

Annual Report and Accounts

For the year ended 31 May 2019



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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 & Out-turn

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.

Chairman's Statement

continued

Net assets

Shareholder 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 focused 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 focused 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.

Chairman's Statement

continued

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 out-turn in the current year.

Auditor

Deloitte LLP, and its predecessor firms, have served the Company since 1988. They have done so loyally for many years, for which we are grateful. In accordance with current best practice we have decided to refresh this audit relationship and are pleased to report that we have asked BDO to become the Company's auditor. A resolution to this effect will be proposed at the Annual General Meeting.

Clive Harrison

Chairman

20 August 2019

Strategic Report

The Directors set out below their Strategic Report on the Company for the year ended 31 May 2019.

Activities and business Strategy

The principal activity of Fiske plc and its subsidiary undertakings is the provision of financial intermediation which consists of private client and institutional stockbroking, and private client investment management. Fiske plc is the primary trading entity of the Group and is authorised and regulated by the Financial Conduct Authority and is a member of The London Stock Exchange listed on the Alternative Investment Market ('AIM').

The firm's core strategy is to focus on delivering a high quality service to clients. This entails giving both private and institutional clients a personalised service delivered by experienced individuals. The Board intends to maintain a strong balance sheet and to provide clear, unbiased advice to clients.

The firm is capitalised with equity capital, with no debt and does not use financial instruments except its intra-day Crest cap.

Business Review

Market conditions meant that the Group's revenues were only level with the prior year, yet costs rose substantially. The cost increases reflect compliance with regulatory requirements and further investment in strengthening our operations.

Financial review and key performance indicators

The Group's activities resulted in a loss for the year of £642,000 compared to a profit of £464,000 in the prior year. A key performance indicator, closely monitored by the board, is the total value of safe custody assets which were £660m at 31st May 2019 (2018: £592m), (2017: £519m)

No dividends were paid to shareholders in the year.

The results of the Group for the year are set out on page 21 and the Consolidated Statement of Financial Position on page 22.

Future developments

Your Board is seeking continued expansion of the business through attracting further investment managers to join the firm and is alert to small acquisitions. There is substantial value in the group's holding in Euroclear resulting in a strong net asset position from which to leverage growth.

Risk management

The Group is exposed to a number of business risks. The risk appetite of the Group is determined by the Board, members of whom are also the principal shareholders. Monitoring of risks applicable to the business is delegated to the Risk Committee whose principal function is to identify and evaluate the key risk areas of the business and ensure those risks can be managed at a level acceptable to the Board.

The Group has identified the following as the key risks and their mitigation:

- **Credit risk**

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group.

Third party receivables consist of customer balances, spread across institutional and private clients. Ongoing credit evaluation is performed on the financial condition of accounts receivable and stock is held until settlement is effected.

The Group does not have any significant credit risk exposure to any group of third parties having similar characteristics.

Strategic Report

continued

- **Market risk**

The Group is mainly exposed to market risk in respect of its trading as agent in equities and debt instruments and in its exposure to counterparties in the market. Market exposure arising from unsettled trades is closely monitored and managed during each trading day.

The Board follows developments in the “Brexit” negotiations. The future relationship between the UK and the EU is not currently clear; markets may react differently to diverse outcomes. The situation is difficult to mitigate today, but the Board continues to monitor events.

Market risk also gives rise to variations in asset values and thus management fees, and variations in the value of investments held by Fiske plc, acting as principal.

- **Loss of staff**

Staff are a key asset in the business and retaining the services of key staff is essential to ongoing revenue generation and development of the business. All Directors are shareholders in the business with long-standing commitment to its prosperity.

- **Operational risk**

There is a whole range of operational risks to which the Group is exposed, including reputational risks and the Group seeks to mitigate operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintenance of its control environment, which is managed through the Group’s operational risk management framework. The Group’s controls include appropriate segregation of duties and supervision of employees; ensuring the suitability and capability of the employees; relevant training programmes that enable employees to attain and maintain competence; identifying risks that arise from inadequacies or failures in processes and systems.

The Group has a business continuity and disaster recovery plan which provides, inter alia, back-up premises and back-office systems and which is regularly reviewed.

Pillar 3 disclosures are published on the Company’s website at www.fiskeplc.com.

This Strategic Report was approved by the Board of Directors and authorised for issue on 31 August 2019.

Signed on behalf of the Board of Directors

Clive Fiske Harrison

Chairman

Directors' Report

The Directors have authorised for issue this report together with the audited financial statements for the year ended 31 May 2019. As stated in the Strategic Report on page 5, the firm does not use financial instruments except its intra-day Crest cap. The Corporate Governance Statement on pages 9 to 13 forms part of this report.

Directors' interests – Shares

The Directors who served during the year and to the date of this report and their beneficial interests, including those of their spouses, at the end of the year in the shares of the Company were as follows:

	Ordinary 25p shares at the date of this report	Ordinary 25p shares at 31 May 2019	Ordinary 25p shares at 31 May 2018
J P Q Harrison†	2,280,802	2,280,802	2,280,802
C F Harrison*	2,184,828	2,184,828	2,184,828
T R Pattison**	286,058	286,058	267,462
A R Fiske-Harrison	265,000	265,000	299,000
F G Luchini	74,000	74,000	74,000
M H W Perrin	35,000	35,000	35,000

† Including 2,133,802 (2018: 2,133,802) shares held by LongSand Limited, a company controlled by JPQ Harrison and 7,000 (2018: 7,000) shares held by Mrs A Harrison wife of Mr J P Q Harrison at the date of this report.

* Including 218,000 (2018: 218,000) shares held by Mrs B Harrison, wife of Mr C F Harrison at the date of this report.

** Including 8,674 (2018: 7,174) shares held by Mrs C Pattison, wife of Mr T R Pattison at the date of this report.

Directors' interests – Share options

Details of Directors' options over ordinary shares are as follows:

	Number of options				At end of year	Exercise price	Market price on date of exercise	Date from which exercisable
	At start of year	Granted during year	Exercised during year	Expired during year				
F G Luchini – Unapproved	75,000	–	–	–	75,000	28.75p	–	1 May 2005
J P Q Harrison – Approved	250,000	–	–	–	250,000	70.00p	–	1 June 2018

The exercise price at the start of the year was the same as at the year-end stated above and will not change throughout the remaining contractual life of each option. The closing mid-market price of the Company's ordinary 25p shares at 31 May 2019 was 65.0p (2018: 82.5p).

Major shareholdings

Shareholders holding more than 3% of the shares of the Company at the date of this report were:

	Ordinary shares	%
J P Q Harrison	2,280,802	19.63
C F Harrison	2,184,828	18.81
Craven Hill Investments Limited	1,096,413	9.44
P G Turner	734,500	6.32
Miton Group	610,000	5.25
S J Cockburn*	481,227	4.14
Mrs C M Short	386,029	3.32

* Including 15,000 (2018: 15,000) shares held by Mrs J A Cockburn, wife of Mr S J Cockburn at the date of this report.

Directors' Report

continued

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 20.

The holders of Ordinary Shares are entitled to receive notice of and to attend and vote at any General Meeting of the Company. Every member present at such a meeting shall, upon a show of hands, have one vote. Upon a poll, holders of all shares shall have one vote for every share held. All ordinary shares are entitled to participate in any distributions of the Company's profits or assets.

