STANLEY GIBBONS
ESTABLISHED 1856

The Stanley Gibbons Group plc

Annual Report and Accounts
for the year ended 31 March 2019

Group Annual Report and Financial Statements

for the year ended 31 March 2019

Financial Highlights

	Year ended 31 March 2019	Year ended 31 March 2018
Group turnover from continuing operations (£m)	11.7	13.4
Trading loss from continuing operations (£m)	(3.3)	(5.4)
Loss before taxation from continuing operations (£m)	(4.3)	(8.0)
Adjusted (loss)/profit before taxation from continuing operations (£m)	(3.5)	(6.7)
Basic earnings per share – continuing operations (p)	(1.01)	(4.21)
Adjusted earnings per share – continuing operations (p)	(0.83)	(3.58)
Dividend per share (p)	–	–
Total borrowings (£m)	11.5	10.0
Net assets per share (p)	1.7	2.9

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Financial Calendar

Annual General Meeting Wednesday 23 October 2019

Directors and Advisers

Current Directors	H G Wilson	Non-Executive Chairman
	G E Shircore	Chief Executive Officer
	A M Gee	Chief Finance Officer
	L E Castro	Non-Executive Director*
	M West	Non-Executive Director*
	** Independent*	
Company Secretary	R K Purkis	
Registered Office	18 Hill Street St. Helier Jersey JE2 4UA Tel: +44(0)20 7836 8444	
Company Registration	Registered and incorporated in Jersey Number 13177	
Legal Form	Public Limited Company limited by shares	
Nominated Adviser and Broker	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY	
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE	
Legal Advisers	Mourant Ozannes 22 Grenville Street St Helier Jersey JE4 8PX	
	Bird & Bird LLP 12 New Fetter Lane EC4A 1JP	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
Registrars	Link Market Services (Jersey) Limited Shareholder Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 664 0300; from overseas +44 (0)37 1664 0300	
Website	Further financial, corporate and shareholder information is available in the Company information section of the Group's website: www.stanleygibbonsplc.com	

Chairman's Statement

Introduction

This report covers the audited results for the year ended 31 March 2019 of The Stanley Gibbons Group plc ("the Group" or "the Company").

I am pleased to report that we are starting to see the results of the financial restructuring and new strategy implemented in 2018 following the deal with Phoenix UK Fund Ltd ("Phoenix"). The large one-off cleanup costs are mostly behind us and with the continued support of Phoenix S. G. Limited we now have the financial headroom to focus on improving the trading performance of the business. As the financial results show, we still have a lot of work to do to achieve sustainable profitability but for the first time in a number of years we now have the tools to achieve this.

While things are improving the results reflect the transition period we are going through, in particular the focus on rebuilding margins and the ongoing reorganisation, Group turnover was £11.7m for the year (2018: £13.4m) while gross margin increased to 51.0% (2018; 40.0%) reflecting the renewed focus on profitable trading rather than cash generation and reduction of inventory. The trading loss from continuing operations over the period before adjustments and exceptional items was reduced to £3.3m (2018; £5.4m) primarily due to the improved margins and reduced cost base following the Group reorganisation. The loss before tax from continuing operations over the period was £4.3m (2018; £8.0m) resulting in a reduction of net assets to £7.3m (2018; £12.2m). Cash at the year end was £2.2m (2018; £4.6m) and borrowings increased to £11.5m (2018; £10.0m).

The Group has achieved a further reduction in the corporate overhead for the year of 7.4% to £3.1m. We continue to look for further savings but recognise that this is becoming increasingly difficult following the dramatic cuts over the last 2 years. The headcount has also been reduced and at 31 March 2019 stood at 74 (2018: 93). Fortunately, we have been able to retain the majority of specialists in Stanley Gibbons and Baldwins enabling us to continue to provide the first-class service to our clients which they expect. We will look to strengthen these teams as trading improves.

In November 2017 Stanley Gibbons (Guernsey) Limited was put into Administration in Guernsey. Stanley Gibbons (Guernsey) Limited was the subsidiary company which offered various investment products many with buy-back guarantees. The liabilities which grew from these guarantees led to the Administration of Stanley Gibbons (Guernsey) Limited. Over the last year the Group has provided storage, insurance and commission free sales facilities to a large number of former investment clients. We will continue to do our best to help clients achieve the best realisation of their holdings.

As mentioned in the Interim Results, Clive Whiley stood down and Mark West joined the Board in December 2018. In March 2019 Andy Cook resigned as Chief Finance Officer and has been recently replaced by the internal appointment of Anthony Gee to the Board. Andy joined the Board in 2016 and made a significant contribution over the subsequent 3 years to the restructuring of the Group. I would like to thank him on behalf of all the stakeholders and wish him well in his new endeavours. Anthony has been with the company since 2012 and has an in-depth knowledge of the Group's finance and operational functions. In addition to these Board changes, we have continued the reorganisation of the retail and auction divisions with several senior internal appointments.

Outlook

Graham Shircore (our CEO) has spent the last year analysing the business and continuing the internal restructuring. As you will see from his letter on page 5, he has a clear vision of where the Group should be heading and more importantly what needs to be done to get there.

The collectibles business for stamps and coins remains strong and our brands are highly regarded. We have already initiated our rejuvenation plan most notably with the recent rebranding of the whole Group and the launch of new trading websites which has been well received. I recognise that this will take time to work through to the financial results and in the meantime, would particularly like to thank our staff and customers for their ongoing perseverance and support. I look forward to being able to update you with further news of our progress.

Harry Wilson
Chairman

18 September 2019

Chief Executive's Letter to Shareholders

Fellow shareholders,

The last twelve months have seen a continuation of the upheaval and change the Group has experienced for several years now.

That is where the similarities end.

Following the recapitalisation of the business in March 2018, instead of fighting an almost daily battle for survival and focusing on short term results, we have worked hard to begin the long journey of maximising the huge potential within the Group.

Having discussed in our last annual report how we would approach this at a headline level, this report gives me the opportunity to update you on the progress we have made and to share with you a bit more detail about the path we expect to take.

A Year of Two Halves

While the concepts and over-arching principles for our development were quickly established, beginning to put them into practice was somewhat more challenging and only really began to get moving in the second half of the year and beyond. There were three main reasons for this:

- In the last annual report, I highlighted a need for a greater sense of urgency throughout the business. We are building momentum in this regard, but we took a while to get going, something which we have learned a lot from, but I also reflect on with a fair degree of self-criticism.
- The process of simplifying the business and dealing with the legacy issues we inherited were more complex and took more time to address than we had envisaged. For the first few months of the year, these issues accounted for thousands of man hours across the Group. I am glad to say that this has now significantly reduced.
- Finally, the progress which was being made, by necessity, was largely in the form of preparatory work behind the scenes. Necessary as this is, it isn't always obvious to the outside world and indeed in some respects internally also.

As time went on however, the speed of progress began to accelerate. We focused the business on the two main brands, simplified our structure and have begun to improve efficiency.

While fiscal 2019 did not see many of our major initiatives come to fruition, they are now beginning to do so and I am pleased to be able to report on some significant developments since the financial year end:

- In April we launched a new look for Baldwin's along with a new, far more user-friendly website and a broader range of services.
- We have very recently done the same for Stanley Gibbons, a development which also came with a much-improved new range of albums and accessories.
- In May we launched a web-based version of our world-famous stamp catalogues as well as an upgrade to our virtual collection tool, My Collection.
- We have finalised our plans for the redevelopment of our retail premises at 399 Strand with the intention of turning it into the world's best stamp and coin shop.

Where To Next

These initiatives are the foundations we need to give us the best chance of achieving our goals but they are only the starting point.

We continue to improve our operational efficiency and continually seek to further our customer offering aiming to give everybody unrivalled and ever better value for money – which does not necessarily mean the cheapest prices – and exceptional levels of service all of the time.

In doing so, we have established four areas on which we will focus our time and resources:

- Extend and strengthen our relationships with, and how we are perceived by, existing collectors and the wider philatelic and numismatic communities.
- Encourage new collectors into the hobbies by making them less intimidating and more appealing to a wider audience.
- Build on our global brand recognition by increasing our international profile and activities outside of the UK.
- Become THE place to work in the philatelic and numismatic world.

I mentioned previously that in my view both of our brands share some wonderful attributes. While we will strengthen these further over time, they have existed for many years, we've simply neglected to make the most of them. We have begun to put this right and will continue to do so to a greater degree, building and continually increasing our leadership in the following:

1. **Quality of product and service:** We are rightly recognised as selling stamps and coins of particularly high quality, an attribute which becomes increasingly important as we seek to bring new people into the hobbies. This will be married with consistently great service and the best ancillary products in their class.

2. **Collective expertise and knowledge:** The many hundreds of years of expertise within the Group, combined with our extensive reference material is unrivalled. They give customers confidence and lead to us frequently being looked to for guidance even by the most knowledgeable parts of the numismatic and philatelic markets.

