Wednesday 21 August, 2019

Fiske PLC

Final Results
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Fiske PLC
21 August 2019

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FISKE PLC

("Fiske" or the "Company" or the "Group")

Final Results

Fiske (AIM:FKE) is pleased to announce its final audited financial results for the year ended 31 May 2019.

Copies of the 2019 Annual Report and Accounts, including the Notice of AGM and Proxy Voting form will be posted to shareholders shortly.

In accordance with rule 26 of the AIM Rules for Companies, this information is also available under the Investor Relations section of the Company's website, http://www.fiskeplc.com.

The Annual General Meeting of the Company will be held at Salisbury House, London Wall, London EC2M 5QS on 3 October 2019 at 12.30 pm.

Contact:

Fiske PLC

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Samantha Harrison / Harrison Clarke	

Abridged Chairman's Statement

Trading

Full year revenues were £4.28m (2018: £4.38m) which is slightly below the prior year.

After a very difficult first half, commission revenues picked up in the second half of the year. Overall, commission income was only 15% lower, at £2.08m for the year, as markets recovered quickly in January from the weakness that prevailed in the fourth quarter of 2018. The prevailing sentiment in markets improved generally in the first quarter of 2019 which was beneficial to client portfolio valuations and general trading activity.

Meanwhile, investment management fees rose 21% over the year to £2.21m (2018: £1.83m). This improvement is in part due to consolidating a full year of fee income from Fieldings but also a continuation in the general trend within the business to migrate clients to our discretionary and advisory managed fee based services.

As a result of the softer commissions and stronger management fee revenues the balance has swung in favour of management fees for the first time. Management fees represented 52% of commission and fee revenues with commissions representing 48%.

Asset Management

In May 2019 our unit trust, Ocean UK Equity, passed its first anniversary. We are pleased to report a successful first year with the fund in the top quartile in each of the last three, six and twelve month periods. It was also ahead of its benchmark the CBOE UK All Companies Total Return Index over the period. As at the end of June 2019 the fund was valued at £5.8m.

Investment Managers

Towards the end of the year we welcomed two new investment managers to the firm. We believe that with our traditional values, modern systems and up to date regulatory framework we provide an attractive place to work for aspiring, independently minded private client investment managers.

Costs & Outturn

Operating expenses have risen by £1.02m to £5.04m in the year to 31 May 2019 (2018: £4.02m) an increase of 25.3%.

Part of this increase in expenses is a result of charging non-recurring items amounting to £335k which includes £217k for deferred consideration bonuses payable as part of the Fieldings acquisition. In addition it continues to be our policy to amortise the value of the client relationships acquired with the Fieldings business, resulting in a further charge of £131k. These items total £466k.

Apart from these items, costs have increased due to compliance with various regulatory requirements and investment in strengthening our systems and controls.

After reporting a pre-tax loss of £492k in H1, we have incurred a much reduced loss of £150k in the second half to result in a full year loss of £642k. This overall result was exacerbated by our being without the usual dividend (of some £100k) from Euroclear due to timing changes as elaborated below.

Euroclear

Euroclear completed a re-domiciliation exercise in 2018/19 moving its headquarters from Switzerland to Belgium. This benefits the majority of shareholders such as Fiske plc as now our holding will qualify as a strategic asset under Belgian asset holding regulations and thus dividends paid will not be subject to withholding tax. However due to the particular timing of the re-domiciliation Euroclear have not paid a dividend during our year to 31 May 2019 (2018: £103k).

In January 2019 the London Stock Exchange Group made a strategic acquisition of some 4.9% of Euroclear at a price of €1,798 per share. In light of this purchase and the appointment of Goldman Sachs earlier this year to review how to improve the liquidity of shares in Euroclear we arrived at a fair value of our holding as €1,798 per share. This has resulted in our carrying value rising by 132% to €6.51m which is £5.81m at the prevailing exchange rate of £1: €1.12.

Net assets

Shareholder's funds have increased by 38% in the year to £7.6m reflecting the increase in the fair value of our holding in Euroclear. Within this we continue to hold some £2.1m of cash.

Strategy

Following the successful acquisition of Fieldings and the addition of a growing number of new investment managers we continue to implement our ongoing strategy to welcome new investment managers with established client relationships to increase our assets under management and advice. In addition we are actively migrating our customers to fee focussed rather than commission based relationships.

Dividend

The Board has resolved not to pay a dividend for the year to 31 May 2019 (2018: £nil).

