finnCap Group plc

Annual Report and Financial Statements

For the period from 1 May 2018 to 31 March 2019

Company Number 11540126

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1 - Chairman's Statement

This report covers the eleven month period from 1 May 2018 to 31 March 2019, an exciting period for finnCap Group plc ("finnCap", the "Group" or the "Firm"). We started the period principally as a public market focused organisation servicing the needs of quoted companies. Following the acquisition of Cavendish Corporate Finance ("Cavendish") in December 2018 and the development of new revenue lines, we are now a full-service financial services group for ambitious growth companies. The combination has started well.

With our IPO on AIM in December 2018, we joined many of our retained corporate clients on the public markets and continue to provide them and private companies with advice on public and private fundraisings, IPOs, debt, mergers and acquisitions, and technical public market bids; effectively servicing the lifetime financial needs of a high growth business.

Our financial results, which are slightly ahead of management's expectations, reflect the performance of finnCap Ltd for 11 months (due to the alignment of year ends), and for Cavendish for just under four months (since the date of its acquisition). Set out below is a summary of the Group's performance for the period, and that of its constituent parts, to allow readers to more clearly understand the financial performance of the enlarged business.

	finnCap Ltd 11 months to 31 March 2019	Cavendish 8 months pre-IPO*	Cavendish 4 months post-IPO	Cavendish 12 months to 31 March 2019*	Group IFRS accounts 11 months to 31 March 2019
Revenue	21,287	11,568	3,229	14,797	24,516
Profit before taxation and non-recurring items					4,294

*Unaudited

The current scale of the combined business can be seen if the performance of finnCap Ltd is annualised and combined with the unaudited outturn for the full 12 months for Cavendish. This shows the Group generating just over £38m of revenue (although we do not expect Cavendish to perform as strongly in the current financial year).

We are delighted to report that we are clearly seeing the benefits of combining the two businesses. Every year finnCap's corporate clients have undertaken acquisitions and disposals, or debt raisings, that we have previously been unable to service. Similarly, Cavendish has been asked to consider flotations and fundraisings alongside disposals for their clients that it was unable to execute. As a result of combining these two businesses, and in January 2019, adding a buy-side advisory service, the enlarged Group can now offer the full suite of financial services to all clients, and we have already seen the first examples of these revenue synergies. We have completed our first buy-side mandate and we have assisted an existing finnCap corporate client with debt advice. We also have a good number of IPO leads from Cavendish and its associated overseas offices through its membership of Oaklins.

We are looking to expand our services further: to cement our position as one of a small number of firms able to provide a full suite of advisory and execution services to our target clients, whilst building strong long-term relationships.

Dividend

Immediately prior to flotation, the Board of finnCap Ltd declared an interim dividend of 0.207p per share. Post flotation, the Board of finnCap Group plc declared an interim dividend of 0.148p per share. On the back of the performance in the Period, the Board is now declaring an interim dividend for the financial period ended 31 March 2020 of 0.355p per share. The dividend will be paid to shareholders on 9 August 2019 with an associated record date of 19 July 2019 and ex-dividend date of 18 July 2019. The Board does not intend to declare a final dividend for the Period, or in future financial periods, as the Company has determined that the timely payment of dividends for its shareholders (and in particular employee shareholders) is important.

As set out in the Group's AIM Admission Document, the Board has adopted a dividend policy to reflect the Group's performance during the financial year, the expectation of future cash flow generation and its long-term earnings potential. The Board intends that the Group pay two dividends each year initially aiming for a 5 per cent yield based on the IPO price of 28p per share for the year ended 31 March 2020 (excluding the above interim dividend of 0.355p per share), with the total split in the proportion 30/70 between them.

Investors should note that there can be no guarantee of any dividend payment and the Board may revise the Group's dividend policy at any time.

Commercial and Regulatory Environment

During the period under review, the public markets have been volatile with a marked decline over the course of November and December 2018, whilst the longer-term shift of raising growth capital from the public markets to alternative private sources of fundraising has slowly continued.

The FTSE Small Cap index, in the first eight months of the period, depreciated by 15%, before then rallying by 10% in the last three months. As such, much of the period was spent in a declining market that impacted on the market's enthusiasm for primary fundraisings. Alternative sources of funds (private equity, venture capital, angels, P2P or public sector) have continued to become more popular (approximately £10bn was funded from such sources in 2018, compared to £5.5bn raised on AIM). To best service their clients, financial intermediaries need to be able to advise on all sources of funding and investment.

On the public equity markets, daily trading volumes and values remained relatively consistent in 2018 compared to the previous year but execution commission rates were much lower as a result of MiFID II, which we further comment on below. M&A volumes benefited from concerns about the impact of Brexit and the political risk of a future increase in the taxation of capital gains.

The Firm is regulated and overseen by a variety of different regulators, exchanges and non-statutory bodies, and the cost of risk management and compliance continues to increase. The Group continues to increase staffing levels and training group-wide to ensure that that it complies with all regulatory requirements and best practice and maintains a culture that is appropriate for the regulatory environment in which it operates. The Board has also established a very active Risk and Compliance Committee.

The current period was the first complete period in which the Group was required to comply with MiFID II which, among other things, required the separation of charges for research and execution. Our response was to make the research that we produce in respect of our corporate clients free to all, but to continue to charge institutional clients for access to our research analysts, their models and non-client research.

We do not believe that the market properly recognises the differences between the large cap market (which is generally highly liquid and where execution is typically automated) and the smaller companies' market (where matching buyers and sellers is more dependent on local market knowledge and relationships, and therefore is more manual and costly) thereby leading to a significant underpayment for the trading services offered. The Firm has made a material investment in technology to automate the exchange of information with institutional investors that MiFID II requires, but this has added further cost to the execution of trades in the smaller companies' market.

The period saw the implementation of systems and processes to prepare the Firm for the impact of the EU General Data Protection Regulation. The Group is also currently preparing for the arrival of the FCA's Senior Managers and Certification Regime in December 2019.

Ambition Nation

Ambition Nation is finnCap's nationwide campaign that explores the key issues facing the UK's ambitious growth businesses, spotlights fast-growth companies from around the country, convenes the entrepreneurs who are building these businesses and thereby encourages future growth. It centres particularly around how leaders can navigate the current investment landscape and access the capital they need to thrive.

The Ambition Nation series of events drives content and insights to inform, inspire and fuel business growth. It provides the opportunity to reach out to a wider business community and convene influential individuals from across our target market. Ultimately it drives differentiated lead generation by building a thriving community of CEOs, business leaders and investors.

During the financial period, the Firm hosted the annual Ambition Nation summit, focusing on "Building An Ambitious Future"; the bi-annual Female Leaders series in September 2018, focusing on the funding gap; and On Track in April 2019, discussing key indicators of growth. Across these events, we welcomed contributions from over 30 speakers and 800 attendees. In 2019/20, we are looking to expand the Female Leaders series regionally; to launch our Driving Ambition film series in August 2019; as well as to host our inaugural Ambition Nation Listed 50 Awards in October 2019.

Board

The Board has evolved over the period. On the completion of the acquisition of Cavendish in December 2018, Lord Leigh of Hurley (Cavendish's co-founding partner) and Joe Stelzer (its Managing Partner) both joined the Board as executive directors, along with Andy Hogarth and Barbara Firth as independent non-executive directors. The Board is notably stronger. As announced in January 2019, Joe Stelzer has stepped away from the Board and out of the day-to-day management of the business for medical reasons, and his responsibilities have been assumed by Tom Hayward (Group CFO).

The current Board of Directors holds in total 47% of the issued share capital of the Group.

People

As a financial services firm, finnCap's main assets are its reputation and its people. We recognise the huge commitment that our staff have made to the firm, both in terms of their time and their financial investment, and we thank them for this. Between them, the Board and employees own 78% of the Group. External shareholders can take comfort in the level of investment that the team has in the business and, accordingly, their interest in its commercial success.

We consider our culture to be one of our strongest differentiators. We are focused on a highly collegiate approach which brings many benefits, including higher productivity, lower staff turnover, and helping to reduce many of the business's risks. Our remuneration policy is formulated to encourage this approach, and hence seeks to deliver the best long-term result for the Group.

finnCap's Employee Benefit Trust has built a material holding of shares in finnCap over the years, and as the share price has risen over this time, there is now an accumulated value in the EBT of £2.1m measured using the period-end share price. These shares are available to satisfy existing options and to further incentivise and reward staff, at no cash cost to the Group.

Outlook

Since the start of the current financial year, we have continued to trade profitably, winning new high-quality corporate clients and have executed 19 transactions. In addition, we have continued to recruit high calibre individuals across the firm, particularly within the debt advisory team.

The market backdrop remains difficult, particularly with Brexit still to be resolved, but we have a healthy pipeline of transactions for the coming months, which are spread over a broad number of sectors and group services, making us less reliant on the public market equity issuance environment and giving us confidence in our portfolio approach. We therefore look forward to updating the market further following completion of the first half of the financial year.

Jon Moulton
Non-Executive Chairman

8 July 2019

2 - Strategic Report

finnCap Group plc is a full-service financial services firm for ambitious growth companies. It currently provides these companies with access to the private and public equity and debt markets and advice on acquisitions, disposals and public market bids. The Group's long-term strategy is to further develop these services to offer a full suite of best-in-class advisory services to its target market.

The Group's revenues are primarily generated in the UK, although a number of its corporate clients and institutional investors are based overseas.

The Group had 135 employees at the period end.

Business Model and Strategy

The revenue model for the Group is based on

(i) retainer fees;
(ii) trading commissions, research payments and market making; and
(iii) deal fees for fund raisings and advisory mandates which are either a percentage of funds raised or deal value, a fixed fee or a combination of both

The Directors believe that the retainer fees and trading revenues provide a stable base which underpins the Group's turnover. The Group's principal costs are its people, premises and IT infrastructure - the largest element by a significant margin is the cost of its people.

Equity Capital Markets and Corporate Finance

The team focuses on the UK equity markets and provides advice mainly to quoted companies across a wide range of transactions. Projects include taking companies public on UK equity markets, raising equity finance in the public markets, and advising on public company takeovers, mergers and acquisitions, disposals and restructurings. In addition to transactional work, the team provides day-to-day advice to quoted companies on market sentiment and likely reactions to market communications and strategy updates based on an extensive base of institutional investor contacts. The team is also responsible for the active promotion of finnCap's client base to institutional fund managers.

The team operates across a variety of industry sectors, including technology, life sciences, industrials, support services, consumer, mining, energy and financials.

finnCap is authorised by the London Stock Exchange to act as a nominated adviser allowing it to advise issuers seeking admission to, and trading on, AIM. Currently, the Corporate Finance team acts as nominated adviser to 90 AIM companies. finnCap is also authorised by the UK Listing Authority to act as sponsor to issuers seeking a listing on, or conducting transactions on, the Official List and is a NEX corporate adviser and a member firm of the London Stock Exchange.

Equity Sales and Trading

The Equity Sales and Trading team serves institutional clients including long-only funds, specialist investors, wealth managers, and hedge funds both in the UK and Europe. The team seeks to target the full breadth of the investor universe to create the right balance between stable, long-term investors and those who provide trading liquidity on behalf of finnCap's retained corporate clients. The team additionally offers trading ideas and strategies for institutional clients, and makes a market in over 180 securities. The team supports the other services provided to the Group's clients by providing real time information on trading in retained corporate clients' securities.

Research

The Research team publishes daily research reports to generate and maintain institutional interest in the securities of the Group's retained corporate clients and other equity securities. The team is particularly focused on the technology, support services, life sciences, energy, industrials, mining, consumer and financial sectors and special situations. The focus is predominantly on companies quoted on a UK equity capital market with a market capitalisation of between £10 million and £500 million. The team delivers active coverage of over 150 securities that includes covering results, corporate actions, morning notes, sector quarterlies and thematic pieces. The team performed strongly in the 2019 Extel awards (including being ranked 1st and 2nd respectively for its research coverage of the Technology and Industrials sectors).

finnCap Slide Rule Fund

In 2017, the finnCap Research team developed the Slide Rule, a proprietary research product designed to simplify the identification of the best companies in the UK small/mid-cap sector by making a quantitative assessment of the relative potential of each company. Using this methodology, in 2018 finnCap launched the finnCap Slide Rule UCITS Fund, an open-ended fund with the objective of delivering capital growth through a largely quantitative approach to investing in UK quoted smaller companies. This division is currently not profitable due to the limited funds under management.

