Annual Report & Financial Statements

Scholium Group plc

Year ended 31 March 2019

Summary Information

Scholium is engaged in the business of rare books, art and collectibles. Its primary operating subsidiary is Shapero Rare Books which is one of the leading UK dealers trading internationally in rare and antiquarian books and works on paper.

The Group also trades alongside other third party dealers in the broader arts and collectibles business via its subsidiary, Scholium Trading Limited and deals in and sells by auction stamps and philatelic items through its subsidiary Mayfair Philatelics Limited.

Operating Highlights

- Revenues up 8% to £7.1 million for full financial year
- The Group made further progress during the second half of the financial year in developing its three separate revenue streams, Shapero Rare Books, Scholium Trading and Mayfair Philatelics
- Group profitable for second half of financial year
- Scholium Trading produced good profits with further potential ahead
- Small Group loss for full year after absorbing first half start-up costs of new philatelic division
- Satisfactory trading in the first quarter of the new financial year

Financial Highlights

Years ended 31 March (£'000)	**2019**	**2018 restated**
Revenue	7,137	6,619
Gross Profit	2,791	2,450
Gross Margin	39%	37%
(Loss)/profit before tax	(13)	1
Cash	192	216
NAV/Share	72.9p	73.0p

Contents

Company Information

Officers of the Company

Jasper Allen	Chairman
Peter Floyd	Finance Director
Charles Sebag-Montefiore	Senior Independent Non-Executive
Philip Blackwell	Non-Executive
Thomas James Jennings CBE	Non-Executive
Graham Noble	Non-Executive
Peter Floyd	Company Secretary

Registered Office

32 St. George Street
London
W1S 2EA

Solicitors

Gordon Dadds LLP
6 Agar Street
London WC2N 4HN

Broker & Nominated Adviser

W H Ireland Limited
24 Martin Lane
London EC4R 0DR

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham BR3 4TU

Auditors

Wenn Townsend
30 Giles Street
Oxford OX1 3LE

Company Website

http://scholiumgroup.com/

Registration Number

Registered in England and Wales with Number 08833975

Chairman's Statement

The Group increased revenues by 8% to £7.1m as a result of the Group continuing with its strategy of becoming a more widely based collectibles business. The Group continued to make further progress in developing its three separate revenue streams – Shapero Rare Books, Scholium Trading and Mayfair Philatelics.

The Group had a profitable second half of the financial year, however this was not enough to offset the first half losses, which arose mainly due to the losses of £104,000 in the start-up Mayfair Philatelics. The retail industry remains under pressure.

The core business, Shapero Rare Books, had a disappointing year with lower profits than last year, in line with many retail businesses in the United Kingdom. Scholium Trading performed well in the year and delivered a higher profit than the prior year, which was particularly pleasing given its relatively modest stock. Mayfair Philatelics had a successful second half achieving a profit with three auctions held, compared to one in the first half year.

While the loss for the full year is disappointing, the progress made by Mayfair Philatelics is encouraging, and in Scholium Trading new dealers have been identified with whom to partner and early results have been promising. Shapero Rare Books continues to be one of the world's leading rare book dealers and has made an encouraging start to the new financial year.

The board has reviewed several acquisition opportunities in each of its three revenue streams during the course of the year but concluded that none were sufficiently profitable on a sustainable basis to pursue. The board is continuing to search for further acquisitions.

The Group remains well capitalised with £8.7 million of stock, £0.2 million in cash and no debt. The Group also has an undrawn overdraft facility available to it. The board recognizes that the Group's trading performance in recent years has not provided the intended returns to shareholders, despite a reduction in the overheads implemented two years ago. Accordingly the board have commenced a further review of the Group's cost base, in order to achieve further savings in the overall costs of operations.

Results

Group revenue for the year of £7.1 million (2018: £6.6 million) generated a loss before tax of £13,000 (2018: restated profit of £1,000). The adoption of IFRS 15 reduced the prior year profit from £38,000 to £1,000 as a result of the deferral of sales into the current year previously recognised in the prior year accounts due to the different revenue recognition policies required.

Staff

The Group's operations continue to rely on the hard work and dedication of our employees and I would like to take this opportunity of thanking them again for their contribution and effort during the year.

Current Trading and Prospects

The Group has made a satisfactory start to the new financial year. The board remains committed to delivering improved shareholder value going forward.

Jasper Allen

24 July 2019

Strategic Report

This report provides an overview of the Group's strategy and business model; gives a review of the performance of the operating entities and of the financial position at 31 March 2019; and sets out the principal risks to which the Group is exposed. In addition, it comments briefly on the future prospects of the business.

Principal Activities & Review of the Business

The Group is engaged in the business of dealing in rare books, fine art and collectibles. The majority of the business transacted is as a dealer — buying, owning and selling items, either on its own or together with third parties who also deal as principals. The Group also conducts auctions where both its own stock and third party consignments are available for sale. The Group maintains value from ownership of its stock and generates value through its expertise, astute buying and the profitable sale of stock.

Shapero Rare Books is the main business of the Group. It is a leading international dealer in rare and collectible books and works on paper with special expertise in Natural History, Illustrated, Travel and Exploration and Literature. The business also trades as Shapero Modern in modern and contemporary prints and limited editions by established artists.

Scholium Trading focuses on trading works of art in the wider art market using its own capital and the expertise of a small number of known third party dealers and their client bases.

Mayfair Philatelics is a dealer and auctioneer of stamps with a particular focus on British and Commonwealth stamps. Regular auctions are held in London and at Lingfield, Sussex, where both the company's own stock and third party consignments are sold.

Strategy & Key Objectives

The Group's strategy is to:

- build, either organically or by acquisition, a portfolio of collectibles businesses to enable further diversification of its revenue and profit streams;
- attract individuals or teams of specialists in markets complementary to the Group's existing businesses;
- optimize working capital in existing businesses to provide funds for new business development; and
- continue to develop all its entities by trading alongside other dealers in high value rare and collectible items and by participating in the acquisition for onward sale of large consignments.

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.

Review of the year from continuing operations

The Group's revenues increased to £7.1m from £6.6m in the prior year due to increased sales in both Scholium Trading and Mayfair Philatelics. The Group performed better in the second half of the financial year, but not sufficiently well to eliminate the £56k loss from the first half year. The Group's result for the year to 31 March 2019 was therefore a loss of £13k. Revenue increased by 8% and gross profit increased by 14% compared with the prior year ended 31 March 2018, due mainly to a fuller auction programme in the new philatelic division.

There was a corresponding increase in costs in Mayfair Philatelics in both the direct costs of the auctions and overhead expenses. Central costs, including the costs of the Company's listing on AIM, were lower than the prior year.

Group performance for the 12 months ended 31 March 2019 by half year

6 months ended (£'000)	**H1 (unaudited)**	**H2**	**Variance**
Revenue	3,297	3,840	16%
Gross Profit	1,176	1,615	37%
(Loss)/profit before tax	(56)	43	n/a

The increase in revenue reflects the increased auction programme in Mayfair Philatelics and higher sales in Scholium Trading.

The Group's stock at 31 March 2019 was £8,657k compared with the prior year of £8,841k. Shapero Rare Books had increased stock levels in anticipation of a successful first quarter's trading in June and July 2019. Scholium Trading's stock reduced by comparison with the prior year due primarily to higher sales in the last quarter of the year to 31 March 2019. The fuller auction programme of Mayfair Philatelics and the consequent increase in sales also reduced the stock compared with the prior year.

Group cash at 31 March 2019 was £192k, broadly similar to the £216k cash in the prior year. The Group's overdraft was utilised during the year in order to manage its working capital requirements.

Key Performance Indicators

The Group is managed by and reports on a number of key performance indicators (KPIs).

The current principal KPIs are:

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

Key Performance Indicators (2018 has been restated due to the adoption of IFRS 15)

Years ended 31 March (£'000)	**2019**	**2018**	**Variance**
Revenue	7,137	6,619	+7.8%
Gross Profit	2,791	2,450	+13.9%
Gross Margin	39%	37%	-
Stock Turnover (months)	24.2	22.8	+6.1%
Cash at bank	192	216	-11.0%

Group Performance

The financial information below excludes the application of intragroup management charges.

Shapero Rare Books

Shapero Rare Books (SRB) continued trading profitably during the year ended 31 March 2019. The year's sales were £5,642k, slightly below the prior year's sales of £5,756k and gross profit likewise at £2,214k for the year ended 31 March 2019 compared with the prior year of £2,237k.

Direct costs including the attendance at fairs, exhibitions, and catalogues increased from £487k in the prior year to £500k in the year to 31 March 2019. This reflected the costs of exhibiting at fairs as a result of re-joining the Antiquarian Booksellers Association in the prior year. Overhead costs increased from £1,523k in the prior year to £1,562k in the year to 31 March 2019 due to higher staffing costs. Interest paid was £12k (2018: £0).

SRB therefore recorded a profit before tax of £140k compared with the profit of £191k in the prior year. The adoption of IFRS 15 reduced the prior year profit by £37k.

Scholium Trading

Scholium Trading performed well in the year ended 31 March 2019 with a contribution to gross profit of £192k compared to £162k for the prior year. In addition, the current stock includes some items with potentially high levels of return.

Mayfair Philatelics

The year to 31 March 2019 included the establishment of a full auction programme for Mayfair Philatelics, There were three auctions in the second half compared to one in the first half. The first half loss of £104k was turned round in the second half, during which a £46k profit was made, resulting in an overall loss for the year of £58k.

Central Costs

Central costs include the cost of all board members as well as those costs associated with the Group's AIM listing. The central costs were £276k in the year to 31 March 2019, a further reduction of £27k from the prior year's total of £303k. These costs include the cost of managing the Group, its audit, tax and professional fees, as well as the costs of maintaining the AIM listing for the Company's shares.

