Registration number: 06262150

Cowen Execution Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Cowen Execution Services Limited

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Cowen Execution Services Limited

Company Information

Directors
John Holmes
Kevin Disley
Michael Healey
Michael Page
Matthew Cyzer

Registered office
1 Snowden Street
11th Floor
London
EC2A 2DQ

Solicitors
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Independent Auditor
KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Strategic Report
for the Year Ended 31 December 2022

The Directors present their Strategic report for Cowen Execution Services Limited ("Company") for the year ended 31 December 2022.

Principal activities and review of the business

The Company's strategy is to achieve greater scale, broader capabilities and deeper resources in order to serve clients with excellence and accelerate growth through expansion of its client base.

The principal activities of the Company are conducted in the United Kingdom ("UK") and during the year were:

- The provision of global algorithmic, electronic trading and sales trading execution services to institutional and wholesale clients.
- The provision of Research Payment Account ("RPA") administration services under the service mark of Westminster RPA.
- The operation of a facilitation trading book, focused on facilitating incoming client requests or positioning inventory in anticipation of client demand.
- M&A advisory, focused on the Verticalized Software, Data, and Analytics sector.

Each of the foregoing activities were conducted through clearly identifiable Divisions of staff ("Divisions"). The Divisions align to relevant Cowen subsidiaries that support broadly the same businesses in the United States of America. The Company's institutional clients include investment managers, hedge funds, corporations, plan sponsors, broker-dealers, and other financial intermediaries.

As at 31 December 2022 the Company was a wholly owned subsidiary of Cowen Execution Holdco, LLC which was an indirectly wholly owned subsidiary of Cowen Inc. ("Ultimate Parent"). After the end of the reporting period the parent and ultimate parent entity have changed as described in note 20.

These financial statements are consolidated in the financial statements of Ultimate Parent. Copies of the parent's financial statements are available at the registered office of Cowen Inc., 599 Lexington Avenue, New York, NY 10022, USA or online at http://www.cowen.com.

Operating model

The Company's primary activity is to act in an agency capacity as a broker for its own clients and for clients of its affiliate, Cowen & Company LLC ("C&Co"). In the ordinary course of business, the Company provides execution services in global equity-based securities and ETFs, utilizing multiple regulated financial institutions, including affiliates, as its executing broker. The Company is a member of the London Stock Exchange. The Company also provides administrative support to the institutional clients using the Westminster RPA administrative services.

Following the acquisition of Portico Capital UK Limited and Portico Capital Europe LLP (collectively "Portico") in December 2021, the Company commenced the M&A advisory business, focused on the Verticalized Software, Data and Analytics sector, these activities were well received by clients and this group was accretive in 2022 to the operating model.

Regulatory information

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") pursuant to the Financial Services & Markets Act 2000. All of the Company's undertakings were conducted within the permissions granted to the Company by the FCA.

Cowen Execution Services Limited

Strategic Report
for the Year Ended 31 December 2022

Performance for the year

The results of operations for the year ended 31 December 2022 are presented in the Profit and Loss Account on page 12. The net profit for the year amounted to £2,366,000 (2021 net loss: £996,000).

The Company's ongoing commitment to business expansion resulted in commission revenue for the financial year ending 31 December 2022 of £17,075,000 (2021: 11,501,000), an increase of £5,574,000 (48%). Operating expenses for the financial year ending 31 December 2022 were £33,863,000 (2021: £25,429,000), an increase of £8,434,000 (or 33%). The main contributing driver to the increased operating expenses was an increase in staff costs of an increase of £9,973,000 (a 17% increase) which was driven by an increase to average headcount of 19 (a 45% increase).

The Directors are satisfied with the Company's performance, given the investments in the future development and remain cautiously optimistic that these investments will provide improved performance into 2022.

The Company's Key Performance Indicators for the years ended 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
	£'000	£'000
Turnover	37,247	24,280
Operating expenses	(33,863)	(25,429)
Interest income	49	1
Interest expense	-	(34)
Net profit/(loss)	2,366	(996)
Net assets	29,112	26,442
Average number of employees	61	42

Principal risks and uncertainties

Business risks concern the typical macroeconomic issues that affect markets in general, such as a weakening of economic conditions or a more challenging operating environment as a result of new technology, regulatory and statutory requirements.

The Company provides trade execution services to a broad range of clients across the buy- and sell-side firms of the financial services industry, including traditional asset managers, banks, hedge funds and other broker-dealers. The client base predominantly spans the US, UK and EU27 domicile. The industry has operated within an environment of subdued volumes for a number of years, however the market volatility in 2021 and 2022 saw increased opportunity for the execution platform. The Directors believe that the Company is well positioned to take advantage of any such continued opportunity.

Whilst conditions can change from both an environmental impact or in relation to changes in economic conditions, taxation policy or regulatory requirements causing a fall in equity market volumes, the Company strives to mitigate this risk through a diversified client base and product base. The principal risks and uncertainties facing the Company are credit risk, liquidity risk, market risk, and operational risk. Refer to note 19 for more information and disclosures.

People risk

Our people are our most valuable resource. Our success depends upon the efforts, skill, reputations and business contacts of our senior professionals. Accordingly, the Company's continued success will depend on the continued service of these individuals. Therefore, the loss of key personal could have a material adverse effect on the Company's results.

Competitive Risks

The research, brokerage and investment banking industries are intensely competitive, and we expect this to remain so. The Company competes on the basis of a number of factors, including client relationships, reputation, the abilities of our professionals, market focus and the quality and price of our services. The Company offers a suite of execution and related services that provide investment managers with solutions that are customizable and scalable. Along with other companies we have experienced price competition in these areas and expect this to continue.