There are no restrictions on the transfer of the Company's ordinary shares. Fiske plc's ordinary 25p shares are traded solely on the AIM market.

Going Concern

After making due and careful enquiry, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements as set out in note 1 to the accounts.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were renewed during the year and remain in force at the date of this report.

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- (i) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (ii) the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section s418 of the Companies Act 2006.

Auditor

Deloitte LLP is retiring as Auditor of the Company at the conclusion of the AGM. A resolution for the appointment of BDO LLP and for the Directors to determine their remuneration will be proposed at the forthcoming AGM.

By Order of the Board

J P Q Harrison

Chief Executive Officer

20 August 2019

Salisbury House
London Wall
London EC2M 5QS

Corporate Governance Statement

Biographies of directors are set out at the back of this Report and Accounts immediately prior to the Notice of Annual General Meeting. In proposing retiring directors for re-election at the Annual General Meeting, the Board has considered the skills, experience and contribution of each, as part of an ongoing process.

Dear Shareholder,

As Chairman of the company I am committed to the principles supporting good corporate governance from executive level and throughout the operations of the business.

Fiske plc is listed on AIM and rule changes in March 2018 required all companies listed on AIM would need to comply with a recognised corporate governance code.

The Board adopted the Quoted Companies Alliance Corporate Governance Code (QCA) for Small and Mid-Size Companies. The Board believes that the QCA Code is both proportionate and appropriate in view of our size, strategy and resources.

The QCA Code consists of 10 broad and accessible principles together with a set of minimum disclosures that are considered to be appropriate for both companies that are at an early stage of development and organisations that are more established.

Our Corporate Governance Statement, which aims to assist shareholders in understanding our approach to corporate governance, can be found on our website.

The Board

The Board is collectively responsible for the management of the company and its success by directing and supervising its activities. It is also responsible for setting the company's culture and promoting our core values of dealing with all stakeholders with integrity, acting professionally and treating all fairly and with respect.

Board Composition

The Board currently comprises four executive and two non-executive directors.

All directors submit themselves for re-election at least every three years, although the independent Non-Executive director who has served on the board for over nine years submits himself for re-election each year.

The Remuneration and Nomination Committee (a standing committee of the Board) is responsible for reviewing the composition of the Board and, when appropriate, follow a transparent process when identifying potential candidates for appointment to the Board. Such candidates will need to be duly knowledgeable with the appropriate skills; can work together with existing members and have a voice at Board meetings by taking decisions objectively in the interests of the Company. The people chosen will have the necessary experience and practical ability required to develop and deliver the strategy and business model of the Company.

On the 1 October 2018, Tony Pattison was appointed an Executive Director of Fiske plc. He is an Executive Director of Fieldings Investment Management Limited, a company acquired by Fiske plc in 2017.

Board Effectiveness

I believe that the Board has an effective and balanced structure. The existing members have the appropriate skill and a wealth of experience in the financial services sector which enables them to challenge, motivate and enhance our business to the benefit of all stakeholders, shareholders, clients, employees and suppliers alike. Although we are a small company our contribution to the community is by providing employment to over 40 individuals who in turn pay tax which contributes to the community.

The four executive directors are full time employees. As regards the two non-executive directors I am satisfied that they continue to devote sufficient time to their roles with the company.

Corporate Governance Statement

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Shareholder engagement

As Chairman I am aware that understanding our shareholders' and other stakeholders' interests is crucial in building trust and explaining what has transpired during the past year. I have had dialogue with some of the significant shareholders during the past year to discuss company matters and their comments about Fiske plc. The dialogue with other shareholders would take place at the Annual General Meeting where we encourage questions from our shareholders.

Many investors believe that the results of shareholder votes should be disclosed by all companies. Accordingly, following the Annual General Meeting of Fiske plc (2019) and subsequent meetings we will publish the results of shareholder votes on our website.

Finally, Corporate Governance is dynamic and as the Board develops the strategy of the company or the business model is changed the governance by the Company will evolve to meet the changing circumstances.

Clive Fiske Harrison

Executive Chairman

20 August 2019

Attendance at meetings

In the year to 31 May 2019, attendance at meetings can be quantified as:

	Scheduled Board meetings	Remuneration and Nomination committee	Audit committee	Risk committee
Number of meetings in the year	8	3	2	2
Clive Fiske Harrison	8/8	3/3	2/2	1/2
James Harrison	7/8	–	–	2/2
Gerard Luchini	7/8	–	–	–
Martin Perrin	8/8	3/3	2/2	2/2
Alexander Fiske-Harrison	6/8	2/3	2/2	–
Tony Pattison*	5/8	–	–	–

*appointed 1 October 2018

Internal Control

The Board of Directors recognises that it is responsible for the Group's systems of internal control and for reviewing their effectiveness. Such systems, which include financial, operational and compliance controls and risk management include:

- the ongoing identification, evaluation and management of the significant risks faced by the Group;
- regular consideration by the Board of actual financial results;
- compliance with operating procedures and policies;
- annual review of the Group's insurance cover;
- defined procedures for the appraisal and authorisation of capital expenditure and capital disposals; and
- regular consideration of the Group's liquidity position.

When reviewing the effectiveness of the systems of internal control, the Board has regard to:

- a quarterly report from the Compliance Director covering FCA regulatory matters and conduct of business rules;
- the level of customer complaints;

Corporate Governance Statement

continued

- the prompt review of daily management reports including previous days' bargains, unsettled trades and outstanding debtors;
- the regular reconciliation of all bank accounts, internal accounts and stock positions; and
- Management Committee meetings of Executive Directors for the day-to-day running of the business.

Customers

The Directors set it as a priority that customers and their affairs are well looked after and customers and their treatment is specifically reviewed at each Board meeting. The Board believes that building good relationships with clients over a sustained period of time creates a better investment environment and basis for the Company's future.

Risk Committee Report

Composition and constitution

The Risk Committee is appointed by the Board and consists of not less than two members, two of whom are to be non-executive Directors. The members of the audit committee are:

M H W Perrin (Chairman),

C F Harrison, and

J P Q Harrison, CEO

The Committee formally meets at least twice a year. In practice, most of its work is executed by its members on a continuous basis in conjunction with senior operational management.

The purpose of the committee is to:

- review the full spectrum of risks and the impacts on business planning and capital requirements,
- promote risk management within the company, helping to integrate risk management within the company infrastructure and day-to-day business processes, and
- provide appropriate risk information to the Board.

The Committee is authorised by the Board to:

- pursue or investigate any activity within its terms of reference,
- to seek any information it requires from any employee and all employees shall be directed to co-operate with any request made by the Committee,
- to obtain outside legal or other independent professional advice, and
- to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Areas of Focus

The work of the committee is:

- to identify and evaluate the key risk areas to the business,
- to identify those individuals who are accountable for managing specific risks,
- to assess the incidence and impact of various risks,
- to design and implement controls by which those risks can be managed and maintained at a level acceptable to the Board and
- to monitor and review results.

During the year there has been particular focus on CASS, CASS resolution, and internal systems. The Committee has also interacted with the work of the Audit Committee in relation to the instigation of an internal audit function during the year.

Corporate Governance Statement

continued

The Committee interacts with the work of the Audit Committee to maximise comprehensive coverage of internal controls, and interacts with management activities to address client assets and CASS recovery, the application of company policies and regulatory reporting.

