Arden

Arden Partners plc
Annual Report 2020

Arden Partners plc

Arden Partners is a dedicated corporate adviser and multi-service stockbroker to small and mid-cap companies in the UK and their investors.

The core of our business is to best represent our significant base of corporate clients, and effectively support their relationships with existing and potential shareholders.

This relationship is a function of the quality of corporate finance advice we provide to our corporate clients, the high quality of our industry research, and the presence in the market that our sales and trading teams have.

Our corporate finance capabilities encompass M&A, corporate finance advisory, broking, Sponsor and NOMAD services. We represent our clients in private transactions, AIM and Main Market listings.

Our research is designed to be sector focused, taking top down thematic trends, which lead us towards companies that give investors an exposure to the real growth areas of the small-cap and mid-cap markets.

It is the job of the sales team to keep institutions abreast of these themes and stock ideas. When there is a requirement for our corporate clients to raise money to fulfil their growth ambitions, the sales team is in a strong position to effect this, with the entrenched relationships that the team enjoys with the UK institutional and non-institutional shareholder base.

Our responsibility of care to our corporate clients is augmented by our market making and trading teams, who provide liquidity in the shares of our corporate clients. We also trade the shares of non-client corporates on behalf of institutions.

The Arden Wealth Management team offers a bespoke service to our clients, with the ability to trade/invest in equities, bonds and a range of global investment funds, as well as allowing clients to participate in Primary and Secondary equity placings.

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HIGHLIGHTS

FINANCIAL	Year ended 31 October 2020	Year ended 31 October 2019
Revenue	£5.9m	£6.6m
Loss before tax	(£1.4m)	(£2.6m)
Loss per share:		
Basic	(5.0p)	(8.9p)
Diluted	(4.9p)	(8.9p)
Dividend per ordinary share:		
Interim	Nil	Nil
Proposed final	Nil	Nil
NON-FINANCIAL		
Funds raised for clients	£90m	£67m
Retained corporate clients	47	55
Average number of staff	43	50

HIGHLIGHTS

Market overview

- Arden made a good start to the year despite the elevated political uncertainty then prevailing around Brexit and the General Election
- Trading towards the end of the first half was negatively impacted by the Covid-19 pandemic which led to unprecedented declines in equity markets, the Company's trading operation suffering material losses and a pause on all corporate activity
- In the second half, equity markets improved and accompanied by an increased demand for capital
- Consequently, second half deal flow was dominated by equity fund raisings for our clients relating both to re-capitalisation and growth finance

Operational highlights

- Profitable second half trading performance across the Group following an extremely challenging first half
- 22 transactions completed (2019: 39 transactions) including 10 equity fundraisings (2019: 9 equity fundraisings)
- £90 million raised for our listed clients (2019: £67 million)
- Second half trends continued into the current year, with four secondary fundraisings (raising £51 million) and three M&A transactions completed in our first quarter

Financial highlights

- Revenue: £5.9 million (2019: £6.6 million)
- Revenues before equity trading losses increased by 7.2% on previous year
- Profitable second half giving a loss before tax for the year £1.4 million (2019: £2.6 million loss before tax)
- Recovery in equity trading position in second half and since the year end
- Basic loss per share: 5.0p (2019: 8.9p loss per share)
- Net asset value per share of 13.9p (2019: 18.1p)

Commenting on the results and Arden's outlook, Mark Ansell, Chairman, said:

"The challenges faced by our industry in 2020 were unprecedented and I am very proud of our employees' efforts in ensuring that disruption to our business was minimised. Your Board continues to employ strategies to protect and enhance shareholder interests by ensuring the health and well-being of our staff and supporting our corporate and institutional clients.

The strategies adopted in recent years regarding the changes in our industry and then those adopted to cope with the challenges posed by Covid-19 are now showing positive results and our team delivered a strong result in the second half of the year and this performance level has continued into the current year.

Whilst the macro outlook remains uncertain, our second half performance and more recent trading, together with less volatile equity markets and a good M&A pipeline, gives us confidence of a return to profitability in the current financial year."

CHAIRMAN'S STATEMENT

The macro agenda during the early part of the year was dominated by the UK General Election of December 2019. The clear result of that election led to strong equity market gains and presaged a resurgence of corporate activity. However, this encouraging trading environment was rapidly curtailed by the impact of the Covid-19 pandemic which resulted in unprecedented declines in equity markets, significant volatility levels and a pause on all corporate activity, all of which significantly impacted the half year results we announced in July 2020.

During the second half, transaction volumes recovered as many listed companies sought to re-equitise in response to the impact of Covid-19. UK regulators reacted promptly to ensure that equity capital could be readily accessed and investors backed their investee companies to come through the immediate shock of the pandemic. Initially some of our clients' strategic plans were paused while balance sheet strengthening was prioritised. Relatively quickly, however, they were able to re-focus on more positive developments. As market volatility declined towards the end of the year, it became clear that the preponderance of financing would be directed towards new growth opportunities.

Thanks to early action and our flexible operating model, we remained fully operational and therefore able to focus on our clients' needs and how we could continue to assist them. I am grateful for the efforts of all of our employees, for ensuring an immediate and seamless switch to remote working, for working to make our offices Covid-secure and for remaining flexible throughout an exceptionally challenging period.

Over the year, the Board took action to ensure the appropriateness of the Company's cost base. This was particularly evident with the actions taken to manage costs and preserve cash as Covid-19 impacted the UK market. The Board will continue to take all necessary action to minimise the impact of any further uncertainty caused by Covid-19 or any other macro-economic factors.

Overall the impact of these trading conditions resulted in revenues for the year falling by 10.5% to £5.9 million (2019: £6.6 million), a loss before tax of £1.4 million (2019: £2.6 million loss before tax) and a loss per share of 5.0p (2019: loss per share of 8.9p). Excluding the losses of the equity trading operation which were incurred during the unprecedented equity market declines in the first half of the year, we delivered year on year revenue growth of 7.2%. It is important to note the strong and profitable trading performance across the Group in the second half that returned a profit before tax of £0.2m although continued uncertainties did see some transactions carried over to the new financial year

Our balance sheet remains strong. As at 31 October 2020 our net asset value per share was 13.9p (2019: 18.1p). We hold cash and cash equivalents in excess of our capital adequacy requirements and sufficient to protect us against short to medium term market fluctuations. We continue to believe the Group is well positioned in its markets, a position from which we can continue to execute our ongoing growth strategy.

The current year started in a promising and profitable manner as we completed four equity fundraisings and three M&A transactions in our first quarter. Whilst the macro outlook remains uncertain, with the news continuing to be dominated by the pandemic, our second half performance and more recent trading, together with less volatile equity markets and a good M&A pipeline, gives us confidence of a return to profitability in 2021.

CHAIRMAN'S STATEMENT

Corporate progress is not possible without good people and this is especially true in challenging times. I would like to take the opportunity to place on record my thanks to the Board, our corporate and institutional clients and all our hard-working staff for their support during this unprecedented year.

Mark Ansell
Chairman
15 February 2021

CHIEF EXECUTIVE'S STATEMENT

Overview

The challenges faced in 2020 have been unprecedented. Nevertheless, our strategic focus of providing first class services to our corporate clients has remained unchanged. Our corporate clients, as our most important source of revenue, are critical to our business model and in recent years we have enhanced the service levels provided to them through sector-focused hiring, greater client interaction and by developing greater depths of expertise. In a year of such disruption, we were able to continue to serve our clients unhindered and with confidence and commitment. Despite the disruptions of the Covid-19 pandemic, we were able to continue to execute transactions and take on new clients in targeted sectors.

In March 2020, in line with most UK corporates, we rapidly prepared for the anticipated adverse impact of Covid-19 on the UK economy by managing our costs and taking action to strengthen our balance sheet. I am extremely proud of our employees' reaction to the disruption of this period. The health and well-being of our staff and our continuing support to our corporate and institutional clients will protect and enhance shareholder interests.

Cost cutting measures included salary and fee sacrifices for all staff, the furloughing of staff, utilising government support, deferring an agreed element of VAT and PAYE and the cancellation or deferral of discretionary expenditure.

As market volatility increased during the early stages of the pandemic we encouraged our teams to support their clients with increased levels of interaction. We were proactive in engaging with them to assess their funding requirements both for balance sheet strengthening and for other strategic opportunities arising from the impact of Covid-19. Our connectivity with institutional investors was pivotal in our being able to provide timely and critical advice to our corporate clients.

Our equity trading operation was significantly impacted by the exceptional market volatility in the first half, recording a substantial loss. However, this business has returned to profitability in the second half and continues to trade profitably in the current year to date.

Business review

Overall for the year under review revenues decreased by 10.5% to £5.9m (2019: £6.6m) and the operating loss was £1.4m (2019: operating loss of £2.6m). These results were materially impacted by the losses incurred by the equity trading operation in the first half. In the second half, we benefitted from a partial recovery in some of our positions and are continuing to do so in the current financial year. Excluding the losses of the equity trading operation, we would have delivered year on year revenue growth of 7.2%.

CHIEF EXECUTIVE'S STATEMENT

Revenue summary

Division	2020 £'m	2019 £'m	% change
Equities	**(0.5)**	0.7	(171.7)
Corporate Finance (incl. corporate retainers)	**6.3**	5.8	8.6
Wealth Management	**0.1**	0.1	241.8
Total Revenue	**5.9**	6.6	(10.5)

Corporate Finance

	2020	2019	% change
Revenue (£'m)	**6.3**	5.8	8.6
Number of corporate transactions	**22**	36	(38.9)
Funds raised (£'m)	**90**	67	34.3
Number of corporate clients at year end	**47**	55	(14.5)

Corporate finance revenue growth of 8.6% resulted from higher average deal fees, rather than an increase in deal volumes. This was partly a function of the market but it also reflected our strategy of increasing our share of fees on transactions in line with our relative performance on them. Deal volumes rose towards the end of the year and continues to do so in the current year. The IPO market also reopened towards the end of the year and we expect this transaction stream to be a focus in 2021.

Retainer revenue from corporate clients was broadly flat year on year, reflecting our efforts to ensure appropriate fees for our retained advisory and broking services. The decrease in client numbers was disappointing, although this was partly the result of M&A and a number of delistings.

Equities

	2020 £'m	2019 £'m	% change
Revenue	**(0.5)**	0.7	(171.7)

The major impact on this divisions' results for the year was the loss made by the equity trading operations in the first half. As a provider of liquidity in more volatile small and mid-cap equities we are exposed to a certain level of systemic risk. However, in the second half we benefitted from a partial recovery in some of our positions which reduced the overall trading loss. Our book is profitable in the current year to date.

CHIEF EXECUTIVE'S STATEMENT

Excluding the losses on equity trading, other equity and research income remained broadly flat year on year. The repercussions of MiFID II, introduced in January 2018, will continue to impact this operation for as long as they remain in force in their current guise.

Access to research is a vital part of small and mid-cap investing. Our Research Portal provides investors with the greatest possible access to our corporate client research and is available by registering on our website (www.arden-partners.com). Our research is also available via the ResearchTree portal where it has been repeatedly highly ranked for its quality.

Current trading and outlook

Trading in the current financial year to date has been very encouraging. In the first quarter of the current year we have completed four secondary equity fundraisings (raising £51 million) and three M&A transactions. Market sentiment has remained positive, creating a favourable environment for our equities division, notably our equities trading operation.

However, the Covid-19 pandemic continues to disrupt the UK economy and, although recent developments around vaccines are encouraging, we remain cautious. Less volatile equity markets and a strong M&A pipeline gives us confidence of returning to profitability in 2021.

I would like to thank all our clients and shareholders for their continued support and to express the appreciation of the entire Board for the considerable hard work and commitment of our staff.

Donald Brown
Chief Executive Officer
15 February 2021

FINANCE REVIEW

Revenue

Revenue for the full year totalled £5.9 million, a decrease of 10.5% on the prior year. Revenue was materially impacted by the losses incurred in the first half by the equity trading operation. Excluding the losses of the equity trading operation, the Company delivered revenue growth of 7.2% for the year.

	2020	2019	% change
Revenue (£'m)	**5.9**	6.6	(10.5)
Average number of employees	**43**	50	(14.0)
Revenue per employee (£'000)	**138**	132	4.5

Average headcount decreased by 14% in the year as the Board took measures to mitigate the impact of the Covid-19 pandemic on the Group. Through the second half of the year, we have selectively recruited for front-office roles (junior and senior) in areas where we see growth opportunities.

Average revenue per employee is materially distorted by the equity trading losses. Adjusting for these losses shows a substantial growth in this key performance indicator.

Costs

	2020 **£'m**	2019 £'m	% change
Staff costs	**4.0**	5.6	(28.1)
Non-staff costs	**3.1**	3.7	(14.1)
Total administrative expenses	**7.1**	9.3	(22.6)
Average number of employees	**43**	50	(14.0)

Staff costs include restructuring payments of £0.3 million (2019: £nil). The reduction in staff costs is the result of the reduced headcount through the year together with the salary and fee sacrifices made by all directors and employees in the year. Salary and fee levels have now been restored to normal levels.

Non-staff costs were also tightly controlled in light of market conditions, with discretionary expenditure substantially reduced. Overall, these costs were reduced by 14.1%.

Liquidity position

The Group's liquidity position (which comprises cash and cash equivalents, long market making equity positions, trade and other receivables) was £5.9 million at the year end (2019: £6.9 million). The decrease is primarily due to funding the trading losses for the year.

FINANCE REVIEW

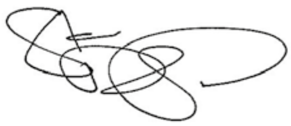
This cash and cash equivalent position is stated before deducting c.£0.6 million of PAYE and VAT payments deferred in accordance with government guidance. Post the year end the deferred PAYE has been repaid in full and the deferred VAT will be repaid in-line with HMRC requirements.

Despite the operating loss, cash at bank as at 31 October 2020 was £2.4 million, a similar level to the prior year (2019: £2.5 million).

The Directors believe that the liquidity position, which is an alternative performance measure, provides more useful information for shareholders on the underlying liquidity of the Group than the reported net assets number, as it focuses solely on the liquid assets of the Group.

Net asset position and capital adequacy
The Group's net assets at the year-end were £4.6 million (2019: £6.1 million), the reduction being the result of the loss incurred in the year. The capital adequacy ratio as at 31 October 2020 was 249% (2019: 266%).

The Group holds surplus capital on its balance sheet and continually assesses this position throughout the year. During the year, the Group assessed the liquidity of its capital resources by realising certain assets into cash. This exercise confirmed to the Board that the Group's liquid assets could be accessed, at short notice, should market conditions remain depressed.



Steven Douglas
Group Finance Director
15 February 2021

STRATEGIC REPORT

Introduction

In accordance with Section 414A of the Companies Act 2006, the Directors are pleased to present their strategic report on the development and performance of the Company during the year ended 31 October 2020, the financial position of the Company as at 31 October 2020 and the principal risks to which the Company is exposed.

The strategic report is a key component of the Annual Report and Accounts and provides an opportunity to communicate our strategy and goals, the measures we use to assess the business performances and the principal risks the business faces which could prevent these goals being achieved.

Strategy

Our ambition is to become the institutional and corporate broker of choice for small and mid cap public companies trading on London based capital markets. We aim to achieve this by:

- Focusing on the UK capital markets;
- Providing incisive research material in a number of key sectors;
- Providing an efficient execution and trading platform to institutional clients;
- Providing a premium corporate broking service to an optimum number of corporate clients;
- Selective and proactive recruitment into key areas to support and enhance the quality of our offering;
- Growing sustainable revenue streams; and
- Managing cost and risk exposure.

This will then enable us to provide shareholder value through earnings growth and dividend distribution.

Business Model - overview

Arden Partners is a dedicated corporate adviser and multi-service stockbroker.

The core of our business is to best represent our significant base of corporate clients, and their relationships with existing and potential shareholders. This relationship is a function of the quality of corporate finance advice we provide to our corporate clients, the high quality of our industry research and the voice in the market that our sales and trading teams have.

Our integrated business model ensures that, subject to regulatory and legal requirements, the combined expertise within the Firm works together for the benefit of our clients.