Environmental risk

Banking Stresses

During the first quarter of 2023, three banks in the United States, Silvergate, Silicone Valley Bank, and Signature Bank, collapsed and Credit Suisse, a large global lender, was rescued from near-bankruptcy by local rival UBS, raising concerns about an international financial crisis.

The largest central banks globally have moved swiftly to re-assure markets. Following this the Company has reviewed all of its exposures. The Company is also reviewing its key vendors to consider its exposures to stressed institutions.

The Company continues to monitor the situation to anticipate and respond to developments. The current bank stresses are not expected to materially impact the Company.

Brexit

Since Brexit, London has retained its pre-eminence as an international financial centre. While London has lost some euro-denominated business, both UK and EU Banks have lost share in each other's markets.

That said, the full adjustment to Brexit is ongoing. The expiration of the EU equivalence designation of UK clearing of Euro interest rate swaps in 2025 and the European central bank's requirement that some EU affiliates of banks headquartered outside the EU should rely on trading and risk management based in the EU could further shift activity. While the effect of European policy remains to be seen, the same is true of the effect of UK efforts to make London more competitive in financial services.

The firm has operated within the new regulatory landscape during 2021 and 2022, and the Directors continue to monitor the situation closely and will respond to any regulatory divergence that may present itself. The impact is not expected to be material based on the adjustments to date.

Russia / Ukraine conflict

The firm is monitoring the evolving political situation in the Ukraine and has reacted to any sanctions that have been imposed thus far and continues to monitor any further sanctions. The sanctions imposed to date have had a limited impact on volumes and business levels.

Coronavirus (COVID-19)

Following on from the unprecedented situation presented by the Coronavirus (COVID-19) global pandemic, the Company has continued to operate effectively and has continued to be profitable during the period of the Pandemic, demonstrating its resiliency. Preventative measures were taken in accordance with UK Government guidance and employees worked remotely for much of the first half of 2022. Employees have predominantly returned to office from June 2022 onwards, either on a hybrid or full-time basis, although remote working has proved to be a feasible method of operating the Company, should mandated restrictions return. The Directors continue to navigate any potential business disruptions whilst ensuring the primary responsibility is the support and well-being of our colleagues and their families.

Inflationary Economic Environment

The Producer Price Inflation ("PPI") and the Consumer Price Inflation ("CPI") rates - the rates at which prices faced by producers and consumers have been increasing - have been at multi-decade highs for most advanced economies in the G7 group of countries during 2022.

Higher prices reflect the global recovery from the coronavirus (COVID-19) pandemic, including the effects of imbalances in product and labour markets. Energy prices have also increased markedly in 2022, particularly natural gas prices, largely in response to the conflict in Ukraine.

The higher consumer and producer price inflation could result in higher interest rates. This is not expected to materially impact the profitability of Company.

The Company is expected to be materially protected from inflationary pressure on operating costs. A higher cost base will increase its transfer pricing income and some costs such as the operating lease on the premises are fixed for several years to come.

Financial instrument risk

During the normal course of business, the Company has exposure to a number of key financial instrument risks including market risk, credit risk, liquidity risk and sanctions that maybe imposed on issuers of securities. As part of the Company's risk management process, these risks are monitored on a regular basis throughout the course of the year to ensure that the risks to which the Company is or may become exposed are identified and, where appropriate, mitigated.

Responsibilities Pertinent to Section 172 of the Companies Act 2006

This statement is made in accordance with section 172 of the Companies Act 2006 (the "Act") (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). It describes how the directors, in acting to promote the success of the Company for the benefit of the shareholder, have had regard to a number of broader matters. These include the likely consequence of decisions for the long term and the Company's wider relationships.

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of the shareholder. In doing so, they have had particular regard to the following considerations:

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

The Directors also took into account the views and interests of a wider set of stakeholders, including any regulatory bodies, the government, and non-government organisations. Considering this broad range of interests is an important part of the way the Company's directors makes decisions. However, in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

On behalf of the Board

Michael Page, Director
26 April 2023

Cowen Execution Services Limited

Directors' Report
for the Year Ended 31 December 2022

The Directors present their directors' report strategic report and the audited financial statements for the year ended 31 December 2022.

Directors and their interests

The current Directors are shown on page 1. The following Directors have held office during the year since 1 January 2022:

John Holmes
Kevin Disley
Michael Healey
Michael Page
Matthew Cyzer

Dividend

The net income for the year amounted to £2,366,000 (2021 net loss: £996,000). The Company's Directors did not recommend a dividend in 2022 (2021: nil).

Future developments

The Directors aim to maintain the policies which have resulted in the Company's growth in turnover. The Directors remain cautiously optimistic regarding the future of the Company considering uncertain market / environmental conditions and will continue to invest in the Sales and Trading and Corporate Finance platforms when suitable opportunities arise.

Post balance sheet events

The near-term outlook for the financial markets that the Company operates in are still in a state of fluctuation and volatility resulting for the ongoing global responses to various macro- geo-political and socio economic factors mentioned in the strategic report. The Company remains focused on maximizing opportunities across all market conditions. The Directors remain confident that the Company's prudent business model, coupled with the proven experience of our employees, leaves the Company well placed to continue to serve our clients in these unprecedented and challenging market conditions.

As mentioned in note 20, on 1 March 2023, TD Bank Group completed an acquisition of Cowen Inc. The Toronto Dominion Bank is a diversified financial services firm and together with its subsidiaries offers a multinational banking and financial services corporation headquartered in Toronto, Ontario. This is not expected to materially impact the Company's business model.

