Scholium Group plc

# INTERIM REPORT & FINANCIAL STATEMENTS
# SIX MONTHS ENDED 30 SEPTEMBER 2019

*This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.*

The directors of Scholium Group plc ("Scholium", the "Company" or, together with its subsidiaries, the "Group") present their report and financial statements for the Group for the six months ended 30 September 2019.

## OPERATING HIGHLIGHTS

- Revenues up by 9.6% compared with prior corresponding period
- Gross profit ahead by 17.3% compared with last year and at a highermargin (38%; 2018: 36%) due to higher margins in both Shapero Rare Booksand Mayfair Philatelics
- Pre-tax profit of £64,000due to higher profits in Shapero Rare Books and reduced losses in Mayfair Philatelics as a result of their fuller auction programme
- Encouraging sales growth in the Shapero Modern prints business

## FINANCIAL SUMMARY

| Six months ended September (£000unless otherwise stated) | 2019 | 2018 | Change |
|---|---|---|---|
| Revenue | 3,614 | 3,297 | 9.6% |
| Gross Profit | 1,380 | 1,176 | 17.3% |
| Gross Margin | 38% | 36% | |
| Pre-Tax Profit/ (Loss) | 64 | (56) | |
| Inventories | 8,753 | 8,905 | -1.7% |
| Net (Overdraft) | (33) | (245) | |
| Net Asset Value | 9,962 | 9,868 | 1.0% |
| NAV/Share (pence) | 73.3 | 72.6 | |

Jasper Allen, Chairman of Scholium, noted

"We are pleasedthat the Group has traded profitably in this six month period. The turnaround in the results from the loss in the corresponding period last year is due to better results from both Shapero Rare Books and Mayfair Philatelics and is encouraging given the challenging retail environment.

The Group has continued to trade satisfactorily since 30 September 2019. The Group intends to build on the recent improved results by exhibiting at more art fairs in the second half of the year."

For further information, please contact:

| | |
|---|---|
| Scholium Group plc<br>Jasper Allen, Chairman<br>Peter Floyd, Chief Financial Officer | +44 (0)20 7493 0876 |
| WH Ireland Ltd - Nominated Adviser<br>Chris Fielding<br>Lydia Zychowska | +44 (020) 7220 1666 |

## Business Review

Scholium Group companies are involved primarily in the trading and retailing of antiquarian books and other works on paper, as well as dealing in rare and collectible items in the wider art and philatelic markets.

The group of businesses comprises:

- Shapero Rare Books, a dealer in rareantiquarian books and, through Shapero Modern,prints and works on paper, located in Mayfair, London;
- Scholium Trading, a company set up to trade in conjunction with other dealers in higher value rare and collectible items; and
- Mayfair Philatelics, a retail and auction philatelic business

### Revenue streams

The Group earned revenue in the six months to 30 September 2019from:

- the sale of rare books, prints and works on paper through Shapero Rare Books;
- the sale of other rare and collectible items through Scholium Trading; and
- the sale of philatelic items through Mayfair Philatelics

### Key objectives and key performance indicators (KPIs)

The Group's strategy is to:

- build, either organically or by acquisition, a portfolio of collectibles businesses to enable further diversification and development of its revenue and profit streams;
- attract individuals or teams of specialists in markets complementary to the Group's existing businesses;
- optimise working capital in existing businesses to provide funds for new business development; and

- continue to develop all its trading entities by trading alongside other dealers in high value rare and collectible items and by participating in the acquisition of large consignments for onward sale.

The Directors intend, in due course, to provide an attractive level of dividends to shareholders along with stable asset-backed growth driven by the markets in which the Group operates.

Our current principal KPIs are:

- Sales, gross margin, profit before tax, earnings per share;
- the breadth and distribution of the stock of rare books and prints held by the Group;
- stock turnover; and
- free cash flow.

## Performance Review

### *Overall Performance*

The Groupmade a profit before tax of £64k during the six months to 30 September 2019, a considerable improvement compared with the loss of £56k for the corresponding period last year. Both Shapero Rare Books and Mayfair Philatelic performed better during this current period compared with the prior year.