Signed on behalf of the Risk Committee

Martin Perrin

Chairman, Risk Committee

Audit Committee Report

Composition and constitution

The Audit Committee is appointed by the Board and consists of not less than two members, two of whom are to be non-executive directors. The Chief Executive, the Senior Financial Officer, the Compliance Director and a partner of the external auditors will attend meetings of the Committee as required. The members of the Audit Committee are:

M H W Perrin (Chairman),

C F Harrison, and

A R Fiske-Harrison

The Committee formally meets at least twice a year. In practice, much of its work is executed by its members on an as needed basis.

The purpose of the Committee is to:

- (i) ensure that management has systems and procedures in place to ensure the integrity of the financial information reported to the shareholders and in the maintenance of a sound system of internal control; and
- (ii) to provide, by way of regular meetings, a line of communication between the Board and the external auditors.

The Committee is authorised by the Board to:

- (i) investigate any activity within its terms of reference,
- (ii) to seek any information it requires from any employee and all employees shall be directed to co-operate with any request made by the Committee,
- (iii) to obtain outside legal or other independent professional advice, and
- (iv) to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Areas of Focus

The work of the Committee is:

- (i) to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal,
- (ii) to review the non-audit services supplied to the Company by the external auditor,
- (iii) to consider with the external auditor the nature and scope of the audit,
- (iv) to consider internal audit functions and priorities,
- (v) to review the interim and full year financial statements and related announcements/press releases before submission to the Board focusing particularly on:
 - a) application of the Company's accounting policies,
 - b) any changes in accounting policies and practices,
 - c) the going concern assumption,

Corporate Governance Statement

continued

- d) compliance with the Stock Exchange, legal and other regulatory requirements, and
- e) the statement on internal control.
- (vi) to discuss any problems and observations and recommendations arising from the interim review and final audit and the Report of the Auditors to the Audit Committee, including their Significant Risks dashboard, any weaknesses identified or recommendations made in respect of the Company's accounting systems or internal controls and any matters the auditor may wish to discuss (in the absence of management where necessary),
- (vii) to review the external auditor's report on their audit of full year financial statements and on their review of interim statements and management's response.
- (viii) to consider any other topics, as defined by the Board.

There were no interactions between the Company and the Financial Reporting Council during the period.

In reviewing the preparation of the Report and Accounts, the critical accounting judgments and key uncertainties were evaluated and further information is set out in note 2 to the accounts.

During the year there has been particular focus on internal controls and planning the impact of changing accounting standards. In addition the committee has instigated an internal audit function, opting to outsource this to a specialist firm appointed following a review and selection process.

The firm's auditors, Deloitte LLP, or its predecessor firms including Touche Ross, have been its auditors since Fiske & Co, a partnership, was incorporated in 1988. It is now felt appropriate that the auditors be changed. Following a review and selection process, a resolution to appoint BDO LLP is being put to the shareholders at the forthcoming General Meeting.

Whistleblowing

The Chairman of the Audit Committee is the Whistleblowing Champion for the Firm. It is formal policy that any member of staff may contact the Whistleblowing Champion privately.

Signed on behalf of the Audit Committee

Martin Perrin

Chairman, Audit Committee

Further information

Shareholders may review more detail on Fiske's Corporate Governance on our website at www.fiskeplc.com.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 19 August 2019 and is signed on its behalf by:

J P Q Harrison

Chief Executive Officer

20 August 2019

Independent Auditor's Report to the Members of Fiske plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Fiske plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 May 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of total comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none">• Valuation of Euroclear shares• Impairment of goodwill• Revenue Recognition
Materiality	The materiality that we used for the group financial statements was £103k (2018: £112k) which was determined on the basis of 2.5% (2018: 2.6%) of revenue.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. The only change in the year was that Deloitte was formally appointed as the statutory auditor for Fieldings Investment Management Limited, who are a subsidiary of Fiske Plc.
Significant changes in our approach	We no longer consider the accounting in relation to the acquisition of Fieldings Investment Management Limited a key audit matter as this is only relevant in the year the acquisition took place.

Independent Auditor's Report to the Members of Fiske plc

continued

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: We have nothing to report in respect of these matters.




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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.





These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We no longer consider the accounting in relation to the acquisition of Fieldings Investment Management Limited a significant risk.

Valuation of Euroclear shares	
<p>Key audit matter description</p> 	<p>The key audit matter is the inaccurate valuation of the investment held in Euroclear plc. The shares are held at fair value with movements going to Other Comprehensive Income and taken to the Income Statement only when sold. The valuation of illiquid equities is a key audit matter given the inherent uncertainty when estimating the fair value of an unlisted investment. For unlisted shares, fair value is a matter of accounting judgement and management need to decide the fair value of the shares. The balance held as at 31 May 2019 in relation to the Euroclear shareholding was £5,754k (2018: £2,465k).</p> <p>Further details are included in critical accounting estimates and judgements note in note 2 and note 16 to the financial statements.</p>
<p>How the scope of our audit responded to the key audit matter</p> 	<ul style="list-style-type: none"> We have obtained an understanding of relevant controls around the valuation of the Euroclear shares. We have reviewed the Euroclear financial statements as at 30 June 2019 and we worked with our valuation specialists to perform an independent valuation to assess whether the valuation is reasonable. We worked with our financial instrument specialists and have challenged the basis of the valuation by considering alternative valuation methods such as using the weighted average method of shares bought in the latest share buy back and recent Euroclear share purchases and sales. We reviewed the financial statement disclosures to assess compliance with the requirements of the IFRS's.
<p>Key observations</p> 	<p>Based on our procedures performed, we conclude that management's estimates of the valuation of the Euroclear shares are within acceptable range.</p>



Independent Auditor's Report to the Members of Fiske plc

continued

Impairment of goodwill and intangibles	
<p>Key audit matter description</p> 	<p>The key audit matter is that goodwill and intangibles are impaired. It is a judgemental area and must be assessed annually for impairment. Goodwill reflects cost, less any impairment provisions recognised.</p> <p>The carrying value of goodwill and customer relationships of £395k (2018: £395k) and £1,050k (2018: £1,181k) respectively has been tested by management by comparing the carrying value to the estimated market value of the business. This valuation assumes that the market value equates to 2.5% (2018: 2.5%) of the relevant funds under management for Ionian & Vor and 1% (2018: 1%) for Fieldings Investments Management Limited. Management have carried out this review based upon the Ionian, Vor and Fieldings portfolios as at 31 May 2019, and believe that no impairment has occurred, as the carrying value of goodwill is exceeded by the estimated fair value of the underlying businesses - Ionian: £278k (2018: £283k), Vor: £184k (2018: £227k) and Fieldings: £805k (2018: £1,600k).</p> <p>Further details are included within the critical accounting estimates and judgements note in note 2 and note 12 to the financial statements.</p>
<p>How the scope of our audit responded to the key audit matter</p> 	<ul style="list-style-type: none"> • We have obtained an understanding of relevant controls over the goodwill and intangibles valuation. • We have assessed the reasonableness of management's methodology, whilst considering if it addresses the requirements of the 'Impairment Prepared by the Entity Listing' and sets out clearly the judgements and assumptions the client has made when performing the impairment review of goodwill and intangibles. • We have critically assessed the 2.5% and 1% used by the client and compared it to market rates. • Performed substantive testing around the funds under management to get comfortable over the completeness and accuracy of the data. • Performed a recalculation of management's assessment to assess if the value in use for Vor, Ionian and Fieldings is higher than the carrying value.
<p>Key observations</p> 	<p>Based on the procedures performed we deem the 2.5% and 1% used by management in the calculation are reasonable.</p> <p>We concur with management's conclusion that the goodwill held in relation to these three businesses is not impaired.</p>
Revenue recognition	
<p>Key audit matter description</p> 	<p>Fiske earns commission revenue by charging a percentage on the value of the trade executed on behalf of customers. Fiske also earn semi-annual management fees on Individual Savings Accounts (ISA) investments, discretionary accounts and management advisory accounts. The standard commission and fee rates can sometimes vary at the particular broker's discretion. They are also subject to manual calculation and given the complexity of the workings, we consider this as a key audit matter.</p> <p>Fee and commission income amounted to £4,289k in the year ended 31 May 2019 (2018: £4,283k).</p> <p>Further details are included within the critical accounting estimates and judgements note in note 2 and note 3 to the financial statements.</p>