Year ended 31 March 2019 (£'000)

	Shapero Rare Books	**Scholium Trading**	**Mayfair**	**Central**	**Consolidated**
Revenue	5,642	395	1,100	-	7,137
Gross Profit	2,214	192	386	-	2,791
Gross Margin	39%	49%	35%	0%	39%
Profit/(Loss) before tax	140	181	(58)	(276)	(13)

Year ended 31 March 2018 (£'000)

	Shapero Rare Books	**Scholium Trading**	**Mayfair**	**Central**	**Consolidated**
Revenue	5,660	635	324	-	6,619
Gross Profit	2,200	162	88	-	2,450
Gross Margin	39%	26%	27%	0%	37%
Profit/(Loss) before tax	191	159	(46)	(303)	1

Dividend

The Board does not propose to declare a final dividend for the financial year ended 31 March 2019.

Principal Risks & Uncertainties

Supply of rare books, works on paper, prints and stamps and other items

By definition, rare books and other works on paper, prints and stamps are not commonly available. The availability of fresh stock of such items onto the market is often driven by major life events, such as inheritance, unrecovered debt, divorce or downsizing due to economic malaise. The business of Shapero Rare Books, Scholium Trading and Mayfair Philatelics is reliant upon individual works and collections of works coming onto the market and upon the Group being able to access those business opportunities. There is no guarantee that fresh stock will come onto the market in sufficient quantities to meet the Group's plans for continued growth, or that third parties will choose to consign their items for sale at the Group's auctions.

When works become available for sale or purchase, such sales are often dealt with privately and discretely and, accordingly, there is no guarantee that the Group's employees will be able to access such business opportunities or to negotiate successfully the purchase of fresh stock coming onto the market or successfully compete for the mandate to auction such items.

Reliance on key international trade fairs

A significant proportion of the Group's sales are made at international trade fairs, and in particular the major fairs. If these fairs were to be discontinued it would have a material effect on the ability of the Group to sell its stock. There are a limited number of stands at international trade fairs and as a result places are highly sought after. Whilst members of the Group have been exhibiting at these fairs for many years, there can be no certainty that they will continue to secure places in the future.

Competition

The market in the books and other items in which the Group trades is competitive. In the market for rare books and other items in which Shapero Rare Books trades, the Group faces various competitive pressures including from the major auctioneers, Sotheby's, Christie's, Bonhams and Stanley Gibbons and Spink as well as smaller auctioneers and a large number of dealers and smaller operators.

The Group is likely to face continued and/or increased competition in the future both from established competitors and/or from new entrants to the market. The Group's competitors include businesses with greater financial and other resources than the Group. Such competitors may be in a better position than the Group to compete for future business opportunities. If the Group is unable to compete effectively in any of the markets in which it operates, it could lead to material adverse effect on the Group's business, financial condition, and operations.

Co-owned rare and collectible goods

In the case of high value items or collections, the Group will often acquire the items jointly with another third party bookseller or dealer and if not expressly provided for there is a risk that the Group will not be able to sell the entire asset without the agreement of all joint-owners. In this and other respects the Group relies on the honesty and integrity of other dealers. Whilst the Group takes care to deal only with established counterparties and experienced dealers who are well known to senior management and/or the Directors, there can be no guarantee that co-owners will comply with the agreed terms (including, for example not changing the items) or that such co-owners will not enter into administration or other insolvency procedure, and in the event there is a loss of the co-owned goods it is not certain that the Group could claim under its insurance policy in relation thereto.

Stock valuation and liquidity

The Group will trade in rare and collectible items, which may be highly illiquid. The value of goods acquired is difficult to assess and it may not be possible for the Group to sell the assets at or above the price for which they were acquired. The value of assets in the balance sheet may not always represent the actual resale value achievable.

Theft, loss or damage

Rare and collectible items are highly mobile goods. Furthermore, such goods are frequently transported internationally for trade shows or other marketing opportunities. Whilst precautions are taken to ensure safe passage, the Group's assets may be lost, damaged or stolen. While the Group carries specialist insurance, there is no guarantee that the Group's insurance cover will be adequate in all circumstances. Assets of the Group will be placed with third parties for sale on commission. While the Group intends to take appropriate precautions when placing assets with third parties, there is a risk that these assets outside of the Group's direct control may be stolen or replaced by unscrupulous third parties with fakes or forgeries.

Authenticity and export authority

The Directors of the Group will ensure that due diligence is undertaken on the authenticity of the assets acquired for sale. Nonetheless fakes and forgeries do exist in the market and despite due diligence the Group may acquire these believing them to be authentic. Further, the attribution of works to a writer or artist is not always an exact science, and there can be no guarantee that assets of the Group will not have been mistakenly attributed in this way. Lack of authenticity is not covered by the Group's insurance. Whilst the Group takes appropriate care when acquiring works which may be of material importance in the state of origin, there can be no guarantee that works acquired by the Group are not subject to restrictions on export or sale.

Insurance

The Group carries a specialist insurance policy under the Antiquarian Booksellers Association Insurance Scheme which covers each of the businesses. The Directors believe that the Group carries appropriate insurance for a business of its size and nature but there can be no guarantee that the extent or value of the cover will be sufficient, in relation to stock in transit or on consignment. The Directors review the Group's insurance arrangements on an annual basis and endeavour to insure its stock adequately, but there is no certainty that future claims will not fall within the exclusions under the policy or that the insurer will pay out any claim if made. Further, there can be no guarantee that the necessary insurance will be available to the Group in the future at an acceptable cost or at all.

Premises

Like many of the established dealers in the market, the Group has a publicly accessible gallery in Mayfair, London from where Shapero Rare Books and Mayfair Philatelics operate. Although there is a risk that the increasing demand for online retail will render 'high street' premises uneconomic, the Directors believe that a central London location is an important factor in the success of the business as a whole.

Terms of sale

To date, the contractual arrangements which the Group has entered into with clients, customers and other dealers have not always included (amongst other things) terms dealing specifically with

1. transfer of ownership and risk,
2. contract formation,
3. price and payment,
4. limitations and exclusions of liability, and
5. governing law and jurisdiction.

In light of the foregoing, there can be no guarantee that the Group's arrangements with its customers will not be terminated on short notice or that the Group will not at some future time face challenges or disputes in relation to the contractual or other arrangements with its clients.

If the Group became involved in a contractual dispute and/or a third party was successful in any contractual dispute with the Group, any resultant loss of revenues or exposure to litigation costs or other claims could have a material adverse effect on the Group's reputation, business, financial condition and/or operations or financial results. The Group has revised its standard terms of sale to seek to ensure that, henceforth, the arrangements with clients, customers, dealers and others will include terms dealing with each of the aforementioned areas.

Employees

The Group is reliant on a small group of key employees for their knowledge and the reliance customers place on their integrity and service. In the event that a key employee were to leave, the business may suffer a short term decrease in performance whilst it adjusts to the level of resources available to it.

Currency risk

The Directors anticipate that the Group will conduct certain of its transactions other than in Pounds Sterling, the Group's functional currency. As a result, movements in foreign exchange rates may impact the Group's performance. The Group does not enter into any contracts for any hedging arrangements in respect of currency positions.

Future prospects

The Group now comprises three separate independent revenue streams.

The core business of Shapero Rare Books is one of the leading rare book dealers, with a solid international customer base. Further attention will be required in order to improve its return on capital employed, particularly stock turnover. The board has implemented several initiatives to manage this.

Scholium Trading has an established position with several other dealers, and In addition, the current stock includes some items with potentially high levels of return. The board intends to increase the capital available to this business, as the returns over the last 24 months have been good.

Mayfair Philatelics now has a full year's auction programme in place, and will require only modest further resources and premises in due course to maximise the potential from these sales. This will need to be managed to ensure the profitability of the business is not adversely impacted.

The board has already announced its plans to review the opportunity for making further cost savings, with a view to improving the group's profitability and thereby creating improved shareholder value.

Peter Floyd

Finance Director

24 July 2019

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Results, Future Developments and dividend

The results of the Group are discussed in the Strategic Report. Further details are shown in the consolidated statement of comprehensive income on page 21 and the related notes.

The directors intend to adopt a dividend policy that takes into account the Group's expected future profitability, underlying growth prospects, availability of cash and distributable reserves, and the need for funding to support the development of the business.

The Directors' strategy and plans for the future development of the Group are set out in the Strategic Report on page 4.

The Board will not declare a final dividend for the year ended 31 March 2019 (2018: no dividend).

Capital structure

The Company has no outstanding options over the share capital of the Company (2018: none). No new share options were issued in the year. See also Directors' interests below and note 23.

The shares of the Company are admitted to trading on AIM, a market operated by the London Stock Exchange plc.

Each share carries the right to one vote at general meetings of the Company. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

There are no current employee share schemes. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. With regard to the appointment and replacement of directors, the Company is governed by its articles of association, the Companies Act 2006 and related legislation. The articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the main board terms of reference, copies of which are available on request and the corporate governance statement on pages 12 and 14.

Directors

The Directors of the Company are:

Name	*Function*
Jasper Allen[123]	Chairman
Peter Floyd	Finance Director
Charles Sebag-Montefiore[13]	Senior Independent Non-Executive Director
Philip Blackwell	Non-Executive Director
Thomas James Jennings CBE[2]	Non-Executive Director
Graham Noble[123]	Non-Executive Director

*1 Member of the Remuneration Committee
*2 Member of the Nominations Committee
*3 Member of the Audit Committee

Directors' interests in the Company

Director	Number of ordinary shares 2019	Percentage of issued share capital 2019	Number of ordinary shares 2018	Percentage of issued share capital 2018
Jasper Allen	70,000	0.5	70,000	0.5
Philip Blackwell	1,528,042	11.3	1,528,042	11.3
Peter Floyd	-	-	-	-
Charles Sebag-Montefiore	40,000	0.3	40,000	0.3
Thomas James Jennings CBE	2,931,320	21.6	2,931,320	21.6
Graham Noble	-	-	-	-

As at the date of these financial statements the following options over the ordinary shares of the Company were held by the Directors (see also note 23):

Director	Number of share options 2019	Number of share options 2018
Jasper Allen	-	-
Philip Blackwell	-	-
Peter Floyd	-	-
Simon Southwood	-	-
Charles Sebag-Montefiore	-	-
Thomas James Jennings CBE	-	-
Graham Noble	-	-

Directors' remuneration for the year to 31 March 2019:

Director	Salary/fees £	Benefits £	Bonus £	Total £
Jasper Allen	70,000	5,275	-	75,275
Philip Blackwell	12,500	-	-	12,500
Charles Sebag-Montefiore	20,004	-	-	20,004
Thomas James Jennings CBE	12,500	-	-	12,500
Graham Noble	12,500	-	-	12,500
Peter Floyd	49,500	-	-	49,500
	177,004	4,161	-	182,279

Directors' remuneration for the year to 31 March 2018:

Director	Salary/fees £	Benefits £	Bonus £	Total £
Jasper Allen	60,000	3,501	-	63,510
Philip Blackwell	12,500	406	-	12,906
Simon Southwood (to 1 August 2017)	37,500	254	-	37,754
Peter Floyd	27,000	-	-	27,000
Charles Sebag-Montefiore	20,004	-	-	20,004
Thomas James Jennings CBE	12,500	-	-	12,500
Graham Noble	12,500	-	-	12,500
	182,004	4,161	-	186,165

Political and charitable donations

The Group made no charitable donations in the year (2018: £none).

