

Wednesday 26 February, 2020

Fiske PLC

Interim Results

RNS Number : 1145E

Fiske PLC

26 February 2020

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Fiske Plc

('Fiske' or 'the Company')

Interim Results

The Company announces its interim results for the six months ended 30 November 2019.

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

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Chairman's Statement

Trading

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Trading

Our results for the half year to 30 November 2019 were significantly better than for the prior half year with a pre-tax operating loss of £158,000 compared to a loss of £344,000 for the comparable period in 2018.

Our fee and commission revenues were some £334,000 higher than the prior year comparative which represents an improvement of approximately 15%. Within this our investment management fee revenues grew by 19% whilst our commission revenues increased by 12% when compared to the equivalent period to 30 November 2018. This has delivered total revenues of £2.509 million (2018: £2.163 million) which is a result of generally improved market conditions and the continued migration of clients to fee paying services.

Our operating expenses increased by 9% to £2.746 million (2018: £2.509 million) primarily as a result of additional costs relating to the increasing burden of regulation manifesting itself in the ongoing development of our internal controls around the Client Money and Assets rules (CASS).

Asset Management

We are pleased to report further progress for our unit trust, Ocean UK Equity. In the period to 31 January 2020 the fund has delivered first quartile performance in each of the last three and twelve month periods (Source: T. Bailey Fund Services Limited/Financial Express Analytics). As at the end of January 2020 the fund was valued at approximately £8.2 million. We have also delivered a good performance for The Investment Company plc, a listed investment trust, with the net asset value rising by 7.6% over the six months to 31 December 2019 and the share price rising by 16.1% over the same period.

Investment Managers

Despite the ongoing cost pressure from the regulatory environment we continue to invest in the growth of our front office capabilities. The two investment managers who joined us shortly before the beginning of the financial year are making an increasingly positive contribution.

Euroclear

Due to the re-domiciliation of Euroclear from Switzerland to Belgium in late 2018 we have not received dividend income from Euroclear in either the financial year to 31 May 2019 or the six month period to 30 November 2019. Subsequent to the period end we have now received part of the dividend for Euroclear's financial year to 31 December 2018. The dividend amounted to €55 per share and we received €139,000 in December 2019 with the tax credit of €59,000 to follow in due course.

Euroclear have recently announced that following another successful year to 31 December 2019, where their profits rose by 34%, they have increased their full year dividend by 50%. This will mean we can expect to receive a dividend of approximately €298,000 from Euroclear during this calendar year. We expect this to further strengthen the market value of our holding.

Restatement of accounts

Following our own internal audit process, the directors of the Company have determined that certain adjustments need to be made to the accounts. These result primarily from a change in an accounting process which has affected the way in which our systems data has been interpreted for accounting purposes. In addition, we have resolved to change the way in which the accounting for the acquisition of Fieldings Investment Management has been executed.

There has been no impact on the client money or asset positions of our clients, and no impact on the Company's cash position. The overall impact has been an overstatement of current liabilities. The necessary adjustments, accumulated over several years, amount to a net addition of some £532,000 to the Group's net assets as at 31 May 2019. Comparative data in this report has been restated and the adjustments elaborated in notes to the accounts.

IFRS 16

The adoption of IFRS 16 from 1 June 2019 has resulted in a new treatment of our property rental obligations leading to the inclusion of £188,000 of right-of-use assets in the Statement of Financial Position as at 30 November 2019 together with a lease liability of £225,000. In the six months to 30 June 2019, operating profit was increased by £26,000, which was matched by an increase in lease liability interest of £14,000, giving a de-minimis impact to the Income Statement. Further information can be found in Note 1.

Markets

Since the decisive victory of the Conservatives in the UK General Election held in December 2019 investment sentiment has markedly improved. Having a government with a sizeable majority should allow for positive measures to be delivered to drive economic growth and maintain a more favourable market background. Offsetting this optimism to some extent is the growing impact of the Coronavirus (COVID-19) not only in China but increasingly around the world. Until we see a genuine peak in new cases in China and a significant diminution in the rate of infection elsewhere markets will struggle to shake off the increasingly negative outlook for global growth in 2020.