Independent Auditor's Report to the Members of Fiske plc

continued

<p>How the scope of our audit responded to the key audit matter</p> 	<ul style="list-style-type: none"> • We have held discussions with management and confirmed that the accounting treatment for commissions and management fees is consistent and appropriate. • We have obtained an understanding of relevant controls over the revenue business cycle. We have performed an analytical review of commissions and fees and have not noted any unusual movements. • We selected a sample of commissions and management fees to ensure that revenue was recorded in the correct period. We have also performed recalculations of the commissions' receivable based on the agreed commission structure to assess whether the commission recognised is accurate.
<p>Key observations</p> 	<p>Based on the procedures performed, we consider the revenue recognised to be appropriate.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£103k (2018: £112k)	£73k (2018: £86k)
Basis for determining materiality	2.5% (2018: 2.6%) of the total revenue.	2.5% (2018: 2.6%) of the total revenue.
Rationale for the benchmark applied	<p><i>Fiske plc is an entity which is mainly focused on revenue and profit numbers. As with many other competitors operating in this industry, Fiske's focus lays in growing their revenue and profit numbers in the coming years.</i></p> <p><i>This approach has remained consistent with the approach as adopted in the prior year.</i></p>	<p><i>We have used the same basis for calculating materiality for parent as we have done for the Group.</i></p> <p><i>The rationale behind this is because the parent company is very similarly aligned to the operations of the Group as a whole.</i></p>

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2.1k (2018: £4.3k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing risks of material misstatements. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Group is made up of 5 different entities, the parent company Fiske plc, along with 4 subsidiaries, Fieldings Investment Management Limited, VOR Financial Strategy, Ionian Group Limited and Fiske Nominees Limited. The parent company is located in United Kingdom and audited directly by the group audit team. Vor, Ionian & Fiske Nominees are non-trading companies with their assets and liabilities fully absorbed by Fiske Plc. Fieldings is still a separate entity and is consolidated into the group accounts.

There has been no change to our scoping compared to the prior year. The only change in the year was that Deloitte was formally appointed as the statutory auditor for Fieldings Investment Management Limited.

Independent Auditor's Report to the Members of Fiske plc

continued

For Fieldings we performed a full scope audit, applying a lower materiality of £30k to the balances held at Fieldings. A detailed risk assessment was performed on all Fieldings' balances using the lower materiality.

At the Group level, we also performed work around the goodwill recognised and a detailed reconciliation of the consolidated figures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Fiske plc

continued

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

We have nothing to report in respect of these matters.

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Atif Yusuf FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 August 2019

Consolidated Statement of Total Comprehensive Income

For the year ended 31 May 2019

	Notes	2019 £'000	2018 £'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	3	4,287	4,381
Operating expenses		(5,037)	(4,020)
OPERATING (LOSS)/PROFIT	6	(750)	361
Investment revenue		-	103
Finance income	7	108	-
Finance costs	8	-	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(642)	464
Taxation	9	-	(4)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(642)	460
OTHER COMPREHENSIVE INCOME			
<i>Items that may subsequently be reclassified to profit or loss</i>			
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	11	(5.5p)	4.2p
DILUTED	11	(5.5p)	4.2p

All results are from continuing operations.

Consolidated Statement of Financial Position

31 May 2019

	Notes	2019 £'000	2018 £'000
NON-CURRENT ASSETS			
Intangible assets	12	1,445	1,576
Other intangible assets	13	97	130
Property, plant and equipment	14	30	35
Fair Value Through Other Comprehensive Income ('FVTOCI')	16	5,759	2,470
TOTAL NON-CURRENT ASSETS		7,331	4,211
CURRENT ASSETS			
Trade and other receivables	17	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	18	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	19	797	214
TOTAL NON-CURRENT LIABILITIES		797	214
NET ASSETS		7,648	5,536
EQUITY			
Share capital	20	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

Parent Company Statement of Financial Position

31 May 2019

	Notes	2019 £'000	2018 £'000
NON-CURRENT ASSETS			
Other intangible assets	13	97	130
Property, plant and equipment	14	30	35
Investment in subsidiary undertakings	15	1,517	1,517
Investments	16	5,759	2,470
TOTAL NON-CURRENT ASSETS		7,403	4,152
CURRENT ASSETS			
Trade and other receivables	17	2,770	3,970
Cash and cash equivalents		1,391	2,038
TOTAL CURRENT ASSETS		4,161	6,008
CURRENT LIABILITIES			
Trade and other payables	18	3,312	4,748
TOTAL CURRENT LIABILITIES		3,312	4,748
NET CURRENT ASSETS		849	1,260
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19	797	214
TOTAL NON-CURRENT LIABILITIES		797	214
NET ASSETS		7,455	5,198
EQUITY			
Share capital	20	2,904	2,890
Share premium		2,029	1,997
Revaluation reserve		4,203	1,497
Retained losses		(1,681)	(1,186)
SHAREHOLDERS' EQUITY		7,455	5,198

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 and Parent Company Statement of Changes in Equity

For the year ended 31 May 2019

Group	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained losses £'000	Total £'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

Parent	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained losses £'000	Total £'000
Balance at 1 June 2017	2,115	1,222	1,459	(1,309)	3,487
Issue of ordinary share capital	-	-	-	-	-
Revaluation of available-for-sale investments	-	-	26	-	26
Deferred tax on revaluation of available-for-sale investments	-	-	12	-	12
Profit for the financial year	-	-	-	122	122
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	38	122	160
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	(1,186)	5,198
Loss for the financial year	-	-	-	(840)	(840)
Movement in unrealised appreciation of investments	-	-	3,289	-	3,289
Deferred tax on movement in unrealised appreciation of investments	-	-	(583)	-	(583)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	2,706	(840)	1,866
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	(2,024)	7,112