Post-balance sheet events

There have been no material events directly affecting the Group since the balance sheet date.

Major Shareholders

Those shareholders with disclosable interests were as follows:

	No. of Shares June 2019	% holding June 2019	Shares June 2018	% holding June 2018
Thomas James (Shamus) Jennings CBE	2,931,320	21.55%	2,931,320	21.55%
Livingbridge (formerly ISIS EP LLP)	2,000,000	14.71%	2,000,000	14.71%
Philip Blackwell	1,528,042	11.24%	1,528,042	11.24%
Bateman Street Investments LLP	1,495,574	11.00%	1,495,574	11.00%
Peter Gyllenhammar	1,690,000	12.43%	1,234,836	9.08%
R300 Fund Segregated Portfolio	573,000	4.21%	573,000	4.21%

Auditors

In the case of each person who was a Director at the time this report was approved:

- so far as he was aware, there was no relevant available information of which the Company's auditor is unaware: and
- that Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

A resolution to reappoint Wenn Townsend as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

Corporate Governance

The Board have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code following the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. This report sets out in broad terms the present compliance status. Annual updates will be provided in July each year in the Annual Report and also on the Company's website in September to coincide with the Company's Annual General Meeting for its shareholders.

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

The Group's strategy is set out in the Strategic Report on page 4.

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

Scholium remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Further details of this are set out on the Company's website http://scholiumgroup.com.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for longterm success.

Scholium believes that engagement with stakeholders strengthens relationships and contributes to better business decisions to deliver our strategy. Further details of this are set out on the Company's website http://scholiumgroup.com.

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

Audit, risk and internal control

Financial controls

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

The Board is responsible for reviewing and approving overall Group strategy, acquisitions and divestments, approving revenue and capital budgets and plans, and for determining the financial structure of the Group including treasury, tax and dividend policy. Monthly results and variances from budgets are reported to and reviewed by the Board.

The Audit Committee has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on. It receives and reviews reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meets no less than two times each financial year and has unrestricted access to the Company's auditors. The audit committee comprises Charles Sebag-Montefiore (as Chairman), Jasper Allen and Graham Noble.

There are comprehensive procedures for budgeting and planning, and for monitoring and reporting to the Board the Group's performance against budgets and plans. These include revenues and costs, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.

Non-financial controls

The Board recognises that maintaining sound controls and discipline is critical to managing risk. Page 7 of the Annual Report sets out the principal risks facing the Group. The controls over the management of these risks and the more specific issues that arise from these risks are considered by the Board at their meetings. In particular:

- The Board are advised of the current market conditions regarding the supply of items the Group may wish to acquire
- Attendance at and invitations to trade fairs are reviewed quarterly by executive management and the Board annually
- Regular reports are produced on the Group's competitors
- The position regarding co-owned items is reviewed monrhtly by executive management and six monthly by the Board
- The Group's stock valuation and liquidity is managed daily and its effectiveness reviewed by the Board at its meetings
- As well as the procedures in place to reduce the risks involved, insurance cover is purchased by the Group against the risks of theft, loss and damage. The Group's employees are responsible for authenticating items and have access to external advisers when these are required

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include

- close management supervision and involvement in the day-to-day activities of the Group by the Executive Directors
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks
- a comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board
- detailed monthly reporting of performance against budget
- central control over key areas such as capital expenditure authorisation and banking facilities, with two directors required to sign all important documents.

The Group continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. In view of the Group's size, there is no internal audit function.

Standards and policies

The Board is committed to maintaining appropriate standards for all the Group's business activities and ensuring that these standards are set out in written policies.

All material contracts are required to be reviewed and signed by a senior Director of the Company and reviewed by the relevant Company board. Both executive management and the Board have ready access to independent external legal advice if required.

The staff handbook includes guidance on business integrity, anti-bribery, gifts, intellectual property and design rights and it is sent to everyone in the Group.

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

The Board comprises the Executive Chairman, one Executive Director and four Non-Executive Directors, one of whom, Charles Sebag-Montefiore, also acts as Senior Independent Director (SID). The Chairman is Jasper Allen. In August 2017, Peter Floyd replaced Simon Southwood as the other Executive Director and Chief Financial Officer. The remaining three Non-Executive Directors are Thomas James Jennings, Graham Noble and Philip Blackwell, all of whom represent significant shareholders in the Company. Although Charles Sebag-Montefiore is the only Independent Director, the Board considers, after careful review, that the Non-Executive Directors bring an independent judgement to bear.

The Group does not have a Chief Executive Officer (CEO). The size of the Group's business, and its concentration in a single retail premises in Mayfair, London where all of its operations are based and where the executive directors are also located, means that the Board can exercise its governance and other responsibilities without the need for a CEO. Each of the operating subsidiaries has a managing director who is also based in Mayfair who meets the Executive Chairman on a daily basis. The Executive Chairman also liaises regularly with the SID to ensure that the Board's position is not compromised by the absence of a CEO.

The Board is therefore satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Group on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Chairman holds regular update meetings with each Director to ensure they are performing as they are required. During the year seven Board meetings took place. These were held at the Scholium Group office in London. The attendance at meetings including board committees is set out below.

The directors' attendance at scheduled Board meetings and Board committees during the financial year is detailed in the table below

Director	**Board meeting**	**Audit Committee Meeting**	**Remuneration Committee meeting**
Jasper Allen	7	2	1
Philip Blackwell	6	-	-
Thomas James Jennings	6	-	-
Graham Noble	6	2	1
Charles Sebag-Montefiore	6	2	1
Peter Floyd	7	2[1]	-
TOTAL	7	2	1

1 In attendance

Key Board activities this year included

- input into the Group's strategy and budgets
- consideration of acquisitions and divestments
- continuing an open dialogue with the investment community
- reviewed both financial and non-financial policies
- discussed the Group's capital structure and financial strategy, including capital investments, shareholder returns and the dividend policy
- discussed internal governance processes
- reviewed feedback from shareholders post full and half year results

Directors' conflict of interest

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

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of retailing, trading, finance, ecommerce and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The Group reports monthly on its trading performance against its agreed budget, and the Board reviews monthly updates on performance and any significant variances are reviewed at each meeting.

Each non-executive Director performs either a board or board level function within another organisation and in addition advice is received from the Group's professional advisers. Each executive director has the advice and counsel of the non-executive directors available to them, as well as attending appropriate courses and seminars organised by their network of professional services organisations. These are the principal means by which their skills and knowledge are kept up-to-date.

Details of the Directors of the Company are set out below.

Jasper Allen: Executive Chairman (67)

Appointment as Chairman March 2014 and Executive Chairman March 2015

Experience: 1988-2007 various senior roles in Corporate Finance latterly Head of Corporate Finance at Insinger de Beaufort. Former Member of the London Stock Exchange. 2005-13 Chairman of Noble Investments (UK) Plc - Numismatic Dealers and Auctioneers, Chairman Remuneration and Audit Committees.

Scholium Group Plc - member of Audit Committee, Remuneration and Nomination Committees.

Skills brought to the Board: Corporate Finance, Corporate Governance, Investor Relations, Experience of dealing in Art and Collectibles.

Peter Floyd: Finance Director (63)

Appointment date: August 2017

Experience: 23 years as group finance director in publicly quoted, Aim listed and private equity organisations, including companies in the art and collectibles sector, previously a partner at PW in London and is a fellow of the Institute of Chartered Accountants in England and Wales.

Committees: None.

External appointments: None.

Skills brought to the Board: finance, M&A, investor relations and public markets.

Sector experience: finance, M&A, investor relations, art and collectibles.

Charles Sebag-Montefiore: Non-Executive Director and Senior Independent Director (69)

Appointment date: March 2014

Experience: qualified as a chartered accountant with Touche Ross, and then moved to investment banking, mostly with Kleinwort Benson. Since 1994 as a non-executive director of several companies, including inter alia the insurance, healthcare, investment trust and publishing sectors. Collected books since the 1970s.

Committees: Chairman of Audit Committee; Member of the Remuneration Committee

External appointments: Trustee of the National Gallery; Trustee and Treasurer of the Friends of the National Libraries, Friends of Lambeth Palace Library & the National Manuscripts Conservation Trust.

Skills brought to the Board: finance, the rare book market, investor and media relations.

Sector experience: finance, the rare book market, investor relations and public markets.

Philip Blackwell: Non-Executive Director (61)

Appointment Date: 2014

Experience: 35 years in media and commerce including being Group CEO of Blackwell's the Oxford publisher and bookseller; Director of eCommerce at Cap Gemini PLC, and roles at Harper Collins and Hachette Livre. He is a non-executive director/chairman of several companies in media &bookselling, human capital, asset-backed finance and engineering.

External appointments: former museum trustee, development board of the Bodleian library, Google content advisory board, Booksellers Association investment committee.

Skills brought to the Board: general management, finance, e-business, international business, PR & investor relations.

Sector experience: bookselling, finance, PR & investor relations.

Thomas James ("Shamus") Jennings CBE: Non-Executive Director (65)

Appointment date: 2014.