Outlook

Assuming no significant deterioration in trading conditions, the board remains confident that the Group will continue to make further progress in 2020.

Clive Fiske Harrison

Chairman

26 February 2020

Condensed Consolidated Statement of Total Comprehensive Income

for the six months ended 30 November 2019

Six months ended	Six months ended	Year ended
30 November 2019	30 November 2018	31 May 2019
Unaudited	Unaudited	Unaudited
	£'000	£'000
£'000	(restated)	(restated)

Fee and commission income	2,493	2,159	4,591
Other income	16	-	(1)
Fair value through other comprehensive income (FVTOCI)	-	4	(1)
Total Revenue	2,509	2,163	4,589
Operating expenses	(2,746)	(2,509)	(5,020)
Operating Profit/(loss)	(237)	(346)	(431)
Investment revenue	27	-	-
Finance income	87	33	108
Finance costs	(35)	(31)	(58)
(Loss) / Profit on ordinary activities before taxation	(158)	(344)	(381)
Taxation	-	-	-
(Loss)/Profit on ordinary activities after taxation	(158)	(344)	(381)
Other comprehensive income/(expense)			
Movement in unrealised appreciation of investments	(212)	20	3,289
Deferred tax on movement in unrealised appreciation of investments	39	(4)	(583)
Net other comprehensive (expense)/ income	(173)	16	2,706
Total comprehensive (loss) / income for the period/year attributable to equity shareholders	(331)	(328)	2,325
<i>(Loss) / Earnings per ordinary share (pence), excluding other comprehensive income</i>			
Basic	(1.4p)	(3.0p)	(3.3p)
Diluted	(1.4p)	(3.0p)	(3.3p)

All results are from continuing operations and are attributable to equity shareholders of the parent company

Condensed Consolidated Statement of Financial Position

30 November 2019

	As at 30 November 2019	As at 30 November 2018	As at 31 May 2019	As at 1 June 2018
	Unaudited	Unaudited	Unaudited	Unaudited
	£'000	£'000	£'000	£'000
	£'000	(restated)	(restated)	(restated)
Non-current assets				
Intangible assets arising on consolidation	1,379	1,510	1,445	1,576
Other intangible assets	81	113	97	130
Right-of-use assets	188	-	-	-
Property, plant and equipment	28	37	30	35
Financial assets at fair value through profit or loss	5,546	2,491	5,759	2,470
Total non-current assets	7,222	4,151	7,331	4,211
Current assets				
Trade and other receivables	2,667	2,273	2,387	4,183
Cash and cash equivalents	1,377	2,014	2,073	2,453
Total current assets	4,044	4,287	4,460	6,636
Current liabilities				
Trade and other payables	2,479	2,703	2,814	4,790
Short-term lease liabilities	207	-	-	-
Current tax liabilities	-	36	-	36
Total current liabilities	2,686	2,739	2,814	4,826
Net current assets	1,358	1,548	1,646	1,810

Non-current liabilities

Long-term lease liabilities	18	-	-	-
Deferred tax liabilities	759	217	797	214
Total non-current liabilities	777	217	797	214
Net assets	7,803	5,482	8,180	5,807

Equity

Share capital	2,904	2,890	2,904	2,890
Share premium	2,029	1,997	2,029	1,997
Revaluation reserve	4,030	1,514	4,203	1,497
Retained earnings	(1,160)	(919)	(956)	(577)
Shareholders' equity	7,803	5,482	8,180	5,807

Condensed Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 December 2018 as reported	2,890	1,997	1,514	(1,337)	5,064
Adjustments	-	-	-	418	418
As restated at 1 December 2018	2,890	1,997	1,514	(919)	5,482