3. **Range of products and services:** We will continually increase the strength and breadth of what we offer our customers. There are many ways in which the hobbies can be better served, and we can engage more effectively with our customers. In the areas we focus on, we aim to give our customers no reason to shop anywhere else.

4. **Heritage:** Both SG and Baldwin's benefit from their reputation as British heritage brands. Combined with the Royal Warrant for the former, we are in an enviable position which is rightly valued by many.

5. **Location and shopping experience:** An amazing shopping experience in central London combined with an engaging, user friendly online presence is something which no one else in our markets offers. We will work hard to draw people to both.

People

In sharing with you the most important information about the Group, it would be remiss not to address more specifically, the two most important parts of our business, namely our customers and my colleagues.

While some of the tangible changes to our offering are rather recent in nature, the desire to give our customers a better level of service and a more engaging experience is not. We have begun to make progress and this helps give us confidence that if we consistently focus on the customer, the rewards will follow:

- Footfall in the shop is up approximately 25% year on year, showing steady and consistent progress since the end of last summer.
- Website visitors are up between 10%-20% for both brands with customer conversion also up strongly through the Baldwin's website. – These statistics do not incorporate the new Stanley Gibbons site which has only just been launched.
- Our following on social media has grown by nearly 30% in total across the two brands.
- Customer numbers on our online auction system are increasing consistently with approximately twice as many items now sold through this channel compared to a year ago.
- We are investing in further staff training aimed specifically at making further improvements to customer service levels.

Moving onto our employees. We started from a low base in terms of the level of focus and importance which was placed on staff in recent years and began to try to rectify this almost immediately, implementing an annual employee survey, appraisal process and formal salary review structure as well as improving some ancillary benefits. We have also made specific efforts to improve internal communication and teamwork.

While the most recent staff survey showed that progress has been made it is also clear that we need to do a lot more and we will. As with the other three areas of focus I mentioned earlier, this is a journey which is not completed overnight but is vitally important to building a robust and successful business.

A Busy But Exciting Year In Prospect

Over the next twelve months we will see the decennial London International Stamp Show, the redevelopment of the Home of Stamp Collecting at 399 Strand and the business working increasingly to make the most of the improvements which have been made over the last twelve months.

Growing our revenue is fundamental to our future prospects, we are now able to focus more consistently on achieving this and doing so with a starting point which gives us more than a fighting chance. I look forward to being able to report on the early results of this in next year's annual report.

Graham Shircore
Chief Executive Officer

18 September 2019

Summary Trading and Operations

Summary results:

- Turnover from continuing operations of £11.7m was £1.7m (12.6%) lower than last year with the majority of the reduction attributable to Philatelic Division.
- Gross margin for the year was 51.0% (2018: 40.0%) as focus returned to profitable trading rather than raising cash and reducing inventory.
- Trading losses from continuing operations, before accounting adjustments and exceptional costs reduced to £3.3m from £5.4m, largely as a result of improved margins and realising the full year benefit of cost savings from prior year business reorganisation.
- Loss for the financial year from continuing operations fell by £3.6m at £4.3m compared to £7.9m last year.
- Profit for the financial year from discontinued operations was £0.1m compared to a £4.3m loss for last year.
- A 40% reduction in net assets to £7.3m (2018: £12.2m) due to the losses highlighted above.
- Borrowings at the balance sheet date of £11.5m (2018: £10.0m), offset by cash of £2.2m (2018: £4.6m).

Continuing operations

	12 months to 31 March		**12 months to 31 March**	
	2019 Sales £'000	**2019 Profit £'000**	**2018 Sales £'000**	**2018 Profit £'000**
Philatelic	4,942	(487)	6,796	(2,101)
Publishing	2,199	53	2,213	(29)
A H Baldwin	3,216	538	3,213	502
Legacy interiors property & legal	1,320	161	1,136	33
Other & corporate overheads	–	(3,086)	–	(3,332)
Finance charges	–	(497)	–	(444)
Trading sales and losses	11,677	(3,318)	13,358	(5,371)
Amortisation of customer lists	–	(220)	–	(237)
Pension service & share option charges	–	(389)	–	(200)
Finance charges related to pensions	–	(133)	–	(152)
Exceptional operating charges	–	(203)	–	(6,332)
Gain on loan restructuring	–	–	–	4,250
Group total sales and (loss)/profit before tax	11,677	(4,263)	13,358	(8,042)

Overview

Following the completion of the Phoenix S.G. Limited (Phoenix) refinancing in March 2018 the Group's focus returned to re-establishing the trading divisions' profitable performance, focusing on rebuilding margin which had been reduced in the previous two years due the Group operating with limited cash resources. This not only constrained our ability to buy new stock but also meant we were at times trading to realise cash rather than maximise profit.

Group turnover from continuing operations was £11.7m for the year ended 31 March 2019 compared to £13.4m in the prior year. The reduced turnover for the year reflects the continuing reorganisation of the Group and the increasing focus on rebuilding margins. Continued success in reducing operating costs has reduced the trading loss, for continuing operations, before accounting adjustments including exceptional operating charges and finance charges related to pensions, from £5.4m at 31 March 2018 to £3.3m at 31 March 2019.

The process of rebuilding an underlying profitable business for the future continue and to that end the Group agreed additional funding of £5m with Phoenix in December 2018. This facility will be used for business development and an outline of this plan is included in the Chief Executives letter on page 5.

Philatelic

The Philatelic division contains our stamp dealing and auction business. This division was significantly reorganised in the year ending 31 March 2018 impacting financial performance, in the year ending 31 March 2019. Despite a significant reduction in sales, as a result of the reorganisation, the division was able to substantially reduce its loss from £2.1m to £0.5m through several positive actions. Firstly, the gross margin achieved by our dealing teams improved from 27% to 45%; with the Phoenix investment securing the business, the teams have been under less pressure to liquidate stock at low margins to realise cash and instead are able to maximise profit. Secondly, we have reorganised our auction businesses under the Stanley Gibbons brand. This resulted in a sales reduction of £2.0m but a profit improvement of £0.5m due to a significant saving in overheads. The division also benefited from full year savings from the reorganisation of its cost base carried out in the previous year.

We are still carrying a higher stock of philatelic rarities than is optimum and although an impairment for the net realisable value of this stock was charged in the prior year the business is likely to have periods in which margins will fluctuate as we sell down some of this stock. Our aim is to sell through and rebalance our stock holding but we are realistic and expect this to be achieved over more than one financial period. We have put in place measures to ensure the new stock that is purchased by our teams is more in line with current customer wants and market trends and so should turn over faster.

Publishing

The sales and profit from this division remain consistent year on year, with profit improving by £82,000, as a result of improved margins and lower costs. The monetisation of the wealth of unique and historical intellectual property we have is one of our key objectives and we continue to work on a number of projects which should allow us to develop this business area to enable us to realise the value of the asset.

Coins & Medals

Sales were in line with the previous year, with a stronger second half to the year reflecting the improvement in our financial position as we were able to restock our inventory. The coin business suffered most from our need to sell inventory to realise cash and although the second half showed that we could sell stock that we had purchased our growth is now hampered by our ability to build stock in a market limited by supply. We continue to work on this in the current year but it will take time to build our inventory to levels from which we can begin to grow sales levels back to where they were prior to the Group's financial difficulties. Baldwin's of St James's, the auction joint venture that was launched in January 2017 generated £109,000, the Group's share of the profit in the year, compared to £113,000 in the previous period.

Legacy Interiors

The sales from this division all relate to rental income from the leasehold property in New York which was vacated and sublet by Mallett in 2016. The costs relate to the rents and other costs in relation to the property.

Corporate Overheads

Corporate overheads continue to fall declining by a further 7.4% to £3.1m. We continue to take steps to actively reduce our corporate overheads further as we recognise that they continue to be too high in relation to the current size of the trading businesses. The restructuring over the previous two years significantly reduced the corporate overheads and further savings will be more difficult to achieve. We continue to review all our costs and renegotiate all our contracts when they fall due and remain optimistic that further cost savings can be achieved.

Other Accounting Adjustments & Finance Charges related to pensions

Pension service and share option charges, amortisation of customer lists and finance charges related to pensions for the year ended 31 March 2019 were £0.7m (2018: £0.6m). In the opinion of the Directors, such accounting charges do not form part of the operating performance of the Group.

Exceptional Operating Charges

Exceptional operating charges/(income), can be further analysed as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Stock provisions	8	4,202
Professional fees for corporate activity	–	1,235
Other impairment of intangible assets	–	541
Loss on disposal of tangible fixed assets	–	392
Impairment of receivables	–	288
Loss on disposal of philatelic approvals business	–	171
Restructuring and redundancy costs	–	119
Disposal of leased property	18	–
Exceptional legal fees	39	–
Legacy wind-down costs of overseas entities	138	–
Release of other payables excess provision	–	(616)
	203	6,332

The level of exceptional charges was significantly reduced, following the conclusion of the restructuring. The Group was focused on its primary trading business and the above exceptional costs relate to the costs of closing down a number of the Group's overseas offices and subsidiaries.

