

25 August 2021

Scholium Group plc ('Scholium' or the 'Group')

Preliminary Results for the year ended 31 March 2021

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

Scholium is engaged in the business of rare books, modern prints, art and collectibles. Its primary operating subsidiary is Shapero Rare Books, one of the leading UK dealers trading internationally in rare and antiquarian books and works on paper, which also trades as Shapero Modern, a leading UK dealer in the growing marketplace of modern and contemporary prints.

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

Operating Highlights

- A significant and encouraging increase in online sales across Shapero Rare Books, Modern Prints and Mayfair Philatelics
- The Group's three trading entities achieved breakeven trading for the year to 31 March 2021
- The Group's loss before tax was £437k, including £125k exceptional costs of moving premises and £314k of central costs
- Group is now trading profitably in the first four months of the current year
- Group net cash of £183k after deducting Covid bank loan of £250k as at 25 August 2021

Financial Highlights

Years ended 31 March (£'000)	2021	2020
Revenue	6,029	7,300
Gross Profit	2,072	2,920
Gross Margin	34%	40%
(Loss)/profit before tax	(437)	25
(Net borrowings)/cash	(248)	281
NAV/Share	68p	71p

A copy of the 2021 Annual Report (including the notice of Annual General Meeting ("AGM")) will be sent to shareholders in due course. The Annual Report will also be available on the Company's website in due course. <http://scholiumgroup.com>

The Company's AGM will be held at 10.30am at 106 New Bond Street, London W1S 1DN on 29 September 2021.

Jasper Allen, Chairman of Scholium, noted "Whilst the results for the year to 31 March 2021 are disappointing due to the impact of Covid, we are pleased to have traded profitably in the four months to July this current financial year, and with the transition to higher levels of online activity."

For further information, please contact

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Chairman's Statement

The Group's revenues for the year ended 31 March 2021 decreased by 17% to £6.0 million (2020: £7.3 million) as a result of the adverse impact of the Covid restrictions imposed by governments around the world from March 2020 onwards, including the closure of the shop, the cessation of trade fairs and the absence of overseas customers visiting London.

The Group responded to these difficulties by successfully migrating much of the business online, and both Shapero Rare Books, Shapero Modern's prints business and Mayfair Philatelics are better placed going forward as a result. Scholium Trading has not been able to transfer its activities online to the same extent, but nevertheless retains an interest in some paintings with good potential. Shapero Rare Books continues to be one of the world's leading rare book dealers and will ultimately benefit from the move to lower cost premises in the years ahead. The Group also relocated its business to lower cost premises during the year.

In a further response to Covid and its impact on the Group's business, the Board has implemented a cost reduction programme which is focused on returning the Group to profitability. Both staff and premises costs are expected to be lower by an aggregate of £300,000 on an annualised basis going forward.

Excluding the costs of moving premises in October 2020, the Group incurred a loss of £154,000 in the second half of the financial year. The overall loss of £437,000 (2020: £252,000) for the Group included the central plc costs of £314,000 and the costs of moving premises of £125,000. Thus the Group's trading entities, Shapero Rare Books, Shapero Modern, Scholium Trading and Mayfair Philatelics traded at breakeven, which is a creditable result in these difficult trading circumstances.

The Board is continuing to search for further acquisitions in related areas and has identified a small number of companies with which it had preliminary discussions during the year.

The Group remains well capitalised with £9.0 million of stock, with only £248,000 of net bank borrowings. The Group also has an undrawn overdraft facility of £500,000 available to it.

Results

Group revenue for the year of £6.0 million (2020: £7.3 million) generated a loss before tax of £437,000 (2020: profit of £25,000). The Group no longer recognizes deferred tax assets and therefore the loss after tax for the year to 31 March 2021 was also £437,000 (2020: loss £252,000).

Staff

The Group's operations, particularly over these difficult times, continue to rely on the hard work and dedication of our small number of employees and I would like to take this opportunity of thanking them again for their contribution and effort, particularly when working from home, during the year.

Current Trading and Prospects

Trading conditions have inevitably been difficult since 31 March 2021, and the Group's retail premises remained closed until mid-April. Since re-opening, online sales have been maintained but footfall has been significantly lower than in the previous year. Trading for the first four months of the current year has been

profitable, which is encouraging, and net cash is now positive. The further cost reductions will benefit the second half of the year.

