cost</i>				
Market making counterparty debtors	11,671	6,178	-	-
Trade debtors	4,357	2,523	-	-
Other debtors	2,199	1,495	-	-
Amounts due from subsidiaries	-	-	725	658
Cash and cash equivalents	20,739	9,382	354	187
<b>Total current</b>	<b>38,966</b>	<b>19,578</b>	<b>1,079</b>	<b>845</b>
<b>Total financial assets</b>	<b>43,714</b>	<b>20,251</b>	<b>1,079</b>	<b>845</b>
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Borrowings	386	843	-	-
Amounts due to subsidiaries	-	-	-	382
Market-making counterparty creditors	9,743	5,974	-	-
Trade and other payables	2,575	2,919	-	-
<b>Total current</b>	<b>12,704</b>	<b>9,736</b>	-	<b>382</b>
Borrowings	98	481	-	-
<b>Total non-current</b>	<b>98</b>	<b>481</b>	-	-
<b>Total financial liabilities</b>	<b>12,802</b>	<b>10,217</b>	-	<b>382</b>
<b>Net financial assets and liabilities</b>	<b>30,912</b>	<b>10,034</b>	<b>1,079</b>	<b>463</b>

Financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy are categorised as follows:

Level 1 – Quoted equity investments - fair value is based on quoted market prices at the balance sheet date.

Level 2 – None.

Level 3 – Warrants and private company investments – fair value is determined using either the value of a recent investment reviewed for changes in fair value or the Black Scholes model as deemed most appropriate. The investments valued using Black Scholes at the reporting dates are immaterial as are the sensitivities on these assumptions.

The amounts are based on the values recognised in the statement of financial position.

Current asset investments are all level 1.

Movements in non-current financial assets during the period were as shown below:

	31 March			31 March		
	Level 1	Level 3	2024	Level 1	Level 3	2023
	£'000	£'000	£'000	£'000	£'000	£'000
At start of year	94	310	404	293	509	802
Net losses recognised in other operating income	(11)	(294)	(305)	(233)	(149)	(382)
Additions	-	522	522	854	-	854
Disposals	(83)	-	(83)	(820)	(50)	(870)
<b>At end of year</b>	<b>-</b>	<b>538</b>	<b>538</b>	<b>94</b>	<b>310</b>	<b>404</b>

Level 3 financial instruments comprise investments or warrants in unquoted companies. The determination of fair value requires judgement, particularly in determining whether changes in fair value have occurred since the last observable transaction in the company's shares. In making this judgement the Company evaluates amongst other factors the materiality of each individual holding, the stage of the company's development, financial information of each company and relevant discussions with the company's management.

### Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue operating as a going concern
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the Board based on the requirements of the business.

Capital for the reporting period under review is shown as total equity in the balance sheet. This was £41,549,000 as at 31 March 2024 (31 March 2023: £25,288,000). Subsidiary entities within the Group are subject to FCA capital requirements. The Group closely monitors its capital resources to ensure that sufficient headroom is always maintained.

### 6. Segmental analysis

The Group is managed as an integrated full-service financial services group and different revenue streams are considered subject to similar economic characteristics. Consequently, the Group is managed as one business unit.

The trading operations of the Group comprise corporate advisory and broking, M&A advisory and institutional stockbroking. The Group's revenues are derived from activities conducted in the UK, although several of its corporate and institutional investors and clients are situated overseas. All assets of the Group reside in the UK.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Revenues</b>		
Retainers	10,028	6,956
Transactions	33,512	22,632
Securities	4,548	3,276
<b>Total revenue</b>	<b>48,088</b>	<b>32,864</b>
<i>Services transferred at a point in time</i>	36,032	24,413
<i>Services transferred over a period of time</i>	12,056	8,451
<b>Total revenue</b>	<b>48,088</b>	<b>32,864</b>
<b>Other operating expense</b>		
Trading profit on long term investments	(293)	(214)

### Major customers

There are no customers that individually accounted for more than ten percent of total revenues.

## 7. Expenses by nature

	31 March 2024	31 March 2023
	£'000	£'000
Employee benefit expense (see note 7)	36,711	23,257
Depreciation	1,899	1,789
Amortisation	157	59
Foreign exchange	18	5
Introducers fees	773	147
Other expenses	12,085	9,286
<b>Total administrative expenses</b>	<b>51,643</b>	<b>34,543</b>
Audit Services	507	185
Audit related services	49	-
Regulatory reporting	65	42
<b>Total auditors' remuneration</b>	<b>621</b>	<b>227</b>

## 8. Staff costs

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Employee benefit expenses (including the Directors):		
Wages and salaries	30,182	19,357
Social security costs	4,064	2,609
Pension costs	718	714
Share based payments	1,747	577
<b>Total employee benefit expense</b>	<b>36,711</b>	<b>23,257</b>

	31 March 2024	31 March 2023
	Number	Number
Average number of employees:		
Corporate broking and corporate finance	88	88
Sales and trading	32	14
Research	18	14
Administration	39	39
<b>Total number of employees</b>	<b>177</b>	<b>155</b>

### Key management personnel

Key management personnel are considered the Executive Directors of Cavendish Financial plc.

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Total emoluments	803	769

Details of the remuneration for all Board members is disclosed in the Remuneration Committee report.

## 9. Non-recurring Items

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Negative goodwill	(5,771)	-
Onerous contracts	2,563	-
Group restructuring costs	2,026	3,247
Transaction costs	1,234	411
<b>Total non-recurring items</b>	<b>52</b>	<b>3,658</b>

Negative goodwill reflects the difference between of the fair value of Cavendish Securities plc's net assets at merger and the fair value of consideration for the purchase, see note 17. Onerous contracts reflect the write down of the property no longer occupied and redundant IT systems. Group restructuring is the cost of the headcount reduction programme and Transaction costs cover the advisory and execution fees relating to the merger.