The stock provisions in year ended 31 March 2018 largely related to a review of our philatelic realisable values as highlighted above. The professional fees relate to the significant corporate activity carried out during the year including the Phoenix transaction but exclude the element relating to the share issue. The release represents an over provision relating to prior periods.

Discontinued Operations

During the year ended 31 March 2018 the Group disposed of the majority of the remaining trading assets of its Interiors division. These disposals represented all the significant trading assets and brands and its results were disclosed as discontinued operations. During the year ended 31 March 2019 there was a small amount of residual trading inventory which was sold and the revenue and costs associated with this disclosed as discontinued operations in the Consolidated statement of comprehensive income.

On 21 November 2017 the directors of Stanley Gibbons (Guernsey) Limited applied for and were granted an administration order. Stanley Gibbons (Guernsey) Limited was the entity through which the Group's Investment division activities had been conducted. The administration order meant the Group lost control of this business and its assets and so the Investment division's results were reclassified as discontinued operations. Stanley Gibbons (Guernsey) Limited remained in administration during the year ended 31 March 2019. No costs have been incurred in relation to the administration during the year. On 2 April 2019 the Royal Court of Guernsey ordered that Stanley Gibbons (Guernsey) Limited enter liquidation, this process is still ongoing. The Directors have made enquiries to establish whether there are any uncertainties that would materially impact the Group's cash flow over the foreseeable future.

Inventory

The Group continues to own some valuable assets. Apart from the heritage brands, which are not wholly recognised within the balance sheet, as only acquired brands can be recognised, the most significant asset of the Group is its stock which is summarised below:

	31 March 2019 £'000	31 March 2018 £'000
Philatelic rarities	14,178	14,056
Philatelic stock (general)	1,176	1,457
Coins and medals	1,847	2,148
Antiques	383	417
Publications, albums and accessories	341	136
Group owned stock	17,925	18,214
Inventory owned by third parties	76	89
	18,001	18,303

The Group's management continues to focus on the rebalancing of inventory to enable the Group to trade in the most profitable areas of its collectibles businesses. It is likely that some of the inventory will be sold at lower trading margins than normal but following the provisions of the previous year we expect that trading margins would still be positive.

On 10 September 2018 the Company announced that its subsidiary, Stanley Gibbons Limited ("SGL") had entered in to an agreement with Phoenix S. G. Limited to acquire approximately 1,900 items, for an initial consideration of £5.20m, which is payable in cash to Phoenix S. G. Limited over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. The agreement is for a total term of 10 years and any sale at a value that is less than the base cost of an inventory item can only be made with the specific permission of Phoenix S. G. Limited. To the extent that all the inventory is sold and the appropriate payments have been made by SGL to Phoenix S. G. Limited no further consideration will be due. To the extent that items remain to be sold at the end of the agreement the relevant items will be returned to Phoenix S. G. Limited and no further consideration will be due (see note 13).

Notwithstanding the fact that the agreement was written as a sale from Phoenix S. G. Limited to SGL, the substance of the transaction is that of a consignment stock arrangement and so has been accounted for as such. The acquired items have therefore not been included within inventories and there is no related creditor due to Phoenix S. G. Limited within the balance sheet. The commission due to SGL is recognised as revenue in the accounting period of the sale to a third party. As at 31 March 2019 of the initial items totaling £5.20m, £5.06m remained unsold.

Cash Resources

As at the balance sheet date the Group had cash balances of £2.2m and a loan of £11.5m repayable in March 2023. The loan is due to Phoenix S. G. Limited, the Group's controlling shareholder.

On 21 December 2018 the Group announced it had agreed an additional £5m of funding in the form of an extension of the existing loan facility with Phoenix S.G. Limited. The terms of the extension are the same as the existing loan. The intention is for the Group to draw down this loan in several tranches to help it fund its development plans over the next 12 to 24 months. The first £1.0m was drawn on 10 January 2019 (see Note 18) and a further £1m was drawn at 4 April 2019. Based on our current trading forecast and development plans the new financing arrangement provides sufficient financial headroom to fund the Group over the coming year.

As detailed in note 18, during the year, the Group was in default on its loan facilities as Stanley Gibbons (Guernsey) Limited is in administration, a qualified audit report was issued in the financial statements for the year ended 31 March 2018 and the Group would also have failed to satisfy the financial covenants in the loan agreements. During periods of default the loan facilities become repayable on demand.

On 29 March 2019 Phoenix S.G. Limited issued a waiver letter to the Group for the above defaults so that at the balance sheet date the Group is no longer in default and the loan facilities are not repayable on demand.

As at 17 September 2019 the Group had cash balances of £1.7m and an outstanding loan balance of £12.8m.

Litigation

During the year the Group resolved the outstanding matters in relation to the US Securities and Exchange Commissions (SEC) and Department of Justice investigation in to the action of a former Mallett Inc director. No charges related to this case are included in the financial statements for the year ended 31 March 2019.

On 14 June 2019 the Group announced that all outstanding claims involving certain former directors of Mallett plc had now been resolved, bringing the matter to a full and final conclusion. The sum of £850,000 resulting from this agreement has been received in full by the Group.

Anthony Gee
Chief Finance Officer

18 September 2019

Corporate Governance

The Directors recognise the importance of and are committed to high standards of corporate governance. The corporate governance framework within which the Stanley Gibbons Group operates, including Board leadership and effectiveness, Board remuneration and internal control is based on practices which the Board believes are appropriate to the size, risks, complexity and operation of the business.

The Board decided to adhere to the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies (the QCA Code) on the basis that it is most suited to the size and requirements of the business. The Board will apply the principles of the QCA Code.

Full details of the application of the code are disclosed on our corporate website: www.stanleygibbonsplc.com/corporate governance.

The Company holds board meetings regularly throughout the period at which operating and financial reports are considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments.

Audit Committee

The Audit Committee comprises only Non-Executive Directors.

The Committee met three times during the period since approval of the previous financial statements. It has written terms of reference, which were updated in June 2018, setting out its responsibilities that include:

- monitoring the financial reporting process, the integrity of the company's financial statements and announcements relating to financial performance and reviewing significant financial judgements contained in them;
- keeping under review the Company's internal controls and risk management systems;
- considering annually the need for a separate internal audit function and making recommendations to the Board;
- making recommendations to the Board regarding the appointment, re-appointment or removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; and
- reviewing and monitoring the external auditor's independence and the effectiveness of the audit process.

In addition, the Board requested that the Committee advise them on whether they believe the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee has concluded that this is the case and has reported this to the Board.

Non-audit services are reviewed on a case by case basis and also in terms of materiality of the fee. Note 4 to the Financial Statements details the quantum and split of auditor fees.

In the course of its work the Audit Committee meets with the external auditors and reviews the reports from them relating to the financial statements. It also reviews the likely significant issues in advance of publication both of the half and full year results and in particular any critical accounting judgements identified by both the Company and the external auditors most of which are disclosed in note 2 to the Financial Statements (Critical Accounting Estimates and Judgements).

The Audit Committee also reviews updates on significant accounting policies and the impact that this has on the Group.

Members of the Audit Committee at the date of this report were LE Castro and HG Wilson.

Nomination Committee

A separate Nomination Committee is in operation. It has written terms of reference, which were updated in October 2016, setting out its responsibilities. It comprises the Non-Executive Chairman and a Non-Executive Director. The committee considers appointments to the Board and is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition. A company wide policy exists on diversity. The Board recognises such benefits of and will continue to appoint Executive and Non-Executive Directors to ensure diversity of background and on the basis of their skills and experience.

Members of the Nomination Committee at the date of this report were HG Wilson and LE Castro.

By order of the Board

RK Purkis
Secretary

18 September 2019

Report on Remuneration

Remuneration Committee

The Remuneration Committee comprises only Non-Executive Directors. It reviews the performance of the Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders.

The Remuneration Committee has responsibility for making recommendations to the Board on the Group's general policy on remuneration and also specific packages for individual Directors. It carries out the policy on behalf of the Board.

Members of the Remuneration Committee at the date of the report were M West and LE Castro. Neither of the members of the committee have day to day involvement in the running of the business.

Policy on Executive Directors' Remuneration

The Committee reviews remuneration of Executive Directors and senior management each year. The main aim of the Group's executive pay policy is to provide an appropriate reward for their work which is sufficient to attract and retain the Directors needed to meet the Group's objectives and satisfy shareholder expectations.