Experience: a qualified chartered engineer from 1975 with and ultimately Managing Director and Chairman of Rotary Group Limited, a global engineering company. Also Chairman of the holding company for the Cromwell Hospital Group in London, Has held numerous board appointments in a diverse range of business sectors including civil engineering, property investment and development, hospitality, manufacturing etc. Currently the Chairman of a Family Office with investments held and managed across a wide range of industries.

Committees: Member of the Nominations Committee.

External appointments: Director and Chairman of Ducales Capital Limited, Director and Chairman of Havana Limited and Non-Executive Director of XTA Investments Limited based in the Republic of Ireland.

Skills brought to the Board: Merger and Acquisitions, Commercial and External Finance, Risk Analysis, Human Resources and General Management.

Sector experience: Finance, investor relations and public markets.

Graham Noble: Non-Executive Director (45)

Appointment date: 2014.

Experience: worked in the financial services sector for over 20 years in various senior roles, having worked for Credit Suisse and UBS in London. Founded a number of asset management business servicing the UK wealth management market. Founded and current Chief Executive of both UK Agricultural Finance & Detach Lending. Chief Investment Officer for a large London based single family office. FCA regulated for over 20 years.

Committees: Member of the Audit and Remuneration Committee.

External appointments: CEO UK Agricultural Finance, CIO - Ilona Rose Investments, CEO - Detach Lending.

Skills brought to the Board: Finance, business management.

Sector experience: Finance, property, lending, growth small businesses.

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

Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. Jasper Allen and Philip Blackwell will retire by rotation this year, and, both being eligible, offer themselves for re-election.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

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

Jasper Allen has recently commenced an evaluation of the individual contributions of each of the Board to ensure that:

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

The outcome of this evaluation will be available on the Company's website once it is complete.

This evaluation will also include a review of the performance of the Board as a unit to ensure that the members of the board collectively function in an efficient and productive manner.

The Board is also aware of the need for succession planning, and has already ensured that there are a number of candidates both within the Board or personally known to the Board or their professional advisers who could provide the necessary replacements as and when they may be required. The Nomination Committee has not met since it dealt with the departure and subsequent appointment of the Company's Chief Financial Officer.

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

The Board is committed to providing leadership in terms of both ethical values and behaviours that reflect well in the current wider business and economic environment. The culture of the Group is to provide the best possible service to its customers, suppliers, shareholders and people.

The executive members of the Board have their desks in the retail premises in Mayfair and are therefore available on a daily basis to promote an appropriate culture throughout the Group and through observation and their presence to monitor compliance with the necessary behaviours.

The Board considers the present state of the Group's culture to be satisfactory. No adverse matters have been reported to the Board during the past 12 months and there have been no instances of unethical behaviour noted to date.

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

Board programme

The Board meets at least six times each year in accordance with its scheduled meeting calendar. The Board sets direction for the Group through a formal schedule of matters reserved for its decision. Prior to the start of each financial year, a schedule of dates for that year's six Board meetings is compiled to align as far as reasonably practicable with the Company's financial calendar on the one hand, and its trading calendar on the other, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required. During the year to 31 March 2019, the Board met for its six scheduled meetings and one deferred from the prior year making seven in total. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

Roles of the Board

The Board is responsible for the long-term success of the Group. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of acquisitions and divestments, major investments (whether capex or direct or overhead costs); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Executive Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction, and implementing it once the strategy has been approved and overseeing the management of the Group.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level attend Board meetings where appropriate to present business updates. Board meetings throughout the year are held at the Group's London office, where all of the subsidiary companies presently have their retail premises therefore ensuring the Board, in particular the Non-Executive Directors, have access to the trading subsidiaries to gain a greater understanding of the Group's activities.

The Executive Directors are Jasper Allen and Peter Floyd. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. They also manage and oversee key risks, management development and corporate responsibility programmes. The controls applied by the Group to financial and non-financial matters are set out earlier in this document, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Board committees

The Board is supported by the Audit, Remuneration and Nomination committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of reference of the Audit Committee are set out above in Principle 4.

The Remuneration Committee reviews the performance of executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation at the time. The Remuneration Committee comprises Jasper Allen (as Chairman), Graham Noble and Charles Sebag-Montefiore.

The Nomination Committee meets whenever there is business to discuss. The committee will consider appointments to the Board and be responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition. The nomination committee comprises Graham Noble (as Chairman), Thomas James Jennings CBE and Jasper Allen.

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

The company is governed by the Board and its committees as described elsewhere in this report.

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, regular announcements to the Stock Exchange RNS service as required, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. A range of corporate information (including all Company announcements) is also available to shareholders, investors and the public on the Company's corporate website, www.scholiumgroup.com.

The detailed voting results of the AGM will be posted on the Company's website in due course.

The Board receives regular updates on the views of shareholders through briefings and reports from the Chairman and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. The Group regularly canvases staff views and is planning to complete an employee survey in the next 12 months.

The Audit Committee reported to the Board in respect its two meetings during the year, both of which were attended by the Group's external auditors, Wenn Townsend. Their report to the Board is set out below.

The first meeting of the Audit Committee in respect of the financial year ended 31 March 2019 was in November 2018 when the Committee considered the Group's interim results for the six months ended 30 September 2018 prior to their publication. The second meeting was held in July to consider the Group's annual results, its preliminary announcement and the annual report for the year ended 31 March 2019.

The Audit Committee meetings were both attended by the Group's auditors, Wenn Townsend. In addition, the Group's chief financial officer was in attendance at both meetings at the invitation of the committee, and other senior executives were available to the committee during their meetings as required. The committee received the report from the auditors and it was then discussed and reviewed in detail. The main issues in the Report at both of the meetings included the adoption for the first time in the Group's financial statements of IFRS 15: Revenue from Contracts with Customers, the approach taken by the Group and its impact on the results and financial position of the Group, all of which are set out in the financial statements for the year ended 31 March 2019. As a matter of importance, particularly in respect of the committee's meeting in July 2019, there was also a focus on the Group's inventory valuation and recoverability, given that inventory is the Group's core and most valuable asset in the financial statements.

The committee then reviewed the texts of the interim results and preliminary results and concluded that they could be presented to the board for approval later that day.

The committee, at its July meeting, considered the re-appointment of Wenn Townsend. It was then concluded that shareholders be requested to approve the re-appointment of Wenn Townsend as the Group's auditors at the forthcoming Annual General Meeting in September 2019. It was noted that Ajay Bahl had retired from the role of senior statutory auditor as he had served the maximum five years at the conclusion of the audit for the year ended 31 March 2018 and that his successor, Lee Baker, had become the senior statutory auditor in respect of the audit of the financial statements for the year ended 31 March 2019.

The Remuneration Committee also reported to the Board regarding the Directors' remuneration for the year ended 31 March 2019.

The Remuneration Committee have noted that their recommendations for the continuation in the reduction in the remuneration payable to the Directors of the Company have been implemented in full in respect of the year ended 31 March 2019 and that the aggregate remuneration of the Board has reduced from £186,165 for the year ended 31 March 2018 to £182,279 for the year ended 31 March 2019.

There were no bonuses payable to any of the Directors in respect of the year ended 31 March 2019, as the Group did not meet its required performance targets. The performance targets reflect the Group's key performance indicators set out on page 5 of the Annual Report.

Resignation of a Director

There were no resignations from the Board in the year to 31 March 2019. Simon Southwood resigned from the Board on 1 August 2017.

Directors’ Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year and remain in force at the date of this report. Directors’ and officers’ indemnity insurance with an annual limit of £1 million is maintained.

Annual General Meeting

Notice of the Annual General Meeting of the Company for 2019 is on page 47.

On behalf of the Board

Peter Floyd

Director

24 July 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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 the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements are made available on a website.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions. The Directors' responsibility also extends to ongoing integrity of the financial statements contained therein.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the company's performance, business model and strategy and are fair, balanced and understandable.

To the best of our knowledge:

- the group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

P. J. L. Floyd

Peter Floyd
Director
18 July 2018

Independent Auditor's Report to the Members of Scholium Group plc

1. OPINION

We have audited the financial statements of Scholium Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31st March 2019 which comprise the consolidated statements of comprehensive income, consolidated and parent statements of financial position, consolidated and parent statements of changes in equity, consolidated and parent statement of cash flows, and the related notes, including the accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31st March 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 under those standards are described below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

The Risk	Our Response
Risk relating to the Group: **Revenue Recognition and application of IFRS 15** (£7.1 million; 2018: £6.6 million) The Directors have adopted IFRS 15 for the first time within these financial statements. This has resulted in a restatement of comparative figures for the year ended 31 March 2018, reducing income for that year by £96k. The Group's accounting policies in respect of Revenue Recognition have been redrafted. There is a risk that revenue can be recorded in advance of performance obligations being completed. In respect of Scholium Trading and Shapero Rare Books, there is a risk that revenue is recorded before goods have been transferred to the customer. In respect of Mayfair Philatelics Limited, there is a risk that goods purchased at auction are not included in the correct period.	Our procedures included: **Review of inventory records** To ensure goods have been correctly removed from stock at the point of sale. **Confirmation of delivery of goods** In the absence of a formal despatch system, confirmed management's system for identifying goods that have been invoiced but not yet delivered. In addition we sought verification from customers over the delivery of goods and the existence of a debt at 31 March 2019. **Review of auction documents** We reviewed records of all auctions held in the year and confirmed both cut-off and revenue recognition on a sample of items.
Inventory valuation and recoverability (£8.7 million; 2018: £8.8 million) Refer to note 2 accounting policy and note 3 critical accounting estimates and judgement. Inventory is carried in the financial statements at the lower of cost and net realisable value. Obtaining reasonable assurance as to the existence of any inventory impairment is considerably subjective. This is due to difficulties in determining appropriate net realisable values for items of inventory within the antiquities sector, as many items are generally one-of-a-kind, in terms of availability within the market and/or by condition.	Our procedures included: **Reviewing ageing of stock** Analysis of the ageing of stock to ensure that older items were being sold and confirmation that a stock provision was not necessary. **Valuation** Ensuring that stock was being sold at a value greater than its stated cost value. **Existence** Attendance at year end stocktake and obtaining 3rd party confirmation for stock items held on approval.