Turnover increased by9.6% compared to the same period in the prior year. This was due tohigher sales in Shapero Rare Books (SRB), Scholium Trading andMayfair Philatelics. SRB's sales were £144k higher than last year and Mayfair Philatelics increased by £92k.Gross Profit increased by17.3% to £1,380k (2018:£1,176k; 2017: £1,048k) reflecting in particular the improved contribution from Mayfair Philatelics.

Group costs,including Distribution and Administrative expenses,increased by 6.6% to £1,310k (2018:£1,229k; 2017: £987k). Most of this increase was in the cost of fairs attended by and marketing costs for SRB. The Group's costs will increase in the second half, as there are more book, print and art fairs to attend, and there will be four auctions in Mayfair compared to three in the first half of the year which are all expected to contribute to revenue and gross margin.

The Group result for the six months was a profit before tax of £64k (2018:loss of £56k; 2017: profit of £61k). There is a deferred tax chargeof £13k (2018:£0k; 2017: £11k) and no current tax charge as the Group has brought forward tax losses.

Inventoriesdecreased by £152k to £8,753k (2018:£8,905k; 2017: £8,068k. This is due mainly to the increased sales by Mayfair Philatelics, whose inventory at 30 September 2019 was £418k (2018:£678k; 2017:£0k). As a result, the net overdraft was reduced by £212k (2018:cash decrease£1,233k; 2017:increase £166k) compared with the position at 30 September 2018.Free cashflow during the six month period was therefore £(225)k (2018:£(461k); 2017:£18k).

### *Summary Group Financials*

| Six months ended September (all figures £'000) | 2019 | 2018 | Change |
|---|---|---|---|
| Revenue | 3,614 | 3,297 | 9.6% |

| | | | |
|---|---|---|---|
| Gross Profit | 1,380 | 1,176 | 17.3% |
| Gross Margin | 38% | 36% | |
| Distribution Expenses | (260) | (192) | 35.4% |
| Administrative Expenses | (1,050) | (1,037) | 1.3% |
| Pre-Tax Profit/ (Loss) | 64 | (56) | |
| | | | |
| Inventories | 8,753 | 8,905 | -1.7% |
| Cash | (33) | (245) | |
| Net Asset Value | 9,962 | 9,868 | 0.8% |
| NAV/Share (pence) | 73.3 | 72.6 | |

*Financial Position*

The Group retains a strong balance sheet.Net assets of £9,962k (2018: £9,868k; 2017: £9,959k) are supported by £8,753k of stock (2018: £8,905k; 2017: £8,068k).Trade and other receivables have increased as some items have been sold on more extended credit terms to long standing customers. There is 73.3pof net assets per share (2018:72.6p; 2017: 73.2p).

The Group has adopted IFRS 16 Leases with effect from 1 April 2019. As a consequence the future payments due under the lease for the Group's Mayfair premises are included as a liability of £320k (2018: £0k;2017 £0k) in the balance sheet at 30 September 2019 under 'Right-of-use lease liabilities' and there is an asset of equal value representing the right to use the premises included in Property, plant and equipment.

## Group Strategy

The Group has continued with the diversification of its revenue streams through Mayfair Philatelics Limited, which is now operating a fuller programme of auction sales.

Shapero Rare Books is continuing to develop its Shapero Modern prints and works on paper business, and has commenced a re-balancing of its stock between rare books and prints to enable it to increase its sales of prints in the future.

The Group is also reviewing its property requirements as the lease on its main trading premises expires in October 2020.

The Group is also focussed on reducing its inventories as part of a process towards increasingits business towards consignments from third parties for either retail or auction sales.

## Shapero Rare Books& Shapero Modern

The Shapero business trades out of the St. George Street premises. It includes Shapero Rare Books and Shapero Modern. The bulk of the trade, through Shapero Rare Books, is in rare and antiquarian books and works on paper. Shapero Modern is a newer business which was set up in 2014 to participate in the increasingly large international trade in modern and contemporary prints.

Trading in both Rare Books and Shapero Modern was improved during the first six months of the year comparedto the prior year. Turnover increased by 5%as compared to the prior-year period to £2,898k(2018: £2,754k; 2017: £2,995k) due mainly to higher print sales. The gross margin of 39% (2018: 36%; 2017: 32%)improved due to higher margins across both books and prints. The profitachieved by this subsidiaryfor the first six months of the financial year was £126k (2018:£87k; 2017: 68k).