The Directors are encouraged by the recent performance of the fund and believe that with continued strong results, particularly once a 36-month track record is established, further funds will be attracted from both private client platforms and from institutional capital. Given the relatively fixed cost base of this division, the Directors believe that, if such additional funds are secured so providing the fund with recurring profits and cash flow, there is an opportunity to expand into new markets. The Directors believe that the Slide Rule analysis tool is applicable to a variety of global growth markets.

Investment Companies

The Company started an Investment Companies team in 2016 to provide a full-service offering of trading, sales, research and corporate finance advice to quoted funds, with a strong focus on the emerging market and alternative funds sectors. The team currently has 10 retained investment company clients.

Private Growth Capital

finnCap has a team focused on raising funds between £2 million and £50 million for private companies and funds, in order to scale up existing businesses that have clear commercial traction. finnCap has advised on transactions raising approximately £109 million for 8 companies since its first private fundraising in 2016.

M&A Advisory

The Cavendish M&A advisory team specialises in pre-sale exit planning, exit reviews and the delivery of sell-side advisory mandates. This activity extends to the full management of the sales process and identification of the most appropriate purchaser for private businesses. Through its membership of Oaklins, the international association of 60 M&A houses in 40 countries, the team has access to both buyers and sellers of businesses world-wide and has particular expertise in technology, media, business services, consumer/retail, financial services, industrials and healthcare. Over the last three financial years the team has advised on an average of 21 transactions per annum for businesses with an enterprise value typically between £10 million and £250 million. Cavendish typically charges a retainer at the commencement of a mandate and a success fee based on the value achieved on sale with incremental fees paid as value increases.

PLC M&A Advisory

As part of its existing corporate finance business, finnCap has advised its retained clients on acquisitions, in addition to providing this service to other parties. Nearly all of these mandates have involved advice on the City Code with the number of mandates for non-retained clients increasing materially in the last three years.

Debt Advisory

Cavendish has a debt advisory capability which contributed £0.3m to Cavendish's unaudited revenue for the year ended 31 March 2019. Since the acquisition and IPO, the Group has expanded this service to include advice to finnCap's corporate clients on their debt raisings, and on buy-side M&A advisory. The Group considers the opportunity to be significant and have invested in recruiting further high-calibre team members.

Strategy

The Group's objective is to become the leading full-service provider to ambitious publicly quoted and private companies. The Group has set three core objectives to drive growth:

(i) capitalise on the existing successful Equity Capital Markets platform;
(ii) expand the service offering to clients and into new markets; and
(iii) increase its reach through brand development

Financial Performance and Position

Equity Capital Markets

The equity capital markets division of the Group delivered £21.3m of turnover in the 11 month period to 31 March 2019 (12 months to 30 April 2018: £22.1m). This was a very good performance given the market conditions in November and December, the impact of MiFID II on trading incomes across the market and the resulting impact on the performance of our peer group. The individual contributors to this performance are considered below.

Retainer revenues – Total fees from retainers in the 11 months ended 31 March 2019 were £5.9m, or a monthly average rate of £538k. This compares to £5.7m in the 12 months ended 30th April 2018, or a monthly average rate of £477k, and therefore represents growth on a like-for-like basis of 13%. During the year we won 18 new clients (with an average market capitalisation at the date of take on of £80m), including Revolution Bars Group Plc, Gateley (Holdings) plc, Mothercare Plc, Filtronic Plc, Grit Real Estate Income Group Limited, M.P. Evans Group Plc and Shoe Zone Plc, whilst 16 clients were lost mainly as a result of delisting and takeovers. The total market capitalisation of our retained clients at the period end was £10,858m, and the average was £86m. Of note is the growth in our investment companies' mandate from 6 to 10 retained clients.

Transactions - Total fees received from transactions in the 11 month period to 31 March 2019 were £12.0m (12 months to 30 April 2018: £11.3m). Notable deals completed during the period included:

Public Market Fundraisings

- acting as financial adviser and sole broker to Ideagen raising £30m to support an acquisition
- acting as sponsor to PPHE on its move to the Official List and then acting as joint broker on a £149m block trade
- acting as financial adviser and sole broker to Altitude raising £9m to support its working capital needs and to make an acquisition
- acting as financial adviser and sole broker to DX Group in a balance sheet restructuring, whitewash and fundraising of £4.8m
- acting as financial adviser and sole broker to Angle on its £12.7m working capital fundraising

PLC M&A Advisory

- acting as financial adviser to Taptica on its £135m offer for RhythmOne
- acting as joint Rule 3 adviser to Tax Systems on its £110m acquisition by Bowmark
- acting as financial adviser to Ligland Pharmaceuticals on its £33m offer for Vernalis
- acting as Nomad and joint broker to Cityfibre on its £538m acquisition by consortium of infrastructure investors

Investment Companies

- acting as financial adviser and joint UK placing agent on the IPO of GRIT Real Estate raising $132m
- acting as sponsor for the restructuring, tender offer and move to Official List for Vietnam Holding

Private Company

- advising DivideBuy on a £62m financing in the form of debt and equity to finance the working capital requirements for growth

Trading - The period under review was the first to reflect the material full impact of MiFID II on the trading side of our business. Whereas trading revenues (from both agency and principal trading) had been relatively consistent for the last three years at approximately £5m, in the current period these declined to £3.4m (12 months to 30 April 2018: £5.1m). The decrease is the product of slightly lower volumes and a lower average rate of commission as a result of MiFID II, offset partially by the introduction of research payments.

M&A Advisory

Cavendish had its best ever year for the 12 months to 31 March 2019, closing 28 deals and generating £14.8m (unaudited) of fees (2018: £10.2m). £3.2m of fees is included in the financial statements for the four months after the acquisition. Notable transactions included:

- the sale of Tpay to Helios Partners.
- the dual track sale/IPO process for Zenith Hygiene Group that resulted in its sale to Diversey
- the sale of Rapidata Services Limited to Access Group
- the sale of Indigo Group Holdings to Growth Capital Partners
- a dual-track debt/equity process for Manolete Partners
- advising on the successful bid by Inflexion for Creative Parking. This was the Group's first buyside transaction of this kind

As stated in our Admission Document, we believe the Cavendish performance for the period is significantly better than the business would normally generate, and in part was due to the unusually high level of inbound deal flow resulting from concerns about the political environment and potential changes to the future taxation of entrepreneurs. We do not consider this level of performance to be sustainable in more normal trading conditions. Our strategy for future growth is to focus on a sectoral approach to both lead generation and transaction execution, recruitment of further sectoral and geographic specialists, cross referrals between the two sides of the Group and brand development.

finnCap Group

Although the historic performance of the two sides of the business was separated out above for clarity, significant investment is being made to integrate them, in order to realise the revenue synergies that are the rationale for the original business combination.

To date, this has already resulted in:

- advising on a £5.0m debt facility for Universe from HSBC, to part-fund its acquisition of Camden Technology Investments Limited. This was the first debt advisory mandate for the Group from an existing finnCap Ltd client, and demonstrates the potential of rolling out this service to its existing corporate clients
- advising on the successful bid by Inflexion for Creative Parking. In addition, the Firm are currently working on two more buyside mandates
- the first signed disposal mandate for Cavendish that was introduced by finnCap
- a number of private fundraisings for finnPrivate which were introduced by Cavendish
- a twin track sale/IPO
- three potential IPOs that were introduced to the Group by Oaklins, the international network of M&A houses of which Cavendish is a member

None of the above would have been possible for the two businesses acting independently, and as such are incremental revenues to the Group.

As part of the integration and expansion of services to the clients of both sides of the business, the Group is making a material investment in further resources. The debt advisory team has been expanded in order to better service the Group's retained corporate client base, and discussions are being held with a number of sector and geographic specialists to strengthen the Group's origination and execution capability.

Going forward, finnCap Group is positioning itself to be a fully integrated group offering a full suite of services to ambitious growth companies.

Financial Position

The Group's cash and cash equivalents, net of borrowings, improved during the period from £3.8m to £4.7m. The overdraft balance at 30 April 2018 related to the funding of unsettled trades by Pershing through our Model A Settlement Agreement and as at 31 March 2019, there was no such balance.

Net assets grew from £7.3m to £20.9m, although the movement was mainly as a result of the goodwill created through the acquisition of Cavendish during the period. The Board's intention is to grow the Firm's net assets to fund future growth in the coming years through the retention of profits after funding dividends.

Key Performance Indicators

The Group monitors and manages its performance through the use of various Key Performance Indicators, at various different levels within the business. The main KPIs used to assess the Group's performance as a whole over a financial period are as below.

In each case, unless otherwise stated:

- the statistic for the current period is based on the performance of the Group as consolidated in its IFRS accounts (i.e. with finnCap Ltd's performance for 11 months and Cavendish's for the four-month period from the date of its acquisition); and
- and the prior year statistic is based on purely the performance of finnCap Ltd.

	Period ended 31 March 2019 £'000	**Year ended 30 April 2018 £'000**
Annualised average revenue per head	250	241

The annualised average revenue per head is a KPI as it incorporates both the Group's income and its main cost. The ability to pay staff appropriate remuneration is fundamental to the success of the Group. In the current period from the date of acquisition of Cavendish, the statistic was not materially different between the two sides of the business.

	Period ended 31 March 2019 £'000	**Year ended 30 April 2018 £'000**
Average monthly retainer fees	538	477

The Group is focussed on growing its retainer income, as a reliable revenue stream that helps to reduce the risk in the Group's business model.

	Year ended 31 March 2019 Number	**Year ended 31 March 2018 Number**
Completed M&A transactions (by Cavendish in the full relevant period)	28	20

This was a very strong year for Cavendish in terms of the number of transactions it completed, and (with a number of them benefitting from ratchets based on the negotiated exit price) the revenue it generated from them. Ten transactions were completed post acquisition.

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Total deal fees	15,179	11,325

Total deal fees of £15.2m in the 11 month period, when annualised, represented 46% growth over the previous year. This growth was 15% organic, representing the 7th successive year of growth in finncap's ECM fees. The balancing 31% of growth came from the acquisition of Cavendish.

	Period ended 31 March 2019	Year ended 30 April 2018
Adjusted earnings per share	2.86p	2.22p

Whilst basic earnings per share is an accounting measure, the Board focuses on adjusted earnings per share. Adjusted Earnings excludes one-off costs, amortisation of intangible assets from acquisitions, share based payments and adds a nominal tax charge. The weighted number of shares includes the shares held by the Group Employee Benefit Trust.

	Period ended 31 March 2019	Year ended 30 April 2018
Dividend per share	1.38p	0.91p

The Group's future dividend policy, as stated in the Chairman's report, would generate an annual dividend of 1.4p per share based on the current issued share capital.

Principal Risks and Uncertainties

finnCap Group plc actively guards against risk by regularly reviewing the business and by actively promoting a culture of compliance throughout the Group. The Company has a Risk and Compliance Committee, which includes its Chairman, Chief Financial Officer, an Independent Non-Executive Director and Head of Compliance. Additionally, the Company has taken out insurance against those risks that the Directors consider to be appropriate. The Company's main risks are set out below, separated into operational, regulatory and financial risks.

Operational risks

Risk of pursuing an inappropriate strategy – the Firm manages this risk through the Board's oversight of strategy, adherence to the QCA's corporate governance code, risk analysis and the provision of timely management information in order to enable decisions to be made appropriately. This is particularly necessary given the diversification of the business and the acquisition of Cavendish.

Risk of market downturn - as with other firms in our sector, finnCap is generally dependent on the financial market's health and appetite for investment. However, the Board recognises that the business and its markets are cyclical, and has developed a business model that is robust in these circumstances. The Group as a whole is less reliant on any particular subsector of the financial markets than either of its previously independent subsidiaries.