Financial instruments

Details of financial instruments risks are provided in the strategic report.

Environmental risk

With the UK now at the end of the formal transitional period following the UK officially leaving the EU on 31st December 2020, the Company has operated within the new regulatory landscape during the full twelve months of 2021 and beyond.

Whilst the issue of equivalence for the United Kingdom, in relation to financial services, remains an unresolved question, the Directors have ensured that where certain EEA countries have established temporary permission regimes, applications for such have been made.

The Directors continue to monitor the political developments and remain positioned to respond accordingly. At this point in time the Directors do not deem it appropriate to look to secure authorization for a MiFID compliant entity to be established within Europe.

As the regulatory landscape continues to evolve, the Directors remain committed to apply such resources required to implement new regulations.

Cowen views Environmental, Social and Governance, collectively ("ESG") practices as essential components of the company's performance and the successful implementation of our Outperform strategy. We hold ourselves accountable to being proactive and solution-oriented in the effort to advance sustainable, long-term growth in the world in which we live.

By engaging with stakeholders – including clients and employees – we aim to do our part to improve today's environment and societal challenges and better serve our community.

Going concern

The Company made a profit after tax of £2,366,000 (2021: Loss £996,000) and has net assets of £29,112,000 (2021: £26,442,000). The financial statements have been prepared on a going concern basis, as no material source of uncertainty about the ability of the Company to meet its liabilities as they fall due for a period of at least 12 months from the date these financial statements are approved has been identified by the directors. The Company has sufficient financial resources together with the Group's institutional client base across the United Kingdom, Europe, the Far East and globally. As a consequence, the directors believe that the Company is well placed to manage business risks successfully despite the current uncertain market conditions.

After making enquiries and consideration of relevant severe yet plausible scenarios, the directors have a reasonable expectation that the Company has adequate resources to continue operational existence for at least 12 months from the date the financial statements are approved and have ample access to liquidity from current cash holdings. This assessment considers both the results in the financial year, forecasts and business plans for future periods and relevant severe yet plausible stress scenarios. Accordingly, the financial statements have been prepared on a going concern basis. Further information has been provided under the principal accounting policies section in note 2.

The Company's business activities, together with the factors likely to affect its development, its financial position, financial risk management objectives, details of financial instruments, and its exposure to credit risk and liquidity risk are described in the Strategic Report on pages 2-6.

Directors' liabilities

The Company indemnifies directors and officers against liability in respect of proceedings that may be brought by third parties, subject to the conditions set out in the Companies Act. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors report.

Political donations

No political donations were made by the Company during 2022 (2021: nil).

Pillar 3 Disclosure

Pillar 3 requires firms to disclose information regarding their risk assessment process and capital resources with the aim to encourage market discipline by allowing market participants to assess key information on risk exposure and the risk assessment process. These unaudited disclosures are available on request from the Company's registered office and are also available on its website. The Company is deemed to be Tier 3 for the purposes of the Remuneration Code and is compliant with it. Further disclosure in relation to the Remuneration Code can be found on the UK website (www.cowen.com) of the ultimate parent company Cowen Inc.

Equal opportunities

Cowen is committed to the equality of opportunity. In the recruitment of staff and their subsequent career development, individuals are considered solely on the basis of their aptitude and ability, irrespective of sex, marital status, race, age, sexual orientation, religion or disability.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

Given the change to the parent and ultimate parent, mentioned in note 20, it is likely that new auditors will be appointed and, in accordance with s.485 of the Companies Act 2006, a resolution to appoint new auditors will be proposed at an upcoming Annual General Meeting.

On behalf of the Board

Michael Page, Director

26 April 2023

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with applicable law, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Cowen Execution Services Limited for the year ended 31 December 2022

Opinion

We have audited the financial statements of Cowen Execution Services Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit, and inspection of policy documentation as to Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management, those posted to seldom used accounts, those posted to unrelated accounts, those posted without any user ID, those posted and approved by the same user, and those containing certain key words.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Fraud and breaches of laws and regulations – ability to detect (cont'd)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, employment law, regulatory capital and liquidity, and certain aspects of Company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

SUMREEN ANWAR (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London E14 5GL
26 April 2023

Cowen Execution Services Limited

Profit and Loss Account
For the Year Ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	4	37,247	24,280
Operating expenses	6	(33,863)	(25,429)
Operating profit / (loss)		3,384	(1,149)
Interest income		49	1
Interest expense		-	(34)
Profit / (loss) on ordinary activities before taxation		3,433	(1,182)
Taxation (charge) / credit	7	(1,067)	186
Net profit / (loss) for the financial year		2,366	(996)

The notes on pages 18 to 33 form part of these financial statements.

The above results were derived from continuing operations. The Company has no recognised gains or losses for the year other than the results above.

Cowen Execution Services Limited

Statement of Changes in Equity
For the year ended 31 December 2022

	Called Up Share Capital	Other Reserves	Retained Earnings	Parent Equity Contribution	Shareholders' Equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	7,650	723	810	17,259	26,442
Profit for the year	-	-	2,366	-	2,366
Share based payment transactions (note 17)	-	304	-	-	304
At 31 December 2022	**7,650**	**1,027**	**3,176**	**17,259**	**29,112**

	Called Up Share Capital	Other Reserves	Retained Earnings	Parent Equity Contribution	Shareholders' Equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2021	7,650	398	1,806	-	9,854
Loss for the year	-	-	(996)	-	(996)
Share based payment transactions (note 17)	-	325	-	-	325
Transfer of business (note 3)	-	-	-	17,259	17,259
At 31 December 2021	**7,650**	**723**	**810**	**17,259**	**26,442**

The notes on pages 18 to 33 form part of these financial statements.