*Summary Performance, Shapero*

| Six months ended September (all figures £'000) | 2019 | 2018 | Change |
|---|---|---|---|
| Revenue | 2,898 | 2,754 | 5.2% |
| Gross Profit | 1,117 | 998 | 11.9% |
| Gross Margin | 39% | 36% | |
| Pre-Tax Profit | 126 | 87 | 44.8% |

## Scholium Trading

Scholium Trading was set up to trade alongside third party dealers in rare and collectible items. It typically trades in paintings and works of art.

Scholium Trading's activity tends to be more uneven than the other businesses in the Group, which has been evident in the six months to 30 September 2019. The first half resulted in sales of£220k (2018:£127k; 2017: £421k), with a slightly highergross profit of £54k (2017:£48k; 2017: £93k). The higher sales continued the momentum following a successful second half to the prior financial year.

*Summary Performance, Scholium Trading*

| Six months ended September (all figures £'000) | 2019 | 2018 | Change |
|---|---|---|---|
| Revenue | 220 | 127 | 73.2% |
| Gross Profit | 54 | 48 | 12.5% |
| Gross Margin | 25% | 38% | |
| Pre-Tax Profit | 36 | 33 | 9.1% |

## Mayfair Philatelics

Mayfair Philatelics is now operating a fuller auction programme. During the first half of the current year, it held three(two public and one postal) auctions compared with one in the prior six months to 30 September 2018. Four auctions including an initial internet only auction are planned for the second half of the year.

The first half resulted in sales of £496k (2018:£404k; 2017: £0) from both retail and auction activities. Gross profit, which was principally from the auction activities, amounted to £208k (2018:£116k; 2017:£0k). Direct costs and overheads amounted to £215k (2018:£174k; 2017:£0k). The improvement in gross margin was the significant factor behind the reduction in the pre tax loss compared with the prior six month period.

*Summary Performance, Mayfair Philatelics*

| Six months ended September (all figures £'000) | 2019 | 2018 | Change |
|---|---|---|---|
| Revenue | 496 | 404 | 22.8% |

| | | | |
|---|---|---|---|
| Gross Profit | 208 | 116 | 79.3% |
| Gross Margin | 42% | 29% | |
| Pre-Tax(Loss) | (35) | (104) | 66.3% |

## Central costs

The central costs of the business include all board directorsand the various costs associated with the AIM listing, net of amounts recharged to the subsidiary businesses. In the six months ended 30 September 2019 thesenet costs were £63k (2018:£59k; 2017: £72k) as compared to the prior year.

*Summary Performance, Central costs*

| Six months ended September (all figures £'000) | 2019 | 2018 | Change |
|---|---|---|---|
| Pre-Tax (Loss) | (63) | (59) | -6.8% |

## Outlook

Theprofitability of the Group'sbusinesses has continued from the prior year ended 31 March 2019 into the first six months of this financial year. Looking forward,Shapero Rare Books will be continuing to re-balance its stock towards prints and works on paper as it perceives there to be greater opportunities in this market place in the immediate future. Scholium Trading has made some interesting purchases and is looking to build on its existing third party relationships. Mayfair Philatelics continues to attract improved consignments from vendors at auction and is progressing well towards having a full auction calendar.

## Key Risks

Like all businesses, the Group faces risks and uncertainties that could impact on the Group's strategy. The Board recognizes that the nature and scope of these risks can change and regularly reviews the risks faced by the Group and the systems and processes to mitigate such risks.

The principal risks and uncertainties affecting the continuing business activities of the Group were outlined in detail in the Strategic Report section of the annual report covering the full year ended 31 March 2019.

In preparing this interim report for the six months ended 30 September 2019, the Board has reviewed these risks and uncertainties and considers that there have been no changes since the publication of the 2019 Annual Report.

# INDEPENDENT REVIEW REPORT TO SCHOLIUM GROUP PLC

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 September 2019 which comprises the condensed consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated statement of financial position and the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

## Directors' Responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM rules.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this interim report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30th September 2019 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM rules.