Options

Executive Share options are granted to Directors and other employees on a phased basis. The value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term.

Options granted under the Group Share Option Plan 2010 are exercisable between the third and tenth anniversaries of the date of grant.

Options issued in 2011 had the target of a minimum EPS of 19.2 pence for the year ended 31 December 2013. 25% of the granted options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 22.7 pence was achieved.

Options issued in 2016 were granted at market value and are not subject to a performance condition.

Options issued in 2018 were granted at market value and are not subject to a performance condition.

Bonuses

Directors are awarded annual bonuses calculated on the basis of defined criteria relating to Group performance compared to prior year and budget and other specific objectives which contribute to growth in earnings per share, cash generation and return on capital employed.

Other benefits

The Company Secretary is a member of the Group's defined benefit pension scheme, which is now closed. During the year contributions were paid on behalf of A Cook to defined contribution personal pension schemes.

Benefits also include the provision of family private healthcare insurance and death in service insurance.

Service contracts

No Director has a notice period exceeding six months.

Directors' Remuneration

For each Director remuneration for the year to 31 March 2019 can be analysed as follows:

	2019 Salary & Fees £'000	2019 Performance Related Bonus £'000	2019 Other Benefits* £'000	2019 Pension Contributions £'000	2019 Total £'000	2018 Total £'000
H Wilson	59	–	25	–	84	193
G Shircore	–	–	–	–	–	–
A Cook	150	–	–	8	158	192
H Turcan	–	–	–	–	–	34
L Castro	35	–	–	–	35	35
M West	12	–	–	–	12	–
	256	–	25	8	289	454

* including share based payments of £25,000 (2018 : £69,000)

The periods each Director served during the year are given on page 21.

Directors' Share Options

	Date of grant	Earliest exercise date	Expiry date	Exercise Price (1p shares)	Number at 31 March 2018	Forfeited in period	Number at 31 March 2019
H Wilson	5/10/16**	5/10/19	5/10/26	11p	2,000,000	–	2,000,000
A Cook	5/10/16**	5/10/19	5/10/26	11p	2,000,000	(2,000,000)	–
					4,000,000	(2,000,000)	2,000,000

** Options granted under Group Share Option Plan 2010.

The highest paid director, being A Cook, did not exercise any share options during the year.

The closing market price of the Company's shares at 31 March 2019 was 2.33p and the range of market prices during the twelve month period was between 5p and 2.33p.

By order of the Board

RK Purkis
Secretary

18 September 2019

Directors' Report

for the year ended 31 March 2019

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

Incorporation

The Company was incorporated in Jersey, Channel Islands on 13 June 1977.

Directors' responsibilities for the financial statements

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the Group profit or loss for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The maintenance and integrity of the Stanley Gibbons web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.

Legislation in Jersey governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

In so far as each of the Directors is aware:

- There is no relevant audit information of which the Group's auditors are unaware;
- Each of the Directors has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information;
- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- The management report includes a fair review of the Group's development.

Principal activities

The principal activities of the Group are those of trading in collectibles, auctioneering, the development and operation of collectible websites, philatelic publishing, mail order, retailing, and the manufacture of philatelic accessories.

Business review

Included within the Annual Report is a fair review of the business of the Group during the year ended 31 March 2019 and the position of the Group at the end of the year. This review is contained in the Chairman's Statement on pages 3 to 4 and the Business Review on pages 8 to 13. Key Performance Indicators and a description of the principal risks and uncertainties are referred to below.

Principal risks and uncertainties

The principal risks faced by the Group, together with the controls in place to manage those risks, are documented by the Executives, Senior Management team, Audit Committee and wider Board and are regularly reviewed throughout the period.

Investment Products

The Group was aware of the potential risk in connection with a commitment to buy-back in the future certain assets sold under collectible investment contracts in previous accounting periods. The Group therefore bore the risk in the event that the underlying assets went down in value during the contract period and continually monitored it.

On 21 November 2017 the directors of Stanley Gibbons (Guernsey) Limited applied for and were granted an administration order. This subsidiary was most exposed to investment product risk and therefore with the deemed loss of control over the subsidiary the level of this risk to the Group is now minimised.

Competition

The Group's markets are extremely competitive, with threats from other dealers, auctioneers and online marketplaces. The Group combats this risk by maintaining strong client relationships, continued monitoring of competitor activity and a focus on client service.

Key Personnel

The knowledge and expertise of the Group's specialists is critical to maintaining the Group's reputation and success. Accordingly the Group is highly dependent on attracting and retaining appropriately qualified personnel. The Group manages this risk by ensuring that remuneration is benchmarked against market rates to ensure that it is competitive and providing appropriate support and training.

Key Clients

A number of the Group's high value sales are made to a relatively small number of existing key clients. The Group manages this risk by maintaining strong client relationships, focussing on client service and ensuring that it maintains an inventory of highly attractive items.

Stock Valuation

The market in rare stamps, coins and other collectibles is not a highly liquid trading market. As a result, the realisable value of inventory is relatively subjective and may fluctuate over time. The Group's management keeps a close eye on market conditions and on a periodic basis we consult external parties in our consideration of the carrying value of our inventories.

Controlling interest

The Group's largest shareholder is also the Group's primary lender. The Group is aware of the risk that continued support is required from Phoenix S.G. Limited and ensures it complies with all requirements of its lending agreement.

Brexit

The Director's do not believe that any of the potential scenarios of Brexit have a specific risk to the Group. The Group will be impacted by any changes in the general economic conditions affecting both the UK and the European Union.

Retirement Benefit Pension Obligations

Future costs and obligations relating to the Group's defined benefit pension schemes are significantly influenced by changes in interest rates, investment performance and actuarial assumptions, each of which is unpredictable. Actuarial valuations are carried out every three years with recovery plans agreed with the Trustees.

Key Performance Indicators (KPIs)

The Directors manage the business on a monthly cycle of management reports and information combined with weekly sales and margins reporting. A monthly information pack is provided to the Board incorporating individual reports from each of the executive committee members and commentary on key performance indicators. Appropriate matters are summarised and appropriate decisions made at Board meetings. Key performance measures are disclosed and discussed in the Business Review on pages 8 to 13.

The diverse nature of the Group's activities dictates that specific financial and non financial performance indicators and reporting templates are in place unique to each department to enable the successful management of each operating division. Examples of some of the most important KPIs used in this reporting environment are:

- Sales and gross margins compared to last year and budget
- Overhead variations against budget
- Personnel and resource matters (eg. performance, attendance and training)
- New customers recruited and marketing response rates
- Value of stock purchases and stock levels at the end of each month against budget
- Website visitor activity statistics

Results and dividends

The consolidated statement of comprehensive income of the Group for the year ended 31 March 2019 is set out on page 30. The Directors do not recommend a final dividend for the year ended 31 March 2019 (year ended 31 March 2018: nil).

Directors

The following Directors have held office since 1 April 2018:

H G Wilson (Non-Executive)	
G E Shircore	
L E Castro (Non-Executive)	
M West (Non-Executive)	(appointed 3 December 2018)
A Cook	(resigned 29 March 2019)
C P Whiley (Non-Executive)	(resigned 27 December 2018)
A M Gee	(appointed 1 August 2019)

L Castro and M West are considered to be Independent.

Biographical details of the current Directors are given on pages 76 and 77.

Directors' interests

The interests of the Directors in the shares of the Company, all of which are beneficial, at 31 March 2019 together with their interests at 31 March 2018 were:

	Ordinary 1p Shares 31 March 2019	**Ordinary 1p Shares 31 March 2018**
HG Wilson (1)	2,000,000	2,000,000
GE Shircore (2)	705,741	705,741
A Cook	–	–
CP Whiley (3) (4)	–	500,000
LE Castro	–	–
M West*	–	–

* On appointment

(1) Held in the name of Park Securities Limited for Roselea Limited, both companies in which H Wilson is a director and shareholder.
(2) Phoenix Asset Management Partners Limited, Mr Shircore's ultimate employer, is the investment manager to Phoenix SG Limited which holds 248,000,000 Ordinary shares representing 58.09% of the Company's issued share capital.
(3) Held in the name of Zodiac Executive Pension Scheme, of which CP Whiley is a beneficiary.
(4) Evolution Securities China Limited, Mr Whiley's former employer, holds 1,800,000 ordinary shares, representing 1.006% of the Company's issued share capital.

Details of the Directors' share options are given in the Remuneration Report on page 17.

Apart from service contracts and the transactions referred to in note 27 of the financial statements, none of the Directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

Research and development

Costs associated with research and development relate to internal web development work in the creation of an online collectibles marketplace. Research and development costs are capitalised in the year incurred and are disclosed under the heading 'Computer Software' in note 10.