Group restructuring costs in prior period relate to the reorganisation of team structures. The transaction costs relate to the take-over approach from Panmure Gordon.

## 10. Finance income and charges

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Bank interest	352	51
Loan interest	7	14
<b>Finance income</b>	<b>359</b>	<b>65</b>

	31 March 2024 £'000	31 March 2023 £'000
Lease liability interest	400	464
Loan interest	25	38
<b>Finance charge</b>	<b>425</b>	<b>502</b>

## 11. Taxation

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Analysis of charge in the period		
<b>Current tax</b>		
Current taxation charge for the period	-	-
Adjustments made in respect of prior periods	193	(51)
<b>Total current tax</b>	<b>193</b>	<b>(51)</b>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(959)	(716)
<b>Total tax charge</b>	<b>(766)</b>	<b>(767)</b>
<b>Reconciliation of total tax charge</b>		
Loss before taxation	(4,312)	(6,285)
Loss before taxation multiplied by the standard rate of UK taxation 25% (2023 19%)	(1,078)	(1,194)
Effects of:		
Expenses not deductible for tax purposes	861	387
Long term investments	(54)	41
Acquisition of Cavendish Securities plc	(744)	-
Capital allowances in excess of depreciation	56	2
Prior period adjustments	193	(3)
<b>Total tax charge</b>	<b>(766)</b>	<b>(767)</b>

## 12. Loss per share

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Loss (£'000)</b>		
Loss for the purposes of basic and diluted Loss per share being profit for the year attributable to equity shareholders	(3,546)	(5,518)
<b>Number of shares</b>		
Weighted average number of shares for the purposes of basic Loss per share	252,903,559	169,724,785
Weighted average dilutive effect of conditional share awards	-	-
Weighted average number of shares for the purposes of diluted Loss per share	252,903,559	169,724,785
<b>Loss per ordinary share (pence)</b>		
Basic loss per ordinary share	(1.40)	(3.25)
Diluted loss per ordinary share	(1.40)	(3.25)

The shares held by the Group's Employee Benefit Trust (see Note 27) have been excluded from the calculation of loss per share.

### 13. Property, plant and equipment

	Right of use asset £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
<b>Group Cost</b>				
As at 1 April 2022	13,869	2,120	1,721	17,710
Additions	352	175	197	724
<b>As at 1 April 2023</b>	<b>14,221</b>	<b>2,295</b>	<b>1,918</b>	<b>18,434</b>
Additions	-	27	147	174
Acquisition	3,951	1,928	708	6,587
<b>As at 31 March 2024</b>	<b>18,172</b>	<b>4,250</b>	<b>2,773</b>	<b>25,195</b>
<b>Group Depreciation</b>				
As at 1 April 2022	(2,774)	(320)	(1,312)	(4,406)
Charge for the year	(1,387)	(228)	(174)	(1,789)
<b>As at 1 April 2023</b>	<b>(4,161)</b>	<b>(548)</b>	<b>(1,486)</b>	<b>(6,195)</b>
Charge for the year	(1,463)	(254)	(182)	(1,899)
Acquisition	-	(1,689)	(613)	(2,302)
Write down	(3,567)	(177)	(3)	(3,747)
<b>As at 31 March 2024</b>	<b>(9,191)</b>	<b>(2,668)</b>	<b>(2,284)</b>	<b>(14,143)</b>
<b>Net book value</b>				
As at 31 March 2023	10,060	1,747	432	12,239
<b>As at 31 March 2024</b>	<b>8,981</b>	<b>1,582</b>	<b>489</b>	<b>11,052</b>

The Group acquired the lease of Tokenhouse Yard as part of the acquisition of Cavendish Securities plc. Shortly after the acquisition, this building was vacated and the net book value of the lease and related assets has been written down to zero.

	Right of use asset £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
<b>Company Cost</b>				
As at 1 April 2022	13,869	2,120	160	16,149
Additions	352	175	147	674
<b>As at 31 March 2023</b>	<b>14,221</b>	<b>2,295</b>	<b>307</b>	<b>16,823</b>
Additions	-	26	8	34
<b>As at 31 March 2024</b>	<b>14,221</b>	<b>2,321</b>	<b>315</b>	<b>16,857</b>
<b>Company Depreciation</b>				
As at 1 April 2022	(2,774)	(320)	(14)	(3,108)
Charge for the year	(1,387)	(228)	(34)	(1,649)
<b>As at 31 March 2023</b>	<b>(4,161)</b>	<b>(548)</b>	<b>(48)</b>	<b>(4,757)</b>
Charge for the year	(1,437)	(251)	(51)	(1,739)
<b>As at 31 March 2024</b>	<b>(5,598)</b>	<b>(799)</b>	<b>(99)</b>	<b>(6,496)</b>
<b>Net book value</b>				
As at 31 March 2023	10,060	1,747	259	12,066
<b>As at 31 March 2024</b>	<b>8,623</b>	<b>1,522</b>	<b>216</b>	<b>10,361</b>