L BakerACA
For and on behalf of
Wenn Townsend Chartered Accountants
Oxford, United Kingdom

28 November 2019

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME (UNAUDITED)

| | Note | Six-month Period Ended (Unaudited) 30 Sept 2019 £000 | Six-month Period Ended (Unaudited) 30 Sept 2018 £000 | Year Ended (Audited) 31 Mar 2019 £000 |
|---|---|---|---|---|
| Revenue | 4 | 3,614 | 3,297 | 7,137 |
| Cost of Sales | | (2,234) | (2,121) | (4,346) |
| Gross profit | | 1,380 | 1,176 | 2,791 |
| Distribution costs | | (260) | (192) | (664) |
| Administrative expenses | | (1,050) | (1,037) | (2,128) |
| Total administrative expenses | | (1,050) | (1,037) | (2,128) |
| Profit/ (Loss) from operations | | 70 | (53) | (1) |
| Financial income | | - | - | - |
| Financial expenses | **5** | (6) | (3) | (12) |
| Profit/(loss) before taxation | | 64 | (56) | (13) |
| Income tax (expense) | 6 | (13) | - | - |
| Profit/ (Loss) for the period from continuing operations | | 51 | (56) | (13) |
| Profit/ (Loss) for the period and total comprehensive income attributable to equity holders of the parent company | | 51 | (56) | (13) |
| Basic and diluted profit/ (loss) per share: | | | | |
| From continued operations - pence | 7 | 0.38 | (0.41) | (0.11) |
| Total diluted profit/ (loss) per share - pence | | 0.38 | (0.41) | (0.11) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 Sept 2019 £000 Unaudited | 30 Sept 2018 £000 Unaudited | 31 Mar 2019 £000 Audited |
|---|---|---|---|---|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 389 | 66 | 55 |
| Intangible assets | | 14 | 18 | 16 |
| Deferred corporation tax asset | | 264 | 277 | 277 |
| | | 667 | 361 | 348 |
| Current assets | | | | |
| Inventories | | 8,753 | 8,905 | 8,657 |
| Trade and other receivables | 8 | 2,811 | 2,024 | 2,519 |
| Cash and cash equivalents | | 7 | 5 | 192 |
| | | 11,571 | 10,934 | 11,368 |
| Total assets | | 12,238 | 11,295 | 11,716 |
| Current liabilities | | | | |
| Trade and other payables | 9 | 1,916 | 1,177 | 1,805 |
| Bank overdraft | | 40 | 250 | - |
| Right-of-use asset lease liabilities | 10 | 320 | - | - |
| Total current liabilities | | 2,276 | 1,427 | 1,805 |
| Total liabilities | | 2,276 | 1,427 | 1,805 |
| Net assets | | 9,962 | 9,868 | 9,911 |
| Equity and liabilities | | | | |
| Equity attributable to owners of the parent | | | | |
| Ordinary shares | | 136 | 136 | 136 |
| Share premium | | 9,516 | 9,516 | 9,516 |
| Merger reserve | | 82 | 82 | 82 |
| Retained earnings | | 228 | 134 | 177 |
| Total equity | | 9,962 | 9,868 | 9,911 |
| Net Asset Value per Share | | 73.3p | 72.6p | 72.9p |

These interim financial statements were approved by the Board of Directors on 28November 2019 and signed on its behalf by Peter Floyd.

## STATEMENT OF CHANGES IN EQUITY

| | Share Capital £000 | Share Premium £000 | Merger reserve £000 | Retained earnings £000 | Total equity £000 |
|---|---|---|---|---|---|
| Balance at 1 April 2016 | 136 | 9,516 | 82 | 413 | 10,147 |
| Loss for the period from continued and discontinued operations | - | - | - | (239) | (239) |
| Total comprehensive income for the period | - | - | - | (239) | (239) |
| Balance at 30 September 2016 | 136 | 9,516 | 82 | 174 | 9,908 |
| Profit for the period from continued and discontinued operations | - | - | - | 15 | 15 |
| Total comprehensive income for the period | - | - | - | 15 | 15 |
| Balance at 31 March 2017 | 136 | 9,516 | 82 | 189 | 9,923 |
| Profit for the period from continued operations | - | - | - | 36 | 36 |
| Total comprehensive income for the period | - | - | - | 36 | 36 |
| Balance at 30 September 2017 | 136 | 9,516 | 82 | 225 | 9,959 |
| Profit for the period from continued operations | - | - | - | 2 | 2 |
| Total comprehensive income for the period | - | - | - | 2 | 2 |
| Balance at 31 March 2018 | 136 | 9,516 | 82 | 227 | 9,961 |
| Adjustment on recognition of IFRS 15 | - | - | - | (37) | (37) |
| Balance at 31 March 2018 as restated | 136 | 9,516 | 82 | 190 | 9,924 |
| Loss for the period from continued operations | - | - | - | (56) | (56) |
| Total comprehensive income for the period | - | - | - | (56) | (56) |
| Balance at 30 September 2018 | 136 | 9,516 | 82 | 134 | 9,868 |
| Profit for the period from continuedoperations | - | - | - | 43 | 43 |
| Total comprehensive income for the period | - | - | - | 43 | 43 |
| Balance at 31 March 2019 | 136 | 9,516 | 82 | 177 | 9,911 |
| Profit for the period from continued operations | - | - | - | 51 | 51 |
| Total comprehensive income for the period | - | - | - | 51 | 51 |
| Balance at 30 September 2019 | 136 | 9,516 | 82 | 228 | 9,962 |