Our corporate finance capabilities encompass M&A, corporate finance advisory, broking, Sponsor and NOMAD services. We represent our clients in private transactions, AIM and Main market listings. Our clients' interests lie at the heart of everything we do. We work closely with them to understand their needs and ambitions, so we may provide the most appropriate advice. Whether this is in relation to fundraising strategy, merger and acquisitions, shareholder lists or board composition, our goal is to achieve the best outcome for them.

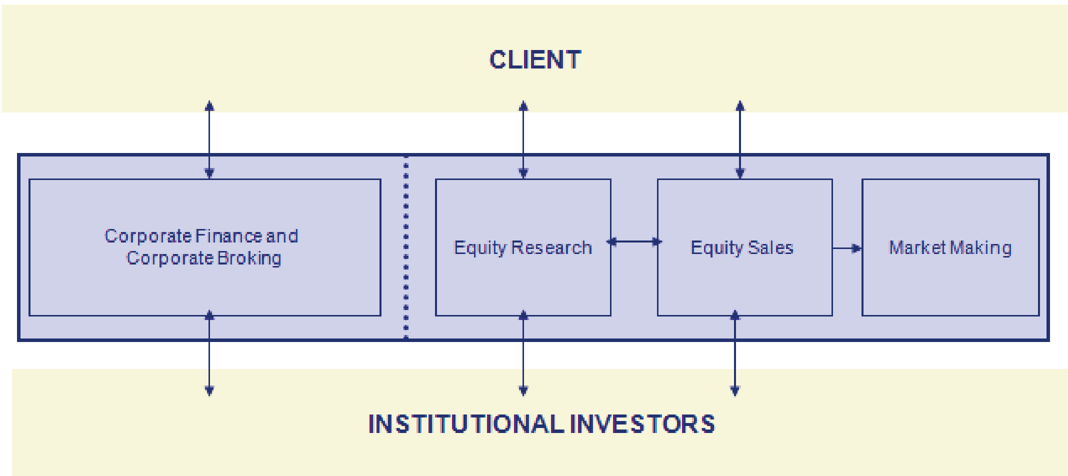
Our research is designed to be sector focused, taking top down thematic trends, which lead us towards companies that give investors an exposure to the real growth areas of the small cap and mid-cap markets.

STRATEGIC REPORT

It is the job of the sales team to keep institutions abreast of these themes and stock ideas. When there is a requirement for our corporate clients to raise money to fulfil their growth ambitions, the sales team is in a strong position to effect this, with the entrenched relationships that the team enjoys with the UK institutional and non institutional shareholder base. The depth of our engagement with our institutional clients means that we are fully aware of their investment strategies and consequently able to introduce them to appropriate opportunities in terms of size, sector and stage of development.

Our responsibility of care to our corporate clients is augmented by our market making and trading teams, who provide liquidity in the shares of our corporate clients. We also trade the shares of non client corporates on behalf of institutions.

The structure of our Equity Capital Markets division is depicted below:



The Arden Wealth Management team offers a bespoke service to our clients, with the ability to trade/invest in equities, bonds and a range of global investment funds, as well as allowing clients to participate in Primary and Secondary equity placings.

This integrated approach is driven by our strategy and we measure our performance through regular reporting and with KPIs. Our relationships are built on a strong ethos of client trust. We see this as a key factor in determining the long-term success of our business

STRATEGIC REPORT

Our History

Arden was formed in 2002 – the founding team having worked together at Albert E Sharp Securities and Old Mutual Securities.

Arden floated on AIM in 2006, with a significant amount of equity being held by the firm's Directors and senior employees.

In 2017, Arden raised a further tranche of equity with the objective of positioning the balance sheet ahead of the uncertainties caused to markets by the imminent introduction of MiFIDII legislation.

Corporate Finance

Mid and small cap companies' corporate issues can be as sensitive and complex as those of large companies, if not more so. Our Corporate Finance department takes the time to ensure that we understand our clients' needs before offering companies specialist knowledge and advice. Our corporate finance department focuses on providing strategies and solutions to build shareholder value. We work in partnership with our clients and have specialist knowledge of the needs of growing companies – from sourcing acquisitions, structuring fundraisings and providing strategic corporate advice.

Our Corporate Finance team are extremely experienced advising companies across both the public and private company arena. Our corporate finance capabilities encompass M&A, corporate finance advisory, broking, Sponsor and NOMAD services. We represent our clients in private transactions, AIM and Main Market listings. Arden prides itself on providing incisive advice combined with a reputation for execution, giving entrepreneurs and growth companies the means to fulfil their ambitions.

From IPO and throughout the life of a publicly quoted company, Arden's corporate broking team provides consistent access to equity markets, proactively assisting our corporate clients through detailed investor feedback and shareholder analysis, to build and develop their institutional shareholder base, maximising value for the company and providing access to capital.

Working alongside our sales and specialist research teams, our investor relations personnel ensure that our corporate clients are promoted to a wide investor audience and that the company's message is clearly understood.

We believe in building close, long-term relationships with clients. Our approach is based on harnessing our sector knowledge, expertise and market experience to offer our clients objective advice and outstanding execution.

Equities

Arden's core competency is raising equity capital for small and mid-cap companies. Our sales team has experience working on transactions across the equity spectrum including transactions that run into hundreds of millions and even billions of pounds.

Like most London based stockbroking businesses, Arden has an extensive network of investing clients, but the skill is understanding which investors are attracted to which type of investments. In this regard experience counts and the sales team collectively has over 150 years of working within equity environments.

Arden's Market Makers and Sales Traders are well equipped to meet the requirements of today's markets, for both Corporate and Investment clients in terms of market intelligence and execution.

STRATEGIC REPORT

Arden currently makes markets in around 95 stocks, focused on stocks where we have either a corporate relationship or research coverage. This number has reduced slightly in the year, primarily as a result of prevailing market conditions and a desire to reduce the risk profile of this element of our business in light of these market conditions.

Arden's execution team provide the highest level of execution capabilities and have consistently proved the ability to source and place significant lines of stock with existing shareholders – whilst also looking to constantly expand the shareholder lists of our Corporate clients.

Outside of our market making focus our Sales Traders are also able to provide a highly rated execution services across a substantially broader range of stocks – from micro to large cap stocks, as well as special situations.

Our research team take the time to understand a business and get to grips with the financing and financials of a business. At Arden, we believe that understanding the business model and the impact of industry and macro trends on the financial performance of a business, are critical to pitching a company's value to potential investors.

The Arden Sales and Research teams work closely together on what is topical, relevant and interesting to investors and use that framework to pitch ideas and analysis.

People and culture

Our people are our greatest asset and the key to maintaining long-term client relationships. We are very proud of their non-stop commitment and contribution to the Company.

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

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

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

STRATEGIC REPORT

Revenue Generation

We earn revenue through six streams of activity which broadly relate to either corporate client activity or institutional client activity.

Revenue from corporate client activity comprises:

- Commission earned on primary, secondary and private capital raising (placing commission) where Arden's role may be summarised as bringing the company requiring capital together with investors willing to provide capital. The revenue in relation to this activity is broadly dependent on the size and complexity of the fund raise.
- Fees earned in relation to advisory work and related documentational requirements. Broadly these will be in connection with corporate actions, mergers and acquisitions, disposals, restructuring or public bids but may also be in relation to advisory services provided as part of a capital raising.
- Annual retainer fees charged to our corporate clients for the provision of on-going market advice and investor relations services as well as acting as Nomad, broker or financial advisor to them.

Revenue from institutional client activity comprises:

- Research access payments from institutions post MiFIDII and the unbundling of services. Revenue from this service is dependent on the value attributed to our research by the receiving institution.
- Commission earned from execution and research services provided to a broad range of institutional clients primarily in the UK who wish to buy and sell shares listed in the UK and other jurisdictions. Revenue in relation to this activity is broadly dependent on the size of the transaction and the liquidity of the share.
- Gains or losses made from positions in shares we hold as market maker. The role of a market maker is principally that of providing liquidity to other market participants in order to ensure that there is an active market in the relevant share. The market maker will also facilitate the execution of institutional client trades. Market makers do not act as a proprietary trading activity. This activity results in an inventory of shares being held on an on-going basis which will result in gains and losses being incurred as the prices of individual shares move up and down.

Costs

Our business is not immune to the vagaries of the financial markets, in particular the impact that domestic and global economic conditions have on the UK stock market, investor appetite and the level of capital raising activity.

Our people are our greatest asset and are the key factor in determining the long-term success of the business. Managing costs, in particular staff costs, is the focus of our remuneration policy which aims to align remuneration with the long-term success of the Group by retaining the principle of pay for performance.

The other significant areas of cost within the business are IT systems and hardware and property. The operational team monitor and keep control of expenditure in these areas.

Our Directors and many of our employees are also shareholders. This provides a strong incentive in favour of sustainability as well as a close alignment with our external investors. We believe this distinguishes us from many of our competitors and provides a high degree of comfort to our clients, employees, suppliers and shareholders.

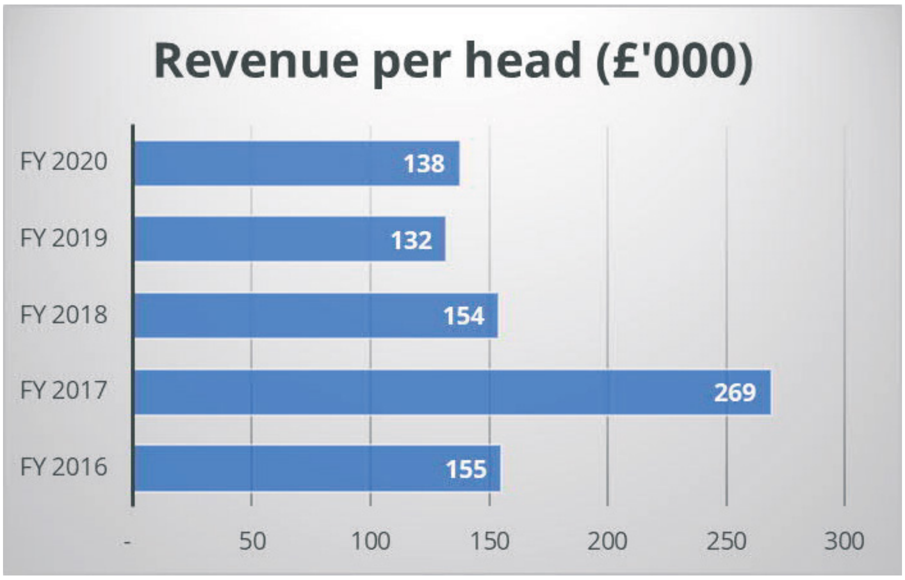
STRATEGIC REPORT

Key Performance Indicators (KPI's)

Arden Partners consider the following measures as the key performance indicators of the business:

Revenue per head

Our aim is to ensure that sufficient productivity levels are maintained whilst acknowledging the impact that the economic cycle and weaker external market conditions can have on revenue generation opportunities.



Overall revenues decreased by 12%, nevertheless revenue per head increased by 4.5%. The trend of revenue per head increased H1 to H2 and this has continued post financial year end.

We have invested in our people, recruiting into client facing roles, in order to deliver our superior client service and position the Group for future growth. Equity market conditions will continue to influence future performance but we believe we have the team in place to capitalise on any reduction in macro uncertainties and/or indeed for any pick up in wider market activity.

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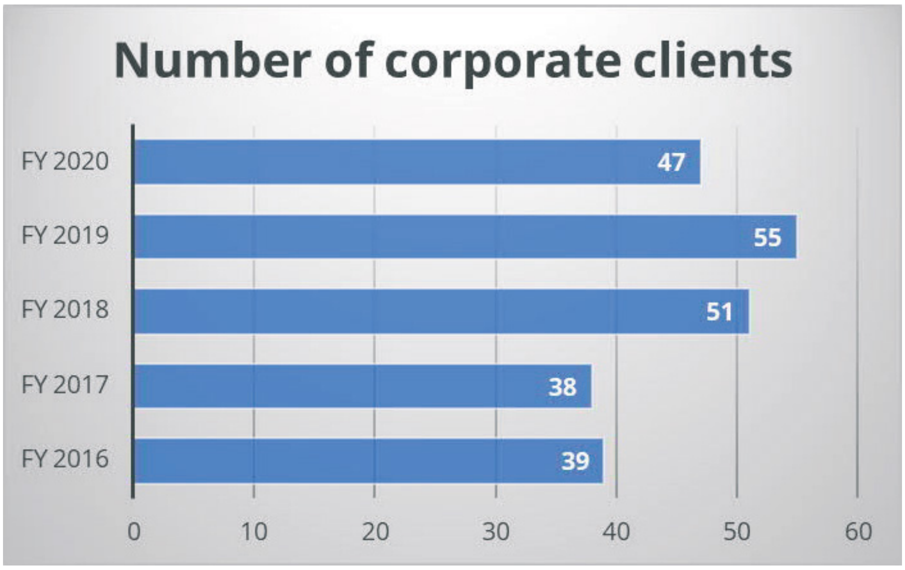
Number of corporate clients

Our aim is to win corporate clients across a broad range of sectors ensuring that both the net number and quality of our corporate client base continues to grow. The growth in our revenues and client base will always depend upon the health of the financial markets and investor sentiment.

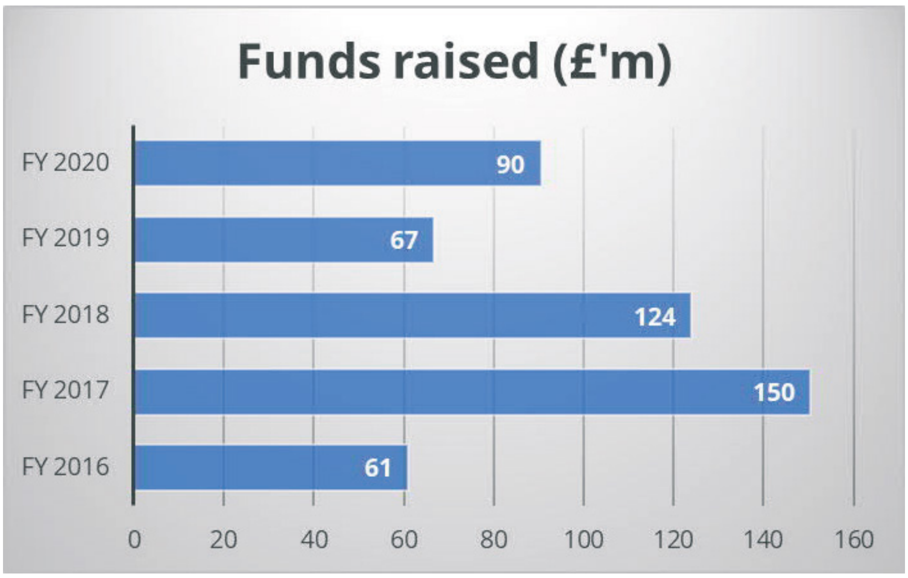


The corporate client base increased sharply over last two years and we saw a consolidation this year as a result of various factors including takeovers, M&A and company delistings. The number of UK listed companies continued the trend of recent years and fell in the year. The reduction was particularly noticeable on AIM, where the number of listed companies fell from 876 at the start of our financial year to 821 at the end of October 2020. Approximately 80 per cent. of our client base is AIM listed.

We will continue to target ambitious small and mid-cap companies and management teams in order to grow our client base.

Funds raised for corporate clients

Our aim is to grow the aggregate value of funds raised as this is a key driver of primary revenues.