Regulation

As referred to in the interim statement, significant time and effort has been and continues to be devoted across the company to compliance with new regulations. This has focussed in particular on the costs and charges element of the Markets in Financial Instruments Directive II ('MiFID II'). We continue to upgrade our systems and invest time in training our staff members. These software and training related costs, which have been absorbed by the business are a recurring feature. In the new financial year we will be implementing the new Senior Managers & Certification Regime.

Staff

In the last four years we have successfully migrated the business onto a new integrated front & back office software system, acquired and integrated the Fieldings business, brought new investment managers and their clients onto our platform and managed the implementation of a constant flow of regulatory changes. In this light I would like to extend my thanks to all my fellow Directors, Investment Managers, Associates and members of the operations team for their hard work and commitment to the future success of the Company.

Markets

In the long bull-run that markets are enjoying the unusual feature of this year is that bonds as well as equities are reaching new highs. A more common feature is this is all happening at a time of market complacency towards the disturbing features in the worldwide macro-economic landscape. The realignment of the US/China trade relations, well overdue but never confronted until now, is the most prominent feature.

Though perhaps even more serious a problem in the background is the astonishing levels of debt that have been built up and continue to increase at both the corporate level and the emerging market government level. The EU is bordering on recession, the UK has Brexit to contend with, whilst the US is experiencing the end of the stimulus of the major corporate tax reductions that the Trump administration introduced. Added to which most emerging markets have borrowed in dollars and are now facing the problems of a currency mismatch.

All the signs suggest we are in the last stages of one of the greatest bull markets in modern times. Whilst we should of course be concerned we must also remember that often the final phase of the bull market gives investors their best gains. It is expensive and painful to miss out on the final exuberance of a bull market. To add to concerns, one of the best signs that we may be in the final phase is the recent resurgence in the gold price. This traditional safe haven usually comes to life when problems are serious. It has now reached a six-year high and shows signs of gathering momentum.

For investors the danger month is traditionally October. Last year we had a rehearsal, maybe this year we will have the real thing. Long-term investors should take advantage of the liquidity-driven surges in asset prices to bolster holdings in investments that are less correlated to equity markets. In particular cash positions not only reduce overall risk but provide dry powder with which to take advantage of dislocations that tend to damage markets in an indiscriminate fashion.

Outlook

The new financial year has begun with business levels in line with the more positive second half of the year just reported. Your board is striving for a very much more positive outturn in the current year.

Clive Harrison

Chairman

20 August 2019

Consolidated Statement of Total Comprehensive Income

For the year ended 31 May 2019

	Notes	**2019**	2018
		£'000	£'000
Continuing Operations			
Fee and commission income		**4,289**	4,283
Other (loss) / income		**(1)**	80
(Loss) / Profit on investments sold		**(1)**	18
Total Revenue	2	**4,287**	4,381
Operating expenses		**(5,037)**	(4,020)
Operating (loss) / profit		**(750)**	361
Investment revenue		**-**	103
Finance income		**108**	-

Finance costs		**-**	-
(Loss) / Profit on ordinary activities before taxation		**(642)**	464
Taxation	3	**-**	(4)
(Loss) / Profit on ordinary activities after taxation		**(642)**	460
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Movement in unrealised appreciation of investments		**3,289**	26
Deferred tax on movement in unrealised appreciation of investments		**(583)**	12
Net other comprehensive income		**2,706**	38
Total comprehensive income attributable to equity shareholders		**2,064**	498
(Loss) / Earnings per ordinary share			
Basic	4	**(5.5p)**	4.2p
Diluted	4	**(5.5p)**	4.2p

All results are from continuing operations.

Consolidated Statement of Financial Position

31 May 2019

	Notes	**2019**	2018
		£'000	£'000

Non-current Assets			
Intangible assets	5	**1,445**	1,576
Other intangible assets	6	**97**	130
Property, plant and equipment	7	**30**	35
Fair Value Through Other Comprehensive Income ('FVTOCI')	8	**5,759**	2,470
Total non-current assets		**7,331**	4,211
Current Assets			
Trade and other receivables	9	**2,545**	4,087
Cash and cash equivalents		**2,073**	2,453
Total current assets		**4,618**	6,540
Current liabilities			
Trade and other payables	10	**3,504**	4,965
Current tax liabilities		**-**	36
Total current liabilities		**3,504**	5,001
Net current assets		**1,114**	1,539
Non-current liabilities			
Deferred tax liabilities	11	**797**	214
Total non-current liabilities		**797**	214
NET ASSETS		**7,648**	5,536

EQUITY

Share capital	12	**2,904**	2,890
Share premium		**2,029**	1,997
Revaluation reserve		**4,203**	1,497
Retained losses		**(1,488)**	(848)
SHAREHOLDERS' EQUITY		**7,648**	5,536

These financial statements were approved by the Board of Directors and authorised for issue on 20 August 2019.