Accounts receivable recoverability (£2.3 million; 2018; £2.0 million) Recoverability of year end debtor balances and the impact of any previously unidentified bad debts resulting in misstatements, that may individually or in aggregate, be material to the financial statements.	Our procedures included: **After date cash verification** A sample of debt balances are traced through to receipt of cash **Third party confirmation** Where cash had not been received, direct confirmation was obtained from customers confirming the year end balances.
Risks relating to the Parent only:	
Recoverability of Parent Company's investment in subsidiaries (£5.2 million; 2018: £5.2 million) Refer to note 16 (financial disclosures) The Parent's carrying value of investments in subsidiaries represents a significant proportion of the Parent's total assets. The main value relates to the investment in Shapero Rare Books Limited. The company recognises the value of its investment in Shapero Rare Books Limited at fair value based upon the initial share placing price on admission to AIM.	Our procedures included: **Test of details** Comparison of the carry value of subsidiaries to their net asset value, being an approximation of their minimal recoverable amount, as well as the historical profitability of the subsidiaries. We reviewed the last completed valuation model and assumptions and considered any changes required to the assumptions as a result of the subsidiaries performance in 2019. We reviewed 2019/20 budgets and assessed the Group's ability to produce accurate information.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of financial statements. Materiality provides a basis for determining the nature and extend of audit procedures (ISA 320).

Materiality for the Group financial statements as a whole was set at £110,000 (2018: £60,000), determined with reference to a benchmark of turnover, of which it represents 1.5% (2018: 1%).

Materiality for the Parent Company financial statements as a whole was set at £90,000 (2018: £60,000), determined with reference to a benchmark of company total assets, of which it represents 0.75% (2018: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3,000 (2018: £2,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

All the Group’s four (2018: four) operating components, including the Parent Company, were subject to full scope audits for Group purposes, all of which were performed by the Group audit team. These audits accounted for 100% (2018: 100%) of total Group revenue, 100% (2018: 100%) of Group profit before taxation and 100% (2018: 100%) of total Group assets and were each performed to a component materiality level not exceeding £80,000 (2018: £60,000) having regard to the mix of size and risk profile of the Group across these components.

Performance materiality

This is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality (ISA 320).

On the basis of our risk assessments, together with our assessment of the Group’s overall control environment, our judgement was that the performance Group materiality should be set at approximately 75% (2018: 75%) of Group materiality, the top end of our range, namely £80k (2018: £45k); although we reduce our testing threshold in areas of significant risk to appropriately reflect our assessment of risk or material misstatement and focus on the key judgements and estimates.

The audits of the individual group entities are performed at a materiality level calculated by reference to a proportion of the Group overall materiality of £110k (2018: £60k) appropriate to the relative scale and risk of the business concerned. Shapero Rare Books Limited was allocated a performance materiality of £60k (2018: £40k). This was calculated by reference to the Group reporting method of approximately 75% of 1.5% of turnover. Other group entities are calculated on the same basis, with Scholium Trading Limited allocated a performance materiality of £9k (2018: £10k) and Mayfair Philatelics Limited of £12k (2018: £10k).

Reporting threshold

This is an amount below which identified misstatements are considered as being clearly trivial (ISA 450).

It was agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £3k (2018: £2k), which is set by reference to approximately 3% of Group materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitate measures of Group materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

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

5. OTHER INFORMATION

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

6. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

7. RESPECTIVE RESPONSIBILITIES

Responsibilities of directors

As explained more fully in their statement set out on page 21, the directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view, and for 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. In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 these financial statements.

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

8. USE OF OUR REPORT

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 and the terms of our engagement by the Company. 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.

Lee Baker BA FCA
(Senior Statutory Auditor)

for and on behalf of

Wenn Townsend, Statutory Auditor
Chartered Accountants
30 St Giles
Oxford
OX1 3LE

24 July 2019

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Revenue	5	7,137	6,619
Cost of Sales		(4,346)	(4,169)
Gross profit		2,791	2,450
Distribution expenses		(664)	(512)
Administrative expenses		(2,128)	(1,937)
Total administrative expenses		(2,128)	(1,937)
(Loss)/profit from operations		(1)	1
Financial (expense)/income	11	(12)	-
(Loss)/profit before taxation		(13)	1
Income tax credit/(expense)	12	-	-
(Loss)/profit for the year from continuing operations and total comprehensive income attributable to equity holders of the parent company		(13)	1
Basic and diluted (loss)/profit per share:			
From continuing operations - pence	13	**(0.11)**	**0.00**
Total diluted (loss)/profit per share - pence		**(0.11)**	**0.00**

The notes on pages 36 to 56 form part of these financial statements.

Consolidated Statement of Financial Position

	Note	31 Mar 2019 £000	31 Mar 2018 £000
Assets			
Non-current assets			
Property, plant and equipment	14	55	74
Intangible assets	15	16	-
Deferred corporation tax asset	17	277	277
		348	351
Current assets			
Inventories	18	8,657	8,841
Trade and other receivables	19	2,519	2,231
Cash and cash equivalents		192	216
		11,368	11,288
Total assets		11,716	11,639
Current liabilities			
Trade and other payables	22	1,805	1,715
Loans and borrowings		-	-
Current corporation tax liabilities		-	-
Total current liabilities		1,805	1,715
Total liabilities		1,805	1,715
Net assets/liabilities		9,911	9,924
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	23	136	136
Share Premium		9,516	9,516
Merger reserve		82	82
Retained earnings		177	190
Total equity		9,911	9,924

The notes on pages 36 to 56 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 24 July 2019.

P. J. L. Floyd

P Floyd

Director

Consolidated Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 Apr 2016	136	9,516	82	413	10,147
(Loss) for the year from continued and discontinued operations	-	-	-	(224)	(224)
Total comprehensive income for the period	-	-	-	(224)	(224)
Balance at 31 Mar 2017	136	9,516	82	189	9,923
Profit for the year from continued and discontinued operations	-	-	-	38	38
Total comprehensive income for the period	-	-	-	38	38
Balance at 31 March 2018	136	9,516	82	227	9,961
(Loss) resulting from adoption of IFRS 15 (see note 2: accounting policies)	-	-	-	(37)	(37)
Balance at 31 March 2018 restated	136	9,516	82	227	9,961
(Loss) for the year from continued and discontinued operations	-	-	-	(13)	(13)
Total comprehensive income for the period	-	-	-	(13)	(13)
Balance at 31 March 2019	136	9,516	82	177	9,911

There were no transactions with owners in the year.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value less attributable share issue expenses.
Merger reserve	Amounts attributable to equity in respect of merged subsidiary undertakings.
Retained earnings	Cumulative profit/(loss) of the Group attributable to equity shareholders.

The notes on pages 36 to 56 form part of these financial statements.

Consolidated Statement of Cash Flows

	31 Mar 2019 £000	31 Mar 2018 £000
Cash flows from operating activities		
Profit/(loss) before tax	(1)	1
Depreciation of property, plant and equipment	31	27
Amortisation of intangible assets	4	-
	34	28
Decrease/(increase) in inventories	184	(968)
Decrease/(increase) in trade and other receivables	(288)	(151)
Increase/(decrease) in trade and other payables	90	383
Net cash generated from operating activities	20	(708)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12)	(46)
Purchase of intangible assets	(20)	-
Net cash used in investing activities	(32)	(46)
Cash flows from financing activities		
Net cash (used)/generated from financing activities	(12)	-
Net increase/(decrease) in cash and cash equivalents	(24)	(754)
Cash and cash equivalents at the beginning of the year	216	970
Cash and cash equivalents at the end of the year	192	216

The notes on pages 36 to 56 form part of these financial statements.

Company Statement of Financial Position

	Note	31 Mar 2019 £000	31 Mar 2018 £000
Assets			
Non-current assets			
Group Investments	16	5,200	5,200
Deferred tax asset		108	108
		5,308	5,308
Current assets			
Trade and other receivables	19	7,562	6,802
Cash and cash equivalents		9	-
		7,571	6,802
Total assets		12,879	12,110
Current liabilities			
Borrowings	21	-	23
Trade and other payables	22	50	95
Current corporation tax liabilities		-	-
Total current liabilities		50	118
Total liabilities		50	118
Net assets/liabilities		12,829	11,992
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	23	136	136
Share Premium		9,516	9,516
Merger reserve		2,809	2,809
Retained earnings/(deficit)		368	(469)
Total equity		12,829	12,160

The financial statements were approved by the Board of Directors and authorised for issue on 24 July 2019.

P. J. L. Floyd

P Floyd

Director

The notes on pages 36 to 56 form part of these financial statements.

STATEMENT OF CHANGES IN COMPANY EQUITY

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 Apr 2016	136	9,516	2,809	(117)	12,344
(Loss) for the year	-	-	-	(184)	(184)
Total comprehensive income for the period	-	-	-	(184)	(184)
Balance at 31 March 2017	136	9,516	2,809	(301)	12,160
(Loss) for the year	-	-	-	(168)	(168)
Total comprehensive income for the period	-	-	-	(168)	(168)
Balance at 31 March 2018	136	9,516	2,809	(469)	11,992
Profit for the year	-	-	-	837	837
Total comprehensive income for the period	-	-	-	837	837
Balance at 31 March 2019	136	9,516	2,809	368	12,829

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value less attributable share-issue expenses.
Merger reserve	Amounts attributable to equity in respect of merged subsidiary undertakings.
Retained earnings	Cumulative profit/(loss) of the Group attributable to equity shareholders.

The notes on pages 36 to 56 form part of these financial statements.

Company Cashflow

	31 Mar 2019 £000	31 Mar 2018 £000
Cash flows from operating activities		
(Loss)/profit before tax	(204)	(214)
	(204)	(214)
(Increase) in trade and other receivables	(760)	(278)
(Decrease)/increase in trade and other payables	(45)	17
Net cash generated from operating activities	(1,009)	(475)
Cash flows from investing activities		
Dividends receivable from subsidiary undertakings	1,041	-
Net cash generated from investing activities	1,041	-
Cash flows from financing activities		
Net cash (used)/generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	32	(475)
Cash and cash equivalents at the beginning of the year	(23)	452
Cash and cash equivalents at the end of the year	9	(23)

The notes on pages 36 to 56 form part of these financial statements.