STRATEGIC REPORT

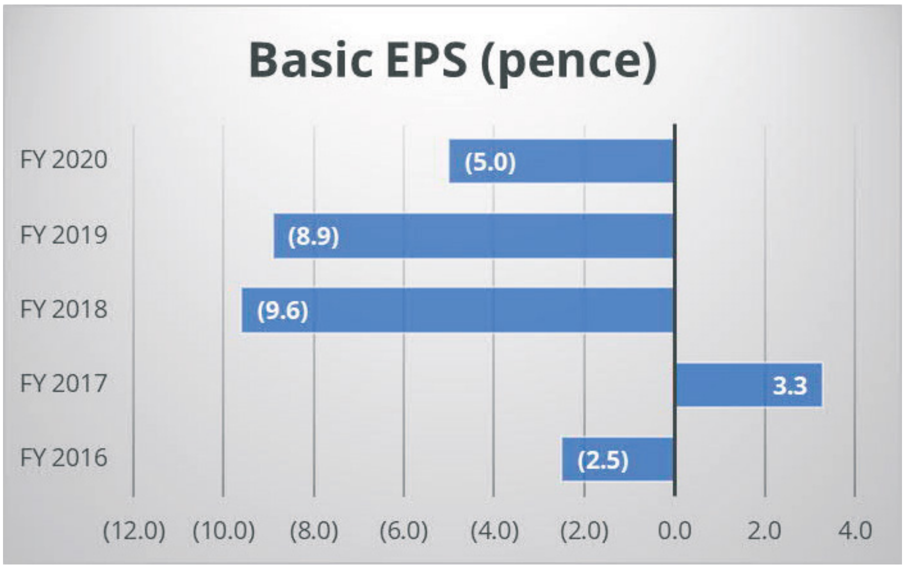
Funds raised in the year increased from the prior year. In particular, the second half of our financial year saw the completion of a number of equity fundraisings as our clients reacted to the opportunities as well as the challenges presented by the COVID-19 pandemic. This trend has continued into the start of the current financial year.

We completed 22 corporate transactions in the year, a reduction on the prior year. However, the proportion of transactions requiring an equity fundraise rose and the average fee per transaction also rose significantly.

Whilst equity market conditions will influence performance, we believe our individuals and our platform are well placed to perform strongly.

Earnings per share

Our aim is to grow earnings per share as this reflects value creation for our shareholders.



The loss per ordinary share of (5.0p) pence is a reflection of the trading loss for the year. This loss per ordinary share reduced in FY20 due to the reduced trading losses when compared to FY19.

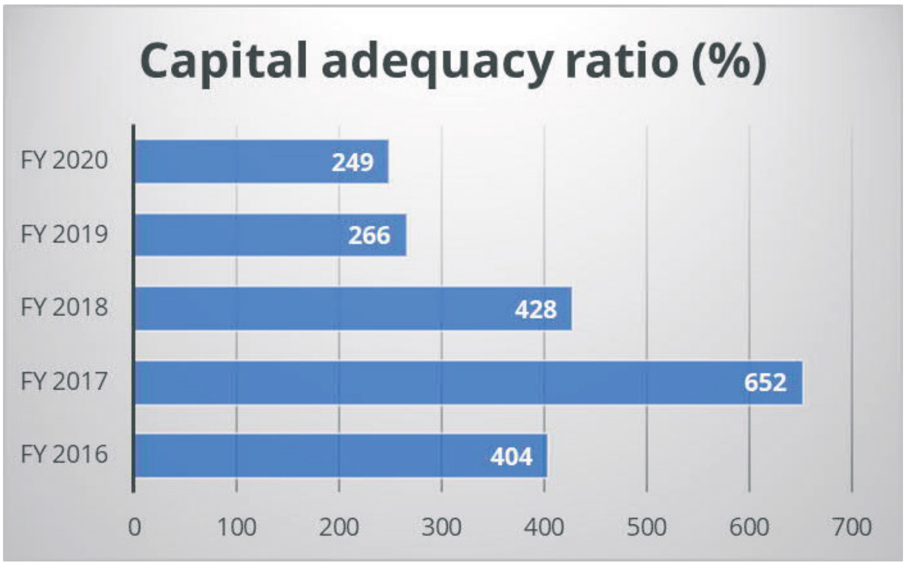
The political and market uncertainty present throughout the year impacted the stockbroking industry and was detrimental to the Company's performance, particularly the performance of our equity trading operation in the first half of the financial period.

EPS is a key output of our long-term strategic ambitions. We believe our investment in the Company has established a strong platform from which we can execute our growth strategy.

STRATEGIC REPORT

Maintaining capital adequacy ahead of regulatory requirements

Our aim is to maintain a strong and resilient balance sheet in order to protect the business should there be a prolonged market downturn.



The Group aims to maintain capital in excess of its requirements. As in the prior year, during the year, the Group again assessed the liquidity of its capital resources by realising certain assets into cash. This exercise continues to reassure the Board that the Group's liquid assets could be accessed, at short notice, should market conditions become unfavourable again.

Whilst the absolute capital adequacy ratio varies depending on trading performance and the impact arising from other strategic decisions, the Group remains well capitalised. The coming year will see a new prudential regime for investment firms being introduced the impact on our capital requirements will be assessed in due course.

Comparables against KPI's are also included in the Financial Highlights and Chief Executive's report above - these being considered as extensions of the Strategic Report.

STRATEGIC REPORT

Principal Risks and Uncertainties

We are an entrepreneurial organisation which encourages a commercial outlook across the Company. The Company ensures that any risk exposure is identified, evaluated and appropriately managed as part of this process. The management of risk is built into our culture where employees are encouraged to take responsibility for ensuring that the identification and management of risk, be it reputational, operational, conduct, or other risks specific to their own business area, are integrated into their own working practices. This ensures a robust governance framework from the bottom up as well as from the top, down.

The Corporate Governance report on page 28 onwards describes the key governance committees, how and to who these committees report along with the framework employed by the Company to manage the risks faced in the normal course of business.

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

Covid-19

The global pandemic of the novel coronavirus (Covid-19) has had a significant impact on the global economy and the health of financial markets. Unprecedented global lockdowns aimed at stemming the spread of the virus have materially impacted financial stability with production and manufacturing together with many other industries halting activity. It is still too early to know when the fight against the virus will come under control and, therefore, when the recovery period will be and what this will look like. Accordingly, the principal risks to which the Company is exposed are set out below against the backdrop of the current economic climate as a result of Covid-19. Although not exhaustive, this highlights the risks that are currently considered to be of most significance to the Company's activities and which could affect the ongoing financial health of the Firm.

Our business continuity plans included a lockdown scenario and the Company switched to a home working model immediately the first UK lockdown was introduced in March 2020. Our flexible business model is such that trading and operations platforms moved seamlessly to this new method of working. Most importantly, the health and well-being of our employees was protected throughout this lockdown period.

We have continued to offer a flexible working environment to our employees allowing them to come into the offices when it is safe and convenient for them to do so whilst continuing to offer a home working solution.

STRATEGIC REPORT

Market risk

By far the major risk the business faces is stock market conditions. Adverse market conditions may have a significant negative effect on revenues and profitability which in turn could lead to the risk that we are unable to meet our contractual, contingent or regulatory obligations.

There has been a material and unprecedented impact on the global financial economy as a result of Covid-19. Initially markets suffered material falls. The UK Government reacted by implementing a number of emergency funding and support measures. Equity capital markets remained open and significant institutional support was demonstrated through a large number of equity fundraises. Arden successfully completed a number of these fundraisings and this activity has continued post the financial period end.

The Group mitigates some market risk by targeting revenues across a number of sectors and by careful control of overheads. Arden also sets out to maintain a strong balance sheet and surplus cash in order to protect against the effects of any such prolonged market downturn. Further we monitor and report market, credit, liquidity and regulatory capital information to relevant staff and take any necessary action and we regularly conduct forecast modelling including stress test scenarios.

The current uncertainty created by the Covid-19 pandemic together with the ending of the transitional trading arrangements with the EU suggest that market risk is likely to remain high for the foreseeable future.

Liquidity position

The Group's liquidity position (which comprises cash and cash equivalents, long market making equity positions, trade and other receivables) was £5.9 million at the year end (2019: £6.9 million). The decrease is primarily due to funding the trading losses for the year.

This cash and cash equivalent position is stated before deducting c.£0.6 million of PAYE and VAT payments deferred in accordance with government guidance. Post the year end the deferred PAYE has been repaid in full and the deferred VAT will be repaid in-line with HMRC requirements.

Despite the operating loss, cash at bank as at 31 October 2020 was £2.4 million, a similar level to the prior year (2019: £2.5 million).

Reputational risk

One of the significant risks faced by Arden is damage to our reputation and the resultant impact that this may have on future relationships with our customers, employees and other stakeholders together with the possible future impact that any such damage might have on our business performance.

Reputational risk could arise from adverse regulatory, operational or financial events.

The Boards sets the cultural tone of the company, new business and any new ventures are closely scrutinised prior to committing the company and our employees are professional and expected to be of the highest integrity.

STRATEGIC REPORT

Covid-19 has tested the operational resilience of our business model and, to date, we have been pleased with our ability to deal with these challenges. We have operated effectively and successfully completed transactions. The Company and our employees have continued to provide a high quality and reliable service to all of our corporate and institutional clients throughout this period.

People risk

Our employees are our greatest and most important asset. Our employees are key to the long term success of our business and attracting, developing and retaining our people is key to maintain our competitive position in the market.

Covid-19 has increased the focus on the health and well-being of employees. The speed with which we moved to remote working helped to protect our employees. Further, the implementation of a Covid-19 secure working environment in our offices gave our employees the ability to return to the office once Government restrictions allowed.

Managing staff costs is the focus of our remuneration policy which aims to align remuneration with the long-term success of the Group by retaining the principle of pay for performance. The remuneration committee determines the mix of cash and share based payments together with the mix of upfront and deferred payments.

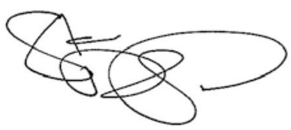
Other risks

Other risks include credit risk, liquidity risk, operational risk and regulatory risk and an explanation of these is set out in note 24.

Future developments

The impact of the Covid-19 pandemic on society together with political and macro economic uncertainty driven by the ending of the UK's transitional trading arrangements with the EU are likely to be a continued feature of the short term trading environment. However, the Company is well positioned in its markets and looks forward to the future with confidence. We have the people in place to succeed and achieve our ambitions – for our clients, for our investors and for all our stakeholders. The current year has started well, with a number of equity fundraisings completed. The Group has generated revenues in excess of those achieved in the same period last year and is trading profitably. We are encouraged by the recent performance of our business and we remain well placed to deliver on our growth strategy.

By order of the Board



Steven Douglas
Group Finance Director
15 February 2021

STRATEGIC REPORT

Stakeholder engagement and Section 172 statement

Arden's Board recognises the critical need to act in the interests of shareholders and wider stakeholders. Consequently, to promote the success of the Company, we strive to foster strong business relationships with customers and suppliers, and to meet the interests of our employees while acting fairly for the benefit of shareholders as a whole.

Engagement with our key stakeholders helps to ensure we have a long-term sustainable business model. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. Whilst the importance of giving due consideration to our stakeholders is not new, this part of the report serves as our Section 172 statement and sets out how we engage with, and take into consideration, the interests of those key stakeholders who are material to the long-term success of the business.

Statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006

During the year ended 31 October 2020, the Board of Arden Partners plc considers, as individuals and collectively, that it has acted in a way it considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, by having regard, among other matters, to the:

- likely long-term consequences of any decision;
- interests of the Company's employees;
- need to foster the Company's relationships with its customers, suppliers and others;
- impact of the Company's operations on the community and the environment;
- desirability of the Company maintaining its reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

Arden Partners considers that its key stakeholders are its shareholders, employees, customers, suppliers and the regulator. Our strategy to address the longer-term success of the business is as set out in the Strategic Report. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves.

In a very challenging year with the impact of Covid-19 on our business, the consideration for all of our stakeholders has never been more important.

STRATEGIC REPORT

Set out in the table below is a summary of our stakeholders and how we ensure their interests are addressed:-

Stakeholder	**How we consider the stakeholder group**
Shareholders	• Regular corporate and press updates • Good corporate governance practices • Annual General Meeting • Investor roadshows
Employees	• Entrepreneurial culture • Highly motivated and talented employees • Regular and continuous training programme • High level of share ownership • Diversity and inclusion agenda
Customers	• Regular and firm wide communication • Align interests • Availability of employees to react to real-time issues • Solution-driven culture • Quality and regulatory support
Suppliers	• Partnership approach • Regular dialogue • Compliance and quality • Reliability and flexibility
Regulators	• Regular communication • Trusted adviser approach • Any issues dealt with promptly in an open and transparent manner

Stakeholder engagement not only allows the Board to understand the impact of its decisions on key stakeholders, but also ensures it is kept aware of any significant changes in the market, including the identification of emerging trends and risks, which in turn can be factored into its strategy discussions.

We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the Board may have to make difficult decisions based on competing priorities. By considering the Company's purpose and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to balance those different perspectives.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enable the Directors to comply with their legal duty under section 172 of the Companies Act 2006. Details on how the Board operates and the way in which the Board and its Committees reach decisions are set out elsewhere in this Corporate Governance review.

BOARD OF DIRECTORS

Mark Ansell (Non-Executive Chairman)
Mark is a Fellow of the Institute of Chartered Accountants and was a senior partner in an accountancy practice for 20 years before leaving to deal with the public listing of a professional football club where he became Finance Director and Deputy CEO. In recent years he has had a portfolio of interests in public and private companies and currently (in addition to chairing Arden) chairs two private companies and carries out other one-off consultancies from time to time. Mark brings extensive experience of management, fund raising, mergers and acquisitions and public listing together with a technical background in finance and controls.

Donald Brown (Chief Executive Officer)
Donald is a senior investment banking executive with over 25 years' experience of working in the small cap and mid cap broking sector. Most recently he was a Managing Director at the Royal Bank of Canada and previously held senior positions at Collins Stewart and Evolution Securities. He has specialist knowledge of fundraisings at primary and secondary levels and many years' experience of advising CEOs and boards across a wide range of industries on corporate strategies within the public and private markets.

James Reed-Daunter (Executive Director)
James is a Business Economics and Accountancy graduate of Southampton University. He joined Albert E Sharp in 1992 in their private clients unit working on the unit trust and fund management desk. In 1995 he moved to become an equity sales director selling small-mid cap stocks to UK investing institutions. James is a founding partner of Arden from inception, joining in 2002 as Head of Equity sales, and served as CEO from 2012 to 2017.

Steven Douglas (Group Finance Director)
Steven has spent 20 years in the City primarily as an adviser to small and mid cap companies. He is a Fellow of the Institute of Chartered Accountants and a Chartered Member of the Securities Institute. Steven joined Arden in 2004 and was Head of Corporate Finance for 5 years ending in Autumn 2018 at which time he became Group Finance Director. He began his career with Deloitte & Touche. He has also worked at Arbuthnot Securities (in the Corporate Finance team), Britannic PLC and Tarmac plc in corporate development.

Alistair Currie (Non-Executive Director)
Alistair has been a fund manager specialising in UK Smaller Companies for almost 30 years. He is a graduate of Business Studies and Accounting from the University of Edinburgh and subsequently qualified as a Chartered Accountant with KPMG in 1985. He was formerly a Director of Edinburgh Fund Managers plc and was the Head of UK Smaller Companies for that group. He joined Castlefield Investment Partners in 2007, becoming a partner in September 2009, and has been the lead manager of the Castlefield UK Smaller Companies Fund since April 2007. He also manages a number of funds investing in companies quoted on the Alternative Investment Market. Alistair is also a Director of Capital for Colleagues plc, an investment company focused on the Employee Owned Business sector.

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited Financial Statements for the financial year ended 31 October 2020.

Principal Activities

Arden is an established, multi-service stockbroker. We provide a range of financial services to corporate and institutional clients.

We act as Nominated Adviser, Broker, Sponsor and Financial Adviser to AIM and Main Market companies listed on the London Stock Exchange. Based in the United Kingdom and with strong international links, Arden's shares trade on London's AIM market.

Results and Dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 45.

The Directors are not proposing to pay a final dividend (2019: Nil) and did not pay an interim dividend (2019: Nil).

Post balance sheet events and future developments

Details of post balance sheet events are set out in note 23 to the consolidated Financial Statements.

Future developments are set out on page 21 within the Strategic Review.

Going Concern

The Directors believe that taking into account the available cash and liquid assets that the Group will have adequate resources to continue in operational existence for the foreseeable future.

The Directors have assessed the impact of COVID-19 on the Group, running various scenarios taking into account the impact of the pandemic to date and making various assumptions on the timing and extent of the pandemic's longer term impact on the Group's operations. These scenarios included a review of the Corporate Finance revenues generated by the business, timing of Corporate Finance revenues and adjustments to the cost base of the Group through the assessment period and the impact those scenarios had on the liquidity on the Group.

The Directors are pleased to report that current trading is above the upside sensitivity scenario although the Directors are very aware that this may not be an indicator of longer-term trends. Further, the Director's continue to assess the liquidity of the Group's capital resources by realising certain assets into cash.