Group and Parent Company Statement of Cash Flows

For the year ended 31 May 2019

	2019 Group £'000	2019 Company £'000	2018 Group £'000	2018 Company £'000
OPERATING (LOSS)/PROFIT	(750)	(946)	361	21
Profit on disposal of available-for-sale investments	-	-	-	-
Amortisation of intangibles	33	33	26	26
Depreciation of property, plant and equipment	22	22	20	20
Amortisation of intangible assets – customer relationships	131	-	131	-
Expenses settled by the issue of shares	2	2	-	-
Decrease in investments held for trading	-	-	19	19
Decrease/(increase) in receivables	1,354	1,354	(1,397)	(1,655)
(Decrease)/increase in payables	(1,273)	(1,248)	730	1470
Cash used in operations	(481)	(783)	(110)	(99)
Tax (paid)	(36)	-	(38)	-
NET CASH USED IN OPERATING ACTIVITIES	(517)	(783)	(148)	(99)
INVESTING ACTIVITIES				
Interest received	108	107	-	-
Investment income received	-	-	103	103
Payment to acquire subsidiary undertaking	-	-	(2,092)	(2,092)
Dividend paid to parent company as part of acquisition	-	-	-	1,700
Purchases of property, plant and equipment	(17)	(17)	(45)	(45)
Purchases of other intangible assets	-	-	(12)	(12)
Cash acquired with subsidiary undertaking	-	-	2,320	-
Cash received on share buy back by subsidiary	-	-	-	156
NET CASH GENERATED/(USED) FROM INVESTING ACTIVITIES	91	90	274	(190)
FINANCING ACTIVITIES				
Proceeds from issue of ordinary share capital	46	46	1,292	1,292
Dividends paid	-	-	-	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	46	46	1,292	1,292
Net (decrease)/increase in cash and cash equivalents	(380)	(647)	1,418	1,003
Cash and cash equivalents at beginning of year	2,453	2,038	1,035	1,035
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,073	1,391	2,453	2,038

Notes to the Accounts

For the year ended 31 May 2019

1 Accounting policies

General information

Fiske plc is a public limited company limited by shares incorporated in the United Kingdom and registered in England and Wales, company number 02248663. The address of its registered office and principal place of business are disclosed in the Company Information page of the Financial Statements.

The principal activities of the Company are described in the Strategic Report.

These financial statements are presented in Pound Sterling (£), which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16	<i>Leases</i>
IFRS 2 (amendments)	<i>Classification and Measurement of Share-based Payment Transactions</i>
IAS 7 (amendments)	<i>Disclosure Initiative</i>
IAS 12 (amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 16 will have an impact on the reported assets, liabilities, income statement and cash flows of the Group. Furthermore, extensive disclosures will be required by IFRS 16. The Company's current lease of office space is due to expire in December 2020. Given this, the impact of IFRS 16 on the financial statements for the year to May 2020 will be relatively limited. In subsequent years, the impact will depend on what arrangements the Company enters into for future office space. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed.

Impact of initial application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS15 – Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To recognise revenue under IFRS 15, management have taken the following five steps to:

- identify the contract(s) with a customer.
- identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.
- allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Notes to the Accounts

continued

1 Accounting policies (continued)

Having assessed the nature of contracts with customers it has been established that the standard will have no impact to the firm. As such Fiske has chosen the cumulative effect method for transition to this standard.

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 June 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

- a) The classification and measurement of financial assets and financial liabilities,
- b) Impairment of financial assets, and
- c) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 June 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 June 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 June 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 June 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group has made the following irrevocable election at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Notes to the Accounts

continued

1 Accounting policies (continued)

The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1 June 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;
- there is no change in the measurement of the Group's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

Financial assets	IAS 39 Available-for-sale £'000	FVTOCI £'000
Financial assets at 1 June 2018 – IAS 39*	5,759	–
Reclassification of Investments in equity instruments (quoted and unquoted shares) from Available-for-sale to FVTOCI*	(5,759)	5,759
Financial assets at 1 June 2018 – IFRS 9	–	5,759

* The closing balances as at 31 May 2018 show available-for-sale financial assets under FVTOCI. These reclassifications have no impact on the measurement category.

(a) 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. The principal accounting policies are set out below.

(b) Going concern basis

The Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 5 and 6. It also includes the Group's objectives, policies and processes for managing its business risk objectives, which includes its exposure to credit, market and operational risks. The Group continues to hold a substantial cash resource. After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

(c) Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and subsidiary entities controlled by the Company made up to 31 May each year. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with an investee company and has the ability to affect those returns through its power over the other entity; power generally arises from holding a majority of voting rights.

(d) Revenue recognition

The Group follows the principles of IAS 18, 'Revenue Recognition', in determining appropriate revenue recognition policies. In principle, therefore, revenue is recognised to the extent that the economic benefits associated with the transaction will flow into the Group.

- Commission: Commission income and expenses are recognised on a trade date basis.
- Fees: Investment management, administration and corporate finance fees are recognised when earned with retainer fees being recognised over the length of time of the agreement.

Notes to the Accounts

continued

1 Accounting policies (continued)

- Dividend income: Dividend income is recognised when the right to receive payment is established.

(e) Segment reporting

IFRS 8 requires that an entity disclose financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments. Operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Executive Officer to allocate resources and to assess performance. Using the Group's internal management reporting as a starting point the single reporting segment set out in note 3 has been identified.

(f) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. As permitted by IFRS 1, the Group has chosen not to restate, under IFRS, business combinations that took place prior to 1 June 2006, the date of transition to IFRS.

(g) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying value of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

(h) Software and software licences

The direct cost of acquisition of software licences is capitalised (if in relation to a significant installation) and, upon being brought into use, amortised as noted below. The cost of minor licenses, and the cost of deployment and associated costs to implement significant installations are expensed as incurred.

(i) Property, plant and equipment

All property, plant and equipment are shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is charged so as to write off the cost or valuation of assets over their useful economic lives, using the straight-line method, which is considered to be as follows:

Office refurbishment	–	5 years
Office furniture and fittings	–	4 years
Computer equipment	–	3 years

Notes to the Accounts

continued

1 Accounting policies *(continued)*

The assets' residual values and useful lives are reviewed and, if appropriate, asset values are written down to their estimated recoverable amounts, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the income statement.

(j) Impairment of intangible assets

The Group's policy is to amortise the intangible assets over the life of the contract.

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Value attributed to customer base of Fieldings is amortised over 10 years, being the assessed economic life thereof. In line with Group policy, a whole year is charged on initial acquisition.

(k) Investments

The Company's investments have been designated as Fair Value through Other Comprehensive Income and are recognised and derecognised on a trade date where a purchase or sale of an investment is effected under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost.

At subsequent reporting dates, investments are measured at fair value. Gains or losses arising from changes in fair value are recognised as other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised through a revaluation reserve is included in the net profit or loss for the period.

The fair values of investments quoted in active markets are determined by reference to the current quoted bid price. Where independent market prices are not available, fair values may be determined using valuation techniques with reference to observable market data.

(l) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Such investments are those with original maturities of three months or less.

Notes to the Accounts

continued

1 Accounting policies *(continued)*

(n) Client money

The Company holds money on behalf of clients in accordance with the Client Money Rules of the Financial Conduct Authority. With the exception of money arising in the course of clients' transactions, as disclosed in note 23, such monies and the corresponding liability to clients are not shown on the face of the balance sheet. The amount so held on behalf of clients at the year-end is stated in note 23.

(o) Trade and other payables

Trade and other payables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The Group accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value.

(p) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Dividends

Equity dividends are recognised when paid.

(r) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

When the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of the goods and services received. There has been no material share options charge to the income statement to date and therefore no disclosure appears in these financial statements.