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 2021; 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 online from London, 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 art and collectibles focused 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 decreased to £6.0m from £7.3m in the prior year due to decreased sales in each of the constituent businesses. The Group was lossmaking during the year, as a result of the impact of Covid-19 and the consequent reduced activity and compulsory closure of its retail premises. Gross profit decreased by 29% compared with the prior year ended 31 March 2020, and the margin made on sales diminished from 40% last year to 34% in the year ended 31 March 2021 due to the more difficult market.

Direct costs decreased primarily due to the cancellation of physical book fairs in the UK and internationally. Overhead expenses were at similar levels to last year. The Group incurred exceptional costs amounting to

£125k following the termination of its lease in St George Street and its move to new premises in Bond Street and Maddox Street. Central costs, including the costs of the Company's listing on AIM, were marginally higher than the prior year.

The Group's loss before tax for the year to 31 March 2021 was £437k.

Group performance for the 12 months ended 31 March 2021 by half year			
6 months ended (£'000)	H1 (unaudited)	H2	Variance
Revenue	3,120	2,909	-7%
Gross Profit	978	1,094	12%
(Loss) before tax	(158)	(279)	-77%

The increase in the loss in the second half can be attributed to the costs of moving premises in October 2020.

The Group's stock at 31 March 2021 was £9,025k compared with the prior year of £8,981k. Shapero Rare Books had a slightly increased stock level as March 2021 sales were curtailed by the onset of restrictions due to Covid 19. Scholium Trading's stock was also slightly higher by comparison with the prior year due to purchases in March. Mayfair Philatelics' stock was slightly below the prior year.

Group cash at 31 March 2021 was £2k, after drawing down a £250k Covid bank loan. Net cash at £248k overdrawn was therefore lower by £529k than the £281k cash in the prior year. The Group's overdraft was used 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, gross margin and profit before tax;
- the breadth and distribution of the stock of rare books held by the Group;
- stock turnover; and
- cash position.

Key Performance Indicators			
Years ended 31 March (£'000)	2021	2020	Variance
Revenue	6,029	7,300	-17%
Gross Profit	2,072	2,920	-29%
Gross Margin	34%	40%	-14%
Stock Turnover (months)	27.3	24.2	-13%
(Net borrowings)/cash	(248)	281	n/a

Group Performance

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

Shapero Rare Books

Shapero Rare Books (SRB) managed to trade at breakeven during the year ended 31 March 2021 prior to the exceptional costs incurred in moving premises. The year's sales were £5,098k, below the prior year's sales of £5,889k and gross profit likewise at £1,678k for the year ended 31 March 2021 compared with the prior year of £2,293k.

Direct costs including the attendance at fairs, exhibitions, and catalogues decreased from £579k in the prior year to £210k in the year to 31 March 2021. This reflected the absence of exhibiting at fairs. Overhead costs, excluding the costs of moving during the year of £125k, declined marginally from £1,556k in the prior year to £1,433k in the year to 31 March 2021.

SRB therefore recorded a loss before tax of £119k, or profit before exceptional costs of £6k, compared with the profit of £145k in the prior year.

Scholium Trading

Scholium Trading had a difficult year, as the market for works of art and paintings was quiet during the year. Sales were £50k, compared with £479k in the prior year, with a gross profit of £14k compared to £236k for the prior year. The loss before tax was £1k compared with a profit of £201k in the prior year.

Mayfair Philatelics

The year to 31 March 2021 continued the fuller six (2020: six) auction programme for Mayfair Philatelics, all of which were held online or by post. Although the year's revenues were lower at £881k (2020: £931k), costs were also lower as a result of the move to online auctions. The loss for the year was therefore £3k (2020: loss of £23k).

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 £314k in the year to 31 March 2021, an increase of £15k from the prior year's total of £299k. 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 2021 (£'000)

	Shapero Rare Books	Scholium Trading	Mayfair Philatelic	Central	Consolidated
Revenue	5,098	50	881	-	6,029
Gross Profit	1,678	14	380	-	2,072
Gross Margin	33%	28%	43%	-	34%
Profit/(Loss) before tax	(119)	(1)	(3)	(314)	(437)

Year ended 31 March 2020 (£'000)

	Shapero Rare Books	Scholium Trading	Mayfair Philatelic	Central	Consolidated
Revenue	5,889	479	932	-	7,300
Gross Profit	2,293	236	391	-	2,920
Gross Margin	39%	49%	42%	0%	40%
Profit/(Loss) before tax	145	202	(23)	(299)	25

Dividend

The Board does not propose to declare a final dividend for the financial year ended 31 March 2021.