#### 14. Intangibles

	Other £'000	Computer software £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
As at 1 April 2022	214	737	13,335	14,286
Additions	-	40	-	40
<b>As at 31 March 2023</b>	<b>214</b>	<b>777</b>	<b>13,335</b>	<b>14,326</b>
Additions	-	101	-	101
<b>As at 31 March 2024</b>	<b>214</b>	<b>878</b>	<b>13,335</b>	<b>14,427</b>
<b>Amortisation</b>				
As at 1 April 2022	(214)	(560)	-	(774)
Charge for the year	-	(60)	-	(60)
<b>As at 31 March 2023</b>	<b>(214)</b>	<b>(620)</b>	<b>-</b>	<b>(834)</b>
Charge for the year	-	(157)	-	(157)
<b>As at 31 March 2024</b>	<b>(214)</b>	<b>(777)</b>	<b>-</b>	<b>(991)</b>
<b>Net book value</b>				
As at 31 March 2023	-	157	13,335	13,492
<b>As at 31 March 2024</b>	<b>-</b>	<b>101</b>	<b>13,335</b>	<b>13,436</b>

The goodwill arising from the acquisition has been assessed for impairment by calculating the net present value of future cashflows from the Cavendish entities as a cash generating units. The assessment was carried out over four years assuming consistent performance as in the last group forecast. The cashflows were discounted at the Group's weighted average costs of capital. No impairment has been recognised during the period.

#### 15. Investments

	31 March 2024 £'000	31 March 2023 £'000
<b>Financial assets held at fair value through profit and loss</b>		
Opening	404	802
Acquisition of shares in listed companies	55	854
Investments held by an acquisition of subsidiary	467	-
Change in market value recognised in the profit and loss	(305)	(382)
Disposals	(83)	(870)
<b>Closing</b>	<b>538</b>	<b>404</b>

Trading investments carried at fair value included investments, share options and warrants. The amounts acquired during the period relate to the acquisition of Cavendish Securities plc by the group and amounts relating to the settlement of corporate finance fees and the participation in placings.

Each investment is revalued at the reporting date. The change in value is recognised through the profit or loss account. All items were classified as held at fair value upon recognition and there have been no reclassifications during the period.

## 16. Investments in subsidiaries

	31 March 2024 £'000	31 March 2023 £'000
Investments in subsidiaries	39,884	23,404

Name		Country of incorporation and principal place of business	
Cavendish Capital Markets	Financial services	United Kingdom	100%
Cavendish Securities plc	Financial services	United Kingdom	100%
Cavendish Corporate Finance (UK) Limited	Holding company	United Kingdom	100%
Cavendish Corporate Finance LLP	Financial services	United Kingdom	100%
Cenkos Nominee UK Limited	Nominee company	United Kingdom	100%
Cenkos Securities (Trustees) Limited	Nominee company	United Kingdom	100%
Cenkos Fund Management Limited	Dormant company	United Kingdom	98%
Tokenhouse Limited	Dormant company	United Kingdom	100%
Tokenhouse Stockbrokers Limited	Dormant company	United Kingdom	100%
Tokenhouse Yard Securities Limited	Dormant company	United Kingdom	100%
Tokenhouse Partners Limited	Dormant company	United Kingdom	100%
THY Securities Limited	Dormant company	United Kingdom	100%

All of these subsidiaries are registered in England. The registered address is 1 Bartholomew Close, London, England, EC1A 7BL.

## 17. Acquisition of Cavendish Securities plc

On 7 September 2023, having received FCA approval, Cavendish Financial plc issued 181,094,721 shares to acquire 100% of the share capital of Cavendish Securities plc by means of a scheme of arrangement under Part 26 of the UK Companies Act 2006 for consideration of £13.9m.

The fair value of the shares issue was calculated using the Cavendish Financial plc market price of 9.1 pence per share, on the AIM exchange at its close of business on 6 September 2023. The fair value was increased due to employee share-based awards outstanding at the acquisition date and reduced due to shares held by the Cavendish Securities plc at the date of the acquisition.

	Book Value 6 September 2023	Fair Value Adjustments	Fair Value 6 September 2023
Right of use assets	3,207	744	3,951
Deferred tax assets	2,049	(268)	1,781
Financial assets held at fair value	467	-	467
Other non-current assets	408	-	408
Trade and other receivables	8,182	-	8,182
Current assets held at fair value	3,636	-	3,636
Cash and cash equivalents	11,576	-	11,576
Trade and other payables	(10,650)	328	(10,322)
<b>Net assets acquired</b>	<b>18,875</b>	<b>804</b>	<b>19,679</b>
Fair value of equity consideration			13,907
<b>Negative goodwill</b>			<b>(5,772)</b>

IFRS3 requires the acquirer to perform a fair value exercise during the measurement period which can last no more than twelve months from the date of acquisition. An assessment of intangible assets was performed at the acquisition as part of the implementation of IFRS 3. No additional assets were recognised as a result of this review. The acquired right of use assets and lease liabilities were recognised using the present value of the remaining lease payments at the acquisition date.

Transactions costs of £1.2m were incurred in relation to the acquisition.

#### 18. Investments in associates and joint ventures

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
Opening	2,106	-
Acquisition of subsidiary	72	
Investments	150	2,403
Share of losses	(346)	(297)
<b>Carrying amount</b>	<b>1,982</b>	<b>2,106</b>

	31 March 2024 £'000	31 March 2023 £'000
<b>Company</b>		
Opening	2,006	-
Acquisitions	-	2,303
Share of losses	(169)	(297)
<b>Carrying amount</b>	<b>1,837</b>	<b>2,006</b>

Due to the acquisition of Cavendish Securities plc, the Group increased its holding in in BB Technology Limited to 40%. In addition, a further investment of £150,000 was made in this associate. This Company was set up to develop a technology solution enabling retail investors access to capital raises and IPOs through UK based retail brokers and financial advisers.

The Group also holds a 50% joint venture interest in Energise Ltd, an energy efficiency and net zero consultancy.

There have been no other factors brought to the Board's attention which would suggest that there has been a fall in the fair value, therefore the carrying value has been maintained at its historic cost and included in the financial statements using the equity method.