Financial Risk Management

The Group principally finances its operations through the generation of cash from operating activities and has no interest rate exposure on financial liabilities except those disclosed in note 26. Liquidity risk is managed through forecasting the future cash flow requirements of the business. Further disclosure on the company's financial risk management can be found in note 15 (Provision for impairment of receivables and collateral held) and note 26 (Financial instruments).

Going concern

The Group's forecasts shows that it will remain within current loan facility limits for the foreseeable future. Although the Directors have built the forecast based on current trading trends and historical knowledge of the business, the Directors recognise that forecasts are dependent on the underlying assumptions and that trading conditions can always be affected by unforeseen events.

The loan facilities are provided by the Group's controlling party Phoenix S. G. Limited and due for repayment in March 2023. Up until 29 March 2019 the Group has been in default of the facilities, due to Stanley Gibbons (Guernsey) Limited being in administration, the qualified audit report on the Group's 31 March 2018 financial statements and would have been in default of the financial covenants at 31 March 2019, which would result in the loan becoming payable on demand. On 29 March 2019 the Group sought and was granted a waiver from Phoenix S.G. Limited for the above defaults.

The Directors recognise that Phoenix S. G. Limited has granted the waiver of the defaults, stated that it intends to be a long term investor, is the Group's controlling party with an interest of just over 58% and has given no indication that it would withdraw its support before March 2023 when the loan facility is repayable.

In previous years the Group had significant uncertainty resulting from investment contract guarantees and undertakings given by its subsidiary Stanley Gibbons (Guernsey) Limited. The granting of the administration order on 21 November 2017 for Stanley Gibbons (Guernsey) Limited resulted in the Group's loss of control of the business and its assets and liabilities. This resulted in significant contingent liability, approximately £54,150,000 at 31 March 2017 (the last accounting date prior to administration), relating to guarantees and undertakings having been removed from the Group and fundamentally limited the exposure of the Group to the related buyback liabilities and associated cash outflows. On 2 April 2019 the Royal Court of Guernsey ordered that Stanley Gibbons (Guernsey) Limited enter liquidation, this process is still ongoing. The Directors have made enquiries to establish whether there are any uncertainties that would materially impact the Group's cash flow over the foreseeable future (see note 30).

As such, having regard to the matters above, and after making reasonable enquiries and taking account of uncertainties discussed above, the Directors have a reasonable expectation that the Company and the Group have access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

Intangible Assets

Except for those acquired in the Noble acquisitions, no value is attributed in the consolidated statement of financial position to the Group's brand names, the value of the Stanley Gibbons stamp referencing system, editorial intellectual property or its database of customer lists as an accurate valuation of these items would be impractical to establish and the capitalisation of internally generated assets is not allowed under IAS38. External costs incurred in the development of the software for the Digital Asset Management system and the redevelopment of the Group's websites have been capitalised and are being amortised in accordance with IAS38.

Substantial Shareholdings

As at 17 September 2019, the Company had been notified of the following interests in 3% or more of its issued share capital:

Phoenix SG Limited	58.09%
Lombard Odier Asset Management (Europe) Limited	7.74%

The Company has one class of share being Ordinary Shares with a par value of 1p each. This entitles the holder to participate in dividends in proportion to the number of shares held. The holder is also entitled to, on a show of hands of shareholders present at a meeting in person or by proxy, one vote and upon a poll each share is entitled to one vote.

Purchase of Own Shares

The Company did not purchase any of its shares for cancellation during the year. The Company has authority to purchase up to 15% of its own shares. A resolution to renew this authority will be proposed at the AGM.

Capital Structure

Details of the issued share capital are set out in note 20.There is one class of Ordinary Shares, which does not carry any right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Subject to the Companies (Jersey) Law and the provisions of the Articles of Association, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue such number of Shares as the Company may from time to time by Ordinary Resolution determine. The Annual General Meeting held in 2018 authorised the Directors to allot shares in the capital of the Company within certain limits. A renewal of this authority will be proposed at the forthcoming Annual General Meeting.

Articles of Association

In accordance with the Companies (Jersey) Law 1991, the Company's Articles of Association may only be amended by a Special Resolution of the Company's shareholders.

Employees

The Group's policy is to provide equal opportunities to all present and potential employees. The Group gives full consideration to applications for employment from disabled persons and where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions.

The Group operates an annual performance review system with employees to discuss performance against agreed objectives and career development.

The Group believes in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistle-blowing, equal opportunities and data protection.

Secretary

Mr R K Purkis has been secretary for the entire year ended 31 March 2019 and to the date of approval of the financial statements.

Independent Auditors

BDO Limited resigned as auditors on 11 March 2019 following a competitive tender process. Jeffreys Henry LLP were appointed with effect from 15 March 2019. A resolution to reappoint them as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the AGM.

By order of the board

Registered office:
18 Hill Street
St Helier,
Jersey
JE2 4UA

R K Purkis
Secretary

18 September 2019

Independent Auditor's Report to the Members of The Stanley Gibbons Group Plc

Opinion

We have audited the financial statements of The Stanley Gibbons Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of cash flows, the consolidated statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, as in accordance with the provisions of the Companies Law (Jersey) 1991.

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 March 2019 and of the group's profits for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to 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.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 judgment, 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) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Goodwill and other intangible assets – The Group held a significant balance of goodwill and other intangibles as at the year end, with a total carrying value of £5,600,000 (2018: £5,977,000). – Of these a number of balances relate to intangibles with an indefinite estimated useful life, such as goodwill and publishing rights and brands. – The board undertakes impairment assessments annual for all intangible assets, based on a number of assumptions and forecasts. These require judgement and so are considered a key audit matter.	**Our audit procedures:** – We discussed with management, and undertook a full review of the underlying assets, to establish if there were any indication of impairment. – We reviewed management's impairment workings and agree their approach and methodology. – We considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared.
Carrying value of inventories – The Group held a significant balance of inventories as at the year end, with a total carrying value of £18,001,000 (2018: £18,303,000). – Inventory is held at the lower of cost and net realisable value. The nature of the inventory, being highly specialist, with large inventory turnover times, means that the net realisable value is highly subjective. – The Group employ experts to value their stock on a regular basis which are used to establish the net realisable value. Given the judgement required in arriving at a value, inventories are considered a key audit matter.	**Our audit procedures:** – We discussed with management to establish how values were allocated to individual items of inventory. – A sample of inventory items have been vouched to expert valuations to ensure they were being held at the lower of cost and net realisable value. – Review of expert evidence undertaken to ensure assumptions used are reasonable.
Valuation of defined benefit pension schemes' obligations – The Group had a net retirement benefit obligations as at the year end of £5,523,000 (2018: £5,329,000). – The group employed external, independent actuaries to provide the value of the obligations for the two defined benefit schemes in operation. – The actuaries employed valuation techniques based on a number of assumptions (which can be seen in note 25). Given the magnitude of the obligation any change in the assumptions could a have significant impact on the obligations and so are considered to be a key audit matter.	**Our audit procedures:** – We undertook a review of the actuaries qualifications to ensure that they were suitably competent to undertake the valuation. – Work undertaken to ensure the actuaries were independent of the company. – A review was undertaken on the assumptions used to calculate the obligations, including with reference to industry benchmarking and other data available.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements
Overall materiality	£250,000 (2018: not applicable)
How we determined it	2% of revenue.
Rationale for benchmark applied	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £66,400 and £150,200.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £12,500 (2018: not applicable) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of numerous reporting units, comprising the Group's operating businesses and holding companies.

It is our responsibility for the direction, supervision and performance of the group audit and we remain solely responsible for the audit opinion.

Other information

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- that proper 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
- that the financial statements are not in agreement with the accounting records
- certain disclosures of directors' remuneration specified by law are not made; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge, are necessary for the purpose of the audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, 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 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 consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.or.uk/auditorsresponsibilities. This description forms part of our audit report.

Use of this report

This report is made solely to the company's members, as a body, in accordance Article 113A of the Companies (Jersey) Law 1991. 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.