Loss on ordinary activities after taxation	-	-	-	(37)	(37)
Other comprehensive income	-	-	-	(2)	(2)
Movement in unrealised appreciation of investments	-	-	3,268	-	3,268
Deferred tax on movement in unrealised appreciation of investments	-	-	(579)	-	(579)
Share based payment transactions	-	-	-	2	2
Issue of ordinary share capital	14	32	-	-	46
Balance at 31 May 2019 (as restated)	2,904	2,029	4,203	(956)	8,180
Adoption of IFRS 16 (note 1)	-	-	-	(48)	(48)
Balance at 1 June 2019	2,904	2,029	4,203	(1,004)	8,132
(Loss) on ordinary activities after taxation	-	-	-	(158)	(158)
Other comprehensive income	-	-	-	-	-
Movement in unrealised appreciation of investments	-	-	(212)	-	(212)
Deferred tax on movement in unrealised appreciation of investments	-	-	39	-	39
Total comprehensive (loss) for the period	-	-	(173)	(158)	(331)
Dividends paid	-	-	-	-	-
Share based payment transactions	-	-	-	2	2
Balance at 30 November 2019	2,904	2,029	4,030	(1,160)	7,803

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 November 2019

	Six months ended	Six months ended	Year ended
	30 November 2019	30 November 2018	31 May 2019
	Unaudited	Unaudited	Unaudited
		£'000	£'000
	£'000	(restated)	(restated)
Operating (loss)	(237)	(346)	(431)

Amortisation of intangible asset - customer relationships	66	66	131
Amortisation of other intangible assets	16	17	33
Depreciation of Right-of-use assets	86	-	-
Depreciation of property, plant and equipment	10	9	22
Expenses settled by the issue of shares	2	-	2
Decrease/(increase) in investments held for trading	-	-	-
Decrease/(increase) in receivables	(280)	1,910	1,796
Increase/(decrease) in payables	(354)	(2,117)	(2,034)
Cash generated from / (used in) operations	(692)	(461)	(481)
Tax recovered	-	-	(36)
Net cash (used in)/generated from operating activities	(692)	(461)	(517)
Investing activities			
Investment income received	27	-	-
Interest received	87	33	108
Interest paid	(15)	-	-
Purchases of property, plant and equipment	(8)	(11)	(17)
Purchases of other intangible assets	-	-	-
Net cash (used in)/ generated from investing activities	91	22	91
Financing activities			
Proceeds from issue of ordinary share capital	-	-	46
Repayment of lease liabilities	(96)	-	-
Dividends paid	-	-	-
Net cash used in financing activities	(96)	-	46
Net (decrease) / increase in cash and cash equivalents	(696)	(439)	(380)
Cash and cash equivalents at beginning of period	2,073	2,453	2,453
Cash and cash equivalents at end of period/year	1,377	2,014	2,073

Notes to the Interim Financial Statements

1. Basis of preparation

The Condensed Consolidated Interim Financial Statements of Fiske plc and its subsidiaries (the Group) for the six months ended 30 November 2019 have been prepared in accordance with IAS 34 (Interim Financial Reporting), as adopted in the United Kingdom. The accounting policies applied are consistent with those set out in the May 2019 Fiske plc Annual Report and accounts except for IFRS 16 (Leases) which has been adopted in the current year.

These Condensed Consolidated Interim Financial Statements do not include all the information required for full annual statements and should be read in conjunction with the May 2019 Annual Report and Accounts.

The comparative figures for the year ended 31 May 2019 do not constitute the Group's statutory Financial Statements for that financial year as defined in Section 434 of the Companies Act 2006, and amounts which have been extracted from those Financial Statements for reporting in these have been subject to restatements as elaborated in Note 4 below.

The Financial Statements of the Group for the year ended 31 May 2019 were prepared in accordance with International Financial Reporting Standards adopted by in the United Kingdom. The statutory Consolidated Financial Statements for Fiske plc in respect of the year ended 31 May 2019 have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Under IAS 27 these financial statements are prepared on a consolidated basis where the Group consists of Fiske plc, the parent, and those subsidiaries in which it owns 100% of the voting rights, being Ionian Group Limited, Fiske Nominees Limited, Fieldings Investment Management Limited and VOR Financial Strategy Limited.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing this half-yearly financial report.