The combination of these exercises reassured the Board that the Group's liquid assets could be accessed, at short notice, should market conditions deteriorate.

For these reasons, they continue to believe it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Risk Management

The Groups policies for managing risk arising from activities are set out in note 24 of the Financial Statements.

REPORT OF THE DIRECTORS

Directors

The Directors of the Company who held office since 1 November 2019 were:

Current Directors:

Mark Ansell	Non-Executive Chairman
Donald Brown	Chief Executive Officer
James Reed-Daunter	Executive Director
Steven Douglas	Group Finance Director
Alistair Currie	Non-Executive Director

Directors' Interests

The interests of current Directors in shares and options are disclosed in the Directors' Remuneration Report set out on pages 34 to 37.

Significant Shareholdings

In addition to the current Directors' interests shown on page 31, the Directors have been notified that the following shareholders had interests in 3% or more of the Company's ordinary share capital (total voting rights) at 15 February 2021:

	%
Luke Johnson	11.85
Arden Partners Employee Benefit Trust	6.86
Jonathan Keeling	6.28
Richard Day	4.71
Alasdair Locke	4.70
Robert Griffiths	3.78
Tony Bartlett	3.67
Miton Group	3.46
David Hearne	3.44
AJ Bell	3.12
Charles Stanley	3.06

Share Capital

Information relating to the Company's ordinary share capital (including share purchase) is shown in note 19 to the Financial Statements.

Treasury Shares

At 31 October 2020 the Company held 4,304,724 shares in Treasury, at a cost of £1.4m (2019: 4,304,724 £1.4m).

REPORT OF THE DIRECTORS

Employee Share Trusts

The Group currently operates one Employee Benefit Share Trust, the Arden Partners Employee Benefit Trust, which administers the Arden Partners plc share schemes as Trustee. At 31 October 2020 the Trust held 1,995,000 (6.86% of total voting rights) (2019: 2,310,700 (7.95% of total voting rights)) shares. The Trustees have agreed to hold these shares to satisfy options granted under various share option schemes.

Arden Partners Employee Benefit Trust purchased 2,545,000 ordinary shares in the year ended 31st October 2020, for a consideration of £0.2m. During the year The Arden Partners Employee Benefit Trust distributed 2,860,700 shares held by the EBT to the Company's employees for nil consideration..

Events after reporting period

For details of significant post balance sheet events please see note 23.

Employment Policies

Employees are encouraged to participate in the success of the Group through a performance based incentive scheme incorporating bonus and share option arrangements. Employees are kept informed of progress on a periodic basis.

Political Donations

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

Directors' and Officers' Liability Insurance

The Company purchases and maintains liability insurance for its Directors and Officers as permitted by the Companies Act 2006. This insurance was in force throughout the year ended 31 October 2020 and remains in force at the date of this Report.

Financial Instruments

Details of the use of financial instruments by the Group and Company are contained in note 24 of the Financial Statements.

Auditors

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The Audit Committee reviews and approves the appointment of external auditors and monitors their independence. BDO LLP have expressed their willingness to continue in office and an ordinary resolution re-appointing them as auditors and authorising the Directors to determine their remuneration, will be proposed at the forthcoming Annual General Meeting.

By order of the Board

James Reed-Daunter
Executive Director
15 February 2021

CORPORATE GOVERNANCE

Chairman's Introduction

The Board recognises the importance of high standards of corporate governance and considers that the Company's success is enhanced by the imposition of a strong corporate governance framework. In line with Arden's culture, Arden has developed both a rule based and a spirit based approach. The corporate governance approach is proportional to the size, risks and complexity of our operations.

In accordance with the AIM Rules for Companies and their requirement to adopt a recognised corporate governance code, the Board formally adopted the Quoted Companies Alliance Corporate Governance Code 2018 ("the Code") in September 2018. The Code is based around 10 broad principles of good corporate governance, aimed at delivering growth, maintaining a dynamic management framework and building trust. The application of the Code requires the Company to apply these 10 principles and to publish certain related disclosures on its website and in its Annual Report.

The Chairman ensures the Board and broader management framework is established, operates effectively and is compliant with the relevant statutory codes (including the Code) and company policies.

Since the date of adoption, with the exception of a formal Board evaluation process (as set out in further details later in this report), the Board do not consider there to be any practices that differ from the expectations set by the Code. The Board is pleased to report that there have not been any adverse governance related matters to report in the period.

Principles of Corporate Governance

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

Set out below are the 10 broad principles of good corporate governance set out by the Code. The following report sets out how Arden has measured itself against these principles in terms of the rules and spirit of good corporate governance.

Deliver growth

1. Establish a strategy and business model which promotes long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering all opportunities and threats, throughout the organisation

Maintain a dynamic management framework

5. Maintain the Board as a well-functioning, balanced team led by the Chairman
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

CORPORATE GOVERNANCE

Build trust

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

The Board

The Board is authorised to manage the business on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved through its own decision making and by delegating responsibilities to the various business committees. The Board is responsible for overseeing the management of the business as a whole and for ensuring high standards of corporate governance are maintained throughout the business.

The Chairman ensures the Board and broader management framework is established, operates effectively and is compliant with the relevant statutory codes and company policies. The Chief Executive Officer is the company's lead decision maker, develops and implements the strategy, manages performance and ensures the Board as a whole is informed of business matters.

The Directors

The Directors of the company are as follows:

Mark Ansell	Chairman (Non-Executive) Chairman of Remuneration Committee Chairman of Nominations Committee
Donald Brown	Chief Executive Officer
James Reed-Daunter	Executive Director
Steven Douglas	Group Finance Director
Alistair Currie	Director (Non-Executive) Chairman of Audit Committee

Mark Ansell and Alistair Currie are considered by the Board to be independent directors. Both the Chairman and the Non-executive Directors commit to a minimum of 15 days per annum to fulfil their responsibilities to the Group effectively.

All Directors receive regular updates and training on legal, regulatory and governance matters including presentations on thematic topics, providing training that is relevant to the business and to them to keep them abreast of governance and AIM regulatory developments. This training is provided by in-house and external advisers as appropriate.

Biographical details of all the Directors are set out on page 24.

Board Meetings

The Board has regular scheduled full meetings and will meet at other times as necessary. The Board is responsible for strategic and major operational issues affecting the Group. It reviews financial performance, regulatory compliance, and monitors key performance indicators. All Directors receive appropriate information on a timely basis to enable them to discharge their duties accordingly. The Board will consider any ad hoc matters of significance to the Group including corporate activity.

CORPORATE GOVERNANCE

Attendance at meetings by members of the Board during the year ended 31 October 2020 was as follows:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Total number of meetings				
	10	**2**	**1**	**1**
Donald Brown	10	n/a	n/a	n/a
James Reed-Daunter	10	n/a	n/a	n/a
Steven Douglas	10	n/a	n/a	n/a
Mark Ansell	10	2	1	1
Alistair Currie	10	2	1	1

Development and Support

On joining the Board, new members receive a limited induction, involving meetings with senior employees and certain external advisers. All Directors receive regular updates on legal, regulatory and governance issues. There is a regular flow of information to the Board to keep Directors up to date with the business. Both the Board and each Committee of the Board has access to independent advice at the Company's expense.

Board Evaluation

At present, Arden does not undertake any formal internal annual evaluation process of its Directors performance nor that of its committees. Informal assessments are undertaken on an ad-hoc basis. These assessments take the form of discussions, primarily with the Chairman in respect of the Chief Executive Officer and the Non-executive Director and with the Chief Executive Officer in respect of other directors.

Arden will consider implementing a more formal annual process in the future.

Re-election of Directors

In accordance with the Company's Articles certain of the Directors are required to be re-elected at Annual General Meetings of the Company. In accordance with the Articles, Mark Ansell is required to retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. The Board supports this re-appointment having assessed performance and value to the Board.

Shareholder Engagement

The Directors seek to meet shareholders through direct meetings and at the Annual General Meeting (AGM).

The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

Where voting decisions are not in line with the Company's expectations the Board will engage with those shareholders to understand and address any issues.

In addition, communications to all shareholders and the wider market are made through the Company's Investor Relations section of the website and through periodic news releases.

CORPORATE GOVERNANCE

The team is also available for telephone calls and meetings with shareholders and investors. The Chief Executive and Executive Director conduct press interviews, both immediately following the results publications as well as in between results events. Senior management also participates in investor roadshows and meetings in between results events as appropriate.

The Board pays particular attention to the votes cast by the shareholders at the Annual General Meeting. In the event that a significant proportion (>20% including proxies) of independent votes are cast against a resolution at a General Meeting of the Company, the Board intends, on a timely basis, to explain any action it has taken or will take as a result of that vote.

The Group is advised by its NOMAD, GCA Altium and by its retained legal advisers.

Corporate Social Responsibility

The Group's approach to Corporate Social Responsibility ("CSR") is set at Board level.

The Directors are aware of the impact the business activities have on communities in which the Group's businesses operate. The company does not discriminate based upon race, religion, age or gender and endeavours to conduct business ethically and with sensitivity towards social, cultural, economic and environmental issues.

The Group's responsibilities to stakeholders including staff, suppliers and customers and wider society are also recognised.

The Group is a respected employer and member of the community and regularly takes an active interest in matters local to the Group's principal offices (i.e. input and feedback, as members of the Walbrook Ward in the heart of the City of London and contributors into community initiatives within the Edgbaston Village area of Birmingham).

The Group continues to be engaged in a number of projects, in conjunction with stakeholders, to reduce carbon dioxide emissions, safely and efficiently dispose of waste and, where possible, reduce, re-use and recycle products and packaging.

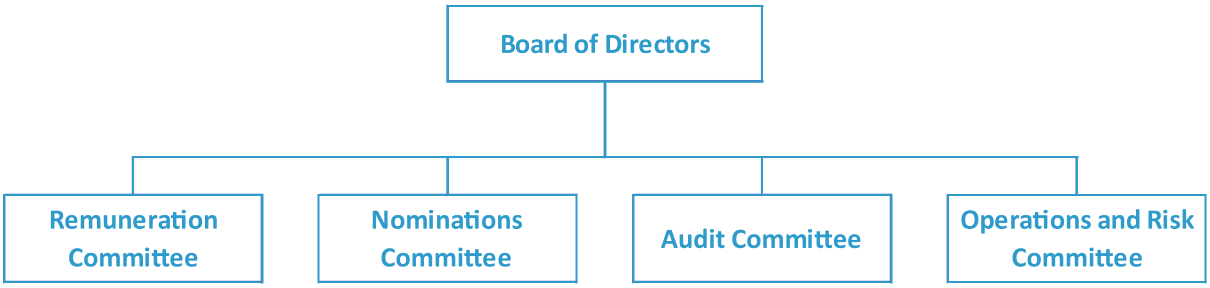
Committees

Good corporate governance is about ensuring that a company is managed efficiently and effectively in the interests of all stakeholders. Arden operates a number of committees which report to the Board of Directors. Each committee has a clear operating mandate setting out its responsibilities to ensure its effectiveness.

Maintaining a rigorous and disciplined approach to our operational effectiveness and management of risk, through robust processes, systems and controls which are embedded in our culture and working practices, is key to achieving success in delivering shareholder value. Arden encourages an entrepreneurial and commercial culture that is focused on generating value and the Board ensure that all relevant risk exposures are managed and mitigated.

CORPORATE GOVERNANCE

Further information on Arden's' strategy and how Arden mitigates the key risks to which the business is exposed are set out on pages 19 to 21 of the Strategic Report and Note 24 to the Financial Statements.



Remuneration Committee

The Remuneration Committee, which comprises the Non-Executive Directors, is chaired by Mark Ansell and has responsibility for determining remuneration of Executive Directors and senior members of staff. This Committee makes decisions in consultation with the Chief Executive Officer and no Director plays a part in any decision about their own remuneration. This Committee also reviews bonus and equity arrangements for the Group's senior employees (further details of Directors' remuneration are set out in the Report on Directors' remuneration on pages 34 to 37) and in addition has responsibility for supervising the Arden Partners Share Option Scheme and the grant of options under its terms.

The remuneration of all Non-Executive Directors is fixed by the Board.

Audit Committee

The Audit Committee, which comprises the Non-Executive Directors, is chaired by Alistair Currie and has responsibilities which include the review of:

- The Group's internal control environment.
- Financial risks (including market risk in relation to the Group's market making activities).
- Financial statements, reports and announcements. The Audit Committee evidences this review in a report to the Board following its meeting with the auditors to discuss their Report to the Audit Committee and includes an assessment of the information provided in support of the Board's statement on going concern and on any significant issues and how those issues were addressed.
- Independence of auditors, including a review of the non-audit services provided and the level of such fees relative to the audit fee. The Audit Committee is satisfied that the independence of BDO LLP as auditors has not been impaired through the provision of non-audit services. Details of auditor's fees are shown in note 3 of the financial statements on page 63. BDO LLP have been auditors to the company for 15 years. A review is also carried out on the effectiveness of external audit.
- Ensuring the Group has a policy which allows any member of staff to raise, in confidence, any concern about possible impropriety in matters of financial reporting or other matters, and to ensure that suitable arrangements are in place for a proportionate independent investigation of such matters including any follow-up action required.

The Audit Committee has two financial experts sitting on it. Alistair Currie is a Member of the Institute of Chartered Accountants of Scotland and Mark Ansell is a Fellow of the Institute of Chartered Accountants.

CORPORATE GOVERNANCE

Nominations Committee

The Nominations Committee, which comprises the Non-Executive Directors, is chaired by Mark Ansell.

The Committee's responsibilities include ensuring that the size and composition of the Board is appropriate for the needs of the Group including an assessment of diversity profile, selecting the most suitable candidate or candidates for the Board and to oversee succession planning aspects for the Board. This Committee is chaired by Mark Ansell.

Operations and Risk Committee

The Operations and Risk Committee is responsible for the implementation of strategy and for monitoring progress of delivery of key objectives. The Committee is also charged with monitoring risk exposures including those which arise through trading and holding financial instruments, corporate finance business, regulatory and compliance, capital adequacy and financial reporting risk. This Committee also has responsibility for monitoring the Group's internal control environment. Finally, the Committee reviews financial performance against budgets and key performance indicators.

The Operations and Risk Committee, which comprises the Chief Executive Officer, the Executive Director, Group Finance Director, Compliance and the departmental heads, is chaired by the Head of Equities.

A further explanation of risks which are faced by the Group, is set out in note 24 to the Financial Statements.

Internal Control

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Group's system of internal control includes appropriate levels of authorisation and segregation of duties. Financial information is presented to the Board each month comprising management accounts and other financial data which allows for regular reviews of performance. Any operational issues that arise are initially addressed (if appropriate) by the Operations Committee and referred to the Board as applicable. Any risk, control or system issues that arise are initially addressed (if appropriate) by the Risk Committee and referred to the Executive Directors as applicable. Further, the Board receives the minutes of all Operation Committee and Risk Committee meetings.

Complaints, Conflicts and Whistleblowing

Arden has long-established policies in place to manage Complaints, Conflicts and Whistleblowing. Clients and Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business.

Insurance

The Group maintains appropriate insurance cover in respect of litigation against the Directors and Officers of the Group.

Mark Ansell

Mark Ansell
Chairman
15 February 2021

DIRECTORS' REMUNERATION REPORT

Introduction

The Directors are not intending to comply fully with Schedule VIII of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, but are providing disclosures on a voluntary basis and therefore full disclosure required by the regulations has not been made.

This Report also describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. This Report is not subject to audit and a resolution to approve it will be proposed at the Annual General Meeting of the Company at which the Financial Statements are to be approved.

On 1 January 2013 the Group became subject to the conditions of the Financial Conduct Authority's ("the FCA's") Remuneration Code ("the Remuneration Code"). The Remuneration Committee believes that the Group's Remuneration Policies and procedures are both relevant and proportionate to the Remuneration Code requirements. The Group is classified as a "Tier 3" entity and to that extent is not subject to the detailed provisions relating to deferral and retained shares.

Remuneration Policy

Arden Partners has a policy to attract, motivate and reward individuals of the highest calibre who are committed to grow the value of the business and to maximise returns to shareholders.