Sanjay Parmar
Senior Statutory Auditor

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom

Date: 18 September 2019

Consolidated statement of comprehensive income

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue	1, 3	11,677	13,358
Cost of sales		(5,711)	(8,011)
Gross Profit		5,966	5,347
Administrative expenses before defined benefit pension service costs and exceptional operating costs		(5,320)	(5,517)
Defined benefit pension service costs	25	(438)	(171)
Exceptional operating charges	5	(203)	(6,332)
Total administrative expenses		(5,961)	(12,020)
Selling and distribution expenses		(3,880)	(5,288)
Operating loss	4	(3,875)	(11,961)
Finance income		45	45
Finance costs	26	(542)	(489)
Gain on loan restructuring		–	4,250
Share of net profits of joint venture		109	113
Loss before tax		(4,263)	(8,042)
Taxation	8	(36)	133
Loss from continuing operations		(4,299)	(7,909)
Profit/(loss) from discontinued operations	28	74	(4,260)
Loss for the financial year		(4,225)	(12,169)
Other comprehensive income:			
Amounts which may be subsequently reclassified to profit & loss			
Exchange differences on translation of foreign operations		–	24
Amounts which will not be subsequently reclassified to profit & loss			
Actuarial (losses)/gains recognised in the pension scheme	25	(246)	448
Tax on actuarial (losses)/gains recognised in the pension scheme		(465)	(146)
Other comprehensive income/(loss) for the year net of tax		(711)	326
Total comprehensive loss for the year		(4,936)	(11,843)
Loss per share from continuing operations			
Basic loss per Ordinary share	9	(1.01)p	(4.21)p
Diluted loss per Ordinary share	9	(1.01)p	(4.21)p
Profit/(loss) per share from discontinued operations			
Basic profit/(loss) per Ordinary share	9	0.02p	(2.27)p
Diluted profit/(loss) per Ordinary share	9	0.02p	(2.27)p

Total comprehensive loss is attributable to the owners of the parent.

The notes on pages 34 to 75 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

for the year ended 31 March 2019

Assets	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Intangible assets	10	5,600	5,977
Property plant and equipment	11	2,099	2,535
Deferred tax asset	19	281	1,190
Investments	12	95	113
Total non-current assets		8,075	9,815
Current Assets			
Inventories	13	18,001	18,303
Trade and other receivables	14	2,187	3,610
Cash and cash equivalents	17	2,160	4,596
Total current assets		22,348	26,509
Total assets		30,423	36,324
Current liabilities			
Trade and other payables	16	6,040	8,404
Borrowings	18	–	10,000
Total current liabilities		6,040	18,404
Non-current liabilities			
Borrowings	18	11,529	–
Retirement benefit obligations	25	5,523	5,329
Deferred tax liabilities	19	–	408
Total non-current liabilities		17,052	5,737
Total liabilities		23,092	24,141
Net assets		7,331	12,183
Equity			
Called up share capital	20	4,269	4,269
Share premium account	22	78,217	78,217
Share compensation reserve	22	2,148	2,064
Capital redemption reserve	22	38	38
Revaluation reserve	22	346	346
Retained earnings	22	(77,687)	(72,751)
Equity shareholders' funds		7,331	12,183

The financial statements on pages 30 to 75 were approved by the board of Directors on 18 September 2019, were authorised for issue on that date and were signed on its behalf by:

A M Gee
G E Shircore
Directors

The notes on pages 34 to 75 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2019

	Called up share capital £'000	Share premium account £'000	Share compensation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2018	4,269	78,217	2,064	346	38	(72,751)	12,183
Loss for the financial year	–	–	–	–	–	(4,225)	(4,225)
Amounts which may be subsequently reclassified to profit & loss							
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–
Amounts which will not be subsequently reclassified to profit & loss							
Remeasurement of pension scheme net of deferred tax	–	–	–	–	–	(711)	(711)
Total comprehensive loss	–	–	–	–	–	(4,936)	(4,936)
Cost of share options	–	–	84	–	–	–	84
At 31 March 2019	**4,269**	**78,217**	**2,148**	**346**	**38**	**(77,687)**	**7,331**
At 1 April 2017	1,789	74,847	1,883	346	38	(60,908)	17,995
Loss for the financial year	–	–	–	–	–	(12,169)	(12,169)
Amounts which may be subsequently reclassified to profit & loss							
Exchange differences on translation	–	–	–	–	–	24	24
Amounts which will not be subsequently reclassified to profit & loss							
Remeasurement of pension scheme net of deferred tax	–	–	–	–	–	302	302
Total comprehensive loss	–	–	–	–	–	(11,843)	(11,843)
Share issue	2,480	3,370	–	–	–	–	5,850
Cost of share options	–	–	181	–	–	–	181
At 31 March 2018	**4,269**	**78,217**	**2,064**	**346**	**38**	**(72,751)**	**12,183**

The notes on pages 34 to 75 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash outflow from operating activities	23	(3,361)	(2,168)
Interest paid		(542)	(489)
Taxes paid/(repaid)		–	22
Net cash outflow from operating activities		(3,903)	(2,635)
Investing activities			
Purchase of property, plant and equipment		(1)	(35)
Purchase of intangible assets (computer software)		(124)	(30)
Investment in joint venture		18	(113)
Disposal proceeds from discontinued operations		–	2,681
Proceeds from sale of property plant & equipment		–	236
Interest received		45	44
Net cash (decrease)/generated from investing activities		(62)	2,783
Financing activities			
Proceeds from issue of ordinary share capital		–	5,850
Proceeds from disposal of loan of subsidiary in administration		–	2,750
Repayment of bank loans		–	(8,300)
Proceeds from new borrowing		1,529	10,500
Repayment of new borrowing		–	(500)
Net cash generated from financing activities		1,529	10,300
Net (decrease)/increase in cash and cash equivalents		(2,436)	10,448
Cash and cash equivalents at start of year		4,596	(5,852)
Cash and cash equivalents at end of year	17	2,160	4,596

The notes on pages 34 to 75 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

for the year ended 31 March 2019

1 Accounting policies and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards as approved for use in the European Union applied in accordance with the provisions of Companies (Jersey) Law 1991 on a historical cost basis except where otherwise indicated.

The Group is listed on AIM, a market operated by the London Stock Exchange. These financial statements have also been prepared in accordance with AIM Rules.

The Company has not prepared separate company accounts, as permitted under Companies (Jersey) Law 1991 Amendment 4 Part 16 (substituted), as consolidated accounts are prepared.

The consolidated financial statements are presented in British Pounds Sterling, which is also the Company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

New and amended statements adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Company. The new IFRSs adopted during the year are as follows:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers including amendments and clarifications

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 April 2018 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact, unless disclosed below, on the financial statements of the Company.

The new standards include:

IFRS 3	Business Combinations[2]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IAS 1	Presentation of Financial Statements[2]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[2]
IAS 19	Employee Benefits (amendment)[1]
IAS 28	Investment in associates and joint ventures (amendment)[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Improvements to IFRSs	Annual Improvements 2015-2017 Cycle1: Amendments to 2 IFRSs and 2 IASs

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the group with the exception of the adoption of IFRS 16 – Leases.

1 Accounting policies and presentation continued

The Directors have assessed the impact of IFRS 16 on the Group. It will result in all leased assets being recognised on the balance sheet as the distinction between operating and finance leases is removed. Under the new standard an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The Group's primary non-cancellable lease commitments are property leases and have commitments at 31 March 2019 of £8,075,000. As a result of the application of IFRS 16 the Group expects to recognise a right of use asset of £5,687,517 and lease liabilities of £6,240,790. Overall net assets will be lower by £733,273. The anticipated impact on net profit for the year would be a reduction of £128,281.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicated that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and intangible assets with indefinite useful economic lives are undertaken annually at the financial year end or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e the higher of value in use or fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

1 Accounting policies and presentation continued

Intangible Assets

Goodwill
Goodwill is measured as the excess of the costs of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 3).

Internally generated goodwill is not recognised as an intangible asset.

Publishing rights
Publishing rights represent the cost paid to third parties to acquire copyright of publications. Publishing rights are not amortised but tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software
Costs associated with maintaining software programmes are recognised as an expense as incurred. In accordance with IAS 38, purchased computer software that will generate economic benefit beyond one year is capitalised as an intangible asset.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when management intends to use the software for its business operations, the development costs can be reliably measured and that it is technically feasible for the Group to complete the software so that it will be available for use. The Group would also only recognise the software as an intangible asset if it can be demonstrated that the software will generate probable future economic benefits. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. These development costs are recorded as an intangible asset.

Capitalised software costs are amortised over its expected useful economic life. For purchased computer software assets impairment is charged to the consolidated statement of comprehensive income on a straight-line basis over four years. The purchase and development of software related to the Group's websites and Digital Asset Management system is capitalised and amortised over its expected useful economic life of between three and ten years on a straight line basis.

Customer lists
In accordance with IAS 38, customer lists acquired have been capitalised as an intangible asset and are amortised on a straight line basis over 8 years. Internally generated customer lists are not capitalised or shown as an intangible asset.

1 Accounting policies and presentation continued

Brands

In accordance with IAS 38, brands acquired in a business combination are recognised at fair value at the acquisition date. The brands acquired are considered to have an indeterminate life because of their longevity and heritage. As such, these brands are not amortised but are the subject of an annual impairment review.

Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are amortised using the straight line method over their estimated useful life of 8 years. They are subsequently carried at cost less accumulated amortisation and impairment losses.

Property, plant and equipment and depreciation

Tangible fixed assets other than the reference collection

Tangible fixed assets, other than the reference collection, are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, their purchase price, including any incidental expenses of acquisition. Depreciation is calculated to write down the net book value of tangible fixed assets less their residual value on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2%
Vehicles, plant and machinery	20-25%
Fixtures, fittings, tools and equipment	10-25%
Leasehold improvements	Over period of lease

Freehold land is not depreciated.