Cowen Execution Services Limited
(Registration number: 06262150)

Balance Sheet
At 31 December 2022

	Note	2022 £' 000	2021 £' 000
Non-current assets			
Tangible assets	9	579	163
Intangible assets	10	2,573	3,515
Goodwill	10	8,908	10,182
Current assets			
Debtors	11	1,651	4,205
Cash at bank	12	24,911	15,651
		26,562	19,856
Creditors: amounts falling due within one year	13	9,420	7,208
Net current assets		17,142	12,648
Total assets less current liabilities		29,202	26,508
Creditors: amounts falling due after more than one	14	90	66
Net Assets		29,112	26,442
Capital and Reserves			
Called up share capital	15	7,650	7,650
Retained earnings		3,176	810
Other reserves		1,027	723
Parent equity contribution	3	17,259	17,259
Total equity		29,112	26,442

The notes on pages 18 to 33 form part of these financial statements

The financial statements were approved by the Board of Directors on 26 April 2023 and were signed on its behalf by:

Michael Page, Director

1. General Information

The Company is a private company limited by share capital and is incorporated and domiciled in England. The address of its registered office is:
11th Floor
Broadgate Quarter
1 Snowden Street
London
EC2A 2DQ
UK

These financial statements were authorised for issue by the Board on 26 April 2023.

2. Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements have been prepared in compliance United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

Basis of preparation
The financial statements have been prepared on a going concern basis, under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Going concern
The financial statements are prepared on a going concern basis taking into account the Company's existing capital and liquidity resources. The Directors acknowledge the risk that extreme circumstances might adversely impact the Company's ability to continue trading and are satisfied that Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

The Directors have reviewed the capital, liquidity and financial position of the Company including future capital, liquidity and financial plans covering a period of at least 12 months from the date of approval of these financial statements.

To assess any potential impact on the Company, the Directors reassessed the components of capital, liquidity and the financial position of the Company and have concluded that the going concern basis is still appropriate. The assessment was completed with reference to the Company's continued stress testing processes within under its Internal Capital Adequacy and Risk Assessment (ICARA) and liquidity adequacy assessment processes. The Company continues to monitor the key risks for its Liquidity and Capital position including the impact of the conflict in Ukraine and the subsequent sanctions on Russia and the Company has shown that it would maintain sufficient Capital and Liquidity under a hypothetical scenario stressing energy commodity prices that could result. The extent of the future impacts for Company of these events, along with those of the COVID 19 pandemic, remains uncertain but may include higher inflation or interest rates and financial market volatility and the Company continues to consider as part of its ongoing evaluations. Based on the above assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

2. Accounting Policies (continued)

Further information relevant to this assessment is provided in the following sections of these financial statements:

- the principal activities, strategic direction and challenges and uncertainties are described in the Strategic Report on pages 2 – 6.
- objectives, policies and processes for managing market, liquidity, credit and operational risk, and Company's approach to capital management and allocation, are described in Note 19 'Financial instruments and risk management'.

The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

In the ordinary course of business, the Company undertakes transactions with its sister company Cowen and Company, LLC located in New York. These transactions are undertaken on an arm's length basis. The Company is a wholly owned subsidiary of Cowen Holdings, Inc. and elected not to disclose transactions with it and any fellow group companies in these financial statements.

The Company has elected to take advantage of the following exemptions:

(i) from the requirement under FRS 102 paragraph 1.12 (b) to prepare a statement of cash flows as the Company is a subsidiary of Cowen Group, Inc. ("the Group") where greater than 90% of the voting rights are controlled within the Group and the Group's financial statements in which the Company is included are publicly available;

(ii) from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18 (b), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company's financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;

(iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

(iv) from disclosing details of transactions with entities that are part of the Group in accordance with FRS 102 paragraph 33.9 since it is a subsidiary of a Group which is wholly owned and the Group's financial statements are publicly available.

Turnover recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured.

Turnover comprises the fair value of the consideration received or receivable under a transfer pricing agreement with its affiliated company, Cowen & Company LLC ("C&Co"). The Company acts as an introducing broker by receiving and transmitting client orders to C&Co and, as such, incurs client support and order handling costs on behalf of C&Co. All costs associated with the Company acting as an introducing broker for C&Co are marked up at 12% and charged to C&Co in accordance with the transfer pricing agreement. Such cost recharge is treated as revenue on the Company's books and is recognised on a monthly basis.

Spread revenue earned from principal trading and commission revenue generated from high-touch trading and event trading activity are not governed by the transfer pricing agreement and recognised directly on the Company's books on a monthly basis.

2. Accounting Policies (continued)

The Company also provides Research Payment Account ("RPA") administration services to its clients and recognises the revenue on an accrual basis.

Finance income and costs policy
Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign exchange note). Interest income and interest payable are recognised in the profit or loss as they accrue, using the effective interest method. Interest income on cash held at bank is minimal and is recognised when notified by the banks.

Pension scheme arrangements
Certain of the Company's employees are members of a defined contribution occupational pension scheme. The Company is required to make monthly contributions to the plan on behalf of its employees. Contributions made to the defined contribution scheme during the period are recognised in the Income Statement in the period in which the contribution is payable.

Share capital
Ordinary called up shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Operating Leases
Rentals payable under operating leases are charged in the Income Statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Finance Leases
Finance lease obligations are recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Income Statement using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability.