## Consolidated statements of cashflows

| | 30 Sept 2019 £000 | 30 Sept 2018 £000 | 31 Mar 2019 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating profit/ (loss) before tax | 64 | (53) | (1) |
| Depreciation of property, plant and equipment | 14 | 18 | 31 |
| Depreciation of right-to-use assets (see note 3) | 148 | - | - |
| Amortisation of intangible assets | 2 | 2 | 4 |
| | 228 | (33) | 34 |
| (Increase) in inventories | (96) | (64) | 184 |
| (Increase)/ decreasein trade and other receivables | (292) | 207 | (288) |
| Increase/(decrease) in trade and other payables | 112 | (538) | 90 |
| **Net cash generated from operating activities** | (48) | (428) | 20 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | (23) | (10) | (12) |
| Purchase of intangible asset | - | (20) | (20) |
| **Net cash used in investing activities** | (23) | (30) | (32) |
| **Cash flows from financing activities** | | | |
| Lease repayments for right-of-use assets (see note 3) | (148) | - | - |
| Interest paid | (6) | (3) | (12) |
| **Net cash (used)/generated from financing activities** | (154) | (3) | (12) |
| **Net (decrease)/ increase in cash and cash equivalents** | (225) | (461) | (24) |
| **Cash and cash equivalents at the beginning of the period** | 192 | 216 | 216 |
| **Cash and cash equivalents at the end of the period** | (33) | (245) | 192 |
| **Cash** | 7 | 5 | 192 |
| **Bank overdraft** | (40) | (250) | - |
| **Cash and cash equivalents at the end of the period** | (33) | (245) | 192 |

## Notes

1. General information

Scholium Group plc and its subsidiaries (together 'the Group') are engaged in the trading and retailing of rare and antiquarian books, prints and works on paper and philatelic items primarily in the United Kingdom. The Company is a public company domiciled and incorporated in England and Wales (registered number 08833975).The address of its registered office is 32 St George Street, London W1S 2EA.

2. Basis of preparation

These condensed interim financial statements of the Group for the six months ended 30 September 2019 (the 'Period') have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union.The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 31 March 2019. While the financial figures included within this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information toconstituteaninterimfinancialreportassetoutinInternationalAccountingStandard34InterimFinancial Reporting.
Thesecondensedinterimfinancialstatementshavenotbeenaudited,donotincludeallofthe information required for full annual financial statements, and should be read in conjunction with theGroup's consolidated annualfinancialstatementsfortheyearended31 March 2019.The auditors'opinion on these Statutory Accounts was unqualified, did not draw attention to any matters by way ofemphasis and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

3. **IFRS 16 Leases**

The Group implemented IFRS 16 with effect 1 April 2019 using the modified retrospective method and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The Group have assessed the impact of adopting IFRS 16 on the Group and concluded that any impact of discounting would be insignificant in this period. As the only material right-of-use lease expires in October 2020, the rentals payable are considered to be equal to the right-of-use depreciation charge and are therefore released on a straight line basis with no interest charge. This is a departure from IFRS 16 but this departure has been assessed as being immaterial.