Risk of loss of key staff - finnCap is a people-oriented business and hence the loss of team members is a potential risk. The Group maintains appropriate remuneration and employment policies to seek to retain and improve the quality of its team and regularly reviews these to ensure they are still appropriate for this purpose.

Reputational risk - reputational risk accompanies all transactions. finnCap has internal approvals processes that mitigate risk both before it takes on new business and as transactions proceed. In the event of risk crystallisation, management would proactively to address market impact and maintain confidence in the Group's offering and services.

Risk of IT failure - the level of risk arising from an IT failure is dependent largely on the extent of the failure. In particular, there is a risk of data loss, potentially through cyber-attack. As finnCap relies on core data services, management actively seeks providers who have suitable disaster recovery procedures of their own in place, in addition to building networks that are a robust and externally tested combination of in-house and packaged products.

Capital risk - the Group's primary objective in managing capital is to ensure that it has capital which is permanent and which is able to absorb any reasonable losses arising from an extreme event. The Group's two operating companies are also subject to the capital requirements of the FCA Handbook which sets capital requirements based on the risks (including credit risk and market risk) assumed by each company. The operating companies manage their capital by performing a daily computation of the capital requirements and ensuring that their capital exceeds these requirements.

Risk of poor trading performance - the Group relies on the supervised decision-making of its market makers and proprietary traders. It contains its potential exposure through the implementation of a tight regime of trading limits and constant monitoring of performance and exposure. Any protracted loss-making period would result in a reappraisal of the commercial rationale of these business lines.

Market risk – the Group is exposed to movements in the value of its holdings in quoted and unquoted securities. This risk is mitigated through frequent review of its holdings for appropriateness, risk and liquidity.

Risk from dependence on third party service providers – the Group relies on third party service providers for certain aspects of its businesses (for example, on Pershing for settlement of its trades). There is a risk that these service providers are unable to meet their contractual obligations to the Group. The Firm manages this risk through the identification of key providers, monitoring of their performance, investigation of issues as and when they arise and dialogue about these providers' business continuity plans.

Competition risk – the Group operates in a competitive market. The Group's main defence against competition is the desire of management and staff to be a leader in the Group's markets in terms of client service and the development of new products and services.

Risk of employee misconduct or error – the Group is reliant on its staff to operate their roles appropriately. There is the potential for employees to exceed the boundaries of their roles, either intentionally or through error. The Group manages this risk through clear job descriptions, the use of segregation of duties and technology to restrict the potential for breach and monitoring to highlight breaches when they occur so enabling timely remedy.

Risk of Force Majeure - The Group's operations now or in the future may be adversely affected by risks outside the control or anticipation of the Group. The Group mitigates some of these risks through its Risk Committee, which has responsibility for the identification and mitigation of the risks that the Group faces.

Litigation risk – Legal proceedings may arise from time to time in the course of the Group's businesses. The Group mitigates the risk of litigation through the use of clear engagement letters that specify exactly what services are provided and which limit the Firm's liability appropriately.

Risk from integration with Cavendish – the Group is in the process of integrating the two sides of the business in order to benefit from the synergies available. There is a risk that this process takes longer, or is costlier than expected or that its implementation will result in a level of management distraction.

Regulatory risk

The Group operates in a regulated environment. The Group has an independent and well-resourced compliance department that reports to the Group Board. The Directors monitor changes and developments in the regulatory environment and ensure that sufficient resources are made available to implement any required changes. However, there is the potential that future changes to the regulatory, legislative or tax environment may have an impact on the profitability of the Firm. Particularly relevant here is the lack of visibility of the eventual resolution of Brexit, and its impact on the Firm, its clients and markets.

Financial and credit risk

Details of the Group's financial and credit risks can be found in note 4 of the financial statements.

Environment

The Group acknowledges the importance of environmental matters and where possible uses environmentally friendly policies in its offices, such as recycling and energy-efficient practices.

Anti-Corruption and Bribery

The Group is committed to the highest level of ethical standards in the conduct of its business affairs, and this is encapsulated in its Financial Crime Policy. This covers all of the major forms of financial crime, including bribery and corruption. Staff are required to conform to this policy, and the Firm's Gifts and Hospitality Policy, and receive appropriate training.

Approval

This strategic report was approved on behalf of the Board on 8 July 2019.

Sam Smith
Chief Executive Officer

3 - Corporate Governance Report

Under the AIM Rules, AIM companies are required to provide details of a recognised corporate governance code. The Board has adopted the Quoted Companies Alliance's Corporate Governance Code ("QCA Code").

The QCA code is constructed around ten broad principles and a set of disclosures. Recommendations are made within the QCA Code as to which disclosures should be made in the Annual Report.

The ten principles are as follows:

Principle 1: Establish a strategy and business model which promotes long term value for shareholders

The Group's strategy and business model are discussed in the Strategic Report above, along with the key challenges that it faces and the risks that it is exposed to, and its mitigation of these risks.

Principle 2: Seek to understand and meet the shareholder needs and expectations

This is the responsibility of the Executive Directors, and is achieved through investor presentations and roadshows. The AGM also provides an opportunity for the shareholders to provide feedback to the Board on its strategy and business model, where the Non-Executive Chairman and the Senior Independent Director are available to meet with shareholders.

Principle 3: Take into account wider stakeholder and social responsibilities and the implications for long-term success.

Engaging with our stakeholders strengthens relationships and helps us make better business decisions. The Board is regularly updated on wider stakeholder feedback. Our main stakeholders are our shareholders, suppliers and customers, employees and regulators.

Employees

The Group is committed to employment policies which follow best practice and are based on opportunities for all employees. Employee involvement in the Group's affairs is encouraged and the Chief Executive Officer regularly updates employees on the Group's progress and new initiatives. Particular recent initiatives include:

- One-to-one engagement interviews with staff
- A review and update of the Employee Handbook, including staff training and clarifying and re-affirming key policies on topics such as Data Protection, Relationships at Work and Equal Opportunities
- The introduction of a more formal, structured induction programme for new joiners
- The introduction of a programme of external training courses to be undertaken during the first year of a graduate's employment

The majority of employees have an equity interest in the Group, providing strong alignment with other shareholders.

Customers and communities

Over the past year we have:

- Continued to drive our Ambition Nation initiative, talking to as many high growth, scale-up companies as possible
- Continued to be a key supporter of Stepping Into Business and its school enterprise programme, which introduces entrepreneurship into primary schools
- Participated in the New Entrepreneurs Foundation programme, giving an aspiring entrepreneur valuable experience of working at the heart of an ambitious business

Regulators

The Board understands that its long-term success relies on it maintaining a good relationship with its key regulators. The Board is very focussed on compliance with the various regimes that it operates under and receives periodic legal briefings on upcoming relevant statute and regulation.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

We operate a clearly defined, robust, scalable and enterprise-wide risk management and control framework through which we aim to identify actual and potential risks and amend our controls and safeguards accordingly. This is managed through financial and non-financial controls, set out below.

Financial controls

The Group has an established framework of internal financial controls, the effectiveness of which is regularly considered by Executive Management, the Audit Committee, the Risk and Compliance Committee and the Board in the light of the ongoing assessment of the significant risks facing the Group.

- The Board is responsible for reviewing and approving overall Group strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Group including treasury, tax and dividend policy. Results and variances from plans and forecasts are reported to the Board
- The Audit 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, for monitoring and reporting, to the Board, the Group's business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Results are reported against budget and compared with the prior year, and forecasts for the current financial year are revised in the light of actual performance

Non-financial controls

- The close management of the day-to-day activities of the Group by the Executive Directors
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation whilst minimising risks
- An appropriately staffed compliance department with a clear annual work plan
- A recently-appointed Group Legal Director to ensure legal risk is properly managed and legal rigour is enforced in all our business negotiations
- A robust IT strategy which is vital to the security and continuity of the Group

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chairman

The Board comprises the Non-Executive Chairman, four Executive Directors (including an Executive Deputy Chairman) and three Non-Executive Directors.

The Chairman is responsible for the effective leadership, operation and governance of the Board and its Committees. He ensures that all Directors contribute effectively in the development and implementation of the Group's strategy, as well as ensuring that the nature and extent of the significant risks the Group is willing to embrace in the implementation of its strategy are determined and challenged. The Chief Executive Officer is responsible for the management of the Group's business and for implementing the Group's strategy.

The Board and each of its committees receive regular and timely reports on the Group's operational and financial performance. Board packs are circulated in advance of each Board meeting and minutes reviewed and approved following each meeting.

The Board regards Andrew Hogarth and Barbara Firth as independent non-executive Directors. The Board has appointed Andrew Hogarth as the Senior Independent Director to be available to Shareholders if they have concerns over an issue that the normal channels of communication (through the Chairman, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate.

The Board is satisfied that it has a suitable balance between independence on the one hand and knowledge of the Group on the other, to enable it 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 Chairman will assess Board effectiveness on an annual basis.

The Group has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board of Directors' details and biographies are on pages 21.

The Board is satisfied that it has an effective and appropriate balance of skills and experience, including in the areas of finance, growth companies, trading technologies and marketing. Contracts are available for inspection at the Group's registered office and at the AGM.

Directors attend seminars and other regulatory and trade events to ensure that their knowledge remains current, and the Board receives legal briefings on upcoming legislation and regulation.

All Directors retire by rotation at regular intervals in accordance with the Group's Articles of Association.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Group's expense. In addition to the support provided by the Group's retained professional advisors (i.e. Nomad, lawyers and auditor), external consultants may be engaged to advise on specific matters as required. In addition, the Directors have direct access to the advice and services of the Chief Financial Officer and the Company Secretary.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman regularly assesses the individual contributions of each member of the team to ensure that:

- their contribution is relevant and effective;
- they are committed; and
- where relevant, they have maintained their independence

The performance of the team as a unit will be assessed in December 2019 to ensure that the members of the Board collectively function in an efficient and productive manner.

The Board will consider the benefits of an external evaluation of the Board every three years.

Principle 8: Promote a culture which is based on ethical values and behaviours

The Board recognises that core values provide a framework which influences every level of the Group. The Group has adopted the core values of being smart thinking, collegiate and dynamic. The Chief Executive Officer takes the lead in demonstrating corporate culture, and encourages employees to contribute to the furtherance of these values. The core values form a key part of Employee Performance and Development Reviews. The Human Resources and Marketing teams promote the Group's values which underpin conditions of employment and everyday working practices. The Board believes that the strong culture evident in the Group creates a thriving environment and helps to build a team atmosphere.

The Group has in place a Whistleblowing Policy which is clearly set out in the Employee Handbook which includes details of how to raise concerns internally and externally.

As well as being a key supporter of Stepping Into Business, the Group supports a number of staff led charitable initiatives.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Executive Directors of the Board have overall responsibility for managing the day-to-day operations of the Group and the Board as a whole is responsible for monitoring performance against the Company's goals and objectives.

Board meeting programme

The Board meets at least six times per year in accordance with its scheduled meeting calendar. Prior to the start of each financial year, a schedule of dates for that year's Board meetings is compiled, to align as is reasonably practicable with the Group's financial calendar, whilst also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

Detailed Board packs include information on all business units and financial performance and are circulated ahead of Board meetings. Key issues are highlighted and explained, providing Board members with sufficient information to enable a relevant discussion at the Board meeting.

Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Group's management.

Executive Team

The Executive Team consists of Sam Smith, Stuart Andrews, Tom Hayward and Lord Leigh of Hurley with input from the Heads of Department. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's business and its overall trading, operational and financial performance in fulfilment of that strategy, as well as preparing plans and budgets to be approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes.

Principle 10: Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group's methodology for maintaining a dialogue with shareholders and other stakeholders is set out in Principle 2 above. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to.

The Non-Executive Directors attend the AGM and have the opportunity to attend other meetings with shareholders and do so from time to time or as requested. The Board is kept informed on market views about the Group.

All shareholders are invited to make use of the Group's AGM to raise any questions regarding the management or performance of the Company.