(s) Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Accounts

continued

1 Accounting policies *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) Foreign currencies

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

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(u) Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2 Critical accounting judgements and key uncertainties of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period.

a) Critical judgement – Allowance for bad debts

The Group makes provision for the element of client receivables where and to the extent it believes will not be recovered from clients. This judgement is based on past experience and detailed analysis of the outstanding position particularly with regard to the value of customers' portfolios relative to the amounts owed.

b) Key source of estimation uncertainty – Fair value of investments

The Group currently holds an investment in Euroclear Plc, which is held as a fair value asset through other comprehensive income and measured at fair value at the balance sheet date. The Euroclear Plc shares do not trade in an active market, and therefore fair value is calculated with reference to the most recently published Euroclear Plc financial statements and share buyback information, using a Directors' valuation.

Notes to the Accounts

continued

2 Critical accounting judgements and key uncertainties of estimation uncertainty (continued)

c) Key source of estimation uncertainty – Impairment

The Group tests goodwill and other intangible assets annually for impairment or more frequently if there are indicators that they might be impaired. This requires an estimation of the value in use of the goodwill and other intangible assets. The percentage used to calculate the value for Vor and Ionian was 2.5% of funds under management. Estimating the value in use requires management to make an estimate of the expected future cash flows from the entities from which the goodwill arose and for the intangible assets and to choose a suitable discount rate in order to calculate the present value of cash flows.

The carrying value of intangible assets arising on consolidation at 31 May 2019 was £1,445k (2018: £1,576k) being made up of £395k (2018: £395k) goodwill and £1,050k (2018: £1,181k) the Fieldings client relationships. No impairment was recognised in the year (2018: nil). The carrying value of other intangible assets at 31 May 2019 was £97k (2018: £130k). Further detail is set out in notes 12 and 13. The Directors have concluded that no impairment charge is necessary over and above the amortisation already provided for.

3 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 £'000	2018 £'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.

4 Staff remuneration and costs

Remuneration policies are recommended to the Board by the Remuneration Committee. The Committee consists of C F Harrison (Chairman), A R Fiske-Harrison and M H W Perrin.

Remuneration for executives comprises basic salary, a performance-related bonus, and other benefits in kind, and may include share options. This remuneration takes into account:

- market rates;
- the need to attract, retain and motivate high calibre individuals with a competitive remuneration package;
- comparability across different functions within the firm;
- loyalty and effort; and
- effectiveness.

The FCA's Remuneration Code applies to certain of the firm's staff. All Code Staff have salaries that are in the main fixed and any performance-related pay reflects a share of a bonus pool available to all employees. This bonus pool reflects the profitability of the firm in that year and is allotted according to merit.

Notes to the Accounts

continued

4 Staff remuneration and costs (continued)

The average number of employees as calculated in accordance with the Companies Act, including Directors, employed by the Company within each category of persons, and their aggregate remuneration was:

	2019 No.	2019 £'000	2018 No.	2018 £'000
Dealing and sales	16	1,013	16	839
Settlement	5	237	5	224
Administration	11	421	10	346
	32	1,671	31	1,409

Employees', including Directors', costs comprise:

	2019 £'000	2018 £'000
Wages, salaries and other staff costs	1,793	1,357
Bonus	214	25
Social security costs	272	154
	2,279	1,536

5 Directors' remuneration

Directors' emoluments comprise:

	2019 £'000	2018 £'000
Emoluments	630	518

Highest paid Director's remuneration:

Emoluments	166	156
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Information regarding Directors' share options is shown under Directors' Interests in the Directors' Report.

The emoluments of the Directors for the current and previous year are as follows:

31 May 2019	Gross Salary £'000	Bonus £'000	Fees £'000	Commission £'000	Benefits £'000	Total £'000
C F Harrison	120	–	–	–	7	127
J P Q Harrison	148	–	–	–	9	157
F G Luchini	115	–	–	–	19	134
T R Pattison	26	–	–	136	4	166
M H W Perrin	–	–	24	–	1	25
A R Fiske–Harrison	–	–	20	–	1	21
	409	–	44	136	41	630

31 May 2018	Gross Salary £'000	Bonus £'000	Fees £'000	Commission £'000	Benefits £'000	Total £'000
C F Harrison	119	–	–	–	6	125
J P Q Harrison	122	15	–	–	19	156
F G Luchini	115	–	–	–	13	128
A D Meech	32	–	–	12	23	67
M H W Perrin	–	–	21	–	1	22
A R Fiske–Harrison	–	–	19	–	1	20
	388	15	40	12	63	518

Notes to the Accounts

continued

6 Operating (loss)/profit

	2019 £'000	2018 £'000
The operating (loss)/profit is arrived at after charging:		
Auditor's remuneration:		
Fees payable to the Company's auditor		
– for the audit of the Company's annual accounts	130	87
Non-audit fees:		
– Other services pursuant to legislation: Interim review	–	–
– Audit of client money and custody assets	35	8
– Tax services	7	7
Amortisation of intangible assets – customer relationships	131	131
Amortisation of intangible assets – system licences	33	26
Depreciation of property, plant and equipment	22	20
Operating lease rentals – Land and buildings	283	283
– Other	5	5

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent Company.

7 Finance income

	2019 £'000	2018 £'000
Interest receivable:		
Banks	108	–
	108	–

8 Finance costs

	2019 £'000	2018 £'000
Interest payable:		
Bank loans, overdrafts and other interest payable	–	–

9 Tax

Analysis of tax on ordinary activities:

	2019 £'000	2018 £'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

Notes to the Accounts

continued

9 Tax (continued)

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 £'000	2018 £'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

10 Share Option Scheme

The Employee Share Option Scheme, which is controlled by Fiske plc held shares to the benefit of employees, waived the entitlement to any dividend on its holding of 9,490 ordinary shares of 25p each (2018: 9,490 ordinary shares of 25p each). Options granted to J P Q Harrison the Chief Executive of the Company to subscribe for 250,000 ordinary shares of 25 pence each in the Company ("Ordinary Shares") (the "Options"), shall vest in two tranches. 125,000 Options shall vest if EPS has increased by at least 25 per cent. from 31 May 2017 to 31 May 2018. The remaining 125,000 Options shall vest if EPS has increased by at least 25 per cent. from 31 May 2018 to 31 May 2019 or if a compound average increase in EPS of 25 per cent. has been achieved from 31 May 2017 to 31 May 2019.

The Options are exercisable at 70.0 pence and will expire on 31 December 2024.

Notes to the Accounts

continued

11 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.

	Basic £'000	Diluted Basic £'000
31 May 2019		
(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)
	Basic £'000	Diluted Basic £'000
31 May 2018		
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

12 Intangible assets arising on consolidation

	Customer relationships £'000	Goodwill £'000	Total £'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

Notes to the Accounts

continued

12 Intangible assets arising on consolidation (continued)

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 tests goodwill for impairment purposes. The CGUs to which goodwill is attributed are as follows:

CGU	2019 £'000	2018 £'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.

13 Other intangible assets

Group and Company	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

Notes to the Accounts

continued

14 Property, plant and equipment

Group and Company	Office furniture and equipment £'000	Computer equipment £'000	Office refurbishment £'000	Total £'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

15 Investment in subsidiary undertakings

Company	2019 £'000	2018 £'000
Cost at 1 June 2018	1,517	395
Additions	–	2,978
Dividend paid to parent company as part of acquisition	–	(1,700)
Reduction of capital by subsidiary, paid up to parent undertaking	–	(156)
Cost at 31 May 2019	1,517	1,517

The following are the subsidiaries of the Company at 31 May 2019 and at the date of these financial statements.