This policy is as relevant to Executive Directors as it is to employees and the rewards of Executive Directors are aligned with those of shareholders in reflecting the performance of the Group.

The Group operates in a business environment where it is common practice to pay bonuses. The Group's policy is predicated on a principle that all bonuses are discretionary and are based on a measure of Group profitability. The Group's business is such that profits and losses from trading are essentially of a short-term nature and can be accurately measured. Where appropriate the bonus pool is adjusted to take account of any unrealised profits and, given the Group's risk policies and associated controls, the Remuneration Committee is of the opinion that the bonus policy does not encourage behaviour that may conflict with the Group's overall approach to risk.

Whilst the Group is not subject to Remuneration Code guidelines regarding deferral and retained shares, the Remuneration Committee believes that an element of deferral and claw-back of bonus is appropriate in certain circumstances.

The Remuneration Committee does not believe that bonuses should be capped by reference to salary levels for any employee, including Executive Directors, as this could have an adverse impact on performance. Basic salary levels for Executive Directors are set at reasonable levels by reference to observable peer group comparators and when compared to senior salary levels elsewhere in the business.

Where appropriate, an employee's overall remuneration package may involve the grant of options under the Group's share option scheme as noted below.

DIRECTORS' REMUNERATION REPORT

Directors' Service Contracts

No Director has a service contract for longer than twelve months and no contract contains provisions for sums to be paid on termination. Copies of Directors' service contracts will be available for inspection at the Annual General Meeting.

Pension Arrangements

The Group does not operate a final salary pension scheme. Executive Directors who are entitled to receive pension contributions may nominate a defined contribution pension scheme into which the Company makes payments on their behalf.

Share Options

Details of the Arden Partners plc Share Option Scheme are given in note 20 to the Financial Statements. The Remuneration Committee has responsibility for supervising the scheme and the grant of options under its terms.

The Company's policy is to use the Share Option Scheme to attract and retain key senior employees including the Executive Directors. Any grant of options is at the discretion of the Remuneration Committee and will take into account individual performance and responsibilities. Where appropriate, a grant of options will incorporate performance criteria and for Executive Directors may incorporate earnings per share, total shareholder return and return on capital employed. Some of these aspects will be bench-marked against a pool of similar competitors. Where appropriate such measures may include non-financial performance measures. All remuneration incentives are set in context to the Group's risk policies.

Directors' Remuneration

The Directors, along with all employees sacrificed salary at the outset of the COVID-19 pandemic.

A summary of the total remuneration paid to Directors who served during the year ended 31 October 2020 is set out below:

	Salary, fees and benefits £'000	Pension contributions £'000	Incentive payments £'000	Total 2020 £'000
Executive Directors				
Donald Brown	156	9	31	196
James Reed-Daunter	151	-	27	178
Steven Douglas	133	8	25	166
Non-Executive Directors				
Mark Ansell	40	-	-	40
Alistair Currie	28	-	-	28
Total	**508**	**17**	**83**	**608**

DIRECTORS' REMUNERATION REPORT

A summary of the total remuneration paid to current Directors who served during the year ended 31 October 2019 is set out below:

	Salary, fees and benefits £'000	Pension contributions £'000	Incentive payments £'000	Total 2019 £'000
Executive Directors				
Donald Brown	228	10	27	265
James Reed-Daunter	213	-	10	223
Steven Douglas [1]	143	8	4	155
Non-Executive Directors				
Mark Ansell	55	-	-	55
Alistair Currie [2]	32	-	-	32
Total	**671**	**18**	**41**	**730**

Notes:
1. Steven Douglas was appointed as a Director on 4 January 2019 and his salary is apportioned from this date.
2. Alistair Currie was appointed a Director on 11 January 2019 and his salary is apportioned from this date.

Directors' Interests in Ordinary Shares of Arden Partners plc

The Directors in office at the year-end had interests in the ordinary share capital of the Company (all of which were beneficial) as shown below:

	31 October 2020 Number	**Percentage Interest**	31 October 2019 Number
Executive Directors			
Donald Brown	719,880	2.48%	326,240
James Reed-Daunter	2,904,766	9.99%	2,571,122
Steven Douglas	442,907	1.52%	157,907
Non-Executive Directors			
Mark Ansell	155,160	0.53%	155,160
Alistair Currie	100,000	0.34%	100,000

DIRECTORS' REMUNERATION REPORT

Directors' Interests in Share Options

The following Directors had interests in options over ordinary shares of the Company as shown below:

Director Date of Grant	Vesting profile from grant date	Outstanding as at 1 November 2019 Number	Granted during the year Number	Exercised during the year Number	Lapsed/ Forfeited during the year Number	**Outstanding as at 31 October 2020 Number**
Donald Brown						
20/09/2017	1st, 2nd and 3rd anniversary	1,334,000	-	-	(1,334,000)	**-**
26/05/2020 [1]	1st, 2nd and 3rd anniversary	-	1,334,000	-	-	**1,334,000**
James Reed-Daunter						
23/07/2013	31/12/2018	500,000	-	-	(500,000)	**-**
20/09/2017	1st, 2nd and 3rd anniversary	500,000	-	-	(500,000)	**-**
26/05/2020 [1]	1st, 2nd and 3rd anniversary	-	1,000,000	-	-	**1,000,000**
Steven Douglas						
06/12/2017	1st, 2nd and 3rd anniversary	250,000	-	-	(250,000)	**-**
21/12/2018	1st, 2nd and 3rd anniversary	133,000	-	-	(133,000)	**-**
26/05/2020 [1]	1st, 2nd and 3rd anniversary	-	383,000	-	-	**383,000**
Total		2,717,000	2,717,000	-	(2,717,000)	**2,717,000**

Notes:

1. These options were granted on 26 May 2020 under the Arden Partners Share Plan 2013 and are exercisable subject to the achievement of Company performance related conditions.

Further details of option schemes are set out in note 20 to the Financial Statements.

Approval

This Report was approved by the Remuneration Committee and signed on its behalf by:

Mark Ansell
Chairman of Remuneration Committee
15 February 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report (Including Director's Report and Strategic 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 financial statements in accordance with International accounting standards ion conformity with the Companies Act 2006. 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 and Company 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 the Alternative Investment Market.

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 international accounting standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the 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 statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN PARTNERS PLC

For the year ended 31 October 2020

Opinion

We have audited the financial statements of Arden Partners plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows, the company statement of cash flows, the consolidated statement of changes in equity and the company statement of changes in equity and the 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 October 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN PARTNERS PLC

For the year ended 31 October 2020

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
Revenue recognition As detailed in the accounting policies and note 2, the group derives its revenue principally from two business divisions. Commission earned from equity trading on an agency basis and realised and unrealised trading gains and losses on shares traded on a principal basis are calculated automatically and consist of a high volume of transactions. The group uses a third party service organisation (Pershing) for the clearing and settlement of trades. Given the high volumes and the use of a third party to calculate the commission, this could lead to a material misstatement. Corporate Finance income includes retainer fees, corporate finance deal fees and placing commissions. Judgement is required in respect of the timing of the recognition of deal fees and placing commissions where the fee is dependent on certain events as stipulated in the engagement letter and for this reason, we considered this as a key audit matter. A fraud risk exists as a result of judgement that is required in respect of the timing of the recognition of deal fees and placing commissions.	Our procedures performed included: **Commission earned from equity trading on an agency basis and realised and unrealised trading gains and losses on shares traded on a principal basis:** • We obtained monthly trading and commission reports directly from the third party service organisation and re-performed the monthly reconciliations between the trading system, general ledger and the service organisation's reports for the whole period • We vouched a sample of commission to bank statements • We obtained direct confirmation from the service organisation of the year end market positions held and performed a recalculation of the unrealised and realised gains and losses on principal trading based on the opening book position, closing book position and buy and sell transactions in the year • We verified a sample of buy and sell transactions through third party confirmations and reconciled the total transactions to cash movements • We considered, where relevant, the findings of relevant control reports covering the clearing and settlement services provided by third party organisations. **Corporate finance deal fees and placing commissions** • For a sample of deal fees in the year, we recalculated the amount due based on the terms set out in the relevant engagement letters • We considered the status of open projects at the year end to determine whether it would be appropriate to recognise any revenue during the year • We analysed deal fees and placing commissions received subsequent to the year end based on the terms set out in the relevant engagement letters and the timing of the completion of the deals to determine whether revenue should be recognised in the year. **Key observations** Based on our work, no material misstatements were identified regarding revenue recognition.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN PARTNERS PLC

For the year ended 31 October 2020

Going concern	Our procedures performed included:
The Group is loss making, as such there is uncertainty over the going concern. The emergence and spread of Coronavirus and the related impact on the equity capital markets has heightened the risk that the Group's cash reserves could deteriorate such that further funding is required to support the Group and that may breach its various regulatory capital requirements. The equity trading market has worsened in the year which has impacted on the commission income and the market making book position. Furthermore, the Group's performance is most sensitive to corporate transaction fees, which may be adversely affected by the macro-economic environment. Judgement is required by the Directors in making an assessment of the Company's and the Group's ability to continue as a Going Concern and to discharge its liabilities as they fall due and whether any material uncertainties exist in respect of this judgement. Due to the performance of the Group and the additional judgement required in respect of the impact of the Coronavirus pandemic, we considered this to represent a significant risk of material misstatement and a key audit matter. The Directors' assessment of the Group's and Company's ability to continue as a going concern is set out in the Report of the Directors on page 25.	· We obtained and reviewed Management's cash flow forecasts/budgets and other available information · We considered and challenged whether the assumptions used in the forecasts and other available information were appropriate by examining contracts, pipeline deals and historical performance · We obtained and reviewed the stress testing performed by Management on the forecasts and other available information and considered how sensitive the information available is to changes in the assumptions. We applied alternative assumptions to assess the impact on the Group · We considered the impact of going concern on other affected areas including the valuation of financial and non-financial assets including accounts receivable and financial assets & liabilities held at fair value to assess whether there were indicators of impairment. · We obtained and reviewed Management's latest Internal Capital Adequacy Assessment Process (ICAAP) and other regulatory returns and correspondence to assess whether the Group had maintained their minimum capital requirements as required by the FCA in order to manage credit, market and operational risk. · We obtained and reviewed Management's assessment of the new prudential regime, to understand the impact this will have on the Group's capital adequacy and how Management plan to address any shortfall. **Key observations** Our observations are set out in the conclusions relating to going concern section of our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN PARTNERS PLC

For the year ended 31 October 2020

Our application of materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole to be £66,000 (2019: £82,000). This represents 1% of the average revenue for the last 3 years.

We considered a three year average revenue to be the most appropriate benchmark as revenue is of significant interest to the users of the financial statements in influencing their economic decisions.

Parent company materiality was set at £63,000 (2019: £78,000), which is based on 1% average revenue for the last 3 years and capped at 95% of 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 75% of materiality, namely £50,000 (2019: £62,000).

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1,300 (2019: £2,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group manages its operations from two locations in the UK, London and Birmingham, and consists of the parent company, two active subsidiaries and two dormant subsidiaries.

The Group engagement team carried out audits for the parent company and the non-significant active subsidiaries.

Our audit approach was developed by obtaining an understanding of the Group's activities, the key functions undertaken by the Board and the overall control environment. Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement.

Although deemed to be insignificant components of the Group, they were subject to statutory audit requirements. our audit work on each non-significant component was executed at levels of statutory materiality applicable to the individual entity which was lower than Group materiality.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN PARTNERS PLC

For the year ended 31 October 2020

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

Matters on which we are required to report by exception

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN PARTNERS PLC

For the year ended 31 October 2020

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.

BDO LLP

Peter Smith (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
15 February 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2020

	Note	2020 £'000	2019 £'000
Revenue	2	**5,929**	6,627
Administrative expenses	3	**(7,105)**	(9,181)
Expected credit loss	3	**(210)**	(98)
Loss from operations		**(1,386)**	(2,652)
Finance income	7	**44**	94
Finance expense	8	**(14)**	-
Loss before taxation		**(1,356)**	(2,558)
Income tax charge	9	**(2)**	(2)
Loss after taxation		**(1,358)**	(2,560)
Other comprehensive income for the year:			
Items that will or may be reclassified subsequently to profit or loss:			
Deferred tax taken to equity		**-**	(3)
Total comprehensive loss for the year attributable to equity shareholders		**(1,358)**	(2,563)

	Note	2020	2019
Loss per share			
Basic	10	**(5.0p)**	(8.9p)
Diluted	10	**(4.9p)**	(8.9p)

The notes on pages 53 to 88 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 October 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Assets					
Non-current assets					
Property, plant and equipment	11		**71**		111
Right of use assets	12		**164**		-
Deferred tax asset	14		**-**		2
Total non-current assets			**235**		113
Current assets					
Assets held at fair value through P&L	15	**1,955**		3,043	
Trade and other receivables	17	**2,464**		2,866	
Collateral deposits	24	**48**		-	
Cash and cash equivalents	18	**2,400**		2,538	
Total current assets			**6,867**		8,447
Total assets			**7,102**		8,560
Current liabilities					
Financial liabilities held at fair value through P&L	19	**(149)**		(244)	
Trade and other payables	19	**(2,199)**		(2,258)	
Lease liabilities	12	**(66)**		-	
Total current liabilities			**(2,414)**		(2,502)
Non-current liabilities					
Lease liabilities	12	**(52)**		-	
Total non-current liabilities			**(52)**		-
Total liabilities			**(2,466)**		(2,502)
Net assets			**4,636**		6,058
Shareholders' equity					
Called up share capital	20		**3,338**		3,338
Capital redemption reserve			**700**		700
Share premium account			**6,691**		6,691
Employee Benefit Trust reserve			**(182)**		(974)
Retained earnings			**(4,469)**		(2,255)
Total equity before deduction of own shares			**6,078**		7,500
Own shares			**(1,442)**		(1,442)
Total equity			**4,636**		6,058

The Financial Statements were approved by the Board of Directors and authorised for issue on 15 February 2021.

Steven Douglas
Group Finance Director

Mark Ansell
Chairman

The notes on pages 53 to 88 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 October 2020

Company number: 4427253	**Note**	**2020 £'000**	**2020 £'000**	2019 £'000	2019 £'000
Assets					
Non-current assets					
Property, plant and equipment	11		**71**		111
Right of use assets	12		**164**		-
Investments in subsidiary undertakings	13		**325**		325
Deferred tax asset	14		**-**		2
Total non-current assets			**560**		438
Current assets					
Assets held at fair value through P&L	15	**1,955**		3,043	
Trade and other receivables	17	**2,652**		3,054	
Collateral deposits	24	**48**		-	
Cash and cash equivalents	18	**2,066**		2,204	
Total current assets			**6,721**		8,301
Total assets			**7,281**		8,739
Current liabilities					
Financial liabilities held at fair value	19	**(149)**		(244)	
Trade and other payables	19	**(2,382)**		(2,442)	
Lease liabilities	12	**(66)**		-	
Total current liabilities			**(2,597)**		(2,686)
Non-current liabilities					
Lease liabilities	12	**(52)**		-	
Total non-current liabilities			**(52)**		-
Total liabilities			**(2,649)**		(2,686)
Net assets			**4,632**		6,053

The notes on pages 53 to 88 form part of these financial statements

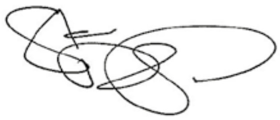
COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

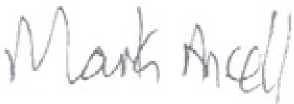
At 31 October 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Shareholders' equity					
Called up share capital	20		3,338		3,338
Capital redemption reserve			700		700
Share premium account			6,691		6,691
Employee Benefit Trust reserve			(182)		(974)
Retained earnings			(4,473)		(2,260)
Total equity before deduction of own shares			6,074		7,495
Own shares			(1,442)		(1,442)
Total equity			4,632		6,053

The Company has taken advantage of Section 408 of the Companies Act 2006, and the Statement of Comprehensive Income of the parent Company is not presented. The parent Company's loss after taxation for the financial year amounted to £1,357,000 (2019: loss £2,565,000).

The Financial Statements were approved by the Board of Directors and authorised for issue on 15 February 2021.