## 19. Deferred taxation assets

Deferred tax assets and liabilities are recognised where the carrying amount for financial reporting purposes differs from the tax basis. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
Opening balance	886	620
Acquisition of subsidiary	1,781	-
Origination and reversal of temporary difference expense	959	716
Recognised in equity	-	(450)
<b>Closing balance</b>	<b>3,626</b>	<b>886</b>

	31 March 2024 £'000	31 March 2023 £'000
<b>Company</b>		
Opening balance	-	45
Origination and reversal of temporary difference expense	183	-
Recognised in equity	-	(45)
<b>Closing balance</b>	<b>183</b>	<b>-</b>

Deferred tax assets for the Group relates to timing differences on the taxation relief on the exercise of options £133,000 (2023: £170,000) and tax losses carried forward £3,493,000 (2023: £716,000). The amount of the asset is determined using tax rates that have been enacted or substantively enacted when the deferred tax assets are expected to be recovered.

## 20. Trade and other receivables

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
Trade receivables	4,357	2,523
Market marketing counterparty debtors	11,671	6,178
Prepayments and accrued income	4,487	2,540
Other debtors	2,199	1,495
<b>Total trade receivables</b>	<b>22,714</b>	<b>12,736</b>
<b>Company</b>		
Prepayments and accrued income	1,135	1,358
Other debtors	-	10
Amounts due from subsidiaries	725	658
<b>Total trade receivables</b>	<b>1,860</b>	<b>2,026</b>

The Directors consider that the carrying amount of trade and other receivables approximates the fair value due to short maturities.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate

and inflation rate as the key macroeconomic factors in the countries where the Group operates. Based on the historically low level of irrecoverable debts, the Board have concluded that there is no requirement for additional provisions.

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
<b>Movements in the impairment allowance for trade receivables:</b>		
At start of year	187	2
Receivables provided for during the year as uncollectible	61	185
<b>At end of year</b>	<b>248</b>	<b>187</b>

The carrying amounts of the entity's trade and other receivables are all denominated in GBP.

#### Contract assets

Contract assets arise when the Group performs services for a customer in advance of consideration being received or due. Contract assets comprise of retainer fee accrued income for ongoing advice given to retained clients.

#### 21. Cash and cash equivalents

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	20,739	9,382
Cash and cash equivalents were held in the following currencies:		
UK Pound	19,698	9,301
United States Dollar	890	74
Euros	151	7
<b>Total cash and cash equivalents</b>	<b>20,739</b>	<b>9,382</b>
<b>Company</b>		
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	354	187
Cash and cash equivalents were held in the following currencies:		
UK Pound	354	187

The Group's Employee Benefit Trust had a cash balance of £23,000 under the control of the Trustees and not accessible by the Directors.

## 22. Trade and other payables

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
<b>Due after one year</b>		
Lease liability	8,713	10,008
<b>Due within one year</b>		
Trade payables	2,377	2,784
Other taxes and social security	1,462	616
Accruals	11,532	2,886
Deferred income	998	181
Market marketing counterparty creditors	9,743	5,974
Lease liability	3,088	1,925
Other creditors	198	266
<b>Total trade and other payables</b>	<b>29,398</b>	<b>14,632</b>
<b>Company</b>		
<b>Due after one year</b>		
Lease liability	8,474	10,008
<b>Due within one year</b>		
Accruals	1,399	416
Trade payables	1,061	1,691
Other payables	77	45
Lease liability	1,925	1,925
<b>Total trade and other payables</b>	<b>4,462</b>	<b>4,077</b>

The Directors consider that the carrying amount of trade and other payables approximates the fair value due to short maturities. All trade and other payables were held in GBP.

### Contract liabilities

Contract liabilities arise where consideration is received for which the Group has an obligation to perform a service for a customer. Contract liabilities comprise of retainer fee deferred income for ongoing advice given to retained clients.

## 23. Amounts due to subsidiaries

	31 March 2024 £'000	31 March 2023 £'000
<b>Company</b>		
Amounts due to subsidiaries	-	382

Amounts due to subsidiaries incur no interest and are repayable on demand.

## 24. Borrowings

	31 March 2024 £'000	31 March 2023 £'000
<b>Group</b>		
Market making funding	2	473
Bank loans due within one year	384	370
<b>Total current</b>	<b>386</b>	<b>843</b>
<b>Non-current</b>		
Bank loans due after one year	98	481

The Group agreed a loan of £1.8m with NatWest Bank during the year to 31 March 2021 to fund the fit out of the new offices at 1 Bartholomew Close. The loan is repayable over five years and has a fixed rate of interest. NatWest Bank holds a fixed and floating charge over the assets of the Group.

## 25. Share capital

	31 March 2024 £'000	31 March 2023 £'000
Opening	181,094,844	179,881,087
Issues relating to share based payments schemes	22,503,983	311,667
Issues due to business combinations	181,094,721	902,090
<b>Closing</b>	<b>384,693,548</b>	<b>181,094,844</b>

	Issued, called up and fully paid Number	£'000
Ordinary shares of £0.01 each	384,693,548	3,847

The Company has one class of ordinary shares in issue, which are non-redeemable, carry one vote per share and have no right to dividends other than those recommended by the Directors, and an unlimited right to share in the surplus remaining on a winding up.

See note 17 for further details on the share capital issued for the acquisition of Cavendish Securities plc.

## 26. Reserves

### Merger relief reserve

The merger relief reserve represents:

- The difference between net book value of acquired subsidiaries (Cavendish Capital Marekts Limited and Cavendish Securities plc) and the nominal value of the shares issued due to the share for share. Upon consolidation, part of the merger reserve is eliminated to recognise the pre-acquisition share premium and capital redemption reserves of the subsidiaries.
- The difference between the fair value and nominal value of shares issued for the acquisition of Cavendish Corporate Finance (UK) Limited and Cavendish Corporate Finance LLP

This reserve is not distributable.