Notes to the Consolidated Financial Statements

1 General information

Scholium Group plc and its subsidiaries (together 'the Group') are engaged in the trading and retailing of rare books, works on paper and stamps 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 and accounting policies

The consolidated financial information, which represents the results of the Company and its subsidiaries, has been prepared in accordance with International Financial Reporting Standards and IFRC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union (EU) and as applied in accordance with the provisions of the Companies Act 2006. The Company financial statements have also been prepared in accordance with IFRSs.

The consolidated and Company financial statements have been prepared on an historical cost basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 below.

The functional and presentational currency of the Group and the Company is pounds sterling. The financial information is shown to the nearest £1,000.

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements for the years ended 31 March 2019 and 31 March 2018 are set out below. These policies have been consistently applied to all periods presented. The financial statements for the year ended 31 March 2018 have been restated following the adoption of IFRS 15: Revenue from Contracts with Customers. This restatement reduced the prior year profit from £38k to £1k.

Going concern

The directors report that, based on the Group's budgets and financial projections to 31 March 2020, they have satisfied themselves that the business is a going concern.

Companies Act s408 exemption

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Group loss for the year included a profit on ordinary activities after tax of £837,000, (2018: a loss on ordinary activities after tax of £168,000) which included the receipt of dividends by the Company of £1,041,000 (2018: £nil).

New standards and interpretations

a) New standards, interpretations and amendments effective from 1 January 2018

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 March 2019, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9) and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15) refer note 2

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item or property) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The adoption of this standard is expected to have a material impact on the Group with recognition of a new asset for the right to use the Group's premises and a corresponding liability to pay rentals. The effect is currently being evaluated.

Basis of consolidation

Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, it is classified as a subsidiary. The statement of financial position at 31 March 2019 incorporates the results of all subsidiaries of the Group for all years and periods, as set out in the basis of preparation.

Capital reorganisation and the merger reserve

On 7 January 2014 the Company was formed to become the new holding company for the Group. This was put into effect on 20 March 2014 through a share-for-share exchange of one ordinary share of £0.01 in Scholium Group plc for one ordinary share of £0.01 in Shapero Rare Books Limited (formerly Bookbank Limited). The value of one share in the Company was equivalent to the value of one share in Shapero Rare Books Limited.

The accounting treatment for group reorganisations is scoped out of IFRS3. Accordingly, as required under IAS8 Accounting Policies, Changes in Accounting Estimates and Errors the Group referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company was accounted for as a capital reorganisation using the merger accounting principles prescribed under current UK GAAP. Therefore the consolidated financial statements of Scholium Group plc are presented as if Scholium Group plc has always been the holding company for the Group. Share capital in the Company issued on the date of the reorganisation for the purposes of the merger is treated as if already issued in the earliest year presented.

The use of merger accounting principles has resulted in a balance on Group capital and reserves which has been classified as a merger reserve and included in the Group's shareholders' funds. The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

The Company recognised the value of its investment in Shapero Rare Books Limited (formerly Bookbank Limited) at fair-value based upon the initial share placing price on admission to AIM. This was a Level 2 valuation within the fair-value hierarchy. As permitted by S612 of the Companies Act 2006 the amount attributable to share premium has been transferred to the merger reserve.

Revenue Recognition

The Group has adopted IFRS 15: Revenue from Contracts with Customers in the accounts for the year ended 31 March 2019, and has chosen the full retrospective application, which has resulted in the restatement of the results for the year ended 31 March 2018, and the Group's balance sheet at that date. Revenue for the year ended 31 March 2018 as previously reported was £6,715k, and £96k of sales have now been deferred into the year ended 31 March 2019. The cost of these sales was £59k, and therefore the gross margin and operating profit has been reduced by £37k. The profit before tax for the year ended 31 March 2018 has therefore been reduced from £38k as originally published to £1k as restated. The results for the year ended 31 March 2017 were also reviewed on the basis that IFRS 15 had been adopted and there were no changes that needed to be made to the results already published by the Group. Accordingly, it was concluded that there was no necessity to restate the results for the year ended 31 March 2017 or the balance sheet at that date.

The Group's revenues derive from the sale of rare books and works on paper, works of art and philatelic items. The Group deals in rare books and works on paper, works of art and philatelic items. Sales are made on a retail basis, as well as by auction. In addition, commissions are received for the sale of items on behalf of third parties. Other income can also be received for the performance of services ancillary to the retail or auction sale.

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

- Identifying the contract with customers
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligations are satisfied

Identifying the contract with customers

The contract with customers who purchase retail items is created when an irrevocable request is made by the customer to purchase an item from the Group's stock and the Group recognises and accepts such a request. A contract is created for auction customers at the fall of the auctioneer's hammer by the specific identification of that customer at the end of the bidding process for each lot. Commission income is also earned by reference to a written agreement with the third party on whose behalf the Group is transacting business.

Identifying the performance obligations

The primary performance obligations for the Group in its retail and auction activities is the creation of a sales invoice and the physical delivery of the item to the customer, whereby the Group no longer has control of the items and therefore is no longer in a position to derive any further economic benefits from the item. For commission income, the Group raises a sales invoice when it has undertaken and completed the performance obligations set out in the contract with the third party.

Determining the transaction price

The transaction price is agreed between the Group and its customers at the time or as part of the process of negotiating the retail transaction in the normal method of offer and acceptance common to all contracts and is the sales invoice price. For auction customers, the transaction price is the hammer price together with such buyers' premium and other consideration as set out in the Group's sales catalogues. The transaction price for commission income is as set out in the contract with the third party.

Allocating the transaction price to the performance obligations

The performance obligations of the Group are straightforward and both of the primary performance obligations relate solely to the transaction price, ie the retail or auction price. The Group does not undertake long term contracts, and as a retailer, the transaction price arises at the time the sales invoice is created.

Recognising revenue when/as performance obligations are satisfied

The Group recognises revenue when its primary performance obligations have been satisfied, ie providing the sales invoice has been created and received by the customer, and the item has been delivered to the customer thereby depriving the group of the ability to sell the item to another party.

Retirement Benefits: Defined contribution schemes

Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Bibliography	– 15% on cost per annum
Plant and machinery	– 15% to 33% on cost per annum
Fixtures and fittings	– 15% to 33% on cost per annum
Motor vehicles	– 25% on cost per annum

Intangible assets

Intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over five years.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Finished goods - purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Financial instruments and liabilities

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Directors have not identified any material differences on adoption of IFRS 9 and as such, comparative information has not been required to be restated.

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are charged to the Statement of Profit and Loss over the tenure of the financial assets or financial liabilities.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (“FVOCI”) or Fair Value through Profit or Loss (“FVTPL”) on the basis of following:

- the entity’s business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case of financial assets classified and measured at amortised cost, any interest income, foreign exchange gains or losses and impairment are recognised in the Statement of Profit and Loss.

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

For financial assets at FVTPL, net gains or losses, including any interest or dividend income, are recognised in the Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL.

Gains or Losses, including any interest expense on liabilities held for trading, are recognised in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category. For financial assets other than trade receivables, as per IFRS 9, the Group recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

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

De-recognition of financial assets and financial liabilities:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability for amounts it has to pay.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss.

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

- Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

- Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

Derivative financial instruments:

The Company enters into derivative financial instruments viz. a residual of the convertible loan instrument. The Company does not hold derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Leased Assets

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.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share-based payments

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency) which is pounds sterling for each entity within the Group. For the purpose of the consolidated financial statements, the results and financial position of each entity within the Group are expressed in pound sterling which is the presentation currency for the Group and Company financial statements. The functional currency of the Company is pound sterling.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the income statement for the period.

Operating Segments

The Board considers that the Group's project activity constitutes one operating and one reporting segment, as defined under IFRS 8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

All of the revenues generated relate to the trading and retailing of rare and antiquarian books and works on paper, other quality books, stamps, ancillary income including commission receivable and from the repair of books. An analysis of revenues appears in note 5 below. All revenues are wholly generated within the UK. Accordingly, there are no additional disclosures provided to the financial information.

Operating profit and loss

Operating profit and loss comprises revenues less operating costs. Operating costs comprise adjustments for changes in inventories, employee costs including share-based payments, amortisation, depreciation and impairment and other operating expenses.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reasonably estimated.

Exceptional items of expense

Exceptional items of expense are administrative costs which are large or unusual in nature and are not expected to recur on a regular basis.

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future.

The significant estimates or judgements made by the Group include the valuation of its inventories, and the valuation of share-based payment expenses.

The value of the Group's inventory of rare and antiquarian books and works on paper and stamps may vary with market conditions and judgement is required in assessing the effect on the carrying values of related expenditure.

The valuation of the Group's share-option incentive plans requires the use of valuation techniques and assumptions including volatility, market interest rates and the future performance of the Company's share price.

Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

4 Financial instruments – risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

Credit risk

Liquidity risk

Market interest rate risk

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 March 2019, 31 March 2018 and 31 March 2017.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and placed on deposit in UK banks.

Trade and other payables are measured at book value and amortised cost.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 March 2019 the Group has trade receivables of £2,308,000 (2018: £1,962,000).

The Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms. In addition, the group accepts items to sell on behalf of some customers, and purchases joint shares in some items it holds for sale. Thus the credit risk is mitigated by the Group's obligation to pay the customers for items it has sold on their behalf.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements.

Market interest rate risk

Market interest rate risk arises in respect of its cash balances held pending investment in the growth of the Group's operations. The effect of interest rate changes in the Group's interest-bearing assets and liabilities and the re-pricing of its interest-bearing liabilities are set out in note 20.

Capital Management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £9.911 million (31 March 2018 restated: £9.924 million).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All funding required to acquire rare and antiquarian books and works on paper and stamps and other purposes are financed from existing cash resources.

5 Revenue

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Sales of Stock	6,736	6,455
Commissions	370	156
Other income	31	8
	7,137	6,619

All revenues are derived from a single operating segment, collectibles.