Foreign exchange, presentation and functional currency
The functional currency and presentation currency of the Company is pounds sterling (GBP). Transactions denominated in other currencies are translated into GBP at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities are translated into GBP at the rate of exchange ruling at the balance sheet date. Exchange gains and losses on financial assets and financial liabilities are included in the income statement.

Related party transactions
The Company has taken advantage of the exemptions contained within FRS 102 section 33 and has not disclosed transactions with group companies which are wholly owned by a member of the group.

Tangible assets
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value of each asset as follows:

Furniture & fixtures – 5 years / straight-line method
Leasehold improvements – 5 years / straight-line method
Computer equipment – 3 years / straight-line method

2. Accounting Policies (continued)

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Trade debtors
Trade receivables are measured at the transaction price on initial recognition. Subsequent to initial recognition, appropriate allowances for estimated irrecoverable amounts are recognised on the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Trade creditors
Trade payables are initially measured at the transaction price, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial instruments
The Company has chosen to adopt Section 11 Basic financial instruments and Section 12 Other financial instruments of FRS 102 in respect of financial instruments. A financial instrument is a contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Recognition and measurement
(i) Basic financial instrument assets including trade and other receivables, cash and bank balances are initially recognised at transaction price. Current asset investments are initially recognised at cost. Such assets are subsequently carried at amortised cost using the effective interest method. Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(ii) Basic financial instrument liabilities include basic trade and other payables and loans from related group companies are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are de-recognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

There have been no complex financial instrument transactions during the year or in the prior year as per Section 12 of FRS 102.

2. **Accounting Policies (continued)**

Goodwill
Goodwill is recognised as an intangible asset at the acquisition date and represents the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a systemic basis over its finite useful life and reviewed for impairment when necessary. If an entity unable to reliably estimate the useful life of goodwill, the life should not exceed 10 years.

For the goodwill transferred as part of Portico transaction completed on 16 December 2021, the Company's management has determined the useful life of goodwill to be 8 years which will be amortised on a straight-line basis and tested for impairment at each reporting date in accordance with FRS 102 section 19.23.

Intangible assets
Intangible assets, which are stated at cost less accumulated amortisation and impairment losses, if any, represent the book value of transferred customer relationships and trade name in connection with the Portico transfer of business. Amortisation is provided on all intangible assets over the estimated useful economic life, as follows:

Customer relationships – 4 years / straight-line method
Trade name – 1 year / straight-line method

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values and useful lives is recognised prospectively as a change in accounting estimate in the income statement.

Share based payments
The Company's employees participate in the Cowen Group, Inc.'s various stock incentive plans (the "Plans"). The Plans permit the grant of options, restricted shares, restricted stock units and other equity-based awards to the Company's employees, directors. Stock options granted generally vest over a two-to-five-year period and expire seven years from the date of grant. Restricted share units issued may be immediately vested or may generally vest over a two-to-five-year period. Employees are required to remain in employment of the Group. The Group has historically made annual grants during the first quarter of each year.

Equity settled arrangements are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.
Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the Profit and Loss.

Taxation
The current tax charge is calculated at current rates on the taxable profits or losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

2. Accounting Policies (cont'd)

Taxation (cont'd)

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Critical accounting estimates and judgements and estimation uncertainty
The preparation of financial statements requires the Company to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The Company bases its judgements, estimates and assumptions on current facts, historical experience, and other factors that the Company believes to be reasonable and prudent. Actual results may differ materially from these estimates.

The following is a summary of what the Company believes to be its most critical accounting policies and estimates.

Goodwill
Goodwill is initially measured at its cost and is reviewed at least annually for impairment. Any impairment is recognized immediately in the Company's income statement and is not subsequently reversed. No impairment indicators were identified for the financial year ending 31 December 2022.

Intangible assets
The Company is required to assess if there are any indications of possible impairment of intangible assets. In the event there are such indications, the Company will need to calculate the recoverable amount of the intangibles and compare it to the carrying values. No impairment indicators were identified for the financial year ending 31 December 2022.

Refer to Note 10 for additional information and disclosures.

Merger accounting
Business combination is defined by FRS 102 section 19.3 as the bringing together of separate entities or businesses into one reporting entity. Business combinations of companies under common control are accounted for in the financial statements using merger accounting. The Company applied the relevant framework available under FRS 102 section 19, which permits the use of merger accounting for group reconstructions only when certain specified criteria are met to qualify the business combination transaction as a group reconstruction. With the merger accounting method, assets and liabilities are transferred at their respective book values including book value of any associated goodwill.

Refer to Note 3 for additional information and disclosures.

3. Business combination

There have been no new business combinations in the financial year ended 31 December 2022.

On December 16, 2021, the Ultimate Parent, through its indirect wholly owned subsidiary, Cowen PC Acquisition LLC, completed its previously announced acquisition and purchased the rights and obligations to the assets and liabilities of Portico Capital UK Limited and Portico Capital Europe LLP (collectively "Portico"). Portico was a privately held entity and was a mergers and acquisitions advisory firm focused on the verticalized software, data, and analytics sectors. Pursuant to the terms of the acquisition, the Ultimate Parent transferred Portico's UK business and net assets at the book values to the Company, including goodwill related to the UK trades and assets, which are included in the Company's statement of Financial Position as at December 31, 2021. The Company has applied the Merger Accounting provisions of FRS 102 and the assets, liabilities, and associated goodwill were transferred at the book value from Cowen PC Acquisition LLC. immediately after the acquisition.