### Share Premium

Share premium represents the excess of over the nominal value of new shares issued less the costs of issuing the shares.

## 27. Own shares held

The value of own shares held is the cost of shares purchased by the Group's Employee Benefit Trust. The Trust was established with the authority to acquire shares in Cavendish Financial plc and is funded by the Group.

	31 March 2024 £'000	31 March 2023 £'000
<b>Shares held</b>		
At the start of year	11,165,597	11,165,597
Acquisition of Cavendish Securities plc	36,222,956	-
Acquired during the year	6,722,322	-
Shares transferred to employees	(792,517)	-
<b>At the end of year</b>	<b>53,318,358</b>	<b>11,165,597</b>

As part of the acquisition of Cavendish Securities plc, the Group related EBT was also consolidated into the Group's Accounts. As a result, the 36,222,956 shares given to the EBT as part of the acquisition have been recognised as own shares held.

During the year, the Group's EBTs purchased 6,722,322 shares at an average of 9.8p per share (2023: nil shares) to satisfy future share awards.

The EBT's also released 792,517 shares at nil per share (2023: nil shares) to satisfy employee share awards.

## 28. Share-based payments

The Group recognised total expenses of £1,736,983 (2023: £577,000) related to equity-settled share-based payment transactions in the period and £9,919 (2023: £nil) related to cash-settled payment transactions of the deferred bonus scheme. Details of the separate schemes are below.

Certain current and former employees of the Group, including key management personnel, have provided the Employee Benefit Trust with 500,000 call options for shares in Cavendish Financial plc. Separate, but related, options have been provided by the EBT to other employees of the Group. As these options will effectively be settled between these current and former employees of the Group, they have not been included in the share options disclosed above.

### a) Share incentive plan (SIP)

The SIP scheme invited employees to sacrifice up to £1,800 of earnings to acquire ordinary shares ("Partnership Shares") to be held in trust. Shares acquired under this scheme were matched by the Group on the basis of two "Matching Shares" for every Partnership share held. In addition, employees were also offered the chance to apply for "Free Shares" to be held in trust.

Due to the acquisition of Cavendish Securities plc by the Group during the year, the Partnership and Matching shares held for employees of Cavendish Securities plc were converted into share Cavendish Financial plc. In addition, the Group ran the scheme again in March 2024 for all employees of the Group.

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

	2024 Number of shares	2023 Number of shares
<b>Share incentive plan (SIP)</b>		
Opening	-	-
Acquisition of Cavendish Securities plc	2,262,962	-
Additional Matching shares	6,722,322	-
Additional Partnership shares	3,361,161	-
Matching shares transferred to employees	(792,517)	-
Partnership and dividend shares transferred to employees	(645,930)	-
<b>Closing</b>	<b>10,907,998</b>	<b>-</b>
SIP shares allocated to individuals	10,455,101	-
Forfeited shares held by SIP	452,897	-
<b>Closing</b>	<b>10,907,998</b>	<b>-</b>

**b) Deferred bonus scheme (DBS)**

The DBS scheme deferred a percentage of staff bonus awards was deferred over a three-year period in equal amounts. The deferred element was held either in ordinary shares held by the Groups EBT or in cash. The fair value of the deferral at the date of grant is charged to the Income Statement as a staff cost over the service period with a corresponding amount credited to reserves where equity-settled or recognised as a liability where cash-settled.

Due to the acquisition of Cavendish Securities plc by the Group during the year, the shares held for employees of Cavendish Securities plc were converted into share Cavendish Financial plc. The table below gives details of the number of shares held within the scheme.

	2024 Number of shares	2023 Number of shares
<b>Deferred bonus scheme (DBS)</b>		
Opening	-	-
Acquisition of Cavendish Securities plc	9,206,495	-
Transferred in from the EBT	3,123,512	-
Shares transferred out to STIP	(2,624,999)	-
<b>Closing</b>	<b>9,705,008</b>	<b>-</b>

**c) Short Term Incentive Plan (STIP)**

The STIP is 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.

Due to the acquisition of Cavendish Securities plc by the Group during the year, the shares held for employees of Cavendish Securities plc were converted into share Cavendish Financial plc. The table below gives details of the number of shares held within the scheme.

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
	<b>of shares</b>	<b>of shares</b>
<b>Short Term Incentive Plan (STIP)</b>		
Opening	-	-
Acquisition of Cavendish Securities plc	22,354,654	-
Shares transferred from the DBS	2,624,999	-
<b>Closing</b>	<b>24,979,653</b>	<b>-</b>

#### **d) Co-Invest Plan (Co-Invest)**

The Co-Invest plan offered key employees the opportunity to subscribe for new ordinary shares in the Group. 12.4M shares were issued in February 2024 and participants remaining in the scheme until the end of the three-year lock up period will receive additional free shares of between 0.5 and 4.0 times the number of shares subscribed for.

The fair value of the free shares is charged to the Income Statement as a staff cost over the three-year period with the recognition of a corresponding credit to reserves.

At the year end, no shares had been acquired to satisfy this scheme. The acquisition of shares will begin in the following period.

#### **e) Long Term Incentive Plan (LTIP)**

The LTIP options were awarded to Executive Directors', senior managers and other key staff and vest between one and five years. The options granted under the plan were fair valued at the date of grant and charged to the Income Statement as a staff cost over the vesting period of each tranche with a corresponding credit recognised in reserves. Options are forfeited if the employee leaves the Group before the options vest.