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 number 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.

Pandemics and government imposed trading restrictions

The Group's trading capabilities are vulnerable to the prevalence of pandemics such as Covid 19 which has resulted in the closure of the Group's retail premises for several months and the cancellation of all fairs and exhibitions, together with restrictions on the mobility of its staff, customers and suppliers. The Group has

other avenues to market available to it, including the internet, telephone and post, but it may be difficult for the Group to trade profitably while such a pandemic is present.

Future prospects

As a result of the restrictions imposed by the UK government in response to Covid 19, the Group is presently trading profitably in the first four months of the current year.

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 online 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 is not intending to increase the capital available to this business, until the market conditions improve.

Mayfair Philatelics now has a full year's auction programme in place.

The board continues to review the opportunity for making further cost savings, with a view to improving the Group's profitability and thereby creating improved shareholder value. As part of this process, the Group relocated its retail bookshop to lower cost premises during the course of the year ending 31 March 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 Mar 2021	Year ended 31 Mar 2020
	Note	£000	£000
Revenue	3	6,029	7,300
Cost of Sales		(3,957)	(4,380)
Gross profit		<u>2,072</u>	<u>2,920</u>
Distribution expenses		(282)	(720)
Administrative expenses		(2,198)	(2,162)
Total administrative expenses		<u>(2,198)</u>	<u>(2,162)</u>
(Loss)/ profit from operations		(407)	37
Financial (expense)		(30)	(13)
Profit/(loss) before taxation		<u>(437)</u>	<u>25</u>
Income tax (expense)	7	-	(277)
(Loss) for the year from continuing operations and total comprehensive income attributable to equity holders of the parent company		<u>(437)</u>	<u>(252)</u>
Basic and diluted profit/(loss) per share:			
From continuing operations - pence	8	(3.21)	(1.86)
Total diluted (loss)/ profit per share - pence		<u>(3.21)</u>	<u>(1.86)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 Mar 2021	31 Mar 2020
	Note	£000	£000
Assets			
Non-current assets			
Property, plant and equipment		1,175	233
Intangible assets	9	8	12
Deferred corporation tax asset	11	-	-
		<u>1,183</u>	<u>245</u>
Current assets			
Inventories	12	9,025	8,981
Trade and other receivables	13	1,689	1,492
Cash and cash equivalents		2	281
		<u>10,716</u>	<u>10,754</u>
Total assets		<u>11,899</u>	<u>10,999</u>
Current liabilities			
Trade and other payables		1,308	1,168
Loans and borrowings	14	250	-
Right-of-use asset lease liabilities	16	1,119	172
Total current liabilities		<u>2,677</u>	<u>1,340</u>
Total liabilities		<u>2,677</u>	<u>1,340</u>
Net assets/liabilities		<u>9,222</u>	<u>9,659</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	15	136	136
Share Premium		9,516	9,516
Merger reserve		82	82
Retained (loss)/earnings		(512)	(75)
Total equity		<u>9,222</u>	<u>9,659</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2018	136	9,516	82	190	9,924
(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
(Loss) for the year from continued and discontinued operations	-	-	-	(252)	(252)
Total comprehensive income for the period	-	-	-	(252)	(252)
Balance at 31 March 2020	136	9,516	82	(75)	9,659
(Loss) for the year from continued and discontinued operations	-	-	-	(437)	(437)
Total comprehensive income for the period	-	-	-	(437)	(437)
Balance at 31 March 2021	136	9,516	82	(437)	9,222