3. Business combination (continued)

As nil consideration was paid by the Company for the assets and liabilities transferred, the transfer gave rise to an equity contribution that is stated at the carrying value of the net assets that the Company acquired inclusive of goodwill and identifiable intangibles. See note 10 for more details. In connection with the transfer, the Company recorded an increase in total assets of £7,114,000, goodwill of £10,241,000, total liabilities of £96,000 and shareholders' equity of £17,259,000.

The transaction constitutes a business combination and qualifies as a group reconstruction. As such, it has been accounted for using the merger method of accounting in accordance with FRS 102 section 19. See note 2 for the accounting policy.

As nil consideration was paid by the Company, the book value of assets and liabilities transferred (including goodwill), represents Parent equity contribution as presented in the table below.

	Book value on date of transfer £'000
Cash and cash equivalents	3,528
Fixed assets, net of accumulated depreciation	6
Intangible assets	3,554
Prepaid assets	21
Other assets	5
Total assets	**7,114**
Accounts payable and accrued expenses	96
Total liabilities	**96**
Total net assets acquired and liabilities assumed	**7,018**
Goodwill	10,241
Parent equity contribution	**17,259**

4. Turnover

	2022 £'000	**2021 £'000**
Commission Revenue	17,075	11,501
Transfer Pricing	9,054	11,960
Merger and Acquisition Fee Income	8,663	-
Facilitation Trading	1,063	479
Research Payment Account (RPA)	313	319
Research Payment Fees	1,079	21
	37,247	24,280

The analysis of the Company's turnover for the year by geographical market is as follows:

	2022 £'000	**2021 £'000**
United Kingdom	37,247	24,280

The Company's turnover recognition is based on the market where the transactions were executed.

5. Directors and employees

Staff costs during the year were as follows:

	2022 £'000	2021 £'000
Wages and salaries	17,348	15,351
Social security costs	2,873	1,986
Pension costs	509	420
	20,730	17,757

Pension costs comprise the Company's contributions in respect of the defined contribution scheme.

The average monthly number of employees during the year was made up as follows:

	2022	2021
Sales and Trading	57	38
Commission Management	4	4
Total	61	42

Directors

Remuneration in respect of the Company's 1 director (also the highest paid) was as follows:

	2022 £'000	2021 £'000
Aggregate Emoluments	1,606	1,896
Defined Contribution pension scheme	10	12
	1,616	1,908

During the year 1 director (2021: 1) was a member of the Company Group Personal Pension Plan.

6. Expenses and Auditor's remuneration

	2022 £'000	2021 £'000
The following are included in profit / (loss) are the following:		
Depreciation expense (note 9)	111	96
Amortisation expense (note 10)	2,216	98
Foreign exchange losses / (gains)	(8)	(17)
Operating lease expense – property	574	267
Restructuring / Severance	30	42
Auditor's remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	111	66
Auditor's remuneration:		
Audit-related assurance services	23	18

7. Taxation

(a) Analysis of tax charge in the period

Current tax:	2022 £'000	2021 £'000
UK corporation tax charged at 19% (2021: 19%)	1,168	-
Adjustment in respect of previous periods	-	(4)
Total current tax expense	1,168	(4)
Deferred Tax:		
Adjustment in respect of previous periods	(3)	-
Origination and reversal of timing differences	(74)	(139)
Effect of changes in tax rates	(24)	(43)
Total deferred tax benefit	(101)	(182)
Total tax benefit for the year	1,067	(186)

(b) Reconciliation of the tax charge

	2022 £'000	2021 £'000
Profit/(loss) on ordinary activities before taxation	3,433	(1,182)
Tax on ordinary activities at UK tax rate of 19% (2021: 19%)	652	(225)
Expenses not deductible for tax purposes	449	86
Income not taxable	(7)	-
Adjustment in respect of previous periods – current tax	(3)	(4)
Effect of changes in tax rates	(24)	(43)
Current tax charge/(benefit) for the year	1,067	(186)

Deferred tax assets / (liabilities)

Balance at the beginning of the year	181	7
Amount charged/(credited) to the Income Statement for the year	101	174
Deferred tax asset balance at the end of the year	282	181

The movement on the deferred tax liability and provision is shown below:

Balance at the beginning of the year	-	8
Amount (charged)/credited to the Income Statement for the year	-	(8)
Deferred tax liability balance at the end of the year	-	-

It is expected to be more likely than not that future profits will emerge against which the deferred tax asset will be realised.

On 22 July 2020, the Finance Act 2020 received Royal Assent resulting in the UK corporation tax rate remaining at 19% from 1 April 2020 onwards instead of being reduced to 17%, the previously enacted rate. Therefore, the tax rate of 19% has been used to calculate current tax balances for the year ended 31 December 2022.

7. Taxation (cont'd)

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25% effective 1 April 2023, which was substantively enacted on 24 May 2021. This will have a consequential impact on the Company's future tax charge. Therefore, any deferred tax has been provided at 25% being the rate enacted at the balance sheet date.

8. Pension scheme

During the year ended 31 December 2021, the Company operated a defined contribution pension scheme for the benefit of employees and directors. The Plans' assets are held independently from those of the Company under a separately administered plan. The pension cost represents contributions paid by the Company to the fund on behalf of the employees during 2022 and 2021 and this amounted to £509,000 and £420,000, respectively. Amounts outstanding as of the year end and payable related to the Plans were nil at 31 December 2022 and 2021.