Reference collection

Fixed assets include a reference collection of certain stamps & coins held on a long term basis. The reference collection for stamps is subject to a full valuation every five years by a qualified external valuer. The carrying value of the numismatic reference library is revalued each year. Therefore not all the reference collection is valued annually.

Where a reference collection or part of a collection has been revalued the assets will be carried at the revised valuation, with the revaluation amount being recognised in other comprehensive income.

Leased assets

When substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Inventories

Inventories are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving items.

Due to the nature of collectibles and antiques it is not always practicable to ascertain individual costs for items purchased.

1 Accounting policies and presentation continued

The purchase of stamp, coins and antiques into inventory can be classified in the way in which they are purchased. Some items will be bought on itemised invoices from other dealers and auctioneers. These items will be costed based on these invoices. Other items will be purchased via collections or group of assets where a price is determined for the collection. These collections will often be split into individual items and cost is apportioned between the items purchased on the basis of the opinion of the Group's dealers and experts.

Work in progress

Work in progress comprises philatelic and other collectible material which has been acquired but which has not yet been described by our philatelic experts.

Financial Instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade and other receivables and assets held for sale are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the consolidated statement of comprehensive income.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised as an exceptional item in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value for the asset is written off against the associated provision.Cash and cash equivalents comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1 Accounting policies and presentation continued

Any investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities issued by the Group are classified in accordance with the contractual arrangements entered into and the definitions of a financial liability.

Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income 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 recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. 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 future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in other comprehensive income.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

On consolidation, the results of overseas operations are translated at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets of foreign operations are recognised in the consolidated statement of comprehensive income as other comprehensive income which may be reclassified to profit and loss.

Retirement benefits

The Group operates two defined benefit pension schemes. The assets of the schemes are held and managed separately from those of the Group. In accordance with IAS 19 (Amendment) for Employee Benefits, the liability in the consolidated statement of financial position represents the present value of the defined benefit obligations at that date less the fair value of plan assets. The defined benefit obligation is calculated periodically by an independent actuary.

1 Accounting policies and presentation continued

Current service costs are recognised in administrative expenses in the statement of comprehensive income. Interest costs on plan liabilities and the expected return on plan assets are recognised in finance charges. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Pension scheme assets are measured at their market value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are performed by a qualified actuary on a triennial basis and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately as a non-current asset or liability on the face of the consolidated statement of financial position.

Under IAS 19 the retirement benefit obligation is presented gross of deferred tax.

The Group also maintains a number of defined contribution pension schemes. For these schemes the Group has no further obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the statement of comprehensive income in the year when they are due.

Share capital
Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Share options and awards
The fair value of share options and awards granted to certain employees and Directors is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be apportioned is determined by reference to the fair value of the options granted including the Group's share price, the impact of the group's trading performance, the grantee remaining an employee over a specified time period and any impact of non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the Group's profitability and the number of remaining employees in each grant. It recognises the impact of the revision of original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

The proceeds received on exercise of the options are credited to equity.

Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

1 Accounting policies and presentation continued

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in relation to the proceeds of the sale of goods and services provided during the year. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. When a contract is entered into with a customer, the contract value is allocated to specific performance obligations. The criteria of allocating performance obligations for different revenue streams are discussed below. Revenue is recognised when these performance obligations are satisfied. Standard payment terms are that payments are required within 30 days of invoicing. The Group does not consider that any contract assets or liabilities arise from the revenue recognition policy.

The directors have elected to apply the 'modified retrospective' approach to transition permitted by IFRS 15 under which comparative financial information is not restated. The accounting of revenue under IFRS 15 did not have a material effect on the financial statements as at 1 April 2018 and so no transition adjustment has been made as the Standard has not had a material impact on the accounting policy adopted in respect to revenue as previously disclosed in the 2018 financial statements. The company is applying the practical expedient in relation to IFRS 15.120 as the performance obligations.

The directors consider that there are four revenue generating segments, being the sale of philatelic goods, publishing goods, coins and medals, and rental income. Revenue from the sale of goods are recognised in two separate ways, depending on transaction.

Sale of goods – retail

The Group sells assets both from its shop, by mail order and online. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are allocated to a customer and that customer has made an irrevocable commitment to complete the purchase and the Group has delivered or the customer has collected the goods. The Group sells philatelic and numismatic goods to customers with a guarantee of authenticity of inventory sold. The Group has been doing this for a number of years and has details of returns. The returns the Group receive under this guarantee are minimal and as a result no provision is currently made. The performance obligation of the sale of retail goods is considered satisfied when substantially all the risks and rewards of ownership of goods have transferred to the customer. The contract value is derived from the selling price of the assets sold.

Sale of goods – auctions

In its role as auctioneer, the Group accepts property on consignment and matches sellers to buyers through the auction process. Following the auction, the Group invoices the buyer for the purchase price of the property (including the commission owed by the buyer), collects payment from the buyer, and remits to the consignor the net sale proceeds after deducting its commissions, expenses and applicable taxes and royalties.

The Groups auction commissions include those paid by the buyer ("buyer's premium") and those paid by the seller (vendors commission") (collectively, "auction commission revenue"), both of which are calculated as a percentage of the hammer price of the property sold at auction.

On the fall of the auctioneer's hammer, the highest bidder becomes legally obligated to pay the full purchase price, which includes the hammer price of the property purchased plus the buyer's premium, and the seller is legally obligated to relinquish the property in exchange for the hammer price less any seller's commissions. Therefore both buyer's premium and vendors commission is recognised on the date of the auction sale upon the fall of the auctioneer's hammer.

1 Accounting policies and presentation continued

The Group is not obligated to pay the consignor for property that has not been paid for by the buyer. If a buyer defaults on payment, the sale may be cancelled, and the property will be returned to the consignor.

The Group's management evaluates the collectability of amounts due from individual buyers. If management determines that it is probable that the buyer will default, a credit note is recorded in the period in which this judgement is made and any commission due to the Group from the buyer and the vendor is reversed.

The performance obligation for the sale of auction goods is considered satisfied when substantially all the risks and rewards of ownership of goods have transferred to the customer. The contract value is derived from the buyer's premium adjusted for by the selling price of the assets sold.

Further detail of the Group's revenue streams can be found in the Business Review on pages 8 to 13.

Rental income
The Group sublets some of its properties that it occupies under operating leases. Lease income from operating leases where the group is a lessor is recognised in the Income Statement on a straight-line basis over the lease term. The Directors consider this in line with when the Company's performance obligation is satisfied. The contract value is derived from gross rental income over the terms of the leases.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic resources as a result of past events and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are discounted if the effect of the time value of money is material.

Joint ventures
The Group accounts for joint ventures using the equity method of accounting. The initial investment is recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and the Group's share of the movements in other comprehensive income in the entity. Dividends received or receivable from the joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity the Group does not recognise further losses, unless it incurs obligations or make payments on behalf of the entity.

The carrying amount of equity-accounted investment is tested for impairment in accordance with the Group's impairment policy.

2 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2 Critical Accounting Estimates and Judgements continued

Going concern

The Group's forecasts shows that it will remain within current loan facility limits for the foreseeable future. Although the Directors have built the forecasts based on current trading trends and historical knowledge of the business, the Directors recognise that forecasts are dependent on the underlying assumptions and that trading conditions can always be affected by unforeseen events.

The loan facilities are provided by the Group's controlling party Phoenix S. G. Limited and due for repayment in March 2023. Up until 29 March 2019 the Group has been in default of the facilities, due to Stanley Gibbons (Guernsey) Limited being in administration, the qualified audit report on the Group's 31 March 2018 financial statements and would have been in default of the financial covenants at 31 March 2019, which would result in the loan becoming payable on demand. On 29 March 2019 the Group sought and was granted a waiver from Phoenix S.G. Limited for the above defaults.

The Directors recognise that Phoenix S. G. Limited has granted the waiver of the defaults, stated that it intends to be a long term investor, is the Group's controlling party with an interest of just over 58% and has given no indication that it would withdraw its support before March 2023 when the loan facility is repayable.

In previous years the Group had significant uncertainty resulting from investment contract guarantees and undertakings given by its subsidiary Stanley Gibbons (Guernsey) Limited. The granting of the administration order on 21 November 2017 for Stanley Gibbons (Guernsey) Limited resulted in the Group's loss of control of the business and its assets and liabilities. This resulted in significant contingent liability, approximately £54,150,000 at 31 March 2017 (the last accounting date prior to administration), relating to guarantees and undertakings having been removed from the Group and fundamentally limited the exposure of the Group to the related buyback liabilities and associated cash outflows. On 2 April 2019 the Royal Court of Guernsey ordered that Stanley Gibbons (Guernsey) Limited enter liquidation, this process is still ongoing. The Directors have made enquiries to establish whether there are any uncertainties that would materially impact the Group's cash flow over the foreseeable future (see note 30).