Details of the LTIP share options outstanding during the year are as follows:

	<b>2024</b>	<b>Weighted</b>	<b>2023</b>	<b>Weighted</b>
	<b>Number</b>	<b>average</b>	<b>Number</b>	<b>average</b>
	<b>of shares</b>	<b>exercise</b>	<b>of shares</b>	<b>exercise</b>
	<b>Options</b>	<b>price (p)</b>	<b>Options</b>	<b>price (p)</b>
<b>Long Term Incentive Plan (LTIP)</b>				
Opening	23,368,120	8.8	28,086,160	9.1
Granted	7,960,000	9.8	300,000	1.0
Exercised	(10,614,286)	7.4	(311,667)	1.0
Forfeit	-	-	(4,706,373)	10.6
<b>Closing</b>	<b>20,713,834</b>	<b>8.9</b>	<b>23,368,120</b>	<b>8.8</b>
Exercisable at the period end	3,918,834		7,613,973	

Details of the LTIP share options outstanding at the year end as follows:

Grant date	Vesting period	Exercise period	Exercise price per share (p)	2024	2023
				Number of shares Options	Number of shares Options
26 November 2018	Up to 4 years	Up to 7 years	13.0	-	2,545,000
26 November 2018	Up to 4 years	Up to 7 years	14.0	-	1,464,286
26 November 2018	Up to 4 years	Up to 7 years	15.0	1,200,000	2,725,000
05 December 2018	Up to 4 years	Up to 7 years	28.0	500,000	500,000
24 January 2019	Up to 4 years	Up to 7 years	15.0	750,000	750,000
09 July 2019	Up to 4 years	Up to 7 years	26.0	1,800,000	1,800,000
01 April 2020	Up to 1.5 years	Up to 2 years	1.0	135,500	135,500
13 August 2020	Up to 5 years	Up to 8 years	15.5	250,000	250,000
18 August 2020	Up to 3 years	Up to 6 years	1.0	1,333,334	1,333,334
05 May 2021	Up to 3 years	Up to 4 years	17.5	300,000	300,000
07 July 2021	Up to 1 years	Up to 2 years	1.0	6,385,000	10,205,000
07 July 2021	Up to 5 years	Up to 8 years	28.0	-	660,000
16 December 2021	Up to 4.6 years	Up to 7.6 years	1.0	400,000	400,000
14 December 2022	Up to 2.6 years	Up to 3.6 years	1.0	120,000	300,000
13 July 2023	Up to 3 years	Up to 7 years	1.0	180,000	-
22 August 2023	Up to 1.9 years	Up to 10 years	15.0	5,000,000	-
22 August 2023	Up to 1.9 years	Up to 10 years	1.0	2,000,000	-
01 February 2024	Up to 2.4 years	Up to 5.4 years	1.0	360,000	-

## 29. Dividends

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Dividends proposed and paid during the year	-	1,954
Dividends per share	-p	1.15p

A final dividend of 0.25p per share has been proposed for the year ended 31 March 2024 (2023: Nil). The proposed final dividend is subject to approval at the Annual General Meeting and is not recognised as a liability as at 31 March 2024.

Dividends are declared at the discretion of the Board. The Directors consider that the Retained Earnings of the Parent Company are generally distributable.

## 30. Related party transactions

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and, in accordance with IAS 24, are not discussed in this note.

The remuneration of key management personnel and their interests in the shares and options of the Company are disclosed in the Remuneration Committee report.

There are no outstanding balances with key management personnel at the balance sheet date.

## 31. Post balance sheet events

There were no material events to report on that occurred between 31 March 2024 and the date at which the Directors signed the Annual Report.

## Other information

### Alternative performance measures

The below non-GAAP alternative performance measures have been used.

#### Adjusted Operating loss

Measure: Calculated excluding share-based payments, non-recurring incomes from the revaluation of options held, share of associate and joint venture profits and non-recurring costs from the acquisition of Cavendish Securities plc.

Use: Provides a consistent measure of the profits from the core business activities.

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Loss before tax	(4,312)	(6,285)
Other operating income	293	-
Non-recurring items	52	3,658
Share based payments	1,747	577
Share of associate and joint venture losses	346	297
Amortisation	157	59
<b>Adjusted loss before tax</b>	<b>(1,717)</b>	<b>(1,694)</b>

#### Adjusted loss per share

Measure: Calculated excluding share-based payments, non-recurring incomes from the revaluation of options held, share of associate and joint venture profits, non-recurring costs from the acquisition of Cavendish Securities plc and including a nominal tax charge adjustment. The weighted average number of shares in issue during the period excludes shares held by the Group's Employee Benefit Trust.

Use: Provides a consistent measure of the earnings performance of the core business activities.

	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000
Loss attributable to equity shareholders	(3,546)	(5,518)
Other operating income	293	-
Non-recurring items	52	3,658
Share based payments	1,747	577
Amortisation	157	59
Notional tax adjustment	(353)	(369)
<b>Adjusted loss</b>	<b>(1,650)</b>	<b>(1,593)</b>
Basic shares	252,903,559	169,724,785
Loss per share (basic)	(1.40)	(3.25)
<b>Adjusted loss per share (basic)</b>	<b>(0.65)</b>	<b>(0.94)</b>
Diluted shares	252,903,559	169,724,785
<b>Adjusted loss per share (diluted)</b>	<b>(0.65)</b>	<b>(0.94)</b>

These measures are additional to GAAP measures to aid understand of these financial statements and may not be the same as those used by other companies.