Incorporated in the UK and registered office at Salisbury House London Wall EC2M 5QS:	Class of shares	Proportion of Nominal value and voting rights held by parent company	Year of acquisition	Nature of business
Fieldings Investment Management Limited	Ordinary	100%	2017	Investment
VOR Financial Strategy	Ordinary	100%	2009	Investment
Ionian Group Limited	Ordinary	100%	2002	Investment
Fiske Nominees Limited	Ordinary	100%	1988	Nominee

Notes to the Accounts

continued

16 Investments

Group and Company	2019 £'000	2018 £'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.

17 Trade and other receivables

Group and Company	2019 Group £'000	2019 Company £'000	2018 Group £'000	2018 Company £'000
Counterparty receivables	1,388	1,388	2,462	2,462
Trade (payables)/receivables	(164)	(164)	515	515
	1,224	1,224	2,977	2,977
Corporation tax recoverable	-	-	-	-
Amount owed by group undertakings	-	628	-	200
Other debtors	371	355	229	214
Prepayments and accrued income	950	563	881	579
	2,545	2,770	4,087	3,970

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.

Notes to the Accounts

continued

17 Trade and other receivables (continued)

Ageing of past due but not impaired counterparty receivables:

	2019 £'000	2018 £'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 £'000	2018 £'000
0 – 15 days	306	280
16 – 30 days	15	38
31 – 60 days	17	–
	338	318

18 Trade and other payables

	2019 Group £'000	2019 Company £'000	2018 Group £'000	2018 Company £'000
Counterparty payables	1,542	1,542	3,273	3,273
Trade payables	–	–	–	–
	1,542	1,542	3,273	3,273
Sundry creditors and accruals	1,962	1,770	1,692	1,475
	3,504	3,312	4,965	4,748

19 Deferred taxation

Group and Company	Capital allowances £'000	Investments £'000	Tax losses £'000	Deferred tax liability £'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.

Notes to the Accounts

continued

20 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.

21 Contingent liabilities

In the ordinary course of business, the Company has given letters of indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising thereon is not probable or reliably measurable and therefore it is not believed that any material liability will arise under these indemnities.

22 Financial commitments

Operating leases

At 31 May 2019 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019		2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In the next year	407	5	368	5
In the second to fifth years inclusive	469	0	807	5
Total commitment	876	5	1,175	10

In June 2010, the Company entered into a new lease over its premises at London Wall for a period of 10 years, with a five-year break clause.

23 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.

Notes to the Accounts

continued

24 Financial instruments

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group's capital structure consists of equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings. The Group has no debt.

Externally imposed capital requirement

The Group is subject to the minimum capital requirements required by the Financial Conduct Authority (FCA), and has complied with those requirements throughout both financial periods. Capital adequacy and capital resources are monitored by the Group on the basis of the Capital Requirements Directive. The Group has a strong balance sheet, and has maintained regulatory capital at a level in excess of its regulatory requirement. The Group's capital requirement is under continuous review as part of the Internal Capital Adequacy Assessment Process.

Categories of financial instruments

	2019 Group £'000	2019 Company £'000	2018 Group £'000	2018 Company £'000
Group and Company				
FVTOCI	5,759	5,759	2,470	2,470
Loans and receivables – Trade and other receivables	2,545	2,770	4,087	3,970
Loans and receivables – Cash and cash equivalents	2,073	1,391	2,453	2,038
Trade and other payables	3,504	3,312	4,965	4,748

The carrying value of each class of financial asset denoted above approximates to its fair value.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value has been established based on recent transactions.

	2019			Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets at FVTPL				
Derivative financial assets for trading	–	–	–	–
Non-derivative financial assets for trading	–	–	–	–
Financial assets at FVTOCI				
Quoted equities	5	–	–	5
Unquoted equities	–	–	5,754	5,754
Total	5	–	5,754	5,759

Notes to the Accounts

continued

24 Financial instruments (continued)

	2018			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial assets at FVTPL				
Derivative financial assets for trading	-	-	-	-
Non-derivative financial assets for trading	-	-	-	-
Available-for-sale financial assets				
Quoted equities	6	-	-	6
Unquoted equities	-	-	2,464	2,464
Total	6	-	2,464	2,470

There were no transfers between levels during the year.

Reconciliation of Level 3 fair value measurements of financial assets

Fair Value through Other Comprehensive Income	Unquoted equities £'000	Total £'000
Balance at 1 June 2018	2,464	2,464
Purchases	-	-
Total gains:	3,290	3,290
Balance at 31 May 2019	5,754	5,754

During the year available for sale investments were re-designated as Fair Value through Other Comprehensive Income ('FVTOCI'). There were no financial liabilities subsequently measured at fair value.

The Group's finance function monitors and manages the financial risks relating to the operations of the Group. The Group is exposed to market and other price risk, credit risk and to a very limited amount interest rate risk and liquidity risk.

The Board of Directors monitors risks and implements policies to mitigate risk exposures.

Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. Third party receivables consist of customers' balances, spread across institutional and private clients. Ongoing credit evaluation is performed on the financial condition of accounts receivable and stock is held until settlement is effected.

The Group does not have any significant credit risk exposure to any group of third parties having similar characteristics. The credit risk on liquid funds is limited because the third parties are one of the UK big four clearing banks.

Market risk

The Group is mainly exposed to market risk in respect of its trading as agent in equities and debt instruments with the volume of trading and thus transaction revenue retreating in market downturns, and to variations in asset values and thus management fees. There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risks.

Market risk also gives rise to variations in the value of investments held by Fiske plc, acting as principal. These are designated as available-for-sale and are mostly held for strategic rather than trading purposes and not actively traded.

Interest rate risk management

The Group has no borrowings and is therefore not exposed to interest rate risk in that respect. The Group's exposure to interest rates on financial assets is detailed in the liquidity risk management section of this note.

Notes to the Accounts

continued

24 Financial instruments *(continued)*

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In respect of counterparty creditors and trade payables the amounts due are all payable between nil and 15 days. An analysis of the maturity profile of receivables is listed within the counterparty receivables note above.

Sensitivity analysis

Equity

The fair values of all FVTOCI assets and their exposure to equity price risks at the reporting date are based on the accounting policy in note 1(k). If equity prices had been 5% higher/lower the revaluation reserve would increase/decrease by £288,000 (2018: increase/decrease by £124,000).

In respect of investments held for trading purposes and their exposure to equity price risks at the reporting date, if equity prices had been 5% higher, net profit for the year ended 31 May 2019 would have been unchanged (2018: unchanged) and the same if prices were lower.

Cash

The Group's financial cash asset of £2,073,000 (2018: £2,453,000) is held at a fixed interest rate and is available on demand. If prevailing interest rates during the year (approximately 0.5%) had been comparable with those prevailing in the prior year (approximately 0.5%), bank interest receivable of £nil (2018: £nil) would have been substantially unchanged. A further reduction in rates in the period would have had no material impact.

25 Related party transactions

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note as they are not material.

Directors' transactions

Directors transact share-dealing business with the Company under normal staff business terms and in accordance with applicable laws and regulations. In the year to 31 May 2019, commission earned from this by the Company amounted to £4,985 (2018: £1,710).

During the year, the Directors each received no dividends attributable to their respective shareholdings, as disclosed in the Directors' Report (2018: £nil).