Following the Group's first AGM as a public company, the outcome of the votes will be announced and published on the finnCap Group website.

The Board of Directors

Jon Moulton, Non-Executive Chairman

Background and suitability for the role:

Jon was appointed chairman of finnCap in January 2010. He is currently Chairman of The International Stock Exchange and Anti-Microbial Research Limited. He is a Chartered Accountant and a Fellow of the Institute for Turnaround Professionals. He chairs the Better Capital funds and Greensphere, an alternative energy infrastructure fund. He is an active private investor and has been working in private equity since 1979. Jon is a member of both the Board of the Corporate Finance Faculty and the Technical Strategy Board of the Institute of Chartered Accountants and regularly writes, broadcasts and speaks on corporate finance and financial matters. He is a Director of the think tank, The Centre for Policy Studies. Jon is also an Honorary Fellow of University College London and a Trustee of the UK Stem Cell Foundation and his own medical research charity. A former Managing Partner of Alchemy, Jon's career also included running Permira, CVC UK and the buy-out group of Apax, as well as being a director of numerous public and private companies, including Ashmore PLC. He was also a board member of the £3.8 billion UK Government Regional Growth Fund.

Time commitment: Approximately 2-3 days a month.

Lord Leigh of Hurley, Executive Deputy Chairman

Howard is the senior partner and co-founder of Cavendish, and has built the business into a leading UK M&A advisory practice. He graduated in Economics and, after a short period in UK merchant banking, joined Deloitte Haskins & Sells where he qualified as a Chartered Accountant and further qualified with the Chartered Institute of Taxation. In early 1986 Howard established Deloitte's Mergers and Acquisitions business and developed an expertise in selling corporates. In 1988 he left to set up Cavendish. He served as the Chairman of the Faculty of Corporate Finance of the ICAEW between 2000 and 2004. During this time, he also served on the Takeover Panel as well as sitting on the Council of the ICAEW. In 2008 he was awarded the Faculty's Outstanding Achievement in Corporate Finance award. Howard was a Vice President of M&A International Inc., the global advisory M&A firm, and predecessor to Oaklins International Inc. He was elevated to the Peerage as Baron Leigh of Hurley in 2013, and speaks regularly in the House of Lords on business, finance and tax matters. Howard was appointed as a Treasurer of the Conservative Party in 2000, and subsequently as Senior Treasurer.

Time commitment: Full-time

Sam Smith, Chief Executive Officer

Background and suitability for the role:

Sam established finnCap in 2007, having orchestrated the management buy-out of a small broking subsidiary of JM Finn & Co Limited, a private client stockbroking firm. Sam is the first female chief executive of a City stockbroking firm and as such is a supporter of social enterprises designed to inspire and engage the next generation of female business leaders and entrepreneurs. Sam qualified as a Chartered Accountant at KPMG and is an alumnus of the University of Bristol.

Time commitment: Full-time

Tom Hayward, Chief Financial Officer

Background and suitability for the role:

Tom was appointed to the role of Finance Director to finnCap in 2010. He previously spent nearly 10 years as Venture Capital investor at Herald Investment Management Limited where he invested in early-stage information technology and media companies. Between 1998 and 2000, Tom was an Executive at J. Henry Schroder & Co, in the telecoms and technology M&A team. Tom started as a trainee accountant in KPMG's project finance team and has a BA (Hons) in Natural Sciences from Trinity College, Cambridge, and an MSc in Computing from Imperial College, London.

Time commitment: Full-time

Stuart Andrews, Head of Corporate

Background and suitability for the role:

Stuart joined finnCap in March 2012 as Head of Corporate Finance and joined the board of finnCap in 2013. He qualified as a chartered accountant at PwC and subsequently worked in the corporate finance department of Beeson Gregory and Evolution Securities. Stuart has extensive knowledge of advisory roles for ambitious growth companies both on the public markets and privately which includes IPOs, all aspects of fundraising and M&A. Stuart is currently a member of the London Stock Exchange AIM Advisory Group, an external committee of senior executives who provide input and advice on all matters affecting the operation and regulation of AIM. He has previously chaired the Quoted Companies Alliance Markets and Regulations Committee and is now a member of the Primary Markets Expert Group.

Time commitment: Full-time

Andrew Hogarth, Senior Independent Non-Executive Director

Background and suitability for the role:

Andrew was appointed to the board of Staffline Group plc as Finance Director in 2002, becoming Managing Director in 2003 and was appointed Chief Executive when the company was admitted to trading on AIM in 2004. During the fifteen years of his leadership, the business grew from a turnover of £40 million in 2004 to nearly £1 billion in 2017, with underlying operating profits growing from £2 million to over £39 million during the same period. He has held senior roles in a wide range of businesses, including retail, support services, healthcare, hospitality and construction. As Finance Director, he led the management buy-out and subsequent trade sale (to Morgan Sindall in 2002) of Pipeline Constructors Group, a utility services business. He currently sits on the board of an elderly care charity, is a Governor of two RSA academy schools and is the Non-Executive Chairman of Ten10 Ltd, a PE backed computer software testing consultancy. He is also a Director of Hogarths Hotels, two boutique hotels in Solihull and Kidderminster. He is a Fellow of the Association of Chartered Certified Accountants.

Time commitment: Approximately 2-3 days month.

Vin Murria OBE, Non-Executive Director

Background and suitability for the role:

Vin brings more than 25 years of venture capital, private equity, M&A, Chief Executive Officer and operational experience in the software sector. Vin has held Chief Executive Officer positions at Advanced Computer Software which she founded in 2008 and sold seven years later to Vista Private Equity, and at Computer Software Group. During her five-year tenure at Computer Software Group she took the company private, backed by HG Capital, then subsequently sold it to PE Hellman Friedman in July 2007. Vin is on the boards of three FTSE 250 companies, Zoopla Plc, Sophos Plc and Softcat Plc. Her previous roles include COO at Kewill Systems plc, a partner at Elderstreet Investments and holds non-executive director roles at Chime Plc, Greenko Plc, Concateno Plc (acquired by Providence), GIC Private equity and Inverness Medical. Vin has a BSc (Hons) in Computer Science and an MBA from the University of London and a Doctorate Business Administration (Honorary) from Edinburgh Napier University.

Time commitment: Approximately 2-3 days a month.

Barbara Ann Firth (formerly Bebbington), Independent Non-Executive Director

Background and suitability for the role:

Barbara has decades of financial and management experience covering both private and quoted companies. Previous roles have included Chief Financial Officer and subsequently Chief Operating Officer of Advanced Computer Software Group plc ("ACS") from its early stages to the sale in 2015 to Vista for £725 million. Prior to her role at ACS, Barbara was Chief Financial Officer of Computer Software Group plc ("CSG") from the time of its float to the sale in 2007 to HG Capita. Prior to CSG, Barbara was the UK financial controller for Roberts Pharmaceutical Inc. and a member of the Roberts/Shire merger task force. Barbara has considerable M&A experience including processing and integrating many smaller bolt-on acquisitions and several larger scale transactions. Barbara's past responsibilities have included Finance, M&A, Human Resources, Legal and Commercial Contracts, Investor Relations and Company Secretarial functions.

Time commitment: Approximately 2-3 days a month.

Board Committees

The Board is supported in its role by four key committees which have written terms of reference.

			finnCap Board PLC Nov 2018 -Mar 2019		finnCap Ltd April 2018-Nov 2018	
Name	**Position**	**Date of appointment**	**Maximum Possible attendance**	**Meetings attended**	**Maximum Possible attendance**	**Meetings attended**
J P Moulton	Non-Executive Chairman	28-Nov-19	7	7	7	7
V Murria	Non-Executive Director	28-Nov-19	7	6	7	7
B A Firth	Independent Non-Executive	28-Nov-19	7	7		
A J Hogarth	Independent Non-Executive	28-Nov-19	7	7		
S A Andrews	Head of Corporate	28-Nov-19	7	6	7	7
T W R Hayward	Chief Financial officer	28-Aug-19	9	9	7	7
S J Smith	Chief Executive Officer	28-Aug-19	9	9	7	7
H D Leigh	Deputy Chairman	28-Nov-19	7	6		
J N D Stelzer*	Chief Commercial Officer	28-Nov-19	5	3		

		Committee membership			
Name	**Position**	**Audit**	**Risk**	**Remuneration**	**Nominations**
J P Moulton	Non-Executive Chairman		✓		✓
V Murria	Non-Executive Director				
B A Firth	Independent Non-Executive	✓	✓	✓	✓
A J Hogarth	Independent Non-Executive	✓	✓	✓	✓
S A Andrews	Head of Corporate				
T W R Hayward	Chief Financial officer		✓		
S J Smith	Chief Executive Officer				
H D Leigh	Deputy Chairman				
J N D Stelzer*	Chief Commercial Officer				

*resigned 24th January 2019

Remuneration Committee Report

Andrew Hogarth, Chair of the Remuneration Committee

I am pleased to present this remuneration report, which sets out the remuneration policy and the remuneration paid to the Directors for the period.

Role of the Remuneration Committee

The overall objective is to ensure that shareholder and management interests are aligned. In doing so we also aim to make the schemes more transparent, easier to communicate and simpler to operate. The Remuneration Committee sets the policy for the remuneration of the Chairman, Chief Executive Officer, Executive Directors, Company Secretary, and any other members of the executive management that it is asked to consider.

The Renumeration Committee's Terms of Reference are available on the finnCap Group website.

Remuneration Committee members and meetings

The Remuneration Committee consists of Andrew Hogarth and one other Non-Executive Director. It meets as required during the year. The Committee determines the remuneration and benefit of the Executive Directors.

The Executive Directors have service agreements subject to 6 months' notice on either side. The CEO's notice period is 12 months.

The Non-Executive Directors signed letters of appointment with the Group on admission to AIM in December 2018, which may be terminated by either party giving three months' written notice. The Non-Executive's Director's fees are determined by the Board within the limits set by the Group's Articles of Association.

The Chief Executive Officer and Chief Financial Officer are invited to attend meetings of the Committee, but no Director is involved in any decisions relating to their own remuneration.

None of the members of the Committee have any personal financial interest (other than as shareholders), conflicts of interests arising from cross directorships, or day-to-day involvement in running the business.

The Committee is responsible for setting the framework and policy for the remuneration of the Executive Directors and designated senior managers. It determines specific elements of their remuneration, their contractual terms and, where necessary, compensation arrangements.

The Committee keeps itself informed of all relevant developments and best practice in the field of remuneration and seeks advice from external advisers when it considers it appropriate.

Remuneration Policy

The Group's remuneration policy is designed to ensure that the remuneration packages attract, motivate and retain all employees of 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 performance-related and aligned to performance measures that benefit all shareholders and promote the long-term success of the Group. The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets, are undertaken by the Remuneration Committee.