9. Tangible assets

	Leasehold Improvement £'000	Furniture and Equipment £'000	Computer Equipment £'000	Software £'000	Total £'000
Cost:					
At 1 January 2022	188	2	385	36	611
Additions	349	156	23	-	528
Disposals	(188)	(2)	(228)	-	(418)
At 31 December 2022	349	156	180	36	721
Depreciation:					
At 1 January 2022	188	1	240	19	448
Charge for the year	9	3	88	11	111
Disposals	(188)	(1)	(228)	-	(417)
At 31 December 2022	9	3	100	30	142
Net book value:					
At 31 December 2022	340	153	80	6	579
At 31 December 2021	-	1	145	17	163

10. Intangible assets and goodwill

	Customer Relationships and Trade Name £'000	Goodwill £'000	Total £'000
At 1 January 2022	3,515	10,182	13,697
Amortisation	942	1,274	2,216
At 31 December 2022	2,573	8,908	11,481

	Customer Relationships and Trade Name £'000	Goodwill £'000	Total £'000
At 1 January 2021	-	-	-
Transferred from Cowen Acquisition LLC on 16 December 2021 (note 3)	3,554	10,241	13,795
Amortisation	39	59	98
At 31 December 2021	3,515	10,182	13,697

The intangible assets consist of customer relationships, trade name and goodwill that were recognised by the Company in connection with the Portico transfer of business. See note 3 for details. The Company amortises intangibles on a straight-line basis; goodwill over a useful life of 8 years, customer relationships over 4 years and trade name over 1 year period. Goodwill and intangible assets amortisation charges of £2,217,000 (2021: £98,000) were recognised in profit and loss account in the financial year ended 31 December 2022. An impairment review has been performed as at 31 December 2022 by comparing the value in use of the intangible assets to the carrying value. The value in use was calculated by estimating the net present value of future cashflows of the business unit, discounted at the Company's weighted average cost of capital. No indication of impairment was found.

11. Debtors

	2022 £'000	2021 £'000
Amounts due from group undertakings	222	1,407
Prepayments	344	202
Deferred tax assets (note 7)	282	181
Corporation tax receivable	189	120
Trade debtors	614	2,295
	1,651	4,205

Forgivable loans totalling £254,000 less applicable taxes and payroll deductions were granted to one employee in 2019 of which £71,000 was expensed during 2022 (2021: £63,623). These loans will be forgiven in equal instalments over a four-year period.

12. Cash and cash equivalents

	2022	2021
	£'000	£'000
Cash at bank	24,911	15,651

There were no significant non-cash transactions during the year (2021: Nil).

The Company is required by the UK Financial Conduct Authority to maintain one month of fixed overheads as a minimum Liquid Asset Requirement ('LAR'). The LAR as at 31 December 2022 was £1,937,000 (2021: Nil).

13. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Accruals	9,318	6,428
Finance leases (note 16)	-	23
Obligations related to securities sold short	102	757
	9,420	7,208

Under the 2010 and 2020 Cowen Inc. Equity Plan, the Company awarded deferred cash to its employees during the year ended 31 December 2022. These awards vest over a four-year period and accrue interest at 0.7% per year. The Company has plans to make principal payments related to this deferred bonus program of £38,780 thousand in 2022.

The obligation related to securities sold of £102,000 in 2022 (2021: 757,000) represents occasional short positions that arise through the Company's facilitation trading desk business.

14. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Deferred compensation	90	66

The Company has plans to make principal payments related to the deferred bonus program of £90,000 (2021: £66,000) beyond 12 months after financial year end.

15. Called up share capital

	Number	Authorised £'000	Number	Allotted called up and fully paid £'000
Class A shares of £1 each:	275,000	275	275,000	275
Ordinary shares of £0.50 each:	14,750,000	7,375	14,750,000	7,375
At 31 December 2021	15,025,000	7,650	15,025,000	7,650

15. Called up share capital (cont'd)

	Number	Authorised £'000	Number	Allotted called up and fully paid £'000
Class A shares of £1 each:	275,000	275	275,000	275
Ordinary shares of £0.50 each:	14,750,000	7,375	14,750,000	7,375
At 31 December 2022	15,025,000	7,650	15,025,000	7,650

Other Reserves
This reserve records the nominal value of shares repurchased by the Company. The Company received an equity contribution from Cowen Group, Inc. of £304,000 (2021: £325,112) relating to employee stock options granted to key managerial personnel of Cowen Execution Services Limited by the parent. This was accounted for as an equity settled transaction under Section 26 of FRS102. It represents the restricted shares and options awarded to key employees. Please refer to Note 16 for further details.

16. Operating and Finance leases

The Company had no operating nor finance lease agreements in place during the financial year ending 31 December 2022.

For the year ended 31 December 2021 the Company made payments recognised as an expense for operating leases totalling £267,000. The Company completed its minimum lease payments under non -cancellable operating lease in January 2021.

The net carrying amount of finance leases for the year ended 31 December 2022 amounted to Nil (2021: £23,000). At 31 December 2022 the Company had total future minimum lease payments under non-cancellable finance leases as follows;

	2021	2020
Finance leases which expire:	£'000	£'000
Not later than one year	-	35

17. Share based payments

The Company's employees participate in the Cowen Inc.'s various stock incentive plans (the "Plans"). The Plans permit the grant of options, restricted shares, restricted stock units and other equity-based awards to its employees, employees of its subsidiaries and directors. Stock options granted generally vest over two to five-year periods and expire seven years from the date of grant. Restricted shares and restricted share units issued generally vest over two to five-year periods. The fair value of restricted stock granted to the Company's employees was determined based on the number of shares granted and the quoted price of the common stock of Cowen Inc. on the date of grant. The compensation cost for the above award that has been expensed during the year ended 31 December 2022 is £304,000 (2021: £325,112).