Details of Directors' interests in ordinary shares and in share options are as disclosed in the Directors' Report, together with details of other significant holdings in the equity of the Company. The Company has no ultimate controlling party.

Directors' balances

The Directors' trading balances have been included within trade receivables and payables and Directors' current account balances are included in other payables.

Company Information

DIRECTORS

Clive Fiske Harrison

Chairman

James Philip Quibell Harrison

Chief Executive Officer

Francis Gerard Luchini

Compliance Director and Company Secretary

Tony Robert Pattison (*appointed 1st October 2018*)

Director

Martin Henry Withers Perrin*

Alexander Rupert Fiske-Harrison*

**Non-Executive*

REGISTERED OFFICE

3rd Floor, Salisbury House

London Wall

London EC2M 5QS

REGISTERED NUMBER

02248663

LEI: 213800Z5PKJOV7GWXE43

AIM Listing

Lon: FKE

ISIN: GB0003353157

Sedol: 0335315

NOMINATED ADVISER

Grant Thornton UK LLP

30 Finsbury Square

London EC2A 1AG

AUDITOR

Deloitte LLP

London

REGISTRARS

Link Asset Services Limited

The Registry

34 Beckenham Road

Beckenham, Kent BR3 4TU

Company Information

continued

Details of the Directors and their backgrounds are as follows:

Clive Fiske Harrison

Chairman

Clive Harrison started his career with Panmure Gordon in 1961 and moved to Hodgson & Baker (subsequently renamed Sandleson & Co) in 1965. He founded Fiske & Co in 1973 and has been senior partner and latterly Chief Executive officer since that time. He retired from the role of Chief Executive following the AGM on 25 September 2015.

James Philip Quibell Harrison

Chief Executive Officer

James Harrison joined Fiske plc in 1996 in the private client investment department and now manages a substantial client portfolio. He was Company Secretary from 2001 to 2005 and he was appointed to the Board as an Executive Director in May 2007. On 25 September 2015, following the AGM he was appointed as the Chief Executive Officer. He is a Chartered Fellow of the Chartered Institute of Securities and Investment and is responsible for the day-to-day running of the Company.

Francis Gerard Luchini

Compliance Director

Gerard Luchini joined Fiske plc as Compliance Officer in July 1997 and became a Director in January 1998. He was formerly a Compliance Officer with the Royal Bank of Canada. He has responsibility for all compliance and regulatory matters at the firm. He was appointed Company Secretary in 2005.

Martin Henry Withers Perrin

Non-Executive

Martin Perrin joined the Board as a non-executive Director in November 2003. He is a chartered accountant with wide experience of operations and finance in industry. He is a Chartered Fellow of the Chartered Institute of Securities and Investment and is Chairman of the Audit Committee and the Risk Management Committee and is a member of the Remuneration and Nomination Committee. He is a Director of The Investment Company Plc.

Alexander Rupert Fiske-Harrison

Non-Executive

Alexander Fiske-Harrison joined the Board as a non-executive Director in April 2014. He has previously worked for the Financial Times Group where he was involved in setting up the FT Magazine in 2003 and has also worked as a trainee stockbroker at Fiske plc. Alexander is currently a director of St. Botolph's Securities Limited and Mersea Island Securities Limited, both of which are investment companies. Alexander also sits on the Board of Mephisto Productions Limited, a company involved in the production of film and theatre.

Tony Robert Pattison

Director

Tony Pattison, is a Chartered Fellow of the Chartered Institute of Securities and Investment. During a City career spanning five decades, he has been actively involved at senior director level in the management of a number of investment companies including Fieldings Investment Management Limited which was acquired by Fiske plc in 2017. Until his retirement from the board in 2015 he was Chairman of Capital Gearing Trust plc. He continues to personally manage private clients, charity and institution portfolios.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Fiske plc will be held at Salisbury House, London Wall, London EC2M 5QS on 17 October 2019 at 12.30 pm for the following purposes:

Ordinary Business:

1. To receive the Report of the Directors and Auditor and the Accounts for the year ended 31 May 2019.
2. To re-elect Martin Henry Withers Perrin as a director of the Company.
3. To re-elect James Philip Quibell Harrison as a director of the Company.
4. To elect Tony Robert Pattison as a director of the Company.
5. To appoint BDO LLP as auditor and to authorise the Board to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following Resolutions which will be proposed as to Resolution 6 as an ordinary Resolution and as to Resolutions 7 and 8 as special Resolutions:

6. THAT for the purposes of section 551 Companies Act 2006 ("2006 Act") (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):
 - (a) the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the 2006 Act respectively up to a maximum nominal amount of £1,339,823 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the next Annual General Meeting of the Company (unless previously varied, revoked or renewed by the Company in general meeting); and
 - (b) the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and
 - (c) all prior authorities to allot securities be revoked but without prejudice to the allotment of any securities already made or to be made pursuant to such authorities.
7. THAT:
 - (a) the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 (the "2006 Act") to make market purchases (within the meaning of section 693 of the 2006 Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine provided that:
 - (b) the maximum number of ordinary shares hereby authorised to be acquired is 1,161,759;
 - (c) the minimum price which may be paid for an ordinary share is 25p;
 - (d) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which an ordinary share is contracted to be purchased;
 - (e) unless previously revoked or varied, the authority hereby conferred shall expire at the close of the next Annual General Meeting of the Company or 18 months from the date on which this resolution is passed, whichever shall be the earlier; and
 - (f) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase ordinary shares in pursuance of any such contract.

Notice of Annual General Meeting

continued

8. THAT the Directors be granted power pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by Resolution 6 contained in the Notice of the Annual General Meeting of the Company of which this Resolution forms part as if section 561(1) and sub sections (1)(6) of section 562 of the 2006 Act did not apply to any such allotment, provided that the power conferred by this Resolution shall be limited to:
- (a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
 - (b) the allotment of equity securities up to an aggregate nominal value of £1,044,600; and
 - (c) shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months from the date of passing of this Resolution unless previously varied, revoked or renewed by the Company in general meeting provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and
 - (d) all prior powers granted under section 571 of the Companies Act 2006 be revoked provided that such revocation shall not have retrospective effect.

By Order of the Board

F G Luchini

Secretary

20 August 2019

Registered office:
Salisbury House
London Wall
London EC2M 5QS

Notes to Notice of Annual General Meeting

1. A member entitled to attend and vote at the Meeting convened by the above notice may appoint a proxy to exercise all or any of their rights to attend, speak and vote at a meeting of the Company. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A form of proxy is enclosed. To be valid the enclosed form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be delivered in accordance with instructions on it so as to be received by the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham BR3 4TU, not less than two working days before the time appointed for holding the Meeting or any adjournment thereof. Lodgement of a form of proxy will not prevent a member from attending and voting in person if so desired.
2. Copies of contracts of service between the directors and the Company will be available at the registered office of the Company on any weekday prior to the meeting (weekends and public holidays excepted) during normal business hours. Copies of the above-mentioned documents will also be available on the date of the Annual General Meeting at the place of the meeting for 15 minutes prior to the meeting until its conclusion.
3. Pursuant to section 360B of the 2006 Act and regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at two working days before the time appointed for holding the Meeting shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is at 12.30 pm on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which names stand in the register of members of the Company in respect of the relevant joint holding.
5. By attending the Meeting members agree to receive any communications made at the meeting.
6. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that (i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of the procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.