There are five main elements of the remuneration package for Executive Directors and other senior management:

- Basic annual salary
- Benefits
- Quarterly bonus payments
- Long-term incentives
- Pension arrangements

Remuneration for the period

	Fees	Bonus	Benefits	Total 2019	Total 2018
Executive Directors					
S J Smith	234,450	258,000	1,253	493,703	461,030
T W R Hayward	162,680	116,636	1,876	281,192	251,302
H D Leigh	66,667	-	1,763	68,429	-
S A Andrews	166,448	194,636	1,899	362,983	298,680
J N D Stelzer	35,813	-	531	36,344	-
Non-Executive Directors					-
J P Moulton	50,417	-	-	50,417	55,000
V Murria	45,833	-	-	45,833	12,500
A J Hogarth	16,667	-	-	16,667	-
B A Firth	16,667	-	-	16,667	-
Total	**795,641**	**569,272**	**7,322**	**1,372,235**	**1,078,512**

Directors' service contracts

	Date of appointment	Date of retirement	Contract	Notice Period	Re-election*
Executive Directors					
S J Smith	28 August 2018		Rolling	12 months	Sep-19
T W R Hayward	28 August 2018		Rolling	6 months	Sep-19
H D Leigh	28 November 2018		Rolling	6 months	Sep-19
S A Andrews	28 November 2018		Rolling	6 months	Sep-19
J N D Stelzer	28 November 2018	24 January 2019	Rolling	6 months	Sep-19
Non-Executive Directors					
J P Moulton	28 November 2018		3 years	3 months	Sep-19
V Murria	28 November 2018		3 years	3 months	Sep-19
A J Hogarth	28 November 2018		3 years	3 months	Sep-19
B A Firth	28 November 2018		3 years	3 months	Sep-19

*At AGM

Directors' interests under Employee Share Plans

	Date of issue*	Outstanding Apr 2018	Granted	Exercised	Outstanding Mar 2019	Exercise price (p)	Vested	Expiry Date
S J Smith	26 Nov 2018	1,685,714	-	-	1,685,714	5.0	Yes	May-23
	26 Nov 2018	173,076	-	-	173,076	10.4	Mar-20	Mar-24
T W R Hayward	26 Nov 2018	1,400,000	-	(400,000)	1,000,000	5.0	Yes	Mar-24
	26 Nov 2018	173,076	-	-	173,076	10.4	Mar-20	Mar-24
S A Andrews	26 Nov 2018	600,000	-	(600,000)	-	-	-	-
	26 Nov 2018	1,100,000	-	-	1,100,000	14.0	Yes	May-21
	26 Nov 2018	1,100,000	-	-	1,100,000	14.0	May-20	May-23

* Options held for finnCap Ltd share were transferred to finnCap Group plc on the share for share acquisition of finnCap Ltd by finnCap Group plc.

Audit Committee Report

Barbara Firth, Chair of the Audit Committee

I am pleased to present this report on behalf of the Audit Committee for the period from admission to AIM to 31 March 2019.

The objective of the Committee is to provide oversight and governance to the Group's financial reports, its internal controls and processes in place, its risk management systems and the appointment of and relationship with the external auditor.

The Audit Committee's Terms of Reference are available on the finnCap Group website.

Key responsibilities:

- Monitor the integrity of the financial statements of the Group, reviewing any significant reporting issues and judgements they contain
- Advise on the clarity of disclosure and information contained in the Annual Report and Accounts
- Ensure compliance with applicable accounting standards and review the consistency of methodology applied
- Review the adequacy and effectiveness of the internal control and risk management systems
- Oversee the relationship with the external auditor, reviewing performance and advising the Board on their appointment and remuneration
- To keep under review the need for an internal audit function and make recommendations to the Board
- Review of whistleblowing and anti-bribery arrangements

Audit Committee membership and meetings:

The Audit Committee is chaired by Barbara Firth and consists of one other Non-Executive Director. The Executive Directors and the Chairman of the Board attend by invitation. It meets a minimum of three times per year and at least once a year with the external auditors present.

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

- Review of the Group's Initial Accounts, prepared following the cancellation of the credit to the share premium account to allow the payment of the interim dividend on 15 March 2019.
- Review of the FY19 audit plan and audit engagement letter
- Consideration of the key audit matters and how they are addressed
- Review of the suitability of the external auditor
- Review of the financial statements and Annual Report
- Consideration of the external audit report and management representation letter
- Going concern review

Role of the External Auditor

The Audit Committee monitors the relationship with the Group's external auditor BDO LLP, to ensure that its independence and objectivity is maintained. Noting the tenure of BDO LLP, the Committee will keep under review the need for an external tender. As part of its review, the Committee monitors the review of non-audit fees and this is set out in note 6. The Audit Committee also assesses the auditor's performance. The Committee has confirmed it is satisfied with the performance of BDO LLP and has recommended to the Board that the auditors be reappointed, and there will be a resolution to that effect at the forthcoming Annual General Meeting.

The Audit Process

The auditor prepares an audit plan for the review of the full period 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 Audit Committee. Following the audit, the auditor presented its findings to the Audit Committee for discussion with no major areas of concern highlighted.

Internal Audit

Currently the Group does not have an internal audit function and the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of the internal controls from its risk management procedures. The Board will review this policy annually.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may raise concerns about possible improprieties in the financial reporting or any other matters. The Committee is comfortable that the current policy is operating effectively.

Anti-Bribery

The Group has in place Financial Crime Policy which sets out its position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption issues. The Committee is comfortable that the current policy is operating effectively.

Nomination Committee

The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board.

The Nomination Committee's Terms of Reference are available on the finnCap Group website.

Key responsibilities:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board on a regular basis and making recommendations to the Board with regard to any changes
- Considering succession planning, taking into account the challenges and opportunities facing the Group and the skills and expertise needed on the Board in the future
- Reviewing the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
- Identifying and nominating candidates to fill Board vacancies as and when they arise
- Evaluating the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment
- Ensuring that, on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings
- Reviewing annually the time required from a non-executive director

Nomination Committee members and meetings

The Nomination Committee is chaired by Andrew Hogarth and comprises the Chairman of the Board Jon Moulton and one other Non-Executive Director. The Committee shall meet as necessary to fulfil its responsibilities and meet its objective. There have not been any meetings of the Nomination Committee since it was established at the IPO in December 2018.

Risk and Compliance Committee

The Risk Committee's remit is the assessment of the quality, integrity, implementation and reliability of the Group's risk management processes.

The Risk Committee's Terms of Reference are available on the finnCap Group website.

Key responsibilities are to:

- Form an opinion about the quality, integrity and reliability of the Group's Risk and Compliance management processes, including CASS arrangements
- Provide an objective oversight and review of the information presented by the management team on risks and risk management in their specific departments, including a review of the breach register at each meeting
- Monitor the Group's entire risk profile, ensuring that the major risks are identified and escalated appropriately
- Ensure that the risk disclosure is comprehensive, timely and relevant
- Discharge its duties relating to corporate accountability and the associated risk in terms of management, assurance and risk reporting

Risk Committee membership and meetings

The Risk Committee is chaired by Jon Moulton and comprises one other Non-Executive Director. The Committee shall meet as necessary to fulfil its responsibilities and meet its objectives. Meetings are typically monthly.

The Chief Financial Officer, the Head of Compliance and the Legal Director are invited to attend meetings of the Committee.

4 - Directors' Responsibilities and Report

The Directors serving during the 11 month period ended 31 March 2019 and up to the date of signing of the financial statements present their report on the affairs of the Company (finnCap Group plc) and its subsidiaries (collectively the Group), together with the Company financial statements and the audited financial statements of the Group and the associated independent auditor's report, for the period ended 31 March 2019.

Parent Company

The Company acts as the holding company for the Group and details of its subsidiary undertakings can be found in note 14.

Dividends

Interim dividends of £1,635,121, 1.38p per share, were paid during the year (2018 - £1,051,283). Of these, £230,790 (0.148p per share) was paid by the Company, the remaining dividends were paid by finnCap Ltd prior to the share for share acquisition by finnCap Group plc. The Directors propose that no final dividend is paid (2018 - £nil). The Board is now declaring an interim dividend for the financial period ended 31 March 2020 of 0.355p per share.

Going concern

The Directors believe that the Company and the Group have adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

An interim dividend of 0.355p per share was proposed by the Directors at their meeting on 8th July 2019. These financial statements do not reflect this dividend payable.

Relations with shareholders

The Chief Executive Officer and Chief Financial Officer communicate the Group's strategy and results to shareholders and analysts principally through meetings held following the announcement of the Group's full annual and interim results.

Shareholders may also attend the Annual General Meeting at which members of the Board are available to answer questions.

Independent auditors

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint BDO LLP as auditor of the Group will be proposed at the forthcoming Annual General Meeting.

Employment policy

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 recognises that its people are pivotal to its success and encourages the involvement of employees by its performance-driven employee share plans.

Change of control

Directors' and employees' employment contracts do not provide for compensation for loss of office or employment due to a change of control. The provisions of the Company's share plans may, however, cause options and awards granted to employees under such plans to vest on a change of control.

Political donations

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

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 period and these remain in force at the date of this report.

Share capital and share premium

As at 31 March 2019, the issued share capital of the Company was £1,688,301. This comprised of 168,803,089 ordinary 1p shares, 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 period are shown in note 22.

Statement of Directors' Responsibilities for the period ended 31 March 2019

Directors' Responsibilities

The directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the Group for that period. The Directors are also required to prepare financial statements in accordance with the 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 IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- 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 requirements of 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 Ftatements 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.

Directors and their interests

The directors who served during the period and their interests in the share capital of the Company as at 31 March 2019 are shown below.

	31 March 2019 Ordinary shares Number*	% of ordinary shares in issue
Executive Directors		
S J Smith (appointed 28/08/2018)	16,014,286	9.5%
T W R Hayward (appointed 28/08/2018)	3,193,352	1.9%
H D Leigh (appointed 28/08/2018)	16,327,892	9.7%
S A Andrews (appointed 28/08/2018)	3,878,334	2.3%
J N D Stelzer (appointed 28/08/2018) and resigned 24/01/2019)	3,202,772	1.9%
Non-Executive Directors		
J P Moulton (appointed 28/08/2018)	20,022,854	11.9%
V Murria (appointed 28/08/2018)	18,592,698	11.0%
A J Hogarth (appointed 28/08/2018)	357,142	0.2%
B A Firth (appointed 28/08/2018)	357,142	0.2%

*Including connected parties

The Directors' interests in options over ordinary shares in the Company at 31 March 2019 are set out in the Remuneration Report on page 25.

Substantial shareholders

Excluding the Directors' interest noted above, the Directors have been notified of substantial shareholders. The table below shows holdings of more than three percent as at 31 March 2019.

Substantial shareholders	31 March 2019 Ordinary shares Number	% of ordinary shares in issue
finnCap Employee's Benefit Trust	12,291,006	7.3%
G Nash	7,080,000	4.2%
M Tubby	5,196,687	3.1%

Purchase of own shares

Prior to the share for share acquisition of finnCap Ltd by finnCap Group plc, the Group's Employee Benefit Trust purchased and sold shares in finnCap Ltd. Upon completion of the acquisition, the Trust's holding was converted into finnCap Group plc shares and future transactions were in finnCap Group plc shares.

Details of shares purchased and sold during the year can be found in note 24.

This report was approved by the Board on 8 July 2019 and signed on its behalf

Tom Hayward
Chief Financial Officer

5 - Independent Auditor's Report to the members of finnCap Group plc

Opinion

We have audited the financial statements of finnCap Group plc (the 'parent company') and its subsidiaries (the 'Group') for the 7 and 11 month periods respectively ended 31 March 2019 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of cash flows, consolidated and company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2019 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

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

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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.

<table>
<tr><th>Key Audit Matter</th><th>How we addressed the Key Audit Matter in the Audit</th></tr>
<tr><td>Revenue Recognition of Corporate Finance Fees

As described in note 2 to the financial statements, the Group generates revenue from several different distinct revenue streams including, income from trading activities, and corporate finance fee and retainer income and other trading profits from short term investments.

Revenue from corporate finance fees are based on a success basis and therefore only earned when the deal is concluded.

There is a risk in the recognition of corporate finance deal fees in that revenue is not recognised in accordance with the contractual entitlement or performance obligation and therefore not recognized the correct accounting period.</td><td>Our procedures performed included:

• For a sample of placing fees, we have obtained the placing pack for each engagement and have reviewed these to obtain confirmation of the funds raised and the percentage commission received by the Group.

• We have then agreed the recognition and timing of revenue to regulatory announcements in order to confirm the timing and ensure that the placement had taken place.

• For a sample of corporate finance fees, the engagement letter was obtained and reviewed. We agreed/determined the amount/calculation of revenue, the performance obligation/(s) and when risk and rewards would be transferred. This supports the amount of revenue that should be recognised. We have agreed the income recognised to the invoice and to the bank statement.

• We have performed cut-off testing by selecting placing packs after the year-end and agreed the performance obligation back to contract and regulatory announcements to ensure the income was recognised in the correct accounting period.

As a result of the procedures above we did not find any material errors in relation to the recognition of revenue.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, 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. Importantly, misstatements below this level 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.