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	Cumulative profit/(loss) of the Group attributable to equity shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 Mar 2021	31 Mar 2020
	£000	£000
Cash flows from operating activities		
(Loss)/profit before tax	(437)	25
Depreciation of property, plant and equipment	322	326
Amortisation of intangible assets	4	4
	<u>(111)</u>	<u>355</u>
(Increase)/decrease in inventories	(122)	(325)
Decrease/(increase) in trade and other receivables	(70)	1,037
Increase/(decrease) in trade and other payables	1,067	(633)
Net cash generated from operating activities	<u>764</u>	<u>433</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(56)	(36)
Purchase of right-to -use assets	(920)	-
Net cash (used) in investing activities	<u>(976)</u>	<u>(36)</u>
Cash flows from financing activities		
Lease repayments for right-of-use assets	(288)	(296)
Bank loan	250	-
Interest paid	(30)	(13)
Net cash (used) from financing activities	<u>(68)</u>	<u>(309)</u>
Net increase/(decrease) in cash and cash equivalents	(279)	89
Cash and cash equivalents at the beginning of the year	281	192
Cash and cash equivalents at the end of the year	<u>2</u>	<u>281</u>

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	31 Mar 2021 £000	31 Mar 2020 £000
Assets			
Non-current assets			
Group Investments	10	2,391	2,391
Deferred tax asset		-	-
		<u>2,391</u>	<u>2,391</u>
Current assets			
Trade and other receivables	13	7,464	7,364
Cash and cash equivalents		-	7
		<u>7,464</u>	<u>7,371</u>
Total assets		<u>9,855</u>	<u>9,762</u>
Current liabilities			
Trade and other payables		85	70
Loans and borrowings	14	309	-
		<u>394</u>	<u>70</u>
Total current liabilities		<u>394</u>	<u>70</u>
Total liabilities		<u>394</u>	<u>70</u>
Net assets/liabilities		<u>9,461</u>	<u>9,692</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	15	136	136
Share Premium		9,516	9,516
Merger reserve		-	-
Retained earnings/(deficit)		(191)	40
Total equity		<u>9,461</u>	<u>12,829</u>

STATEMENT OF CHANGES IN COMPANY EQUITY

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 Apr 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
(Loss) for the year	-	-	-	(328)	(328)
Total comprehensive income for the period	-	-	-	(328)	(328)
Write-off of merger reserve	-	-	(2,809)	-	(2,809)
Balance at 31 March 2020	136	9,516	-	40	9,962
(Loss) for the year	-	-	-	(314)	(314)
Total comprehensive income for the period	-	-	-	(314)	(314)
Balance at 31 March 2021	136	9,516	-	(274)	9,378

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

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

COMPANY CASHFLOW

	31 Mar 2021 £000	31 Mar 2020 £000
Cash flows from operating activities		
(Loss)/profit before tax	(314)	(220)
	<u>(314)</u>	<u>(220)</u>
Decrease/(increase) in trade and other receivables	(17)	198
(Decrease)/increase in trade and other payables	15	20
Net cash generated from operating activities	<u>(316)</u>	<u>(2)</u>
Cash flows from investing activities		
Dividends receivable from subsidiary undertakings	-	-
Net cash generated from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Bank loan	250	-
Net cash (used)/generated from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(66)	(2)
Cash and cash equivalents at the beginning of the year	7	9
(Overdraft)/cash and cash equivalents at the end of the year	<u>(59)</u>	<u>7</u>

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 106 New Bond Street, London W1S 1DN.

2 Basis of preparation and accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 2021 and 31 March 2020 are set out below. These policies have been consistently applied to all periods presented.

Going concern

The Group's trading was severely disrupted due to the restrictions imposed internationally as a result of the onset of Covid-19 during March 2020, and which have remained in place for much of the year ended 31 March 2021.

The United Kingdom government imposed a number of restrictions on businesses and the population from March 2020 onwards (the lockdown period). The Group has remained in a reasonably strong position with nearly £9 million of stock and with only a £250,000 Covid bank loan. Despite the closure of the Group's retail premises and the cancellation of all of the trade fairs both in the UK and overseas in the current financial year to date, sales have continued on the internet, by telephone and by post. These sales are at considerably reduced levels and the Group has been loss making. The overdraft has been used throughout some of the year ended 31 March 2021, but as of

this date, cash balances (excluding the Covid loan) are positive and the £0.5 million overdraft facility remains undrawn.

The Directors have reviewed the activities of the Group since 1 April 2021 with a view to determining whether there are any material uncertainties which may impact whether the Group can be considered to be a going concern. The Group's primary activities can be classified as retail, and therefore the Directors have considered the Group's position in the light of the retail industry as a whole as well as the Group's own circumstances. The Group's new leases on its retail premises are at lower rents, and more short term with the New Bond Street lease having an option to terminate on 29 September 2022. The Group therefore does not have any exposure to any onerous leases. The Group has an international customer base, and is not dependent on footfall generating sales from its London premises, or its presence at international fairs.