Signed on behalf of the Board of Directors

J P Q Harrison

Chief Executive Officer

Group Company Statement of Changes in Equity

For the year ended 31 May 2019

Group	**Share capital**	**Share premium**	**Revaluation reserve**	**Retained losses**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 June 2017	**2,115**	**1,222**	**1,459**	**(1,309)**	**3,487**
Profit for the financial year	-	-	-	460	460
Revaluation of available-for-sale investments	-	-	26	-	26
Deferred tax on revaluation of available-for-sale investments	-	-	12	-	12
Total comprehensive income for the year	**-**	**-**	**38**	**460**	**498**

Share based payment transactions	-	-	-	1	1
Issue of ordinary share capital	775	775	-	-	1,550
Balance at 1 June 2018	**2,890**	**1,997**	**1,497**	**(848)**	**5,536**
Loss for the financial year	-	-	-	(642)	(642)
Movement in unrealised appreciation of investments	-	-	3,289	-	3,289
Deferred tax on movement in unrealised appreciation of investments	-	-	(583)	-	(583)
Total comprehensive income / (expense) for the year	**-**	**-**	**2,706**	**(642)**	**2,064**
Share based payment transactions	-	-	-	2	2
Issue of ordinary share capital	14	32	-	-	46
Total transactions with owners, recognised directly in equity	**14**	**32**	**-**	**2**	**48**
Balance at 31 May 2019	**2,904**	**2,029**	**4,203**	**(1,488)**	**7,648**

Group Company Statement of Cash Flows

For the year ended 31 May 2019

	2019	2018
	Group	Group
	£'000	£'000
Operating (loss) / profit	**(750)**	361
Profit on disposal of available-for-sale investments	**-**	-

Amortisation of intangibles	**33**	26
Depreciation of property, plant and equipment	**22**	20
Amortisation of intangible asset - customer relationships	**131**	131
Expenses settled by the issue of shares	**2**	-
Decrease in investments held for trading	**-**	19
Decrease / (increase) in receivables	**1,354**	(1,397)
(Decrease) / increase in payables	**(1,273)**	730
Cash used in operations	**(481)**	(110)
Tax (paid)	**(36)**	(38)
Net cash used in operating activities	**(517)**	(148)
Investing activities		
Interest received	**108**	-
Investment income received	**-**	103
Payment to acquire subsidiary undertaking	**-**	(2,092)
Dividend paid to parent company as part of acquisition	**-**	-
Purchases of property, plant and equipment	**(17)**	(45)
Purchases of other intangible assets	**-**	(12)
Cash acquired with subsidiary undertaking	**-**	2,320
Cash received on share buy-back by subsidiary	**-**	-
Net cash generated / (used) from investing activities	**91**	274
Financing activities		
Proceeds from issue of ordinary share capital	**46**	1,292
Dividends paid	**-**	-
Net cash generated from financing activities	**46**	1,292

Net (decrease) / increase in cash and cash equivalents	**(380)**	1,418
Cash and cash equivalents at beginning of year	**2,453**	1,035
Cash and cash equivalents at end of year	**2,073**	2,453

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Notes to the Accounts

For the year ended 31 May 2019

1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of IFRS implemented by the Group for the year ended 31 May 2019 as adopted by the European Union and International Financial Reporting Interpretations Committee and with the Companies Act 2006. The Group financial statements have been prepared under the historical cost convention, with the exception of financial instruments, which are stated in accordance with IAS 39 Financial Instruments: recognition and measurement.

2 Total revenue and segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by management to allocate resources to the segments and to assess their performance. Following the acquisition of Fieldings Investment Management Limited in August 2017, their staff and operations have been integrated into the management team of Fiske plc. Pursuant to this, the Group continues to identify a single reportable segment, being UK-based financial intermediation. Within this single reportable segment, total revenue comprises:

	2019	2018
	£'000	£'000
Commission receivable	**2,078**	2,454
Investment management fees	**2,211**	1,829
(Loss) / profit on investments held for trading	**(1)**	18
	4,288	4,301
Other (loss) / income	**(1)**	80
	4,287	4,381

Substantially all revenue in the current and prior year is generated in the UK and derives solely from the provision of financial intermediation.