New standards adopted in the current year

IFRS 16 (Leases)

The Group adopted IFRS 16 (Leases) using the modified retrospective approach on 1 June 2019. IFRS 16 introduces new requirements for lessee and lessor accounting, with the distinction between operating lease and finance lease no longer applying for lessees. Under IFRS 16, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value when new. The new standard also requires depreciation of the asset to be recognised separately from the interest expense on the lease liability.

As a result of adopting IFRS 16, the difference between the asset and liability recognised on 1 June 2019 has been shown as an adjustment to opening retained earnings within the Consolidated Statement of Changes in Equity. The exemptions taken by the Group on transition are detailed below. For any new leases entered into after 1 June 2019, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate for the related geographical location. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

2. Taxation

No tax credit on the loss for the period has been recognised for the six months to 30 November 2019, due to uncertainty over the timing and quantum of future taxable profits being available.

3. Dividends paid

Dividends paid in the first half of the year to 31 May 2020 £nil (2019 - £nil).

4. Impact of restatements

(a) Consolidated Statement of Total Comprehensive income in the prior half year to 30 November 2018

	As previously reported	Adjustments	As restated
	(Unaudited)	(Unaudited)	(Unaudited)
Notes	£'000	£'000	£'000

Fee and commission income	i	2,015	144	2,159
Other income		-	-	-
Fair value through other comprehensive income (FVTOCI)		4	-	4
Total Revenue		2,019	144	2,163
Operating expenses	i	(2,544)	35	(2,509)
Operating Profit/(loss)		(525)	179	(346)
Finance income		33	-	33
Finance costs	ii	-	(31)	(31)
(Loss) / Profit on ordinary activities before taxation		(492)	148	(344)
Taxation		-	-	-
(Loss)/Profit on ordinary activities after taxation		(492)	148	(344)
Other comprehensive income/(expense)				
Movement in unrealised appreciation of investments		20	-	20
Deferred tax on movement in unrealised appreciation of investments		(4)	-	(4)
Net other comprehensive (expense)/ income		16	-	16
Total comprehensive (loss) / income for the period/year attributable to equity shareholders		(476)	148	(328)
<i>(Loss) / Earnings per ordinary share (pence), excluding other comprehensive income</i>				
Basic		(4.5p)	1.3p	(3.0p)
Diluted		(4.5p)	1.3p	(3.0p)

(b) Consolidated Statement of Total Comprehensive income in the prior year to 31 May 2019

	As previously reported	Adjustments	As restated
	(Audited)	(Unaudited)	(Unaudited)
Notes	£'000	£'000	£'000

Fee and commission income	i	4,289	302	4,591
Other income		(1)	-	(1)
Fair value through other comprehensive income (FVTOCI)		(1)	-	(1)
Total Revenue		4,287	302	4,589
Operating expenses	i	(5,037)	17	(5,020)
Operating Profit/(loss)		(750)	319	(431)
Finance income		108	-	108
Finance costs	ii	-	(58)	(58)
(Loss) / Profit on ordinary activities before taxation		(642)	261	(381)
Taxation		-	-	-
(Loss)/Profit on ordinary activities after taxation		(642)	261	(381)
Other comprehensive income/(expense)				
Movement in unrealised appreciation of investments		3,289	-	3,289
Deferred tax on movement in unrealised appreciation of investments		(583)	-	(583)
Net other comprehensive (expense)/ income		2,706	-	2,706
Total comprehensive (loss) / income for the period/year attributable to equity shareholders		2,064	261	2,325
<i>(Loss) / Earnings per ordinary share (pence), excluding other comprehensive income</i>				
Basic		(5.5p)	(2.2p)	(3.3p)
Diluted		(5.5p)	(2.2p)	(3.3p)