The Group was incorporated in the current year and acquired its subsidiaries. Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £272k, which represents 7.5% of the Group's profit before tax for the period. The parent company's materiality was determined at £355k which represents 1.5% of total assets. The parent was audited at the Group materiality number of £272k due to it being a component and higher than the Group materiality we limited it to the Group's materiality for our opinion on the consolidated financial statements.

Our audit work on each component of the Group was executed at levels of materiality applicable to the individual entity or restricted to the Group materiality.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessment together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality for the Group should be 70% of materiality, equating to £190k). The parent company's performance materiality was set at 70%, equating to £249k but audited at the Group performance materiality of £190k due to it being a component and higher than the Group materiality we limited it to the Group's materiality for our opinion on the consolidated financial statements.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £11k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We tailored our audit to ensure we have performed sufficient work to be able to give an opinion on the financial statements as a whole taking into account the structure of the Group and its accounting processes and controls. The Group was formed during the year by means of the acquisition of Cavendish Corporate Finance and an IPO in December 2018 on the Alternative Investors Market ("AIM") of the London Stock Exchange. The Group is based in the United Kingdom and it operates through subsidiaries of the parent company. The main trading entities are finnCap Limited and Cavendish Corporate Finance LLP who provide stockbroking and corporate finance services to their clients.

The Group audit engagement team carried out full scope audits for the Parent Company and the two significant components. For the remaining components, we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements, either because of the size of these accounts or their risk profile.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the 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.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 34, 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.

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

Use of our report

This report is made solely to the 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.

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
8 July 2019

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

6 - Financial Statements

Consolidated Statement of Comprehensive Income

	Notes	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Revenue	5	24,516	22,137
Other operating income		14	18
Total income		**24,530**	**22,155**
Administrative expenses	6	(20,264)	(19,137)
Operating profit before non-recurring items		**4,266**	**3,018**
Non-recurring items	8	(1,095)	-
Operating profit		**3,171**	**3,018**
Finance income		28	32
Profit before taxation		**3,199**	**3,050**
Taxation	9	(875)	(615)
Profit attributable to equity shareholders		**2,324**	**2,435**
Total comprehensive income for the year		**2,324**	**2,435**
Earnings per share (pence)			
Basic	10	1.85	2.11
Diluted	10	1.65	2.04

There are no items of other comprehensive income.

All results derive from continuing operations.

The notes on pages 49 to 78 form part of these financial statements.

Consolidated Statement of Financial Position

	Note	31 March 2019 £'000	30 April 2018 £'000
Non-current assets			
Property, plant and equipment	11	487	445
Intangible assets	12	13,644	121
Financial assets held at fair value	13	691	388
Deferred tax asset	15	428	-
Total non-current assets		**15,250**	**954**
Current assets			
Trade and other receivables	17	8,541	9,242
Current assets held at fair value		1,111	646
Cash and cash equivalents	18	4,659	4,521
Total current assets		**14,311**	**14,409**
Total assets		**29,561**	**15,363**
Non-Current liabilities			
Provisions		**63**	**73**
Current liabilities			
Trade and other payables	19	8,065	6,918
Corporation taxation		498	298
Borrowings	20	-	739
Total current liabilities		**8,563**	**7,955**
Equity			
Share capital	22	1,688	1,180
Share premium	23	575	768
Capital redemption reserve		-	452
Own shares held	24	(1,636)	(676)
EBT reserve		-	(54)
Merger relief reserve	23	10,482	-
Share based payments reserve		292	247
Retained earnings		9,534	5,418
Total equity		**20,935**	**7,335**
Total equity and liabilities		**29,561**	**15,363**

These Financial Statements were approved and authorised for issue by the Board of Directors on 8 July 2019 and were signed on its behalf by:

Tom Hayward
Chief Financial Officer

The notes on pages 49 to 78 form part of these financial statements.

Company Statement of Financial Position

	Note	31 March 2019 £'000
Non-current assets		
Investments in subsidiaries	14	23,404
Total non-current assets		**23,404**
Current assets		
Trade and other receivables	17	156
Cash and cash equivalents	18	105
Total current assets		**261**
Total assets		**23,665**
Non-Current liabilities		
Provisions		**34**
Current liabilities		
Trade and other payables	19	69
Corporation taxation		13
Amounts due to subsidiaries	21	2,894
Total current liabilities		**2,976**
Equity		
Share capital	22	1,688
Share premium	23	575
Merger relief reserve	23	16,612
Share based payments reserve		18
Retained earnings		1,762
Total equity		**20,655**
Total equity and liabilities		**23,665**

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 2019 was £1,041,528.

These Financial Statements were approved and authorised for issue by the Board of Directors on 8 July and were signed on its behalf by:

Tom Hayward
Chief Financial Officer

The notes on pages 49 to 78 form part of these financial statements.

Consolidated Statement of Cash Flows

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Cash flows from operating activities		
Profit before taxation	3,199	3,050
Adjustments for:		
Depreciation	242	221
Amortisation of intangible assets	56	30
Finance income	(28)	(32)
Share based payments charge	100	85
Net fair value gains recognised in profit or loss	(155)	(114)
Payments received of non-cash assets	(218)	(161)
	3,196	**3,079**
Changes in working capital:		
Decrease/(increase) in trade and other receivables	778	(2,366)
Increase in trade and other payables	109	432
(Decrease) in provisions	(10)	(68)
Cash generated from operations	**4,073**	**1,077**
Net cash payments for current asset investments held at fair value through profit or loss	(465)	(355)
Tax paid	(796)	(637)
Net cash inflow from operating activities	**2,812**	**85**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(3,592)	-
Purchase of property, plant and equipment	(249)	(111)
Purchase of intangible assets	(30)	(85)
Proceeds on sale of investments	70	188
Interest received	28	32
Net cash (outflow)/inflow from investing activities	**(3,773)**	**24**
Cash flows from financing activities		
Purchase of own shares by EBT	(1,260)	(620)
Sale of own share by EBT	693	40
Equity dividends paid	(1,635)	(1,051)
Proceeds from the issue of new shares net of costs	3,665	-
Proceeds from exercise of options	375	25
Proceeds from borrowings	(739)	739
Net cash outflow from financing activities	**1,099**	**(867)**
Net increase/(decrease) in cash and cash equivalents	138	(758)
Cash and cash equivalents at beginning of year	4,521	5,279
Cash and cash equivalents at end of year	**4,659**	**4,521**

The notes on pages 49 to 78 form part of these financial statements.

Company Statement of Cash Flows

	Period ended 31 March 2019 £'000
Cash flows from operating activities	
Profit before non-recurring items	53
Non-recurring items	(1,095)
Profit before taxation	**(1,042)**
Changes in working capital:	
(Increase) in trade and other receivables	(156)
Increase in trade and other payables	70
Increase in provisions	33
Net cash inflow from operating activities	**(1,095)**
Cash flows from investing activities	
Acquisition of subsidiaries	(5,252)
Net cash (outflow)/inflow from investing activities	**(5,252)**
Cash flows from financing activities	
Equity dividends paid	(231)
Proceeds from the issue of new shares net of costs	3,665
Proceeds from exercise of options	124
Procced from intercompany loans	2,894
Net cash outflow from financing activities	**6,452**
Net increase in cash and cash equivalents	105
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	**105**

Consolidated Statement of Changes in Equity

Group	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Own Shares Held £'000	EBT Reserve £'000	Merger Relief Reserve £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 May 2017	**1,175**	**748**	**452**	**(96)**	**(39)**	**-**	**167**	**4,014**	**6,421**
Total comprehensive income for the period	-	-	-	-	(15)	-	-	2,450	2,435
Transactions with owners:									
Transfer of own shares	-	-	-	(580)	-	-	-	-	(580)
Share based payments charge	-	-	-	-	-	-	85	-	85
Dividends	-	-	-	-	-	-	-	(1,051)	(1,051)
Share options exercised	5	20	-	-	-	-	(5)	5	25
	5	**20**	**-**	**(580)**	**-**	**-**	**80**	**(1,046)**	**(1,521)**
Balance at 30 April 2018	**1,180**	**768**	**452**	**(676)**	**(54)**	**-**	**247**	**5,418**	**7,335**
Total comprehensive income for the period	-	-	-	-	54	-	-	2,270	2,324
Transactions with owners:									
Transfer of own shares	-	-	-	(960)	-	-	-	-	(960)
Issue of share capital	134	3,616	-	-	-	-	-	-	3,750
Share issue costs	-	(85)	-	-	-	-	-	-	(85)
Shares issued as part of the consideration in a business combination	334	-	-	-	-	9,019	-	-	9,353
Elimination in share for share acquisition	-	(1,011)	(452)	-	-	1,463	-	-	-
Share premium cancellation		(3,048)	-	-	-	-	-	3,048	-
Share based payments charge	-	-	-	-	-	-	100	-	100
Deferred tax on share based payments	-	-	-	-	-	-	-	378	378
Dividends	-	-	-	-	-	-	-	(1,635)	(1,635)
Share options exercised	40	335	-	-	-	-	(55)	55	375
	508	**(193)**	**(452)**	**(960)**	**-**	**10,482**	**45**	**1,846**	**11,276**
Balance at 31 March 2019	**1,688**	**575**	**-**	**(1,636)**	**-**	**10,482**	**292**	**9,534**	**20,935**

Company Statement of Changes in Equity

Company	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance on incorporation	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,055)	(1,055)
Transactions with owners:						
Issue of share capital	134	3,616	-	-	-	3,750
Share issue costs	-	(85)	-	-	-	(85)
Shares issued as part of the consideration in a business combination	334	-	9,019	-	-	9,353
Shares issued in share for share acquisition	1,206	-	7,593	-	-	8,799
Share premium cancellation		(3,048)	-	-	3,048	-
Share based payments charge	-	-	-	-	-	-
Dividends	-	-	-	-	(231)	(231)
Share options exercised	14	92	-	18	-	124
	1,688	**575**	**16,612**	**18**	**2,817**	**21,710**
Balance at 31 March 2019	**1,688**	**575**	**16,612**	**18**	**1,762**	**20,655**

1. General information

finnCap Group 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 60 New Broad Street, London, EC2M 1JJ, United Kingdom. The registered company number is 11540126. The Company is listed on the Alternative Investment Market of the London Stock Exchange.

2. Accounting policies

a. Basis of preparation

These consolidated 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 financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (collectively IFRSs), and in accordance with applicable law.

The preparation of financial statements in compliance with adopted IFRS 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.

The share for share acquisition of finnCap Ltd by finnCap Group plc was a corporate reorganisation to facilitate the IPO on AIM and the subsequent purchase of Cavendish. As this was not a business combination, merger accounting principles have been applied. The Group's prior year comparatives consist of the results and financial position of finnCap Ltd for the twelve months ended 30 April 2018, amended to conform to the use of IFRS.

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 the Chairman's Statement. 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.

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 adopted the following new standards and interpretations:

i) IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018).
ii) IFRS 9 – Financial instruments (effective 1 January 2018).

The adoption of the above standards had no material impact on the results or financial position of the Group. At the date of authorisation of these financial statements, the following new standards and interpretations which have not been applied in this financial information were in issue but not yet effective:

i) IFRS 16 – Leases (effective 1 January 2019)

The Group has several leases in place, principally property leases. These leases will need to be assessed individually against the requirements of IFRS 16 before the impact of the standard can be quantified. At a high level, the impact will be to recognise an asset and corresponding lease liability on the statement of financial position, for the operating lease commitments shown in note 26.

There are other standards in issue which are not expected to have an impact on the Company and therefore have not been included in the list above.

e. Principal accounting policies

Revenue

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) Income from trading activities;
(ii) Corporate finance fees and retainers; and
(iii) Other income, including trading profits from short term investments taken as consideration for core services

To determine whether to recognise revenue, the Company follows a 5-step process as follows:

i) Identifying the contract with a customer;
ii) Identifying the performance obligations;
iii) Determining the transaction price;
ii) Allocating the transaction price to the performance obligations; and
iii) Recognising revenue when/as performance obligation(s) are satisfied

The Company 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 Company 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 taking into account 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.

(c) 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.