The impact of the implementation of IFRS 16 is to recognise a right-of-use asset and equal lease liability of £468,271 as at 1 April 2019. There is a depreciation charge of £147,875 in the six months ended 30 September 2019 which would previously have been included as a rent expense. This impacts the presentation of these two items in the consolidated statement of cash flows.

### Under IFRS 16

The Group recognises a right-of-use asset and a lease liability at the lease commencement date (or at 1 April 2019 for remaining amounts payable in respect of leases entered in to before the implementation date). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. In the current year's accounts, no allowance has been made for interest as its impact is considered immaterial.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate class of assets within "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

**Under IAS 17**

In the comparative period, where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss. the Group classified operation leases

## 4. Revenue

| | 30 Sept 2019 Group £000 | 30 Sept 2018 Group £000 | 31 Mar 2019 Group £000 |
|---|---|---|---|
| Sales of Stock | 3,457 | 3,127 | 6,736 |
| Commissions | 138 | 152 | 370 |
| Other income | 19 | 18 | 31 |
| | 3,614 | 3,297 | 7,137 |

## 5. Financial (expense)

| | 30 Sept 2019 Group £000 | 30 Sept 2018 Group £000 | 31 Mar 2019 Group £000 |
|---|---|---|---|
| Interest payable | (6) | (3) | (12) |

## 6. Income Tax

| | 30 Sept 2019 £000 | 30 Sept 2018 £000 | 31 Mar 2019 £000 |
|---|---|---|---|
| *Current and deferred tax expense* | | | |
| Current tax | - | - | - |
| Deferred tax | 13 | - | - |
| Origination and reversal of temporary differences | - | - | - |
| Total tax expense | 13 | - | - |

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

| | 30 Sept 2019 £000 | 30 Sept 2018 £000 | 31 Mar 2019 £000 |
|---|---|---|---|
| Profit/(loss) before tax | 61 | (56) | (13) |
| Applied corporation tax rates: | 19% | 19% | 19% |
| Tax at the UK corporation tax rate of 19%/20%: | 13 | (11) | (2) |
| Unrecognised deferred tax asset | - | 11 | - |
| Deferred tax | - | - | - |
| Expenses not deductible for tax purposes | - | - | - |
| Utilisation of previously unrecognised tax losses | - | - | - |
| Origination and reversal of temporary differences | - | - | 2 |
| Current and deferred tax charge | 13 | - | - |

## 7. Earnings/(Loss) per Share

| | 30 Sept 2019 Group £000 | 30 Sept 2018 Group £000 | 31 Mar 2019 Group £000 |
|---|---|---|---|
| Profit/ (Loss) used in calculating basic and diluted earnings per share attributable to the owners of the parent | 51 | (56) | (13) |
| **Number of shares** | | | |
| Weighted average number of shares for the purpose of basic and diluted earnings per share | 13.6 million | 13.6 million | 13.6 million |
| Total basic and diluted earnings per share - pence | 0.38 | (0.41) | (0.11) |

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has no potentially issuable shares arising from share options. As a consequence, the number of basic and fully diluted shares in issue are equal.

No new shares were issued during the period, and the Company had 13.6 million shares in issue at the end of the period.

## 8. Trade and Other Receivables

| | 30 Sept 2019 Group £000 | 30 Sept 2018 Group £000 | 31 Mar 2019 Group £000 |
|---|---|---|---|
| Trade debtors | 2,546 | 1,695 | 2,308 |
| Other debtors | 14 | 43 | 28 |
| Prepayments and accrued income | 251 | 286 | 183 |
| | 2,811 | 2,024 | 2,519 |

## 9. Trade and Other Payables

| | 30 Sept 2019 Group £000 | 30 Sept 2018 Group £000 | 31 Mar 2019 Group £000 |
|---|---|---|---|
| Trade creditors | 1,409 | 839 | 959 |
| Other taxes and social security | 27 | 27 | 25 |
| Accruals and deferred income | 446 | 264 | 779 |
| Other creditors | 34 | 47 | 42 |
| | 1,916 | 1,177 | 1,805 |

## 10. Right-of-use asset lease liabilities

| | 30 Sept 2019 Group £000 | 30 Sept 2018 Group £000 | 31 Mar 2019 Group £000 |
|---|---|---|---|
| Lease liabilities | 320 | - | - |

These liabilities represent the future lease payments due under the Group's lease of its Mayfair premises.

(See note 3).