**Registered office for all entities**

1 Bartholomew Close

London

EC1A 7BL

**Website**

www.Cavendish.com

**Registration numbers**

Cavendish Financial plc – 11540126

Cavendish Capital Markets Limited – 06198898

Cavendish Securities plc - 05210733

Cavendish Corporate Finance LLP – OC333044

Cavendish Corporate Finance (UK) Ltd – 02234889

All companies are incorporated in England

**Directors**

Lisa Gordon, Non-Executive Chair

John Farrugia, CEO

Julian Morse, Ceo

Ben Procter, Chief Financial Officer

Jermery Miller, Independent Non-Executive Director

Annette Andrews, Independent Non-Executive Director

Mark Astaire, Independent Non-Executive Director

**Company Secretary**

Bernwood Cosec Limited

**Nominated Adviser**

Spark Advisory Partners Limited

5 St John's Lane

London EC1M 4BH

**Broker**

Cavendish Securities plc

1 Bartholomew Close

London

EC1A 7BL

**Auditors**

BDO LLP

55 Baker Street

London W1U 7EU

UNITED KINGDOM

**Solicitors**

Travers Smith LLP

10 Snow Hill

London

EC1A 2AL

**Registrar**

Share Registrars Limited

27 - 28 Eastcastle Street

London

W1W 8DH

## Annual General Meeting Notice

**NOTICE is hereby given** that the Annual General Meeting (the “**Meeting**”) of Cavendish Financial plc (to (the “**Company**”) will be held at the offices of the Company at One Bartholomew Close, London EC1A 7BL on **Monday 16 September 2024**, at **10:00 a.m.** to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions, and resolutions 12 to 14 will be proposed as special resolutions:

### **ORDINARY RESOLUTIONS**

1. That the Company’s accounts for the financial year ended 31 March 2024, together with the directors’ report and auditors’ report for such period, be received and adopted.
2. To declare a final dividend of 0.25 pence per ordinary share for the year ended 31 March 2024.
3. That Mark Astaire be elected as a Director of the Company.
4. That John Farrugia be re-elected as a Director of the Company.
5. That Lisa Gordon be re-elected as a Director of the Company.
6. That Jeremy Miller be re-elected as a Director of the Company.
7. That Julian Morse be re-elected as a Director of the Company.
8. That Ben Procter be re-elected as a Director of the Company.
9. That BDO LLP be re-appointed as auditors, to hold office from the conclusion of the Meeting until the conclusion of the next Annual General Meeting of the Company.
10. That the Directors be authorised to determine the remuneration of BDO LLP as auditors for the period of their re-appointment.
11. That for the purposes of section 551 of the Act (and so that expressions used in this resolution shall have the same meanings as in that section 551):
  - a. the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of £1,282,311 to such persons and at such times and on such terms as they think proper during the period expiring at the end of the next Annual General Meeting of the Company, or if earlier, the date falling 15 months after the passing of the resolution (unless previously revoked or varied by the Company in general meeting); and further and in addition;
  - b. the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests

of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by them up to an aggregate nominal amount of £1,282,311 during the period expiring at the end of the next Annual General Meeting of the Company, or if earlier, the date falling 15 months after the passing of the resolution, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

- c. the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution.

### **SPECIAL RESOLUTIONS**

12. That, if Resolution 11 is passed, the Directors be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

(a) To allotments for rights issued and other pre-emptive issues; and

(b) To the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal value of £192,346

such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 30 September 2025 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

13. That, if Resolution 12 is passed, the Directors be authorised in addition to any authority granted under that resolution to allot equity securities (as defined in the Act) for cash under the authority given by Resolution 11 and/or to sell ordinary shares held by the Company as treasury shares as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £192,346; and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Board of the Company determines to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice

such authority to expire at the end of the next AGM of the Company or, if earlier, at the closed of business on 30 September 2025 but, in each case, prior to its expiry the Company may make offers, and

enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

14. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (as defined in section 693 of the Act) of ordinary shares of £0.01 each in the capital of the Company ("ordinary shares") provided that:
- a. the maximum number of ordinary shares hereby authorised to be purchased is 38,469,354;
  - b. the minimum price (exclusive of expenses) which may be paid for such ordinary shares is £0.01 per share, being the nominal amount thereof;
  - c. the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the higher of (i) 5 per cent. 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;
  - d. 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 15 months after the date on which this resolution is passed; and
  - e. 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 such contract.

BY ORDER OF THE BOARD

Bernwood Cosec Limited

Company Secretary

Date: 14 July 2024

Registered Office: One Bartholomew Close, London EC1A 7BL

**Notes:**

1. A member entitled to attend and vote at the Meeting convened by the above AGM Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. 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.
2. Shareholders may appoint a proxy, and vote, either:
  - by visiting [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com), clicking on the "Proxy Vote" button and then following the on-screen instructions;
  - by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the Proxy Form accompanying this AGM Notice;
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in notes 4 to 8 below.
3. In order for a proxy appointment to be valid the proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be received by Share Registrars Limited by 10.00am on Thursday 12 September 2024.
4. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
5. CREST members who wish to appoint a proxy or proxies through the CREST Electronic Proxy Appointment Service may do so for the Meeting and any adjournment(s) thereof by following 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.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously-appointed proxy, must, in order to be valid, be transmitted so as to be received by Share Registrars Limited (ID 7RA36) no later than 10:00am on 12 September 2024 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (excluding any part of a day that is not a working day). 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 Share Registrars Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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 or her 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.
8. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Appointment of a proxy (or submission of a CREST proxy appointment) does not preclude a member from attending and voting in person.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

11. 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.
12. If more than one valid proxy appointment is made in relation to the same share, the appointment last received by the registrar before the latest time for the receipt of proxies will take precedence.
13. Pursuant to section 360B of the Act and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), 2024 shareholders registered in the register of members of the Company as at 10:00am on 12 September 2023 shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the date and time fixed for the adjourned Meeting. 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.
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business to be dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. Each of the resolutions to be put to the AGM will be voted on by poll. A poll reflects the number of voting rights exercisable by each member and so is considered a more democratic method of voting than a show of hands.
16. As at [DATE] 2024 (being the "Latest Practicable Date" before publication of this AGM Notice) the Company's issued share capital consists of [384,693,548] ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at the Latest Practicable Date are [384,693,548].
17. A copy of this AGM Notice and other information required by section 311(A) of the Act may be found at [www.cavendish.com](http://www.cavendish.com)
18. You may not use any electronic address provided either in this AGM Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## ***Explanatory notes to the Notice of Annual General Meeting 2024***

### **Resolution 1 – To receive the Report and Accounts**

The Board asks that shareholders receive the accounts for the financial year ended 31 March 2024 together with the directors' and auditors' reports.