Foreign currency

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Classification of instruments issued by the Company

Instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Financial payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

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.

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 units ('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 shall 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.

Retirement benefits

The Company operates a defined contribution scheme for UK-based employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in respect of service in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Operating lease payments

Operating leases are leases in which substantially all the risks and rewards of ownership related to the asset are not transferred to the Company.

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense.

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; and
(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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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 characteristic. 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 characteristic.

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, finance leases, 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 being 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 that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Segmental reporting

The Group is managed as an integrated corporate advisory, M&A advisory and stockbroking business and although there are different revenue streams, the Group's activities are considered to be subject to similar economic characteristics. Consequently, the Group is managed as one business unit which is reported in a manner consistent with the internal reporting to the Board of Directors, which has been identified as the chief operating decision maker.

Share capital

Share capital represents the nominal value of shares that have been issued.

Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Own shares held by the finnCap Limited Employee Benefit Trust

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.

Retained earnings

Retained earnings includes all current and prior year retained profits and losses.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

3. 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 the assessment as to 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.

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

Estimated fair values of financial derivative assets where there is no quoted price

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.

4. 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 are as summarised below.

Credit risk

Credit risk is the risk that clients or other counterparties to a financial instrument 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 Company 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 Company less any partial payments less any collateral to which the Company is entitled.

Credit risk exposures are managed by the use of 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 Company's corporate finance and advisory activities are monitored on a monthly basis. Formal credit procedures include checking client creditworthiness before starting to trade, approval of material trades and chasing of overdue accounts.

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

		Group		Company
		31 March 2019	30 April 2018	31 March 2019
Risk exposure	**Rating**	**£'000**	**£'000**	**£'000**
Non-current asset investments	AA-	691	388	-
Market making counterparty debtors	AA-	2,806	4,419	-
Trade debtors	Unrated	2,864	752	-
Other debtors	Unrated	1,944	3,145	-
Cash and cash equivalents	AA-	2,629	4,521	105
Cash and cash equivalents	AA-	1,138		-
Cash and cash equivalents	A	892	-	-
Total		**10,934**	**13,225**	**105**

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 Company has credit risk exposure to the gross value of unsettled trades (on a delivery versus payment basis) at its agency settlement agent (Pershing, a wholly owned subsidiary of Bank of New York Mellon Corporation), which were £9.6 million (2018: £35m) at the balance sheet date. 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.

	Less than three months £'000
As at 31 March 2019	
Borrowings	-
Trade and other payables	3,473
As at 30 April 2018	
Borrowings	739
Trade and other payables	4,161

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 or 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 2019 would have been £180k higher/lower (2018: £103k 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
	2019	2018	2019
	£'000	£'000	£'000
Financial assets			
Financial assets measured at fair value through profit or loss			
Non-current financial assets – investments	691	388	-
Current asset investments	1,111	646	-
Total non-current	**1,802**	**1,034**	**-**
Financial assets measured at amortised cost			
Market making counterparty debtors	2,806	4,419	-
Trade debtors	2,864	752	-
Other debtors	1,944	3,145	-
Cash and cash equivalents	4,659	4,521	105
Total current	**12,273**	**12,837**	**105**
Total financial assets	**14,075**	**13,871**	**105**
Financial liabilities			
Financial liabilities measured at amortised cost			
Amounts due to subsidiaries	-	-	(2,894)
Borrowings	-	(739)	-
Market-making counterparty creditors	(2,496)	(2,762)	-
Trade and other payables	(977)	(1,399)	(12)
Total current	**(3,473)**	**(4,900)**	**(2,906)**
Net financial assets and liabilities	**10,602**	**8,971**	**(2,801)**

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 the either the value of a recent investment or the Black Scholes model as deemed most appropriate.

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:

	Level 1 £'000	Level 3 £'000	31 March 2019 £'000	Level 1 £'000	Level 3 £'000	30 April 2018 £'000
At start of year	1	387	388	20	281	301
Net (losses)/gains recognised in other operating income	171	(16)	155	6	108	114
Additions	218	-	218	1	160	161
Disposals	-	(70)	(70)	(26)	(162)	(188)
At end of year	**390**	**301**	**691**	**1**	**387**	**388**

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 as a going concern; and
- 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 £20,935,000 as at 31 March 2019 (30 April 2018: £7,335,000).

5. Segmental Analysis

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

The trading operations of the Group comprise of 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.

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Revenues		
Retainers	5,922	5,727
Transactions	11,950	11,325
Corporate advisory and broking	**17,872**	**17,052**
Sell Side M&A advisory	3,229	-
Institutional Stockbroking	3,415	5,085
Total Revenue	**24,516**	**22,137**
Services transferred at a point in time	16,891	13,692
Services transferred over a period of time	7,625	8,445
Total Revenue	**24,516**	**22,137**

Major customers

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

6. Expenses by Nature

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Employee benefit expense	14,451	13,018
Depreciation	242	221
Amortisation	56	30
Operating lease payments	467	375
Foreign exchange (gains)	(55)	(4)
Other expenses	5,103	5,497
Total administrative expenses	**20,264**	**19,137**
Audit Services	115	23
Other Services		
IPO Reporting Accountants	211	-
Regulatory reporting	7	-
Total auditors' remuneration	**333**	**23**

7. Staff Costs

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Employee benefit expenses (including the Directors):		
Wages and salaries	12,829	11,279
Social security costs	1,237	1,372
Pension costs	285	282
Share based payments	100	85
Total administrative expenses	**14,451**	**13,018**
Average number of employees:		
Corporate broking and finance	54	46
Sales and trading	9	11
Research	14	14
Administration	29	21
Total number of employees	**106**	**92**

Key Management Personnel

The Board includes all employees considered to be key management personnel.

Highest Paid Director

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Total Emoluments	493,703	461,030

Details of the remuneration for each Board members are disclosed in the Remuneration Report on page 25.

8. Non-recurring items

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Group formation costs	**1,095**	**-**

Non-recurring items relate to transaction costs from the acquisition of finnCap Ltd, Cavendish Corporate Finance (UK) Limited and Cavendish Corporate Finance LLP as well as the cost related to listing on the Alternative Investment Market. At the period end, management have reviewed the total costs of the acquisition and IPO, and in line with IAS32, has allocated £85k to the Share Premium Account, being the appropriate proportion that relates to the issue of new shares. The balance above has been recognised as a non-recurring item in the Consolidated Statement of Income.

9. Taxation

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 and Finance Bill 2016. These included reductions to the main rate to reduce the rate to 17 percent from 1 April 2020.

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Analysis of charge in the period		
Current tax		
Current taxation charge for the period	950	628
Adjustments made in respect of prior periods	(25)	3
Total current tax	**925**	**631**
Deferred taxation		
Origination and reversal of timing differences	(50)	(16)
Total tax charge	**875**	**615**

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Reconciliation of total tax charge		
Profit before taxation	3,199	3,050
Profit before taxation multiplied by the standard rate of UK taxation (19%)	608	580
Effects of:		
Expenses not deductible for tax purposes	342	51
Deduction for the exercise of employee share options	(50)	(5)
Income not taxable for tax purposes	(9)	(20)
Capital allowances in excess of depreciation	9	9
Adjustments made in respect of prior periods	(25)	3
Adjustments made in respect of prior periods -deferred tax	-	(6)
Effect of change in tax rates on deferred tax	-	3
Total tax charge	**875**	**615**

10. Earnings per share

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Earnings (£'000)		
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders	2,324	2,435
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	125,845,121	115,433,133
Weighted average dilutive effect of conditional share awards	14,927,048	3,877,457
Weighted average number of shares for the purposes of diluted earnings per share	140,772,169	119,310,590
Profit per ordinary share (pence)		
Basic profit per ordinary share	1.85	2.11
Diluted profit per ordinary share	1.65	2.04

The shares held by the Group's Employee Benefit Trust, see note 24, have been excluded from the calculation of earnings per share.

The Earnings Per Share is impacted by the non-recurring costs from the IPO and acquisition of Cavendish, which depress the EPS by 0.87p

11. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
As at 1 May 2017	**886**	**371**	**457**	**1,714**
Additions	24	9	78	111
As at 1 May 2018	**910**	**380**	**535**	**1,825**
Additions	104	28	117	249
Acquired through business combinations	-	1	34	35
As at 31 March 2019	**1,014**	**409**	**686**	**2,109**
Depreciation				
As at 1 May 2017	**(569)**	**(239)**	**(351)**	**(1,159)**
Charge for the year	(101)	(56)	(64)	(221)
As at 1 May 2018	**(670)**	**(295)**	**(415)**	**(1,380)**
Charge for the period	(120)	(46)	(76)	(242)
As at 31 March 2019	**(790)**	**(341)**	**(491)**	**(1,622)**
Net Book Value				
As at 30 April 2017	**317**	**132**	**106**	**555**
As at 30 April 2018	**240**	**85**	**120**	**445**
As at 31 March 2019	**224**	**68**	**195**	**487**

12. Intangibles

	Other intangibles £'000	Computer software £'000	Goodwill £'000	Total £'000
Cost				
As at 1 May 2017	**15**	**436**	-	**451**
Additions	5	80	-	85
As at 1 May 2018	**20**	**516**	-	**536**
Additions	-	30	-	30
Acquired through business combinations	214	-	13,335	13,549
As at 31 March 2019	**234**	**546**	**13,335**	**14,115**
Amortisation				
As at 1 May 2017	-	**(385)**	-	**(385)**
Charge for the year	-	(30)	-	(30)
As at 1 May 2018	-	**(415)**	-	**(415)**
Charge for the period	(20)	(36)	-	(56)
As at 31 March 2019	**(20)**	**(451)**	-	**(471)**
Net Book Value				
As at 30 April 2017	**15**	**51**	-	**66**
As at 30 April 2018	**20**	**101**	-	**121**
As at 31 March 2019	**214**	**95**	**13,335**	**13,644**

On 5 December 2018, the Company acquired all the share capital of Cavendish Corporate Finance (UK) Limited and all of the partnership rights of Cavendish Corporate Finance LLP. The Company has recognised goodwill, trade name and technology assets arising from the acquisition. Intangible assets are recognised at cost less accumulated amortisation and impairment losses.

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 cash generating units. The assessment was carried out over four years assuming consistent performance as in the last group budget. The cashflows were discounted at the Group's weighted average costs of capital. No impairment has been recognised during the period.

13. Investments

	31 March 2019 £'000	30 April 2018 £'000
Financial assets held at fair value through profit and loss		
As at 1 May 2018	388	301
Acquisition of shares in listed companies	218	161
Change in market value recognised in the profit and loss	155	114
Disposals	(70)	(188)
As at 31 March 2019	**691**	**388**

The shares acquired during the period relate to the settlement of a corporate finance fee. As a non-cash item, this does not appear in the consolidated statement of cashflows.

Each investment is revalued at each reporting date. The change in value is recognised through the statement of comprehensive income. All items were classified as held at fair value upon recognition and there have been no reclassifications during the period.

Sensitivity analysis

These financial assets include warrants valued at 31 March 2019 at £1,751 (30 April 2018: £98,774). If the future volatility of the quoted equity price had been 5 percent to 20 percent basis points higher or lower, the impact on fair value of the warrants would have been immaterial.

14. Investments in subsidiaries

	31 March 2019 £'000
Opening	-
Share for share exchange	8,799
Acquisitions	14,605
Carrying amount	**23,404**

Name		**Country of incorporation and principal place of business**	**Proportion of ownership and voting rights at 31 March 2019**
finnCap Ltd	Financial services	United Kingdom	100%
Cavendish Corporate Finance (UK) Limited	Holding company	United Kingdom	100%
Cavendish Corporate Finance LLP	Financial services	United Kingdom	100%

On 26 November 2018, the Company acquired all the share capital of finnCap Ltd in exchange for the issue of 120,563,815 shares. In accordance with IAS 27:13, the investment has been recognised at the carrying amount of the net assets of finnCap Ltd and the excess above the nominal share value has been recognised in the merger relief reserve. The registered office of the finnCap Ltd is at 60 New Broad Street, London, EC2M 1JJ, United Kingdom.