Steven Douglas
Group Finance Director

Mark Ansell
Chairman

The notes on pages 53 to 88 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 October 2020

	Note	2020 £'000	2019 £'000
Operating activities before taxation			
Loss before taxation		**(1,356)**	(2,558)
Adjustments for:			
Fair value adjustments		**(252)**	(98)
Depreciation charges – Property, plant and equipment	11	**66**	71
Depreciation charges – Right of use assets	12	**337**	-
Net interest receivable	7	**(44)**	(94)
Net interest paid on lease liabilities	8	**14**	-
Share based payment expense		**147**	89
Operating cash flow before changes in working capital		**(1,088)**	(2,590)
Decrease in operating assets		**1,691**	1,389
Decrease in operating liabilities		**(139)**	(252)
Cash from/(used in) operations		**464**	(1,453)
Income taxes paid	9	**-**	-
Net cash flows from/(used in) operating activities		**464**	(1,453)
Investing activities			
Purchases of property, plant and equipment	11	**(26)**	(78)
Net interest received	7	**44**	94
Net cash flows from investing activities		**18**	16
Financing activities			
Payment of lease liability		**(395)**	-
Net interest paid on lease liabilities	8, 12	**(14)**	-
Purchase of own shares		**(211)**	(399)
Dividends paid to equity shareholders	4	**-**	(293)
Net cash flows used in financing activities		**(620)**	(692)
Decrease in cash and cash equivalents		**(138)**	(2,129)
Cash and cash equivalents at the beginning of the year		**2,538**	4,667
Cash and cash equivalents at the end of the year	18	**2,400**	2,538

The notes on pages 53 to 88 form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 October 2020

	Note	2020 £'000	2019 £'000
Operating activities before taxation			
Loss before taxation		**(1,354)**	(2,563)
Adjustments for:			
Fair value adjustments		**(252)**	(98)
Depreciation charges – Property, plant and equipment	11	**66**	71
Depreciation charges – Right of use assets	12	**337**	-
Net interest receivable	7	**(44)**	(94)
Net interest paid on lease liabilities	8	**14**	-
Share based payment expense		**147**	89
Operating cash flow before changes in working capital		**(1,086)**	(2,595)
Decrease in operating assets		**1,689**	1,389
Decrease in operating liabilities		**(139)**	(247)
Investment in subsidiary	13	**-**	(325)
Cash from/(used in) operations		**464**	(1,778)
Income taxes paid	9	**-**	-
Net cash flows from/(used in) operating activities		**464**	(1,778)
Investing activities			
Purchases of property, plant and equipment	11	**(26)**	(78)
Net interest received	7	**44**	94
Net cash flows from investing activities		**18**	16
Financing activities			
Payment of lease liability		**(395)**	-
Net interest paid on lease liabilities	8, 12	**(14)**	-
Purchase of own shares		**(211)**	(399)
Dividends paid to equity shareholders	4	**-**	(293)
Net cash flows used in financing activities		**(620)**	(692)
Decrease in cash and cash equivalents		**(138)**	(2,454)
Cash and cash equivalents at the beginning of the year		**2,204**	4,658
Cash and cash equivalents at the end of the year	18	**2,066**	2,204

The notes on pages 53 to 88 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2020

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Own Shares £'000	Employee Benefit Trust Reserve £'000	Available for sale Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 October 2018	**3,338**	**6,691**	**700**	**(1,168)**	**(849)**	**(7)**	**519**	**9,224**
Transition adjustment	-	-	-	-	-	7	(7)	-
At 1 November 2018 (as restated)	**3,338**	**6,691**	**700**	**(1,168)**	**(849)**	-	**512**	**9,224**
Loss for year	-	-	-	-	-	-	(2,560)	(2,560)
Deferred tax taken to equity	-	-	-	-	-	-	(3)	(3)
Total comprehensive income for the year	-	-	-	-	-	-	(2,563)	(2,563)
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(293)	(293)
Purchase of own shares	-	-	-	(274)	-	-	-	(274)
Purchase of EBT shares	-	-	-	-	(125)	-	-	(125)
Share based payments	-	-	-	-	-	-	89	89
Balance at 31 October 2019	**3,338**	**6,691**	**700**	**(1,442)**	**(974)**	**-**	**(2,255)**	**6,058**
Loss for year	-	-	-	-	-	-	(1,358)	(1,358)
Total comprehensive income for the year	-	-	-	-	-	-	(1,358)	(1,358)
Contributions by and distributions to owners								
Purchase of EBT shares	-	-	-	-	(211)	-	-	(211)
Distribution of EBT shares	-	-	-	-	1,003	-	(1,003)	-
Share based payments	-	-	-	-	-	-	147	147
Balance at 31 October 2020	**3,338**	**6,691**	**700**	**(1,442)**	**(182)**	**-**	**(4,469)**	**4,636**

Notes

1. The capital redemption reserve represents the nominal value of shares that have been cancelled that were previously held as Own Shares.
2. Own Shares represents shares purchased to be held as treasury shares at historical cost.
3. The Employee Benefit Trust reserve represents shares held in the parent Company by the Arden Partners Employee Benefit Trust which is consolidated in these financial statements in accordance with the accounting policy in note 1.

The notes on pages 53 to 88 form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2020

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Own Shares £'000	Employee Benefit Trust Reserve £'000	Available for sale Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 31 October 2018	**3,338**	**6,691**	**700**	**(1,168)**	**(849)**	**(7)**	**519**	**9,224**
Transition adjustment	-	-	-	-	-	7	(7)	-
At 1 November 2018 (as restated)	**3,338**	**6,691**	**700**	**(1,168)**	**(849)**	-	**512**	**9,224**
Loss for year	-	-	-	-	-	-	(2,565)	(2,565)
Deferred tax taken to equity	-	-	-	-	-	-	(3)	(3)
Total comprehensive income for the year	-	-	-	-	-	-	(2,568)	(2,568)
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(293)	(293)
Purchase of own shares	-	-	-	(274)	-	-	-	(274)
Purchase of EBT shares	-	-	-	-	(125)	-	-	(125)
Share based payments	-	-	-	-	-	-	89	89
Balance at 31 October 2019	**3,338**	**6,691**	**700**	**(1,442)**	**(974)**	**-**	**(2,260)**	**6,053**
Loss for year	-	-	-	-	-	-	(1,357)	(1,357)
Total comprehensive income for the year	-	-	-	-	-	-	(1,357)	(1,357)
Contributions by and distributions to owners								
Purchase of EBT shares	-	-	-	-	(211)	-	-	(211)
Distribution of EBT shares	-	-	-	-	1,003	-	(1,003)	-
Share based payments	-	-	-	-	-	-	147	147
Balance at 31 October 2020	**3,338**	**6,691**	**700**	**(1,442)**	**(182)**	**-**	**(4,473)**	**4,632**

Notes

1. The capital redemption reserve represents the nominal value of shares that have been cancelled that were previously held as Own Shares.
2. Own Shares represents shares purchased to be held as treasury shares at historical cost.
3. The Employee Benefit Trust reserve represents shares held in the parent Company by the Arden Partners Employee Benefit Trust which is consolidated in these financial statements in accordance with the accounting policy in note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

1) Accounting policies

Arden Partners plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is set out on page 82.

Basis of preparation

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied to the Group and Company to all the years presented.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

The Consolidated and Company Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets, financial liabilities and derivative instruments to fair value.

The Group continues to adopt the going concern basis in preparing the financial statements. This is discussed in further detail in the Report of the Directors.

New standards effective during the year

The Group applies, for the first time, IFRS 16 Leases. The impact of which is set out below.

IFRS 16 Leases

IFRS 16 has been adopted from 1 November 2019 and applied on a modified retrospective basis which recognises a right of use asset at an equal amount to the lease liability, using the Group's current incremental borrowing rate. Comparative figures have not been restated.

The Group made the following additional choices, as permitted by IFRS 16, for existing operating leases:

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- not to bring leases with 12 months or fewer remaining to run as at 1 November 2019 on balance sheet. Costs for these items continue to be expensed directly to the income statement.
- for all leases, the lease liability was measured at 1 November 2019 as the present value of any future lease payments discounted using the incremental borrowing rate. The Group also excluded any initial direct costs (e.g. legal fees) from the measurement of the right of use assets at transition.
- to apply the use of hindsight when reviewing the lease arrangements for determination of the measurement or term of the lease under the retrospective option.

The weighted average incremental borrowing rate applied to lease liabilities on 1 November 2019 was 5%.

Right of use assets are initially measured at the amount of the lease liabilities and adjusted by the amount of any prepaid or accrued lease prepayments as at 31 October 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

The aggregate lease liability recognised in the Statement of Financial Position at 1 November 2019 and the Group's operating lease commitment at 31 October 2019 is set out below:

	£'000
Operating lease commitment at 1 November 2019	538
Effect of discounting lease commitments at a rate of 5%	(20)
Lease liability at 1 November 2019	**518**

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

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

As permitted under IFRS 16, all leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases with a term of twelve months or less remaining at 1 November 2019
- Lease of low value assets

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

IFRIC 23 Uncertainty Over Income Tax Positions

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. IFRIC 23 did not have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Standards that have been issued, but are not yet effective for the year ended 31 October 2020 include:

Amendment to IAS 1 and IAS 8: Definition of Material

In October 2018, the International Accounting Standards Board (Board) issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The amendment is effective for periods beginning on or after 1 January 2020.

Amendment to IFRS 3

In October 2018, the International Accounting Standards Board (Board) issued Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets.

The amendment is effective for periods beginning on or after 1 January 2020.

Significant accounting policies

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee 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. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The Company has taken advantage of Section 408 of the Companies Act 2006, and the Statement of Comprehensive Income of the parent Company is not presented. The parent Company's loss after taxation for the financial year amounted to £1,357,000 (2019: loss £2,565,000).

Revenue

In accordance with IFRS 15, revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Where consideration includes financial instruments or other non-cash items, revenue is measured at fair value using an appropriate valuation method.

Revenue comprises commission earned on primary, secondary and private capital raising (Corporate placing commission), Corporate Finance advisory fees, Corporate Finance annual retainer fees, the net realised and unrealised trading gains or losses of shares traded on a principal basis, commissions and fees earned from trading shares on an agency basis and Research retainer fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Corporate Finance Division

- Corporate placing commissions are variable fees agreed on a deal by deal basis based on a percentage of the funds raised as part of a transaction. Given that fees related to this work are success based, there is a significant risk of reversal of the variable revenue and therefore the performance obligation is satisfied at a point in time when the transaction is completed. Where there are arrangements in place for an element of revenue to be paid away the cost is recognised in administrative expenses.
- Corporate Finance advisory fees are only recognised once all performance obligations have been met and there is a contractual entitlement for the Group to receive them for advisory fees this is typically only when a deal completes.
- Corporate Finance retainer fees are accrued over the period for which the service is provided and are based on a contract between the Group and the client. The negotiated contract price varies by contract and is documented in the contract.

Equities Division

- Net trading gains or losses are the realised and unrealised profits and losses from market-making long and short positions on a trade date basis and comprise all gains and losses from changes in the fair value of financial assets and liabilities held for trading, together with any related dividend on positions held. Net trading gains or losses also include gains and losses arising on equity options and warrants received in lieu of corporate finance fees.
- Commission is recognised when receivable in accordance with the date of the underlying transaction. It is variable fee based on a percentage of the transaction and therefore performance obligation is satisfied at the date of the underlying transaction to which the brokerage relates.
- Research retainer fees are recorded in the period to which they relate and the contract price can be variable from period to period based on the level or standard of research provided. Contracts are in place between the Group and each of its research clients and amounts recorded are either over a period for which the service is provided, or where discretionary based on variable considerations derived from the most recent level of research provided in the previous period updated for recent events or communications with the client.

Interest receivable

Finance income, which comprises principally interest received, is recognised using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and impairment in value.

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment evenly over their expected useful lives on a straight line basis. It is calculated at the following rates:

Improvements to leasehold buildings	-	33.33% per annum
Fixtures, fittings and computer equipment	-	33.33% per annum

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Company's financial assets comprise trading investments, trade and other receivables, collateral deposits 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. These include market making positions valued at the closing market bid price 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.

Also included within financial assets held at fair value through profit or loss are derivative assets comprising 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 includes exercise price, expected life, share price at the date of grant, price volatility and risk-free interest rate.

Gains and losses from the financial assets held at fair value through profit and loss are presented within revenue as equities division income.

Financial assets also include trade and other receivables, collateral deposits 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

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 trading liabilities and 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.

Financial liabilities held at fair value through profit or loss are held for trading and are acquired principally for repurchasing. These include market making positions valued at the closing market offer price at the balance sheet date and presented within current liability investments. The change in the value of investments held for trading is recognised in the profit and loss account.

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

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.

Stock borrowing collateral

The Group may enter into stock borrowing arrangements with certain institutions. These are entered into on a collateralised basis with securities or cash advances received as collateral.

Under such arrangements a security is purchased with a commitment to return it at a future date at a future agreed price. The securities purchased are not recognised on the Statement of Financial Position and the transaction is treated as a secured loan made for the purchase price.

Where cash has been used to effect the purchase, the cash collateral amount is recorded as a pledged asset on the Statement of Financial Position.

Foreign currency transactions

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into sterling at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income within administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

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

Deferred tax is provided based upon temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 reporting 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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by shareholders at an Annual General Meeting. Dividends unpaid at the reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Own Shares

The cost of purchasing Treasury Shares held by the Company are shown as a deduction against equity and are declared as Own Shares.

Leases

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

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the unpaid lease payments discounted using an incremental borrowing rate.

Right of use asset are initially measured at the amount of the lease liabilities plus initial direct costs, costs associated with removal and restoration and payments previously made. Right of use assets are amortised on a straight line basis over the term of the lease.

Lease liabilities are subsequently increased by the interest charge using the incremental borrowing rate and reduced by the contractual payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Pension costs

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the period in which they become payable.

Government Grants

During the year the Group has received grants from the UK Government in relation to Coronavirus Job Retention Scheme. The income from these grants has been offset against the expense to which it relates.

Employee Benefit Trust

Arden Partners Employee Benefit Trust is a trust established by Trust deed in 2006 and the assets and liabilities are held separately from the Company. Its assets and liabilities are fully consolidated in the consolidated and Company Statements of Financial Position, and holdings of Arden Partners plc shares by the Arden Partners Employee Benefit Trust are shown as a deduction from Company and consolidated equity under the heading "Employee Benefit Trust reserve".

Share based payments – equity settled

All options granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. Vesting conditions for all the share option schemes relate to service conditions and profit, which are non market conditions the features of which are not incorporated not the fair value of the option. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms of an equity settled award are modified, an incremental value is calculated as the difference between the fair value of the repriced option and the fair value of the original option at the date of re-pricing. This incremental value is then recognised as an expenses over the remaining vesting period in addition to the amount recognised in respect of the original option grant.

Critical accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of judgements about carrying amounts of assets and liabilities. Actual results may differ from those amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Estimates and judgements that may have an effect on the next financial year are discussed below:

Derivative Financial Assets

The equity options are initially accounted for and measured at fair value on the date the Group becomes a party to the contractual provisions of the option 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. The fair value of equity options are estimated by using valuation models such as Black-Scholes. Further detail is provided in note 23.

Expected Credit Losses

The Group has internal processes designed to assess the credit risk profile of its financial instruments, and to determine the relevant stage for calculating the expected credit losses.

For Trade and other receivables, the group has established a provision matrix that incorporates the Groups historical credit loss experience and whether a receivable is overdue or not.

Factors considered in determining whether a default has taken place include how many days past due date a payment is, deterioration in the credit worthiness of a client, and knowledge of specific events that could influence a client's ability to pay.

Further detail is provided in note 17.

Incremental borrowing rate

When discounting lease payments if the interest rate is not implicit in the lease the Group uses the incremental borrowing rate, being an estimate of the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Share Based Payments

Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant. The fair value of share options is estimated by using valuation models, such as Black-Scholes, on the date of grant based on certain assumptions.

Those assumptions are described in note 19 and include, among others, the dividend growth rate and expected volatility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

2) Revenue

Revenue is wholly attributable to the principal activity of the Group and arises solely within the United Kingdom.