6 (Loss)/Profit Before Taxation

(Loss)/profit before taxation is after charging/(crediting):	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Depreciation of property, plant and equipment	31	26
Amortisation of intangible assets	4	-
Operating lease rentals	321	320
Foreign currency losses	8	8
Employee costs (note 7)	1,000	888
Fees payable to the Company's auditors (note 9)	38	37

7 Employee costs including Directors

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Wages	890	776
Social security costs	67	76
Pension costs	31	26
Other employee benefits	12	10
	1,000	888

All employee costs are included in administrative expenses.

Defined contribution pension schemes.

The Group operates defined contribution retirement benefit schemes for qualifying employees. The total cost charged to income of £31k (2018: £26k) represents contributions payable to those schemes by the Group at rates specified in the rules of the plans. As at 31 March 2019, contributions due in respect of the current reporting period of £3k (2018: £2k) had not been paid over to the schemes and are included within payables

8 Average number of employees

	31 Mar 2019 Group Number	31 Mar 2018 Group Number
Management	4	5
Operations	13	12
	17	17

9 Auditors' remuneration

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Fees payable to the Company's auditors for the audit of the Company's consolidated financial statements	8	8
Fees payable to the Company's auditors for the audit of subsidiary undertakings of the Company	26	25
Fees payable to the Company's auditors for other services	4	4
	38	37

10 Directors' remuneration

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Salaries and fees	177	182
Social security costs	8	8
Pension costs	1	1
Other employee benefits	5	4
	191	195
Information regarding the highest paid Director which comprises salary and benefits as follows	70	60

Simon Southwood, who resigned on 1 August 2017, received £nil compensation for loss of office in the year to 31 March 2019 (2018 - £11,000).

11 Financial (expense)/income

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Interest receivable	(12)	-
	(12)	-

12 Income tax

	31 Mar 2019 £000	31 Mar 2018 £000
Current tax (credit)/expense		
Current tax	-	-
Deferred tax	-	-
Impact of change in UK Corporation tax rate	-	-
Origination and reversal of temporary differences	-	-
Total tax expense	-	-

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

	31 Mar 2019 £000	31 Mar 2018 £000
(Loss)/profit before tax	(13)	1
Applied corporation tax rates:	19%	19%
Tax at the UK corporation tax rate of 19% (2018: 20%):	(2)	-
Expenses not deductible for tax purposes	-	-
Utilisation of previously unrecognised tax losses	-	15
Origination and reversal of temporary differences	2	(15)
Current tax charge	-	-

13 (LOSS)/PROFIT PER SHARE

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
(Loss)/profit used in calculating basic and diluted earnings per share attributable to the owners of the parent	(13)	1
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	13.6m	13.6m
Basic (loss)/earnings per share from continuing operations (pence per share)	(0.11)	0.00
Total basic and diluted (loss)/earnings per share - pence	(0.11)	0.00

All shares shown above are authorised, issued and fully paid up. Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

14 PROPERTY, PLANT & EQUIPMENT

	31 March 2019 Group £000 Bibliography	31 March 2019 Group £000 Plant & Machinery	31 March 2019 Group £000 Fixtures & Fittings	31 March 2019 Group £000 Motor Vehicles	31 March 2019 Group £000 Total
Cost					
At 1 April 2016	89	81	59	3	232
Acquired in the year	3	3	2	-	8
Reclassified	-	-	(19)	-	(19)
At 31 March 2017	92	84	42	3	221
Acquired in the year	5	34	7	-	46
Disposals	-	-	-	-	-
At 31 March 2018	97	118	49	3	267
Acquired in the year	1	6	0	5	12
Disposals	-	-	-	-	-
At 31 March 2019	98	124	49	8	279
Depreciation					
At 1 April 2016	50	74	14	2	140
Charge for the year	13	11	6	1	31
Disposals	-	-	-	-	-
At 31 March 2017	63	81	20	2	167
Charge for the year	14	7	6	-	27
Disposals	-	-	-	-	-
At 31 March 2018	77	88	26	2	193
Charge for the year	10	14	6	1	31
Disposals	-	-	-	-	-
At 31 March 2019	87	102	32	3	224
Net book value					
At 31 March 2019	11	22	17	5	55
At 31 March 2018	20	30	23	1	74
At 31 March 2017	29	3	22	1	55
At 31 March 2016	39	7	45	1	92
At 31 March 2015	51	17	22	2	92

There are no items of property, plant and equipment held under finance leases

15 Intangible Assets

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Balance at the beginning of the year	-	-
Additions at cost	20	-
Amortisation	(4)	-
Balance at the end of the year	16	-

The intangible assets comprise a mailing list.

16 Investment in subsidiaries

	31 Mar 2019 Company £000
At 7 January 2014	
Nominal value of shares issued	28
Fair-value adjustment take to merger reserve	2,809
Deferred consideration	2,363
At 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019	5,200

The investments in Group undertakings are recorded at cost which is the fair-value of the consideration paid.

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows: Shapero Rare Books Ltd, Scholium Trading Ltd and Mayfair Philatelics Ltd, all of which are wholly owned.

17 Deferred Corporation Tax

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Balance at the beginning of the year	277	277
Income statement	-	-
Balance at the end of the year	277	277

The deferred tax asset comprises:

Origination and reversal of temporary differences	277	277

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates expected for future periods of 19%. The deferred tax has arisen due to the availability of trading losses. The Group has unutilised tax allowances, at expected tax rates in future periods, of £383,000 (2018: £370,000) of which £277,000 has been recognised (2018: £277,000 recognised).

A review has been carried out of the Group’s ability to generate future profits which has concluded that it is appropriate to continue to recognise this deferred tax asset. As part of this review, it was also concluded that the management charges levied by the Company should be increased in future years to reflect more fully the costs attributable and services provided to the Group’s subsidiaries.

18 Inventories

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Finished goods	8,657	8,841
Finished goods expensed in the year	3,991	4,418

19 Trade & other receivables

	31 Mar 2019 Group £000	31 Mar 2018 Group £000	31 Mar 2019 Company £000	31 Mar 2018 Company £000
Trade debtors	2,308	1,962	-	-
Other debtors	28	20	2	5
Amounts due from Group undertaking	-	-	7,560	6,797
Prepayments and accrued income	183	249	-	-
	2,519	2,231	7,562	6,802

The age profile of trade and other receivables comprise:	£000
Current	1,144
One month past due	318
Two months past due	127
Over three months past due	719
Provision for doubtful debts	-
	2,308

As at 31 March 2019, trade receivables of £nil (31 March 2018 £nil, 31 March 2017 £nil, 31 March 2016 £nil) were considered past due and impaired. The other debtors balances are categorised as loans and receivables. All amounts shown under trade and receivables are due for payment within one year. Some receivables will be settled against trade payables in due course.

Amounts due from Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

20 Financial Assets

The Group's financial assets comprise cash and cash equivalents.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit or loss before tax through the impact on bank deposits and cash flows. There is no impact on the Group's equity.

	Change in rate	2019 £000	Change in rate	2018 £000
Bank deposits		192		216
	-0.5%	(1)	-0.5%	(1)
	-1.0%	(2)	-1.0%	(2)
	-1.5%	(2)	-1.5%	(3)
	+0.5%	1	+0.5%	1
	+1.0%	2	+1.0%	2
	+1.5%	2	+1.5%	3

21 Borrowings

Summary of borrowing arrangements	31 Mar 2019 Group £000	31 Mar 2018 Group £000	31 Mar 2019 Company £000	31 Mar 2018 Company £000
Bank overdraft (secured)	-	-	23	23
	-	-	23	23

22 Trade & other payables

	31 Mar 2019 Group £000	31 Mar 2018 Group £000	31 Mar 2019 Company £000	31 Mar 2018 Company £000
Trade creditors	959	1,290	7	21
Other taxes and social security	25	24	8	7
Group payables	-	-	-	-
Accruals and deferred income	779	354	9	20
Other creditors	42	437	26	47
	1,805	1,715	50	95

The Directors consider the carrying value of trade and other payables approximate to their fair values.

Amounts due to Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

23 Share Capital

	31 Mar 2019 Group and Company £000	31 Mar 2018 Group and Company £000
Ordinary shares of £0.01 each		
At the beginning of the year	136	136
Issued in the year	-	-
At the end of the year	136	136

Number of shares	**31 Mar 2019 Group and Company Number**	**31 Mar 2018 Group and Company Number**
Ordinary shares of £0.01 each		
At the beginning of the year	13,600,000	13,600,000
Issued in the year	-	-
At the end of the year	13,600,000	13,600,000

All shares shown above are authorised, issued and fully paid up. Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

24 Operating lease Commitments

Land and buildings	**31 Mar 2019 Group £000**	**31 Mar 2018 Group £000**
Less than one year	344	344
Between one and two years	172	516
Between three and five years	-	-
Over five years	-	-
	516	860

25 Capital Commitments

There were no outstanding capital commitments at 31 March 2019 (31 March 2018: nil).

26 Post balance sheet date events

There have been no material events directly affecting the Group since the balance sheet date.

27 Related party transactions

Bibliopole Limited (a company in which B Shapero is an investor):

The Company paid commission for the sale of Bibliopole Limited's share in books held by the company of £2,774 in the year ended 31 March 2019 (2018: £23,959).

Key Management Advances, Credits and Transactions

During the year, Jasper Allen bought £225 of stock (2018: £25) from Shapero Rare Books. He also purchased stamps from Mayfair Philatelics auction for £50 (2018: £96) and sold stamps for £nil (2018: £235). On 31 March 2019, he owed the Company £nil (2018: £78).

Transactions with subsidiaries of the Company

In the year ended 31 March 2019 the Company made an administrative charge for management expenses to Shapero Rare Books Limited of £36,205 (2018: £66,524), to Scholium Trading Limited £10,861 (2018: £22,175) and to Mayfair Philatelics £25,343 (2018: £nil). At 31 March 2019 Scholium Trading owed the Company £845,863 (2018: £1,145,464), Shapero Rare Books owed the Company £5,523,716 (2018: £5,560,799) and Mayfair Philatelics owed the Company £167,983 (2018: £90,494).