On 5 December 2018, the Company acquired all the share capital of Cavendish Corporate Finance (UK) Limited and all of the partnership rights of Cavendish Corporate Finance LLP for consideration of £14,604,280 satisfied by £5,252,327 in cash and the issue of 33,403,406 shares. The excess consideration above the nominal share value has been recognised in the merger relief reserve. The registered office of both acquired entities is 40 at Portland Place, London, W1B 1NB, United Kingdom.

15. Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount for financial reporting purposes differs from the tax base. 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 2019 £'000	**30 April 2018 £'000**
Opening balance	-	11
Origination and reversal of temporary difference expense	50	(5)
Adjustments made in respect of prior periods	-	(6)
Recognised in equity	378	-
Closing balance	**428**	**-**

Deferred taxation for the group relates to timing difference on the taxation relief on the exercise of options. 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.

16. Business combinations during the period

On 5 December 2018, the Company acquired all the share capital of Cavendish Corporate Finance (UK) Limited and all of the partnership rights of Cavendish Corporate Finance LLP for consideration of £14,605,280, satisfied by £5,252,327 in cash and the issue of 33,403,406 shares. The excess consideration above the nominal share value has been recognised in the merger relief reserve.

The principal reason for this acquisition was to acquire the trade, brand and accumulated experience of Cavendish, enabling the Group to become a full-service financial services group for ambitious growth companies. The Group also expects to further develop both existing and new revenue lines.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £'000	Adjustment £'000	Fair value £'000
Trade name	-	114	114
Software	-	100	100
Property, plant and equipment	35	-	35
Receivables	530	-	530
Cash	1,660	-	1,660
Payables	(1,169)	-	(1,169)
Total net assets	**1,056**	**214**	**1,270**

Fair value of consideration paid

	£'000
Cash	5,252
Shares	9,353
Total consideration	**14,605**
Goodwill (note 12)	**13,335**

On acquisition, Cavendish Corporate Finance LLP had trade receivables of £281k. All contract receivables are considered to be recoverable.

Costs related to the above acquisitions and the initial public listing are shown as non-recurring items in the statement of comprehensive income statement.

The main factors leading to the recognition of goodwill are:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition
- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets

Since the acquisition date, Cavendish has contributed £3.2m to Group revenues and £0.8m to group profit before tax. If the acquisition had occurred on 1 May 2018, Group revenue would have been £31.4m. Due to the partnership structure of Cavendish, is not possible to state the impact on profit for this period.

17. Trade and other receivables

	31 March 2019 £'000	30 April 2018 £'000
Group		
Trade receivables	2,864	752
Market marketing counterparty debtors	2,806	4,419
Prepayments and accrued income	927	926
Other debtors	1,944	3,145
Total trade receivables	**8,541**	**9,242**
Company		
Prepayments and accrued income	**156**	

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 2019 £'000	30 April 2018 £'000
Group		
Movements in the impairment allowance for trade receivables:		
At start of year	28	203
Provision for credit losses	-	13
Receivables written off during the year as uncollectible	(28)	(188)
Acquired through business combinations	12	-
At end of year	**12**	**28**

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 income accrued for ongoing advice given to retained clients.

18. Cash and cash equivalents

	31 March 2019 £'000	30 April 2018 £'000
Group		
Cash and cash equivalents		
Cash at bank and in hand	**4,659**	**4,521**
Cash and cash equivalents were held in the following currencies:		
UK Pound	4,376	4,272
United States Dollar	123	157
Euros	160	92
Total cash and cash equivalents	**4,659**	**4,521**
Company		
Cash and cash equivalents		
Cash at bank and in hand	**105**	
Cash and cash equivalents were held in the following currencies:		
UK Pound	**105**	

The Group's Employee Benefit Trust has a cash balance of £128k under control of the Trustees.

19. Trade and other payables

	31 March 2019 £'000	30 April 2018 £'000
Group		
Trade payables	655	989
Social security	481	397
Accruals	3,968	2,192
Deferred income	143	168
Market marketing counterparty creditors	2,496	2,762
Other creditors	322	410
Total trade and other payables	**8,065**	**6,918**
Company		
Accruals	57	
Other creditors	12	
Total trade and other payables	**69**	

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.

20. Borrowings

	31 March 2019 £'000	30 April 2018 £'000
Current		
Bank loans and overdrafts	-	739
Amount repayable		
Within one year	-	739

The above carrying values of the borrowings equate to the fair values.

	31 March 2019 £'000	30 April 2018 £'000
Current borrowings		
Brought forward	739	-
Cash flows	(739)	739
Closing balance	-	739

The overdraft balance at 30th April 2018 related to the funding of unsettled trades by Pershing through our Model A Settlement Agreement. As at 31st March 2019, there was no such balance.

21. Amounts due to subsidiaries

	31 March 2019 £'000
Company	
Amounts due to subsidiaries	2,894

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

22. Share Capital

	31 March 2019 Number	30 April 2018 Number
Opening	117,951,100	117,451,100
Issue of shares on exercise of options	2,702,715	500,000
Share for share exchange	120,653,815	117,951,100
Issue of new shares	11	-
Issue of shares on exercise of options	1,380,000	-
Issue of shares on admission to AIM	13,392,857	-
Issue of shares through business combinations	33,403,406	-
Closing	**168,830,089**	**117,951,100**

	Issued, called up and fully paid	
	Number	£'000
Ordinary shares of £0.01 each	168,830,089	1,688

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.

As at 30 April 2018 finnCap Ltd had 117,951,100 shares in issue. Prior to the formation of the Group, 2,702,715 shares were issued as the result of the exercise of options for finnCap Ltd shares.

One share was issued in finnCap Group plc on incorporation on the 28 August 2018 and a further ten shares were issued on the 24 September 2018. On 26 November 2018, the Company acquired all the share capital of finnCap Ltd in exchange for the issue of 120,653,815 shares.

On 5 December 2018, the Company issued 13,392,857 shares to finance the cash consideration for the acquisition of Cavendish Corporate Finance (UK) Limited and the partnership rights of Cavendish Corporate Finance LLP. In addition, the Company issued 1,380,000 shares as a result of the exercising of options and 33,403,406 shares in connection with the acquisition of all of the share capital of Cavendish Corporate Finance (UK) Limited and all of the partnership rights of Cavendish Corporate Finance LLP.

Costs related to the above acquisitions and the initial public listing are shown as non-recurring items in the income statement. The issue costs of new shares have been offset against the share premium reserve.

23. Reserves

Merger relief reserve

The merger relief reserve represents:

- the difference between net book value of finnCap Ltd and the nominal value of the shares issued due to the share for share exchange on the acquisition of finnCap Ltd. Upon consolidation, part of the merger reserve is eliminated to recognise the pre-acquisition share premium and capital redemption reserve of finnCap Ltd; and
- 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. At a general meeting held on 28 November 2018 shareholders passed a special resolution approving the cancellation of the entire share premium account. On 15 January 2019, the High Court approved the transfer of £3,048,649 from the share premium account to distributable reserves.

24. Own shares held

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

Shares held	31 March 2019 Number	30 April 2018 Number
At the start of year	4,503,170	638,578
Movement	7,787,836	3,864,592
At the end of year	**12,291,006**	**4,503,170**

Prior to the share for share acquisition of finnCap Ltd by finnCap Group plc, the Group's Employee Benefit Trust purchased and sold shares in finnCap Ltd. Upon completion of the acquisition, the Trust's holding was converted into finnCap Group plc shares and future transactions were in finnCap Groups plc shares.

During the year, the Group's Employee Benefit Trust purchased 10,903,772 ordinary shares at a weighted average price of £0.116 (2018: 4,131,259 at a weighted average price of £0.15). Total consideration for these purchases was £1,259,229 (2018: £619,689) and these purchases represent 6.46% of the ordinary called up share capital (2018: 3.50%).

In addition, the Group's Employee Benefit Trust sold 3,115,936 ordinary shares at a weighted average price of £0.223 (2018: 266,667 ordinary shares at a weighted average price of £0.15). Total consideration for these sales was £693,354 (2018: £40,000) and these sales represent 1.85% of the ordinary called up share capital (2018: 0.23%).

25. Share Based Payments

The Company has a share option scheme for employees of the Group. If options remain unexercised after a period of 4 or 7 years from the date of grant, then the options expire without value. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding are as follows:

	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	23,796,511	0.109
Granted in finnCap Ltd	5,800,000	0.150
Exercised in finnCap Ltd	(2,702,715)	0.101
Forfeited in finnCap Ltd	(913,488)	0.104
Exchanged for options in finnCap Group plc	**25,980,308**	0.119
Granted in finnCap Group plc	2,685,207	0.226
Exercised in finnCap Group plc	(1,380,000)	0.078
Outstanding at the end of the period	**27,285,515**	**0.132**
Exercisable at the period end	5,035,714	

Options over finnCap Ltd shares were swapped for options over finnCap Group plc upon the acquisition finnCap Ltd by the Company.

The options outstanding at the period end were:

Grant date	shares under option	price per share	Vesting period	Exercise period
26 November 2018	2,685,714	0.05	Up to 4 years	Up to 7 years
26 November 2018	1,250,000	0.06	Up to 4 years	Up to 7 years
26 November 2018	3,544,594	0.10	Up to 4 years	Up to 7 years
26 November 2018	5,870,000	0.13	Up to 4 years	Up to 7 years
26 November 2018	5,800,000	0.15	Up to 4 years	Up to 7 years
26 November 2018	5,450,000	0.14	Up to 4 years	Up to 7 years
05 December 2018	1,000,000	0.28	Up to 4 years	Up to 7 years
03 January 2019	935,207	0.23	Up to 3 years	Up to 4 years
24 January 2019	750,000	0.15	Up to 4 years	Up to 7 years
Total options granted	**27,285,515**			

The options outstanding at 31 March 2019 had a weighted average exercise price of £0.132, and a weighted average remaining contractual life of 4.6 years. The aggregate of the estimated fair values of the options granted on those dates is £703,514. The inputs into the Black-Scholes model are as follows:

	2019
Weighted average share price	28.0p
Weighted average exercise price	13.0p
Expected volatility	33.8%
Expected life	Up to 7 years
Risk-free rate	1.7%
Expected dividend yield	5.0%

Expected volatility was determined by calculating the historical volatility of a basket of listed competitor companies' share prices over the previous year.

The Group recognised total expenses of £99,977 related to equity-settled share-based payment transactions in the period.

Certain employees of Group, including key management personnel, have provided the Employee Benefit Trust with 6,100,901 call options for shares in the finnCap Group plc. Separate but related, options have been provided by the Employee Benefit Trust to other employees of the Group. As these options will effectively be settled between employees of the Group, there have not been included in the share options disclosed above.

26. Commitments and contingencies

	Land and buildings 2019 £'000	**Land and buildings 2018 £'000**
Within one year	750	385
In two to five years	251	514
After five years	-	-
Total	**1,001**	**899**

The Group operates from two offices under operating lease agreements with break clauses. The original lease terms were between 5 and 10 years. One lease will expire and the Board expects to activate the break clause on the other lease with two years.

27. Dividends

	Period ended 31 March 2019 £'000	Year ended 30 April 2018 £'000
Dividends proposed and paid during the year	1,635	1,051
Dividends per share	1.38p	0.91p

Dividends are declared at the discretion of the Board.

28. 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.

During the period the Company charged its subsidiary management fees of £767,652. The amounts due to subsidiaries are shown on note 21.

The remuneration of key management personnel and their interests in the shares and options of the Company are disclosed in the Remuneration Report on page 25.

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

During the period, consideration of £2,766,619 and 18,893,753 shares and £542,682 and 3,706,074 shares was paid to HD Leigh and JND Stelzer, directors of the Company during the period, respectively in relation to the acquisition of Cavendish Corporate Finance (UK) Limited and Cavendish Corporate Finance LLP.

29. Post balance sheet events

An interim dividend of 0.355p per share was proposed by the Directors at their meeting on 8th July 2019. These financial statements do not reflect this dividend payable.