	2020 £'000	2019 £'000
Equities Division	(538)	751
Corporate Finance Division	6,341	5,839
Wealth Management Division	126	37
Total revenue	5,929	6,627
Services transferred at a point in time	3,590	4,164
Services transferred over a period of time	2,339	2,463
Total revenue	5,929	6,627

Included within revenue of the Equities Division is a loss of £1,296,000 (2019: £113,000) derived from the equity trading operation.

Included within revenue of the Equities Division is a profit of £252,000 (2019: £97,000) relating to the fair value adjustment of warrants held within assets that are fair valued through profit or loss.

Included within revenue of the Equities Division is a profit of £300,000 (2019: £63,000) relating to the fair value of a warrant over securities which was received as consideration for Corporate Finance services rendered.

The Directors are of the opinion that there are three operating segments and while segment revenues are reviewed internally business resources are not allocated to segments for the purposes of deriving either profit or assets. In 2020, two of the Group's customers contributed revenue of £1,525,000, being more than 10% of the Group's total revenue. In 2019, none of the Group's customers contributed revenue of more than 10% of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

3) Administrative expenses

	2020 £'000	2019 £'000
Administrative expenses comprise the following:		
Depreciation of property, plant and equipment	**66**	71
Depreciation of right of use assets	**337**	-
Operating lease costs	**-**	271
Staff costs (see note 5)	**3,645**	5,592
IT infrastructure and software costs	**1,085**	1,158
Settlement costs	**441**	557
Other administrative expenses	**1,012**	1,384
Auditor's remuneration:		
Audit services:		
Company	**46**	42
Subsidiaries	**2**	1
Tax services	**6**	6
Audit related assurance services	**15**	17
Foreign currency (gains)/losses	**-**	(7)
Share based payments	**147**	89
Staff termination costs (see note 5)	**303**	-
Total administrative expenses	**7,105**	9,181
Credit Impairment	**206**	92
Expected credit loss	**4**	6
Total impairment/credit losses	**210**	98
Total expenses	**7,315**	9,279

4) Dividends

Dividends recognised in the prior year consisted of the 2018 final dividend of £293,000 (1p per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

5) Employees

Staff costs (including Directors) of the Group and Company consist of:

	2020 £'000	2019 £'000
Wages and salaries	**3,177**	4,559
Incentive payments	**143**	149
Social security costs	**388**	567
Other pension costs	**167**	228
	3,875	5,503
Share based payments (see note 20 for further details)	**147**	89
	4,022	5,592

Staff costs include an amount of £303,000 (2019: £Nil) in respect of cost reduction carried out in the year. The average number of employees (including Directors) of the Group and Company during the year was 43 (2019: 50) of which 37 (2019: 38) are front-office and the remainder are administration.

Wages and salaries costs for the year shown net of £86,000 received from the UK government in relation to the Coronavirus Job Retention Scheme.

Included within Staff costs are consultancy fees of £Nil (2019: £57,000).

6) Directors' remuneration

	2020 £'000	2019 £'000
Directors' emoluments including incentive payments	**591**	712
Company contributions to money purchase pension schemes	**17**	18
	608	730

There were 2 Directors in a defined contribution pension scheme during the year (2019: 2).

The total amount payable to the highest paid Director in respect of emoluments was £196,000 (2019: £265,000) of this total Company pension contributions of £9,000 (2019: £10,000) were provided towards a money purchase scheme on his behalf.

Further details of Directors' remuneration are set out in the Report on Directors' Remuneration on pages 34 to 37.

7) Finance income

	2020 £'000	2019 £'000
Bank and other interest receivable	**44**	94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

8) Finance expense

	2020 £'000	2019 £'000
Interest on leases	14	-

9) Income tax expense

	2020 £'000	2019 £'000
UK Corporation tax		
Current tax on profit of the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	2	2
Total deferred tax	2	2
Total income tax charge	2	2

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2020 £'000	2019 £'000
Loss before tax	(1,356)	(2,558)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019: 19%)	(258)	(486)
Effect of:		
Losses carried forward	150	447
Income not taxable	(8)	(15)
Expenses not deductible for tax purposes	119	60
Deferred tax on share options	(1)	(4)
Total income tax charge	2	2

The standard rate of corporation tax in the UK was 19% throughout the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

10) Earnings per share

In addition to the basic earnings per share, underlying earnings per share has been shown because the Directors consider that this gives a more meaningful indication of the underlying performance of the Group. Where applicable, all adjustments are stated after taking into consideration current tax treatment ignoring deferred tax.

	Year ended 31 October 2020		Year ended 31 October 2019	
	Pence per Share	Numerator £'000	Pence per Share	Numerator £'000
Loss per share	**(5.0)**	**(1,358)**	(8.9)	(2,560)
Add: IFRS2 share-based payments	**0.5**	**147**	0.3	89
Underlying basic loss per share	**(4.5)**	**(1,211)**	(8.6)	(2,471)
Diluted loss per share	**(4.9)**	**(1,358)**	(8.9)	(2,560)
Add: IFRS2 share-based payments	**0.5**	**147**	0.3	89
Underlying diluted loss per share	**(4.4)**	**(1,211)**	(8.6)	(2,471)

The Directors believe that the underlying loss and underlying loss per share, which are alternative performance measures, provide more useful information for shareholders on the underlying performance of the Group than the reported numbers as they fairer reflect the underlying operating performance of the Group as these costs are not considered part of the usual operations.

	Year ended 31 October 2020 Number	Year ended 31 October 2019 Number
Denominator		
Weighted average number of shares in issue for **basic** earnings calculation	**27,308,302**	28,794,079
Weighted average dilution for outstanding share options	**599,862**	52,235
Weighted average number for **diluted** earnings calculation	**27,908,164**	28,846,314

The 1,995,000 (2019: 2,310,700) shares held by the Arden Partners Employee Benefit Trust and 4,304,724 (2019: 4,304,724) shares held in Treasury, being the weighted average number of treasury shares in issue during the year, have been excluded from the denominator.

No adjustment has been made to the diluted loss per share of 4.5p as the dilution effect of the weighted average number of outstanding share options of 599,862 would be to decrease the loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 October 2020

11) Property, plant and equipment

Group and Company as at 31 October 2020

	Improvements to leasehold buildings £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost			
At 1 November 2019	301	1,467	1,768
Additions	-	26	26
At 31 October 2020	**301**	**1,493**	**1,794**
Depreciation			
At 1 November 2019	301	1,356	1,657
Charge for the year	-	66	66
At 31 October 2020	**301**	**1,422**	**1,723**
Net book value			
At 31 October 2020	**-**	**71**	**71**
At 31 October 2019	-	111	111

Group and Company as at 31 October 2019

	Improvements to leasehold buildings £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost			
At 1 November 2018	301	1,389	1,690
Additions	-	78	78
At 31 October 2019	**301**	**1,467**	**1,768**
Depreciation			
At 1 November 2018	301	1,285	1,586
Charge for the year	-	71	71
At 31 October 2019	**301**	**1,356**	**1,657**
Net book value			
At 31 October 2019	**-**	**111**	**111**
At 31 October 2018	-	104	104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

12) Leases

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

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

IFRS 16 was adopted on 1 November 2019 and the Group has applied the modified retrospective approach without restatement of comparative figures. The right of use asset and lease liability have been calculated as the net present value of the remaining lease payments discounted at the incremental borrowing rate of 5%.

On 1 November 2019, the Group recognise the right to use assets for its two leasehold properties whilst creating corresponding lease liabilities.

Group and Company as at 31 October 2020

Right of Use Assets

	Leasehold Properties £'000	Total £'000
Cost		
Adoption of IFRS 16	501	501
Depreciation	(337)	(337)
At 31 October 2020	**164**	**164**

Lease liabilities

	Leasehold Properties £'000	Total £'000
Cost		
Adoption of IFRS 16	518	518
Interest expense	14	14
Lease payments	(414)	(414)
At 31 October 2020	**118**	**118**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Maturity of discounted lease liabilities

Group and Company as at 31 October 2020

	Payable with 1 year £'000	Payable in 2 to 5 years £'000	Payable more than 5 years £'000	Total contractual payments £'000
Lease liability	66	52	-	**118**

The following represents the lease expense in relation to leases which is recognised in the Statement of Comprehensive Income:

Group and Company as at 31 October 2020

	2020 £'000	2019 £'000
Depreciation of right to use asset	**337**	-
Interest charge	**14**	-
	351	-

On 16 November 2020, the Group has extended its lease of Floor 12, 125 Old Broad Street for a further two year period on the same terms as the original lease. The right to use asset of £619,000 created by this lease extension will be recognised in the reporting period ending 31 October 2021 and is therefore not shown in these financial statements.

13) Investments in subsidiaries

Company

	2020 £'000	2019 £'000
At 1 November	**325**	-
Additions	**-**	325
At 31 October	**325**	325

Investments in subsidiaries are stated at cost less impairment.

The Company owns the whole of the issued share capital of Arden Partners Nominees Limited, a company registered at 5 George Road, Edgbaston, Birmingham, B15 1NP, England. This Company's sole activity is the holding of investments for clients of Arden Partners plc. The Company has not traded during the current or prior year.

The Company also owns the whole of the issued share capital of Arden Wealth Management Limited, a company registered at 5 George Road, Edgbaston, Birmingham, B15 1NP, England. The Company's sole activity is the provision of wealth management services. During the year Arden Partners plc invested £325k in Arden Wealth Management Limited.

The Company also owns the whole of the issued share capital of Arden Partners EBT Limited, a company registered at 5 George Road, Edgbaston, Birmingham, B15 1NP, England. The Company's sole activity is to act as payment agent for the Arden Partners Employee Benefit Trust. At 31 October 2020, the Arden Partners Employee Benefit Trust held 1,995,000 ordinary shares in Arden Partners plc (2019: 2,310,700 ordinary shares).

The Company also owns the whole of the issued share capital of Arden Partners Asset Management Limited and Arden Equities Limited, both companies registered at 5 George Road, Edgbaston, Birmingham, B15 1NP, England which were formed as name protection companies. None of the Companies have traded during the current or prior year.

14) Deferred tax asset

Group and Company – 2020

	Accelerated capital allowances £'000	Share options £'000	Total deferred tax asset £'000
At 1 November 2019	1	1	2
Charged to Statement of Comprehensive Income	(1)	(1)	(2)
At 31 October 2020	**-**	**-**	**-**

Group and Company – 2019

	Accelerated capital allowances £'000	Share options £'000	Total deferred tax asset £'000
At 1 November 2018	3	5	8
Charged to Statement of Comprehensive Income	(2)	(4)	(6)
At 31 October 2019	**1**	**1**	**2**

The Company has unutilised tax losses of £7.4m (2019: £6.7m) on which a potential deferred tax asset of £1.4m (2019: £1.2m) which, due to the uncertainty of the timing of future taxable profits, has not been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 October 2020

15) Assets held at fair value through P&L

Group and Company

	2020 £'000	2019 £'000
Held for trading:		
Long market making equity positions	**1,510**	2,851
Derivative financial assets:		
Warrants	**445**	192
At 31 October	**1,955**	3,043

At 31 October 2020 the historical cost of long market making equity positions was £2,266,000 (2019: £3,444,000).

At 31 October 2020 the historical cost of derivative financial assets was £Nil (2019: £Nil).

16) Available for sale financial assets

Group and Company

	2020 £'000	2019 £'000
At 1 November	**-**	520
Transition adjustment	**-**	(520)
At 31 October	**-**	-

At 31 October 2020 the historical cost of available for sale financial assets was £Nil (2019: £Nil).

17) Trade and other receivables

Group

	2020 £'000	2019 £'000
Trade receivables	**965**	903
Less: provision for impairment of trade receivables	**(210)**	(98)
Net trade receivables	**755**	805
Market receivables	**612**	839
Other receivables	**641**	730
Prepayments	**416**	488
Accrued income	**40**	4
	2,464	2,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Company

	2020 £'000	2019 £'000
Trade receivables	**965**	903
Less: provision for impairment of trade receivables	**(210)**	(98)
Net trade receivables	**755**	805
Market receivables	**612**	839
Other receivables	**829**	918
Prepayments	**416**	488
Accrued income	**40**	4
	2,652	3,054

The fair value of market, trade and other receivables classified at amortised cost approximates to their fair value.

Included within other receivables is an amount of £500,000 (2019: £500,000), which is pledged as security to Pershing Securities Limited).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables.

At 31 October 2020 the lifetime expected loss provision for trade receivables is as follows:

	Current £'000	**More than 120 days past due £'000**	**More than 365 days past due £'000**	**Total £'000**
Expected loss rate	1%	1%	1%	
Gross trade receivable	586	327	52	**965**
Loss provision	5	3	-	**8**

As at 31 October 2020 trade receivables of £314,000 (2019: £89,000) had lifetime credit losses of the full value of the receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Movements in impairment provision were as follows:

Group and Company

	31 October 2020 £'000	31 October 2019 £'000
Opening balance	98	-
Amounts released due to recovery	-	-
Amounts written off	(123)	-
Amounts charged to the statement of comprehensive income	210	98
Closing balance	185	98

18) Cash and cash equivalents

Group

	2020 £'000	2019 £'000
Cash and bank balances	2,400	2,538

Company

	2020 £'000	2019 £'000
Cash and bank balances	2,066	2,204

Included within cash and bank balances of the Group and the Company at 31 October 2020 is an amount of $30,000 (£23,000) (2019: $17,000 (£13,000)) which is denominated in USD.

Included within cash and bank balances of the Group and the Company at 31 October 2020 is an amount of €21,000 (£19,000) (2019: €28,000 (£24,000)) which is denominated in EUR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

19) Current liabilities

Group

	2020 £'000	2019 £'000
Financial liabilities at fair value through profit and loss		
Short market making equity positions	**149**	244
Trade and other payables		
Market payables	**384**	673
Trade payables	**456**	641
Other taxation and social security	**583**	217
Other payables	**295**	183
Accruals	**285**	340
Deferred income	**196**	204
Total trade and other payables	**2,199**	2,258

There are no differences between the fair values and the amortised cost of any of the trade and other payables as they are short term in nature. Included in the above are financial liabilities amounting to £1,284,000 (2019: £1,741,000).

Deferred income relates to retainer fees invoiced in advance and spread over the length of the period, typically quarterly. There was no impact of applying IFRS 15 to this revenue stream.

Company

	2020 £'000	2019 £'000
Financial liabilities at fair value through profit and loss		
Short market making equity positions	**149**	244
Trade and other payables		
Market payables	**384**	673
Trade payables	**456**	641
Other taxation and social security	**583**	217
Other payables	**478**	367
Accruals	**285**	340
Deferred income	**196**	204
Total trade and other payables	**2,382**	2,442

There are no differences between the fair values and the amortised cost of any of the trade and other payables as they are short term in nature. Included in the above are financial liabilities amounting to £1,468,000 (2019: £1,925,000).

Deferred income relates to retainer fees invoiced in advance and spread over the length of the period, typically quarterly. There was no impact of applying IFRS 15 to this revenue stream.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

20) Share capital

	2020 £'000	2019 £'000
Equity share capital		
33,378,935 (2019: 33,378,935) Ordinary shares of 10p each	**3,338**	3,338

During the prior year the Company purchased 1,748,167 ordinary shares to be held in Treasury. The total cost of the shares was £0.3m.

During the year Arden Partners Employee Benefit Trust purchased 2,545,000 (2019: 830,000) ordinary shares to be held in the Trust. The total cost of the shares was £0.2m (2019: £0.1m).