### **Resolutions 2 – Final Dividend**

The Board recommends that a final dividend of 0.25 pence per ordinary share be paid on 15 October 2024 to shareholders on the register of members of the Company at the close of business on 20 September 2024.

### **Resolutions 3 to 8 – Election of Directors**

The Articles of Association of the Company require that any Director appointed by the Board since the last Annual General Meeting must offer themselves for election by shareholders at the next Annual General Meeting following their appointment. Accordingly, Mark Astaire is offering himself for election by shareholders.

Annetee Andrews will step down from the Board at the 2024 AGM and will therefore not be offering herself for re-election. All other directors are offering themselves for re-election in accordance with the Articles of Association.

The Directors believe that the Board will continue to maintain an appropriate balance of knowledge and skills and that each of the Non-Executive Directors proposed for election or re-election (including Lisa Gordon) are independent in character and judgement.

Biographical details of all the Directors proposed for election or re-election at the AGM can be found on pages 24 to 26.

### **Resolutions 9 and 10 - Reappointment and remuneration of auditors**

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. Resolution 9 proposes the reappointment of the Company's existing auditors – BDO LLP.

Resolution 10 proposes that the Directors be authorised to determine the level of the auditors' remuneration for their period of re-appointment.

### **Resolution 11 – Authority to allot relevant securities**

The resolution asks shareholders to grant the Directors authority under section 551 of the Act to allot shares or grant such subscription or conversion rights as are contemplated by sections 551(1)(a) and (b) respectively of the Act up to a maximum aggregate nominal value of £2,564,622 being approximately 66.67% (two thirds) of the nominal value of the issued ordinary share capital of the Company (excluding treasury shares) as at 11 July 2024 being the latest practicable date (the "Latest Practicable Date") prior to publication of this AGM Notice.

£1,282,311 of this authority is reserved for a fully pre-emptive rights issue. This is the maximum permitted amount under best practice corporate governance guidelines.

There are no present plans to allot new shares other than in connection with employee share incentive plans. The Directors consider it desirable to have flexibility to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

### **Resolutions 12 and 13 – Disapplication of statutory pre-emption rights (special resolutions)**

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Resolution 12 deals with the authority of the Directors to allot new shares or other equity securities pursuant to the authority given by resolution 11, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings. Such authority shall only be used in connection with a pre-emptive offer, or otherwise, up to an aggregate nominal amount of £192,346, being approximately 5% of the nominal value of the issued ordinary share capital of the Company (excluding treasury shares) as at the Latest Practicable Date.

Resolution 13 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by resolution 11, or sell treasury shares, for cash up to a further nominal amount of £192,346, being approximately 5% of the nominal value of the issued ordinary share capital of the Company (excluding treasury shares) as at the Latest Practicable Date, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding twelve-month period and is disclosed in the announcement of the issue.

If the authority given in resolution 13 is used, the Company will publish details in its next annual report.

The Pre-Emption Group Statement of Principles supports general disapplication of pre-emption rights authorities of no more than 10% of issued share capital plus an additional 10% of issued share capital to be used only in connection with an acquisition or specified capital investment (and in both cases with a further authority for no more than 2% of issued share capital to be used only for the purposes of making a follow on offer of a kind contemplated by paragraph 3 of Section 2B of the Pre-Emption Group Statement of Principles). The Board has considered whether it would be appropriate to seek authorities up to the maximum permitted by the Pre-Emption Group Statement of Principles, but has determined that the authorities in resolutions 12 and 13 (which are in line with the authorities sought in the prior year) are appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions.

In the event of the Company issuing shares non-pre-emptively for cash pursuant to the general disapplication of pre-emption rights authorities described above, the Board intends to adhere to the Pre-Emption Group Statement of Principles, including, but not limited to: consulting (where reasonably practicable and permitted by law) with major shareholders prior to the announcement of the issues; providing an explanation of the background to and reasons for the offer and the proposed use of proceeds; as far as possible, making the issue on a soft pre-emptive basis; giving due consideration to the involvement of retail investors and existing investors not allocated shares as part of a soft pre-emptive process; involving management in the process of allocation of the shares issued; and, after completion of the issue, making a post-transaction report as described in Section 2B of the Pre-Emption Group Statement of Principles.

#### **Resolution 14 - Purchases of own shares by the Company (special resolution)**

Resolution 14 seeks authority from holders of ordinary shares for the Company to make market purchases of its own ordinary shares, such authority being limited to the purchase of 38,469,354 ordinary shares, being 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at the Latest Practicable Date .

The Company's exercise of this authority is subject to the upper and lower limits on the price payable stated in the resolution.

The authority to purchase the Company's own ordinary shares will only be exercised if the Directors consider that there is likely to be a beneficial impact on earnings per ordinary share and that it is in the best interests of the Company at the time. The Act permits the Company to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the Company. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's employees' share schemes