The Group's costs have reduced following the cancellation of trade fairs, and travel and subsistence costs are also lower than in prior years.

The Group has only a £250,000 Covid bank loan repayable over five years and therefore is not exposed to any liabilities where the terms of repayment may change as a result of the lender's response to Covid-19. The Group has no creditors over one year, and no liabilities to a defined benefit pension scheme.

The Group has continued to make sales, and has recently concluded its own successful online auctions of both books and works on paper, and philatelic items, that have demonstrated that the continued ability to trade from retail premises, whilst desirable, is not fundamental to the Group's ability to sell its inventory to its customers at satisfactory margins. In addition, inventory has been consigned to third party auctions and sold satisfactorily.

The Directors have prepared revised "stressed" forecasts taking account of the results to date, current expected demand, and cost savings identified. This has been conducted together with an assessment of the liquidity headroom against the cash and bank facilities including the new Covid loan.

The Directors have concluded that the continued potential impact of the COVID-19 pandemic described above does not represent a material uncertainty over the Group and Company's ability to continue as a going concern. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months, therefore it is appropriate to adopt a going concern basis for the preparation of the Financial Statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group and Company were unable to continue as a going concern.

3 Revenue

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
Sales of Stock	5,738	7,214
Commissions	275	60
Other income	16	26
	<u>6,029</u>	<u>7,300</u>

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

4 (Loss) Before Taxation

(Loss) before taxation is after charging/(crediting):

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
Depreciation of property, plant and equipment	322	326
Amortisation of intangible assets	4	4
Operating lease rentals	-	-
Foreign currency losses/(gains)	14	(9)
Employee costs (note 7)	878	976
Fees payable to the Company's auditors (note 9)	41	41

5 Employee costs including Directors

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
Wages	752	833
Social security costs	75	91
Pension costs	31	38

Other employee benefits	20	14
	878	976
	878	976

All employee costs are included in administrative expenses.

The Group received £112k (2020: £nil) in grants relating to the Coronavirus Job Retention Scheme.

Defined contribution pension schemes.

The Group operates defined contribution retirement benefit schemes for qualifying employees. The total cost charged to income of £31k (2020: £38k) represents contributions payable to those schemes by the Group at rates specified in the rules of the plans. As at 31 March 2021, contributions due in respect of the current reporting period of £3k (2020: £3k) had not been paid over to the schemes and are included within payables.

6 Directors' remuneration

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
Salaries and fees	174	183
Social security costs	10	10
Pension costs	-	1
Other employee benefits	8	7
	192	201
Information regarding the highest paid Director, Jasper Allen:		
Salary	70	76
Benefits	<u>7</u>	<u>7</u>
	77	83

There is one (2020 – one) director accruing a defined contribution pension liability.

The Directors are considered to be the Company's key management personnel.

7 Income tax

	31 Mar	31 Mar
	2021	2020
	£000	£000
<i>Current tax (credit)/expense</i>		
Current tax	-	-
Deferred tax	-	(277)
Impact of change in UK Corporation tax rate	-	-
Origination and reversal of temporary differences	-	-
Total tax expense	-	(277)

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

	31 Mar	31 Mar
	2021	2020
	£000	£000
(Loss)/profit before tax	(437)	25
Applied corporation tax rates:	19%	19%
Tax at the UK corporation tax rate of 19% (2020: 19%):	(83)	5
Tax losses not recognized as deferred tax assets	83	-
Write off of previously recognised tax losses	-	(277)
Origination and reversal of temporary differences	-	(5)
Taxation charge	-	(277)

8 (Loss) per share

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
(Loss) used in calculating basic and diluted earnings per share attributable to the owners of the parent	(437)	(252)
<hr/>		
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	13.6m	13.6m
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Basic earnings/(loss) per share from continuing operations (pence per share)	(3.21)	(1.86)
<hr/>		
Total basic and diluted earnings/(loss) per share - pence	(3.21)	(1.86)
<hr/>		

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.

9 Intangible Assets

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
Cost at the beginning and end of the year	20	20
<hr/>		
Amortisation at the beginning of the year	8	4
Amortisation during the year	4	4
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Amortisation at the end of the year	12	8

	—	—
Net book value at the end of the year	8	12

The intangible assets comprise a mailing list.