(c) Consolidated Statement of Financial Position as at 30 November 2018

	As previously reported	Adjustments	As restated
	(Unaudited)	(Unaudited)	(Unaudited)
Notes	£'000	£'000	£'000

Non-current assets

Goodwill and intangible assets	1,510	-	1,510
Other intangible assets	113	-	113
Property, plant and equipment	37	-	37
Equity investments	2,491	-	2,491
Total non-current assets	4,151	-	4,151

Current assets

Trade and other receivables	i	2,364	(91)	2,273
Cash and cash equivalents		2,014	-	2,014
Total current assets		4,378	(91)	4,287

Current liabilities

Trade and other payables	i, ii	3,212	(509)	2,703
Current tax liabilities		36	-	36
Total current liabilities		3,248	(509)	2,739

Net current assets		1,130	418	1,548
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Non-current liabilities

Deferred tax liabilities		217	-	217
Total non-current liabilities		217	-	217

Net assets		5,064	418	5,482
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Equity

Share capital	2,890	-	2,890
Share premium	1,997	-	1,997
Revaluation reserve	1,514	-	1,514
Retained earnings	(1,337)	418	(919)
Shareholders' equity	5,064	418	5,482

(d) Consolidated Statement of Financial Position as at 31 May 2019

	As previously reported	Adjustments	As restated
	(Audited)	(Unaudited)	(Unaudited)
Notes	£'000	£'000	£'000
Non-current assets			
Goodwill and intangible assets	1,445	-	1,445
Other intangible assets	97	-	97
Property, plant and equipment	30	-	30
Equity investments	5,759	-	5,759
Total non-current assets	7,331	-	7,331
Current assets			
Trade and other receivables	i 2,545	(158)	2,387
Cash and cash equivalents	2,073	-	2,073
Total current assets	4,618	(158)	4,460
Current liabilities			
Trade and other payables	i, ii 3,504	(690)	2,814

Current tax liabilities	-	-	-
Total current liabilities	3,504	(690)	2,814
Net current assets	1,114	532	1,646
Non-current liabilities			
Deferred tax liabilities	797	-	797
Total non-current liabilities	797	-	797
Net assets	7,648	532	8,180
Equity			
Share capital	2,904	-	2,904
Share premium	2,029	-	2,029
Revaluation reserve	4,203	-	4,203
Retained earnings	(1,488)	532	(956)
Shareholders' equity	7,648	532	8,180

(e) Consolidated Statement of Financial Position as at 1 June 2018

	As previously reported	Adjustments	As restated
	(Audited)	(Unaudited)	(Unaudited)
Notes	£'000	£'000	£'000
Non-current assets			
Goodwill and intangible assets	1,576	-	1,576

Other intangible assets		130	-	130
Property, plant and equipment		35	-	35
Equity investments		2,470	-	2,470
Total non-current assets		4,211	-	4,211

Current assets

Trade and other receivables	i	4,087	96	4,183
Cash and cash equivalents		2,453	-	2,453
Total current assets		6,540	96	6,636

Current liabilities

Trade and other payables	i, ii	4,965	(175)	4,790
Current tax liabilities		36	-	36
Total current liabilities		5,001	(175)	4,826

Net current assets

		1,539	271	1,810
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Non-current liabilities

Deferred tax liabilities		214	-	214
Total non-current liabilities		214	-	214

Net assets

		5,536	271	5,807
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Equity

Share capital		2,890	-	2,890
Share premium		1,997	-	1,997
Revaluation reserve		1,497	-	1,497

Retained earnings	(848)	271	(577)
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Shareholders' equity	5,536	271	5,807
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Notes:

i impact of change in an accounting process which has affected the way in which our systems data has been interpreted for accounting purposes, resulting in increased revenue and reallocated costs

ii impact of change in the way in which the accounting for the acquisition of Fieldings Investment Management Ltd has been executed, resulting in an amortisation of the fair value adjustment to deferred consideration payable

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