In the year ended 31 March 2019, a dividend of £724,000 (2018: £nil) was paid by Shapero Rare Books to the Company and a dividend of £317,000 (2018: £nil)was paid by Scholium Trading Limited to the Company.

Transactions with other related parties

As announced on 26 September 2017, the Group's subsidiary Shapero Rare Books sold a 50% interest, at cost, in its entire stock of Russian books, maps, prints and works on paper to PY Limited. PY Ltd also acquired at cost £64,000, being 100% of Shapero Rare Books' stock of Edmonton books. PY Ltd is a company controlled by Pierre-Yves Guillemet, a former employee of Shapero Rare Books.

The Russian stock had a cost and book value at 31 March 2017 of approximately £1.0 million, and in the year ended on that date generated a contribution of approximately £15,000 to central costs. The consideration comprised £250,000 payable on completion and a non interest bearing loan of £315,000 repayable from the sale of the Russian stock in the period to 28 February 2020. Any balance of the loan not repaid by then is to be repaid in cash in full by that date. The Group therefore retains ownership of 50% of the Russian stock and will receive half the sale proceeds including a half share of the profit from future sales.

28 Control

The company is controlled by a small number of shareholders, none of whom has overall control.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Scholium Group plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A form of proxy for the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, please complete the form of proxy and return it in accordance with the instructions printed on it so as to reach the Company's registrar no later than 10.30 a.m. on Monday, 23 September 2019. Further details are given in the notes to this document on page 4. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

NOTICE OF ANNUAL GENERAL MEETING

Scholium Group plc

(registered in England and Wales No. 08833975)

Notice is hereby given that the annual general meeting (AGM) of Scholium Group plc (the Company) will be held at 32 St George Street, London W1S 2EA on Wednesday, 25 September 2019 at 10.30 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1-7 shall be proposed as ordinary resolutions and resolutions 8 and 9 shall be proposed as special resolutions:

Resolution 1

To receive and adopt the accounts for the financial year ended 31 March 2019 together with the reports of the directors of the Company and the auditors of the Company thereon.

Resolution 2

To receive and approve the directors' remuneration report for the financial year ended 31 March 2019.

Resolution 3

To re-appoint Wenn Townsend as auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the next AGM of the Company.

Resolution 4

To authorise the directors to determine the remuneration of the auditors.

Resolution 5

THAT Jasper Allen be re-elected a director of the Company

Resolution 6

THAT Philip Blackwell be re-elected a director of the Company

Resolution 7

THAT in accordance with section 551 of the Companies Act 2006 (the Act), the directors of the Company be and they are hereby generally and unconditionally authorised in substitution for all existing authorities:

1) to allot shares in the capital of the Company and to make offers or agreements to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (Relevant Securities) up to an aggregate nominal amount of £45,288; and

2) to allot equity securities (as defined by section 560 of the Act) up to an additional nominal amount of £90,576 (such amount to be reduced by the nominal amount of any Relevant Securities allotted pursuant to the authority conferred in paragraph (a) above) in connection with an offer by way of a rights issue:

    a) in favour of the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

    b) in favour of the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange.

This authority shall expire on the date of the next annual general meeting of the Company or 31 October 2020 whichever is earlier (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Resolution 8

THAT subject to the passing of Resolution 7, the directors be and they are hereby empowered to allot equity securities (as defined by section 560 of the Act) for cash, either pursuant to the authority conferred by resolution 5 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

1) the allotment of equity securities in connection with an offer by way of a rights issue:

    a) in favour of the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

    b) in favour of the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

2) the allotment of equity securities up to an aggregate nominal amount of £6,800

and shall expire on the date of the next annual general meeting of the Company or 31 October 2020 whichever is earlier (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

Resolution 9

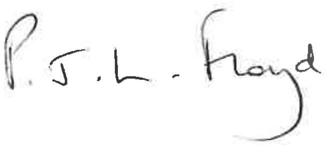
THAT the Company be and it is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (as defined in Section 693 of the Act) of ordinary shares of £0.01 each in the capital of the Company (**Ordinary Shares**) on such terms and in such manner as the directors may from time to time determine provided that:

1) the maximum aggregate number of Ordinary Shares which may be purchased is 1,360,000.
2) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is £0.01.
3) the maximum price (exclusive of expenses) which may be paid for any Ordinary Share does not exceed 10% of the average of the middle market prices of the Ordinary Shares on the Daily Official List of the UK Listing Authority for the five business days immediate preceding the date on which the Company agrees to buy the shares concerned.

In exercising this authority the Company may purchase shares using any currency, including pounds sterling, US dollars and euros.

This authority shall expire on the conclusion of the next annual general meeting of the Company or on 31 October 2020 whichever is the earlier, provided that, the Company may before such expiry make a contract to purchase Ordinary Shares which will or may be executed or completed after such expiry.

By order of the Board



Peter Floyd

Company Secretary

Date: 24 July 2019

Registered Office:

32 St George Street
London
W1S 2EA

Registered in England with number: 08833975

NOTES:

Entitlement to attend and vote at the AGM

1) Only holders of ordinary shares are entitled to attend and vote at the AGM meeting.

2) Pursuant to the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the AGM (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company no later than 6.00pm on Monday, 23 September 2019. Changes to entries on the register of members after this time (or after 6.00pm on the day which is two days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Proxies

3) A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the AGM. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A form of proxy for the meeting is enclosed with this notice.

4) To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by the Company's registrar, Capita Asset Services at: PXS 1, The Registry, 34 Beckenham Road, Kent BR3 4ZF, no later than 10.30 am on Monday, 23 September 2019 or not less than 48 hours before the time of commencement of any adjourned meeting. If you are a CREST member, see note 7 below.

5) Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

6) Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

7) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK and Ireland Limited's (**Euroclear**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (IDRA10) by the latest time(s) for receipt of proxy appointments specified in the notice of the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate Representatives

8) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Right to ask Questions at the AGM

9) Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Documents available for inspection

10) Copies of executive directors' service agreements, copies of the terms and conditions of appointment of non-executive directors and a copy of the existing memorandum and articles of association will be available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the AGM (Saturdays, Sundays and public holidays excepted) and will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting. A copy of this notice can be found at www.scholiumgroup.com.

Issued share capital and total voting rights

11) As at 18 July 2019 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 13,600,000 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 13,600,000.

Electronic Communications

12) You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

EXPLANATORY NOTES

Explanatory notes to the Resolutions to be proposed to shareholders at the AGM are set out below:

Resolution 1. This resolution is to receive the Company's audited financial statements for the financial year ended 31 March 2019 as well as the reports of the Company's directors and the Company's auditors thereon. You can find the directors' report on pages 10 to 14 and the auditors' report on pages 15 to 20 of the annual report and accounts for the year ended 31 March 2019.

Resolution 2. This resolution is to approve the directors' remuneration report for the financial year ended on 31 March 2019. You can find the remuneration report on page 11 of the annual report and accounts for the year ended 31 March 2019.

Resolutions 3 and 4. These resolutions are for the re-appointment of Wenn Townsend as the Company's auditors to hold office until the next annual general meeting of the Company and to authorise the directors to fix their remuneration.

Resolutions 5 and 6. These resolutions are for the re-election of Jasper Allen and Philip Blackwell as directors of the Company.

Resolution 7. This resolution, which is an ordinary resolution, is to renew the directors' authority to allot Relevant Securities in the Company in accordance with section 551 of the Act. This resolution complies with guidance issued by the Association of British Insurers ('ABI') in December 2008 (and revised in November 2009) and will, if passed, authorise the directors to allot:

Relevant Securities up to a maximum nominal amount of £45,288 which represents approximately 33.3% of the Company's issued ordinary shares (excluding treasury shares) as at 18 July 2019.

in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £90,576 which represents approximately 66.6% of the Company's issued ordinary shares (excluding treasury shares) as at 18 July 2019. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out paragraph (a).

Therefore, the maximum nominal amount of Relevant Securities (including equity securities) which may be allotted under this resolution is £90,576.

As at close of business on 18 July 2019, the Company did not hold any treasury shares.

The authority granted by this Resolution will expire on the date of the next annual general meeting of the Company or 31 October 2020 whichever is earlier.

The directors have no present intention to exercise this authority.

In this Note, 'Relevant Securities' has the meanings set out in Resolution 5

Resolution 8. This resolution will, if passed, give the directors power, pursuant to the authority to allot granted by Resolution 5, to allot equity securities (as defined by section 560 of the Act) or allot shares for cash without first offering them to existing shareholders in proportion to their existing holdings:

(a) in relation to a rights issue or other pre-emptive offer; and

in any other case up to a maximum nominal amount of £6,800 which represents approximately 5% of the Company's issued ordinary shares (excluding treasury shares) as at 18 July 2019.

In compliance with the guidelines issued by the Pre-emption Group, the directors will ensure that, other than in relation to a rights issue, no more than 7.5% of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance.

This Resolution complies with relevant guidance issued by the Pre-emption Group and the Association of British Insurers.

The power granted by this Resolution will expire on the date of the next annual general meeting of the Company or 31 October 2020 whichever is earlier.

The directors consider the authority in Resolution 6 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict guidelines of the statutory pre-emption provisions.

Resolution 9. Authority is sought in Resolution 7 for the Company to be able to make market purchases of its own shares.

If passed, Resolution 7 will give the Company authority to purchase up to 1,360,000 of its ordinary shares, representing 10% of its issued share capital as at 18 July 2019 by way of market purchases.

Ordinary shares will not be purchased for a price less than one pence per share being the nominal value of each share, nor for more than 5% above the average middle market quotations of the ordinary shares over the preceding five business days nor will they be purchased during any period in which the Company is otherwise prohibited from making market purchases. Purchases will be made using available reserves. Once purchased Ordinary Shares will be cancelled and the number of shares in issue will be reduced accordingly.

The directors will only exercise this authority if they believe that the effect of such purchases will be to increase the underlying value per Ordinary Shares having regard to the interest of shareholders generally.

The authority granted by this Resolution will expire on the date of the next annual general meeting of the Company or 31 October 2020 whichever is earlier.

The Directors have no present intention of purchasing any shares pursuant to this authority.