3 Tax

Analysis of tax on ordinary activities:

	2019	2018
	£'000	£'000
Current tax		
Current year	**-**	4
Prior year adjustment	**-**	-
	-	4
Deferred tax		
Current year	**-**	-
Prior year adjustment	**-**	-
Total tax charge to Statement of Comprehensive Income	**-**	4

Factors affecting the tax charge for the year

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, is 19.00% (2018: 19.00%).

The charge/(credit) for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2019	2018
	£'000	£'000
(Loss) / Profit before tax	**(642)**	464
(Credit) / Charge on profit on ordinary activities at standard rate	**(124)**	86
Effect of:		
Expenses not deductible in determining taxable profit	**9**	9
Non-taxable income	**(0)**	(20)
Tax losses not recognised	**115**	-
Carry back tax relief	**-**	(71)
	-	4

4 Earnings per share

Basic earnings per share has been calculated by dividing the profit on ordinary activities after taxation by the weighted average number of shares in issue during the year. Diluted earnings per share is basic earnings per share adjusted for the effect of conversion into fully paid shares of the weighted average number of share options during the year.

31 May 2019	**Basic**	**Diluted Basic**
	£'000	**£'000**
(Loss) on ordinary activities after taxation	**(642)**	**(642)**
Adjustment to reflect impact of dilutive share options	**-**	**-**
(Loss)	**(642)**	**(642)**
Number of shares (000's)	**11,603**	**11,645**
(Loss) per share (pence)	**(5.5)**	**(5.5)**

31 May 2018	Basic	Diluted Basic
	£'000	£'000
Profit on ordinary activities after taxation	460	460
Adjustment to reflect impact of dilutive share options	-	1
Earnings	460	461
Number of shares (000's)	10,906	10,980
Earnings per share (pence)	4.2	4.2

	31 May 2019	31 May 2018
Number of shares (000's):		
Weighted average number of shares	**11,603**	10,906
Dilutive effect of share option scheme	**42**	74
	11,645	10,980

5 Intangible assets arising on consolidation

	Customer relationships	Goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 June 2018	1,312	1,311	2,623
Additions	-	-	-
At 31 May 2019	**1,312**	**1,311**	**2,623**
Accumulated amortisation			
At 1 June 2018	(131)	(916)	(1,047)
Charge in year	(131)	-	(131)
At 31 May 2019	**(262)**	**(916)**	**(1,178)**
Net book value			
At 31 May 2019	**1,050**	**395**	**1,445**
At 1 June 2018	1,181	395	1,576

Goodwill arising through business combinations is allocated to individual cash-generating units ('CGUs') being acquired subsidiaries, reflecting the lowest level at which the Group monitors and test goodwill for impairment purposes. The CGUs to which goodwill is attributed are as follows:

CGU	2019	2018
	£'000	£'000
Vor Financial Strategy	230	230
Ionian Group Limited	165	165
Goodwill allocated to CGUs	**395**	**395**

Determining whether goodwill is impaired requires an estimation of the recoverable amount of each CGU. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD').

As at 31 May 2019 none of the Group's CGUs are impaired with the recoverable amount for each CGU having been based on its FVLCD. The fair value has been calculated as 2.5 % of assets under management.

Under the above valuation approach each CGU had a FVLCD in excess of its carrying value by £19k at Vor (2018: £62k) and £48k at Ionian (2018: £53k).

A 17% reduction in funds under management for Ionian from £11.1m to £9.2m would result in a potential impairment trigger. Vor is less sensitive to such an impairment trigger requiring a fall of 11% of funds under management from £7.4m to £6.6m.

If fair value was calculated using 2.1% as opposed to 2.5% of funds under management for Ionian then, all other things being equal, there would be a potential impairment trigger. Vor would require a decrease to 1.8% of funds under management to trigger a potential impairment.

6 Other intangible assets

	Systems licence £'000	**Total £'000**
Cost		
At 1 June 2017	180	180
Additions	12	12
At 1 June 2018	192	192
Additions	-	-
At 31 May 2019	**192**	**192**
Accumulated amortisation		
At 1 June 2017	(36)	(36)
Charge for the year	(26)	(26)
At 1 June 2018	(62)	(62)
Charge for the year	(33)	(33)
At 31 May 2019	**(95)**	**(95)**
Net book value		
At 31 May 2019	**97**	**97**
At 31 May 2018	130	130