The entity is part of a Group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. Since the award is equity settled by the Group, the corresponding credit is accounted as an 'Equity contribution from parent' as a separate line item in equity. A deferred tax asset of nil (2021: nil) is recognised on the unvested restricted shares, taking into account projected future profits for the next year. On 5th December 2016, the Group completed a 1 for 4 reverse stock split. Pursuant to the reverse split common shareholders automatically receive 1 common share for every 4 common shares owned.

There were no outstanding stock options as at 31 December 2022 (2021: Nil) .

18. Financial Instruments

	Note	2022 £'000	2021 £'000
Financial assets measured at amortised cost			
Cash at bank	12	24,911	15,651
Amounts due from group undertakings	11	222	1,407
Trade receivables	11	614	2,295
Total Financial Instruments - Assets		25,747	19,353
Financial liabilities measured at amortised cost			
Trade creditors		1,106	514
Total Financial Instruments - Liabilities		1,106	514

The accruals balance of £9,318,000 (2021: £6,428,000) in note 13 includes the trade creditors balance of £1,106,001 (2021: £514,000) as reported above.

19. Financial risk management policies and objectives

The Company is exposed through its operations to a number of risks, the most significant of which are credit, market, operational and liquidity risk.

Each division in the Company has risk functions in place to manage the risk aspects of the business line, including the activity of that division under the Company. The policy for managing these risks is set by the Board of Directors, and is as follows:

Credit risk

Credit risk refers to the risk that a client or other counterparty risk will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk arises principally from the exposure to affiliated companies for non-payment of revenues; cash deposited at banks; failure of a settlement of a counterparty or a financial institution which holds cash and investments attributable to the Company. The Company's credit exposure is mitigated by holding cash and investments with banks and financial institutions assigned high credit ratings and all exposures are closely monitored. The maximum exposure to credit risk at the end of the reporting year is equal to the balance sheet figure.

It is the policy of the Company to hold cash balances in highly liquid funds with reputable, multi-national banking institutions to mitigate credit risk. This will provide the Company with immediate access to its own funds as needed.

Market risk

The Company maintains its operating capital in interest-bearing cash accounts. The cash balance is subject to market risk, which is the potential that future changes in the interest rate environment may reduce interest income.

The Company predominately operates as an agency facilitation broker, trading in Cash Equities (Shares or Transferable Securities) although it has permission to take principal trading risk. The Company maintains a low-risk business strategy, only permitting risk positions on a limited and highly controlled basis to facilitate client requests. As such, it is rare that the Company will carry overnight positions.

Market risk - foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions or holds balances denominated in a currency other than its functional currency (GBP).

The approximate split of the Company's net revenue and administrative expenses by currency, based on the Financial year ended 31 December 2022, is shown below:

	Net Revenue by Currency	Admin Expenses by Currency
GBP	77%	67%
USD	6%	14%
EUR	17%	19%
Other	100%	100%

The Company's revenue, expenses and operating profits are predominantly denominated in a GBP with less than 23% of revenue and 33% of costs denominated in other currencies, predominantly USD and EUR. The Company aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

Sensitivity analysis shows that a 10% appreciation of GBP against USD and EUR would result in an approximate increase in operating profits of £450,000 and a 10% depreciation would have the equal but opposite effect.

Market risk – interest rate risk

The Company maintains its operating capital in interest-bearing cash accounts. The cash balance is subject to market risk, which is the potential that future changes in the interest rate environment may reduce interest income. The value of interest income and expense is not material to the results of the Company.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its liabilities as they fall due. The Company's capital is invested in liquid assets. Generally, the majority of the Company's receivables and payables are with Cowen Inc. and other affiliated companies. Liquidity risk is managed by requesting payment in advance from Cowen Inc. for costs incurred on behalf of the affiliated US companies based on an estimate of the forthcoming month's expenditure. In this way, the Company is able to maintain its credit and liquidity risk exposures against Cowen and affiliated companies at a reasonable level.

Operational Risk

Operational risk refers to the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company is aware that operational risk can never be eliminated but seeks to minimise the probability and impact by focusing on an operational risk management framework and minimising or mitigating this risk through a formal control assessment process to ensure awareness and adherence to key policies and control procedures.

The Company has a tested business continuity plan in place that it believes will cover critical processes.

The Company has established internal policies relating to ethical business conduct, and compliance with applicable legal and regulatory requirements, as well as training and other procedures designed to ensure that these policies are followed.

The Company maintains an internal control framework to manage operational risk, along with a set of comprehensive policies and procedures overseen by senior management. Operational Risk Management ("ORM") as a distinct risk discipline incorporates governance and risk management activities comprising (i) ORM in Cowen uses a proprietary database to assess, monitor and calculate Key Risk Indicators (ii) business managers who ensure alignment of internal controls with their business risk profiles; and (iii) the Company's Audit & Risk Committee ("ARC") which oversees all aspects of operational risk management strategy. The ARC and Company's Board of Directors approves and oversees all outsourcing arrangements with Group and meets a minimum of four times per year to review risk management systems and discuss key risk aspects of the business, including disaster recovery and business continuity planning.

20 Events after the end of the reporting period

On 1 March 2023, TD Bank Group completed an acquisition of Cowen Inc., and, on the same date, the Company's immediate and ultimate parent company changed to Toronto Dominion International Pte. Ltd. (Singapore) and the Toronto Dominion Bank (Canada) respectively. The Toronto Dominion Bank is a diversified financial services firm and together with its subsidiaries offers a multinational banking and financial services corporation headquartered in Toronto, Ontario.