10 Investment in subsidiaries

	31 Mar
	2021
	Company
	£000
At 7 January 2014: nominal value of shares issued	28
Fair-value adjustment taken to merger reserve	2,809
Write-off of merger reserve on 31 March 2020	(2,809)
Deferred consideration	2,363
	—
Balance at 31 March 2020	2,391
Balance at 31 March 2021	2,391

The investments in Group undertakings are originally recorded at cost which is the fair-value of the consideration paid. At 31 March 2019 the amount was £5,200,000. The Company's merger reserve was written off as at 31 March 2020 due to the assessment of the subsidiary company's value following the adverse impact of Covid-19. As such, the investment is now valued at £2,391,000.

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.

11 Deferred Corporation Tax

31 Mar	31 Mar
2021	2020

	Group	Group
	£000	£000
Balance at the beginning of the year	-	277
Income statement	-	(277)
	<hr/>	<hr/>
Balance at the end of the year	-	-
The deferred tax asset comprises:		
Origination and reversal of temporary differences	-	-

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 £460,000 (2020: £378,000) of which £nil has been recognised (2020: £nil recognised).

In adopting IFRIC 23 Uncertainty over tax treatments during the year ended 31 March 2020, a review has been carried out of the Group's ability to generate future profits in the light of Covid-19. This has concluded that it is no longer appropriate to continue to recognise any deferred tax assets.

12 Inventories

	31 Mar	31 Mar
	2021	2020
	Group	Group
	£000	£000
Finished goods	9,025	8,981
	<hr/>	<hr/>
Finished goods expensed in the year	3,892	4,222
	<hr/>	<hr/>

13 Trade & other receivables

	31 Mar	31 Mar	31 Mar	31 Mar
	2021	2020	2021	2020
	Group	Group	Company	Company
	£000	£000	£000	£000
Trade debtors	1,421	1,347	-	-
Other debtors	36	47	6	5
Amounts due from Group undertaking	-	-	7,437	7,339

Prepayments and accrued income	232	98	21	20
	1,689	1,492	7,464	7,364

The age profile of trade debtors comprises:				£000
Current				560
One month past due				10
Two months past due				97
Over three months past due				754
Provision for doubtful debts				-
				<u>1,421</u>

As at 31 March 2021, trade receivables of £nil (31 March 2020 £nil, 31 March 2019 £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.

14 Loans and Borrowings

	31 Mar 2021	31 Mar 2020
	Group and Company	Group and Company
	£000	£000
<i>Bank loan</i>		
At the beginning of the year	-	
Drawn during the year	250	250
At the end of the year	<u>250</u>	<u>250</u>

15 Share Capital

31 Mar 2021	31 Mar 2020
------------------------	------------------------

	Group and Company £000	Group and Company £000
<i>Ordinary shares of £0.01 each</i>		
At the beginning of the year	136	136
Issued in the year	-	-
At the end of the year	<u>136</u>	<u>136</u>

Number of shares	31 Mar 2021 Group and Company Number	31 Mar 2020 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	<u>13,600,000</u>	<u>13,600,000</u>

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.

16 Right of use Asset lease Liabilities

	31 Mar 2021 Group £000	31 Mar 2020 Group £000
Land and buildings	<u>1,119</u>	<u>172</u>

17 Post balance sheet date events

The Group's trading remains disrupted due to the continuing restrictions imposed internationally in response to Covid-19.

Despite the closure of the Group's retail premises until mid-June 2021 and the cancellation of all of the fairs both in the UK and overseas in the current financial year to date, sales have continued on the internet, by telephone and by post. The Group has traded profitably in the first four months of the current year to 31 March 2022. Cash balances are positive and the £0.5 million overdraft facility remains undrawn. Management remains focussed on the cost reduction programme as well as generating as many sales as possible during this unprecedented period. The outcome for the first half year to 30 September 2021 is presently uncertain given the current market conditions.

However, the continuing sales to date in present circumstances provide some encouragement that the Group will prevail to take advantage of opportunities as conditions hopefully begin to improve. Although the Group's retail premises have re-opened in mid-June, customer footfall has not returned to pre-pandemic levels. Sales have increased in June and July compared with April and May, and successful online sales have been held of books, works on paper and philatelic items.

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