7 Property, plant and equipment

	Office furniture and equipment	Computer equipment	Office refurbishment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2017	**137**	**177**	**175**	**489**
Additions	25	20	-	45
Disposals	-	-	-	-
At 1 June 2018	**162**	**197**	**175**	**534**
Additions	-	17	-	17
At 31 May 2019	**162**	**214**	**175**	**551**
Accumulated depreciation				
At 1 June 2017	**(135)**	**(169)**	**(175)**	**(479)**
Charge for the year	(7)	(13)	-	(20)
At 1 June 2018	**(142)**	**(182)**	**(175)**	**(499)**
Charge for the year	(7)	(15)	-	(22)
At 31 May 2019	**(149)**	**(197)**	**(175)**	**(521)**
Net book value				
At 31 May 2019	**13**	**17**	**-**	**30**
At 31 May 2018	**20**	**15**	**-**	**35**

8 Investments

	2019	2018
	£'000	£'000
At 1 June 2018:		
Valuation	**2,470**	2,444
Unrealised appreciation	**(1,806)**	(1,780)
Cost	**664**	664
Additions	**-**	-
Cost of disposals	**-**	-
At 31 May 2019:		
Cost	**664**	664
Unrealised appreciation	**5,095**	1,806
Valuation	**5,759**	2,470
being:		
Listed	**5**	6
Unlisted	**5,754**	2,464
FVTOCI investments carried at fair value	**5,759**	2,470

The investments included above are represented by holdings of equity securities. These shares are not held for trading. At May 2018 these were classified as available-for-sale. During the year they were re-designated as Fair Value through Other Comprehensive Income.

9 Trade and other receivables

	2019	2018
	Group	Group
Group and Company	**£'000**	£'000
Counterparty receivables	**1,388**	2,462
Trade (payables) / receivables	**(164)**	515

	1,224	2,977
Corporation tax recoverable	**-**	-
Amount owed by group undertakings	**-**	-
Other debtors	**371**	229
Prepayments and accrued income	**950**	881
	2,545	4,087

Counterparty receivables

Included in the Group's counterparty receivables are debtors with a carrying amount of £nil (2018: £55,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts were still considered recoverable, and were subsequently recovered.

Ageing of past due but not impaired counterparty receivables:

	2019	2018
	£'000	**£'000**
0 - 15 days	**-**	39
16 - 30 days	**-**	16
31 - 45 days	**-**	-
46 - 60 days	**-**	-
	-	55

Trade receivables

Included in the Group's trade receivables balance are debtors with a carrying amount of £338,000 (2018: £318,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts were still considered recoverable, and were subsequently recovered.

Ageing of past due but not impaired trade receivables:

	2019	2018
	£'000	**£'000**
0 - 15 days	**306**	280

16 - 30 days	**15**	38
31 - 60 days	**17**	-
	338	318

10 Trade and other payables

	2019	2018
	Group	Group
	£'000	£'000
Counterparty payables	**1,542**	3,273
Trade payables	**-**	-
	1,542	3,273
Sundry creditors and accruals	**1,962**	1,692
	3,504	4,965

11 Deferred taxation

	Capital allowances	**Investments**	**Tax Losses**	**Deferred tax liability**
Group and Company	**£'000**	**£'000**	**£'000**	**£'000**
At 1 June 2018	(1)	309	(94)	214
Charge for the year	-	-	-	-
Charge to Statement of Comprehensive Income				
- in respect of current year	-	583	-	583
- in respect of change in corporation tax rate	-	-	-	-

At 31 May 2019	**(1)**	**892**	**(94)**	**797**

Deferred tax assets and liabilities are recognised at a rate which is substantively enacted at the balance sheet date. The rate to be taken in this case is 18%, being the anticipated rate of taxation applicable to the Company in the future.

12 Called up share capital

	2019		2018	
	No. of shares	**£'000**	No. of shares	£'000
Authorised:				
Ordinary shares of 25p	**12,000,000**	**3,000**	12,000,000	3,000
Allotted and fully paid:				
Ordinary shares of 25p				
Opening balance	11,560,205	2,890	8,460,205	2,115
Shares issued	**57,392**	**14**	3,100,000	775
Closing balance	**11,617,597**	**2,904**	11,560,205	2,890

Included within the allotted and fully paid share capital were 9,490 ordinary shares of 25p each (2018: 9,490 ordinary shares of 25p each) held for the benefit of employees.

At 31 May 2019 there were 325,000 outstanding options to subscribe for ordinary shares at a weighted average exercise price of 60p.

13 Clients' money

At 31 May 2019 amounts held by the Company on behalf of clients in accordance with the Client Money Rules of the Financial Conduct Authority amounted to £46,014,796 (2018: £40,760,214). The Company has no beneficial interest in these amounts and accordingly they are not included in the balance sheet.

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