During the year The Arden Partners Employee Benefit Trust distributed 2,860,700 shares for nil value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

Options over the Company's shares outstanding

Movements in the number of share options and their weighted average exercise prices are as follows:

	Number of Options 2020	**Weighted Average Exercise price (pence) 2020**	Number of Options 2019	Weighted Average Exercise price (pence) 2019
At 1 November	**5,398,000**	**42.6**	5,005,740	45.9
Granted during the year	**5,368,000**	**8.5**	1,083,000	28.5
Forfeited during the year	**(6,081,000)**	**(38.7)**	(690,740)	(44.8)
At 31 October	**4,685,000**	**8.5**	5,398,000	42.6

The share options outstanding at the year end have a weighted average exercise price and expected remaining life as follows:

	31 October 2020			31 October 2019		
	Number of share options	**Weighted Average exercise price (pence)**	**Weighted average expected remaining life (months)**	Number of share options	Weighted average exercise price (pence)	Weighted average expected remaining life (months)
Arden Partners Share Plan 2007	**-**	**-**	**-**	75,000	10.0	17
Arden Partners Share Plan 2013	**4,685,000**	**8.5**	**122**	5,323,000	43.03	39
	4,685,000			5,398,000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The number of options outstanding by issue date and exercise price, together with the vesting periods, fair values, and the assumptions used to calculate the fair value, and the actual remaining contractual life as at 31 October 2020 are as follows:

	Arden Partners Share Plan 2013
Grant dates	26/05/2020
Weighted average fair value at grant date [1]	0.015p
Average exercise price	8.50p
Exercise price range	8.50p – 8.50p
Weighted average share price at date of grant	5.00p
Expected volatility [2]	242%
Risk free interest rate	0.10%
Dividend yield	Nil
Option life (months)	127
Weighted average option life (months)	127
Weighted average life remaining (months)	122
Number of options outstanding	4,685,000
Percentage of options expected to vest	100%
Number of options vested but unexercised	Nil

Notes:

1. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life is the life of the option in question and growth in dividend yield is based on the best current estimate of future yields over the contractual period.
2. Expected volatility is based on historic information adjusted to take effect of future trends in economic conditions, behavioural considerations and exercise restrictions.

Share Option Modification

During the year The Board decided that the outstanding share options were not providing the intended incentivisation and decided to re-set the exercise price of all outstanding share options to 8.5 pence per share.

The following conditions were also attached to the modified share options:

- Share options are only exercisable if the Company's Net Asset Value per Ordinary Share at the time of intended exercise is at or above 15 pence per Ordinary Share;
- One-third of the share Options vest on 1 January 2021; one third on 1 January 2022 and the final third on 1 January 2023; and
- Share Options will lapse, if not previously exercised, on 31 December 2030.

As a result of this modification a weighted average incremental fair value of 0.013p was recognised which represents the difference between the option fair value immediately pre and post the share option modification.

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Arden Partners Share Incentive Plan ("SIP")

The SIP was established in April 2018 with the objective of increasing employee retention and share ownership. Under the SIP scheme, employees enter into an agreement to purchase shares in the Group each month. For each share purchased by an employee, the Group awards a matching share which passes to the employee after three years' service. The matching shares are allocated each month at market value with this fair value charge being recognised in the income statement in full in the year of allocation.

The total expense recognised for the year arising from share based payments is as follows:

	2020 £'000	2019 £'000
Expensed during the year (equity settled) *(included within employee costs as set out in note 5)*	**147**	145

The charge for the year of £147,000 (2019: £145,000) is made up of an expense of £222,000 (2019: £166,000) and an expense reverse on forfeiture of share options of £75,000 (2019: £21,000).

21) Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Where members of staff do not join the Company scheme, contributions are made to their own nominated schemes all of which are defined contribution. The pension charge for the year amounted to £167,000 (2019: £228,000). Contributions amounting to £51,000 (2019: £28,000) remained outstanding to schemes and are included in payables.

22) Related party disclosures

The key management are considered to be the Board of Directors of Arden Partners plc, whose remuneration can be seen in the Directors' Remuneration Report on pages 29 to 32. The compensation in total for each category required by IAS 24 is as follows:

	Year ended 31 October 2020 £'000	Year ended 31 October 2019 £'000
Salaries and short term employee benefits	**591**	712
Pension Contributions	**17**	18
Social security costs	**73**	90
Share-based payments	**37**	46
	718	866

<u>Intra-company transactions with wholly owned subsidiaries</u>

Amounts owed to subsidiaries as at 31 October 2020 amounted to £183,000 (2019: £184,000).

Amounts owed by subsidiaries as at 31 October 2020 amounted to £188,000 (2019: £188,000). These loans are unsecured and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 October 2020

23) Events after the reporting period

On 16 November 2020, the Group extended its lease of Floor 12, 125 Old Broad Street by an additional two years. The extended lease is due to expire on 10 February 2023.

24) Financial instruments and risk profile

The Group and Company's financial instruments comprise cash and cash equivalents, assets held at fair value, trade receivables and trade payables arising from operations.

The categorisation of the Group and Company's assets and liabilities analysed by accounting treatment is summarised below:

Group as at 31 October 2020:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	-	-	71	71
Right of use assets	-	-	164	164
Assets held at fair value through P&L	-	1,955	-	1,955
Trade and other receivables	2,008	-	456	2,464
Stock borrowing collateral	48	-	-	48
Cash and cash equivalents	2,400	-	-	2,400
Total assets	**4,456**	**1,955**	**691**	**7,102**
Liabilities				
Financial liabilities held at fair value	-	(149)	-	(149)
Trade and other payables	(1,135)	-	(1,064)	(2,199)
Lease liabilities	(118)	-	-	(118)
Total liabilities	**(1,253)**	**(149)**	**(1,064)**	**(2,466)**
Total equity	**3,203**	**1,806**	**(373)**	**4,636**

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Group as at 31 October 2019:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	-	-	111	111
Deferred tax asset	-	-	2	2
Assets held at fair value through P&L	-	3,043	-	3,043
Trade and other receivables	2,374	-	492	2,465
Cash and cash equivalents	2,538	-	-	2,538
Total assets	**4,912**	**3,043**	**605**	**8,560**
Liabilities				
Financial liabilities held at fair value	-	(244)	-	(244)
Trade and other payables	(1,497)	-	(761)	(2,258)
Total liabilities	**(1,497)**	**(244)**	**(761)**	**(2,502)**
Total equity	**3,415**	**2,799**	**(156)**	**6,058**

Company as at 31 October 2020:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	-	-	71	71
Right of use assets	-	-	164	164
Investments in subsidiary undertakings	-	-	325	325
Assets held at fair value through P&L	-	1,955	-	1,955
Trade and other receivables	2,196	-	456	2,652
Stock borrowing collateral	48	-	-	48
Cash and cash equivalents	2,066	-	-	2,066
Total assets	**4,310**	**1,955**	**1,016**	**7,281**
Liabilities				
Financial liabilities held at fair value	-	(149)	-	(149)
Trade and other payables	(1,318)	-	(1,064)	(2,382)
Lease liabilities	(118)	-	-	(118)
Total liabilities	**(1,436)**	**(149)**	**(1,064)**	**(2,649)**
Total equity	**2,874**	**1,806**	**(48)**	**4,632**

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Company as at 31 October 2019:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	-	-	111	111
Deferred tax asset	-	-	2	2
Investments in subsidiary undertakings	-	-	325	325
Assets held at fair value through P&L	-	3,043	-	3,043
Trade and other receivables	2,562	-	492	3,054
Cash and cash equivalents	2,204	-	-	2,204
Total assets	**4,766**	**3,043**	**930**	**8,739**
Liabilities				
Financial liabilities held at fair value	-	(244)	-	(244)
Trade and other payables	(1,681)	-	(761)	(2,442)
Total liabilities	**(1,681)**	**(244)**	**(761)**	**(2,686)**
Total equity	**3,085**	**2,799**	**169**	**6,053**

The Group and Company have recognised the following risks arising from these financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Regulatory risk

24.1 ***Market risk***

Equity price risk

The Group and Company face risk arising from holding trading assets in markets that fluctuate. The Group and Company manage equity price risk by establishing individual stock limits and overall investment criteria, and management reports are prepared daily in support of a review regime. The Board reviews trading assets on a monthly basis.

Equity price sensitivity analysis

A sensitivity analysis based on a 10% increase/decrease in the all share AIM index shows the impact of such a movement would be an increase/decrease of £130,000 in the loss shown in the Consolidated Statement of Comprehensive Income. In the year ended 31 October 2020 a 10% movement in the all share AIM index would have increased or decreased the profit before taxation by approximately £130,000. A 10% equity price movement, based on the historic trends of this index, is considered reasonable by the Board as this represents the annual movement in the AIM All-Share Index.

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Interest price risk

If the average level of interest received on cash deposits had been 0.5% higher or lower than the level actually received in the year ended 31 October 2020, the profit before taxation would have been increased by approximately £14,000 / decreased by £2,000. In the year ended 31 October 2019 a 0.5% movement in rates would have increased the profit before taxation by approximately £13,000 / decreased by £7,000. A 0.5% interest rate movement is considered reasonable by the Board and represents their assessment of reasonably possible change in interest rates.

Fixed rate cash financial assets of £1,770,000 (2019: £2,000,000) comprise sterling cash deposits at an average rate of 0.10% (2019: 0.30%). Remaining cash was held on current accounts attracting interest based on LIBOR. Other financial assets do not have maturity dates and do not currently attract interest.

Currency price risk

The Group and Company had an aggregate currency exposure at 31 October 2020 in respect of US$30,000 (£23,000). There was a currency exposure for the Group and the Company at 31 October 2019 of US$17,000 (£13,000). The effect of a 10% movement in the US$/£ exchange rate from the rate ruling at the reporting date would be to impact profit/(loss) and net assets by approximately £2,000 (2019: £2,000).

The Group and Company had an aggregate currency exposure at 31 October 2020 in respect of EU€21,000 (£19,000). There was a currency exposure for the Group and the Company at 31 October 2019 of EU€28,000 (£24,000). The effect of a 10% movement in the EU€/£ exchange rate from the rate ruling at the reporting date would be to impact profit/(loss) and net assets by approximately £2,000 (2019: £2,000).

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24.2 ***Credit risk***

Credit risk represents the possibility that the Group or Company will suffer a loss from a counterparty failing to meet its obligations. Credit risk is managed as follows:

- robust client account opening and vetting procedures;
- general policy to deal only with FCA registered counterparties;
- general policy on limiting exposure to concentration risk;
- control over timely settlement of market receivables; and
- review of daily settlement reports by the Risk Committee.

Exposure to credit risk
The carrying value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Group:

	Year ended 31 October 2020 £'000	Year ended 31 October 2019 £'000
Trade receivables	**755**	805
Market receivables	**612**	839
Other receivables	**641**	730
Cash and cash equivalents	**2,400**	2,538
Total	**4,408**	4,912

Company:

	Year ended 31 October 2020 £'000	Year ended 31 October 2019 £'000
Trade receivables	**755**	805
Market receivables	**612**	839
Other receivables	**829**	918
Cash and cash equivalents	**2,066**	2,204
Total	**4,262**	4,766

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24.3 Liquidity risk

Liquidity risk is the risk that the Group and Company are unable to raise sufficient funding to enable them to meet their obligations and is managed as follows:

- maintaining a strong capital base;
- forecasting future cash-flow requirements;
- monitoring of cash positions on a daily basis;
- monitoring of market making positions on a daily basis;
- control over timely settlement of trade receivables;
- control over timely settlement of market receivables and payables; and
- trade and other payables are short term in nature and are due for payment within one year.

In the prior year the Group has a stock borrow facility with HSBC plc which allows the Group to borrow securities up to the value of $750,000. Under such arrangements a security is purchased with a commitment to return it at a future date at a future agreed price.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group as at 31 October 2020

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 - 2 Years £'000	Between 2 - 5 Years £'000	Over 5 years £'000
Financial liabilities at fair value through profit and loss	149	-	-	-	-
Trade and other payables	1,083	52	-	-	-
	1,232	**52**	**-**	**-**	**-**

Group as at 31 October 2019

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 - 2 Years £'000	Between 2 - 5 Years £'000	Over 5 years £'000
Financial liabilities at fair value through profit and loss	244	-	-	-	-
Trade and other payables	1,456	41	-	-	-
	1,700	**41**	**-**	**-**	**-**

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Company as at 31 October 2020

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 - 2 Years £'000	Between 2 - 5 Years £'000	Over 5 years £'000
Financial liabilities at fair value through profit and loss	149	-	-	-	-
Trade and other payables	1,266	52	-	-	-
	1,415	**52**	**-**	**-**	**-**

Company as at 31 October 2019

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 - 2 Years £'000	Between 2 - 5 Years £'000	Over 5 years £'000
Financial liabilities at fair value through profit and loss	244	-	-	-	-
Trade and other payables	1,640	41	-	-	-
	1,884	**41**	**-**	**-**	**-**

Capital risk management

The Group and Company's policy in respect of capital risk management is to maintain a strong capital base so as to retain investor, creditor and market confidence. During the years ended 31 October 2019 and 2020 capital has been maintained at a level above minimum FCA requirements. Such levels have been established by reference to an internal ICAAP assessment. The Group and Company's capital resources consist of Tier 1 equity capital and Tier 3 retained earnings.

24.4 ***Operational risk***

Operational risk is the risk of loss resulting from inadequate or failed internal processes, staff or systems, or from external causes whether deliberate, accidental or natural. This would also include risk from changes in legislation, regulation, currency or interest rate risk.

Operational risk is managed by the Operations Committee with day-to-day control exercised by the Chief Operating Officer. The Group and Company also has contingency plans in place to cover loss of systems, property and other eventualities.

24.5 ***Regulatory Risk***

Regulatory risk is the risk that the Group fails to comply with the complex regulatory environment in which it operates. The Group has a separate risk committee and compliance functions which are resourced by suitably qualified individuals. The directors continually monitor changes and developments in the regulatory environment and ensure that sufficient resources are made available to implement any required changes.

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24.6 ***Fair value estimation***

All financial instruments carried at fair value are categorised into three categories defined as follows:

- Level 1 – Quoted market price
  Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – Valuation technique using observable inputs
  Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – Valuation technique with significant non-observable inputs
  Financial instruments valued using models where one or more significant inputs are not observable. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are not observable. For these instruments, the fair value derived is more judgemental. 'Not observable' in this context means that there are few or no current market data available from which to determine the level at which an arm's length transaction would be likely to occur. It generally does not mean that there is absolutely no market data available upon which to base a determination of fair value (for example, historical data may be used). Furthermore, the assessment of hierarchy level is based on the lowest level of input that is significant to the fair value of the financial instrument.

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 October 2020:

Group and Company as at 31 October 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Long market making positions	1,510	-	-	**1,510**
Warrants	-	-	445	**445**
	1,510	-	445	**1,955**
Liabilities				
Short market making equity positions	149	-	-	**149**

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Group and Company as at 31 October 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Long market making positions	2,851	-	-	**2,851**
Warrants	-	-	192	**192**
	2,851	-	192	**3,043**
Liabilities				
Short market making equity positions	244	-	-	**244**

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

	31 October 2020 £'000	31 October 2019 £'000
At 1 November	**192**	337
Long market making positions	**-**	(242)
Net unrealised profit recognised in Statement of Comprehensive Income	**309**	97
Net unrealised loss recognised in Statement of Comprehensive Income	**(56)**	-
At 31 October	**445**	192

The derivative financial assets are classified as level 3 within the fair value hierarchy and comprise equity options over liquid listed securities.

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For the year ended 31 October 2020

Determination of fair value

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

	Fair value as at 31 October 2020 £'000	Valuation Technique	Unobservable input	Range
Options	**445**	Black-Scholes Model	Historical Volatility	15-82%
	445			

Impact of reasonably possible alternative assumptions

A sensitivity analysis based on a 10% increase/decrease in the volatility measure used as an input in the valuation of the options shows the impact of such a movement would be an increase of £9,000 / decrease of £7,000 respectively in the profit shown in the Consolidated Statement of Comprehensive Income.

25) Country by Country Reporting

Arden Partners is required to comply with Article 89 of the Capital Requirements Directive IV (CRD IV) country by country reporting in order to comply with this requirement. The information below provides the relevant detail:-

	31 October 2020
Entity Name	Arden Partners plc
Nature of Activities	Institutional Stockbroker
Geographic Location	UK
Turnover (£'000)	5,929
Average number of employees	43
Loss before tax (£'000)	1,356
Corporation tax paid	-
Public subsidies received	-

CORPORATE INFORMATION

Company Secretary	Steven Douglas 5 George Road Edgbaston Birmingham B15 1NP
Company Number	04427253
Public Relations	Newgate Communications Skylight City Tower 50 Basinghall Street London EC2V 5DE
Nominated Advisor	GCA Altium Limited 1 Southampton Street London WC2R 0LR
Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham BR3 4TU
Lawyers	BDB Pitmans LLP 50 Broadway Westminster London SW1H 0BL
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	HSBC Bank plc 1st Floor 60 Queen Victoria Street London EC4N 4TR
Registered Office	5 George Road Edgbaston Birmingham B15 1NP

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