As such, having regard to the matters above, and after making reasonable enquiries and taking account of uncertainties discussed above, the Directors have a reasonable expectation that the Company and the Group have access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

Retirement benefits

The costs, assets and liabilities of the defined benefit retirement schemes operating within the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 25. The Directors take advice from independent actuaries relating to the appropriateness of the assumptions and challenge the reasonableness and appropriateness of these assumptions before adapting them in these financial statements. It is important to note, however, that comparatively small changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position.

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. Cost comprises all costs of purchase, including auction buyers premium where applicable. Where necessary, provision is made for slow-moving and damaged stock. This provision represents the difference between the cost of the stock and its estimated market value, based upon stock turn rates, market conditions and trends in consumer demand. For rare collectibles and antiques this includes monitoring of sales of similar items and a degree of judgement being applied by our specialists as to the relevance for items held in stock.

2 Critical Accounting Estimates and Judgements continued

Reference collections

Reference collections of philatelic items are carried at cost or valuation. Where the carrying value is above cost this will be supported by an independent external valuation. If the carrying value is below cost or independent value this will be as a result of a review performed either by external or internal specialists.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2019 was £2,310,000 (2018: £2,310,000). There was no impairment provision made in the year (2018: £258,000). Details of the carrying value of goodwill and the impairment losses are set out in note 10.

Intangible assets

IFRS 3 (revised) 'Business Combinations' requires that goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 (revised) also requires the identification of other intangible assets at acquisition. The assumptions involved in valuing these intangible assets require the use of estimates and judgments which may differ from the actual outcome.

IAS 38 'Intangible Assets' requires that development costs, arising from the application of research findings or other technical knowledge to a plan or design of a new or substantially improved product, are capitalised, subject to certain criteria being met. Determining the technical feasibility and estimating the future cash flows generated by the products in development requires judgments which may differ from the actual outcome.

The estimates and judgments made in relation to both acquired intangible assets and capitalised development costs, cover future growth rates, expected inflation rates, re-assessing useful life of the assets and the discount rate used.

Fair value measurement

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

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

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. The carrying amount of financial assets or financial liabilities is a reasonable approximation of their fair value. Any differences between these valuations would not be material.

3 Segmental Analysis

IFRS 8 requires operating segments to be identified based on internal reporting. Accordingly, the determination of the Group's operating segments is based on the following organisation units for which management accounting information is reported to the Group's management and used to make strategic decisions.

- Philatelic trading and retail operations;
- Publishing and philatelic accessories;
- Coins and medals
- Legacy Interiors property & legal

Legacy Interiors includes continuing items from the discontinued Interiors operation, specifically the leasehold property in New York and the ongoing legal matters related to the Mallett entities. The activities, products and services of the reportable segments are detailed in the Business Review on pages 8 to 13.

Segmental income statement	Philatelic £'000	Publishing £'000	Coins & Medals £'000	Legacy Interiors £'000	Unallocated £'000	Total £'000
Year ended 31 March 2019						
Sale of goods	4,064	1,779	3,149	–	–	8,992
Sale of services (inc Commissions)	869	420	–	–	–	1,289
Other income	9	–	67	1,320	–	1,396
Revenue	**4,942**	**2,199**	**3,216**	**1,320**	**–**	**11,677**
Operating costs	(5,429)	(2,146)	(2,678)	(1,159)	(3,828)	(15,240)
Exceptional	–	–	(53)	61	(211)	(203)
Net finance cost	–	–	–	(394)	(103)	(497)
Profit/(loss) before tax	(487)	53	485	(172)	(4,142)	(4,263)
Tax	34	–	17	–	(87)	(36)
Profit loss for the year from continuing operations	**(453)**	**53**	**502**	**(172)**	**(4,229)**	**(4,299)**
Segmental balance sheet						
As at 31 March 2019						
Total assets	20,004	–	8,464	1,719	236	30,423
Total liabilities	(9,388)	–	(752)	(939)	(12,013)	(23,092)
Net assets	**10,616**	**–**	**7,712**	**780**	**(11,777)**	**7,331**
Other segmental items						
Depreciation	334	–	1	131	37	503
Amortisation of intangible items	281	–	–	–	220	501
Capital expenditure	–	124	–	–	1	125

3 Segmental Analysis continued

Segmental income statement	Philatelic £'000	Publishing £'000	Coins & Medals £'000	Legacy Interiors £'000	Unallocated £'000	Total £'000
Year ended 31 March 2018						
Sale of goods	6,006	1,820	3,180	–	–	11,006
Sale of services (inc Commissions)	789	393	–	–	–	1,182
Other income	1	–	33	1,136	–	1,170
Revenue	**6,796**	**2,213**	**3,213**	**1,136**	**–**	**13,358**
Operating costs	(8,897)	(2,242)	(2,711)	(1,103)	(3,921)	(18,874)
Exceptional	(4,017)	29	(582)	(37)	2,525	(2,082)
Net finance cost	–	–	–	(126)	(318)	(444)
Profit/(loss) before tax	(6,118)	–	(80)	(130)	(1,714)	(8,042)
Tax	(3)	–	166	–	(30)	133
Profit loss for the year from continuing operations	**(6,121)**	**–**	**86**	**(130)**	**(1,744)**	**(7,909)**
Segmental balance sheet As at 31 March 2018						
Total assets	16,163	–	18,111	383	1,667	36,324
Total liabilities	(17,365)	–	(569)	(55)	(6,152)	(24,141)
Net assets	**(1,202)**	**–**	**17,542**	**328**	**(4,485)**	**12,183**
Other segmental items						
Depreciation	327	–	1	–	350	678
Amortisation of intangible items	307	–	–	–	237	544
Capital expenditure	65	–	–	–	–	65

Geographical information

Analysis of revenue by origin and destination

	Year ended 31 March 2019 Sales by destination £'000	**Year ended 31 March 2019 Sales by origin £'000**	Year ended 31 March 2018 Sales by destination £'000	Year ended 31 March 2018 Sales by origin £'000
Channel Islands	172	–	364	–
United Kingdom	7,130	10,553	9,178	12,222
Europe	796	–	522	–
North America	2,331	1,124	2,209	1,136
Asia	743	–	519	–
Rest of the World	505	–	566	–
	11,677	11,677	13,358	13,358

Destination is defined as the location of the customer. Origin is defined as the country of domicile of the Group company making the sale. All of the sales relate to external customers.

There were no customers in either 2019 or 2018 from which the Group earned more than 10% of its revenues.

Property, plant and equipment of £2,099,000 was held in the UK (2018: £2,492,000 in the UK £43,000 in the Channel Islands). No assets were held in other countries.

3 Segmental Analysis continued

Intangible assets of £5,600,000 (2018: £5,977,000) are all held in the UK.

4 Operating loss

The following table shows the material costs by nature charged to cost of sales, administrative expenses and selling and distribution costs for the continuing operations for year ending 31 March 2019 and the comparative figures for the prior year.

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cost of inventories recognised as an expense	5,711	8,011
Employee benefit costs expensed (see note 7)	3,625	3,793
Depreciation of property plant and equipment	503	490
Amortisation of intangible assets	501	543
Advertising & marketing expenses	466	624
Distribution & transport costs	153	433
Operating lease charges – leased premises	1,254	1,207
IT operating expenses	537	535
Other property operating costs	803	817
Impairment of trade receivables	13	129
Other administrative expenses	1,254	1,282
Fees payable to the Group's auditor for the audit of the Group's annual accounts, including subsidiaries	65	303
Fees payable to the Group's auditor for other advisory services	10	–
Other professional fees	658	758
Foreign exchange losses	–	62
	15,553	18,987

5 Exceptional operating charges

The items of income and expenditure listed below are either non-recurring or unusual in size and therefore distort the view of the normal trading activities of the Group. They have therefore been separately identified to give more clarity on the underlying trend of the trading performance of the continuing operation for the year ended 31 March 2019 and the comparative figures for the prior year.

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Stock provisions	8	4,202
Professional fees for corporate activity	–	1,235
Other impairment of intangible assets	–	541
Loss on disposal of tangible fixed assets	–	392
Impairment of receivables	–	288
Loss on disposal of philatelic approvals business	–	171
Restructuring and redundancy costs	–	119
Disposal of leased property	18	–
Exceptional legal fees	39	–
Legacy wind-down costs of overseas subsidiaries	138	–
Release of other payables excess provision	–	(616)
	203	6,332

The stock provisions at 31 March 2018 largely related to a review of our philatelic realisable values as highlighted above. The professional fees relate to the significant corporate activity carried out during the year including the Phoenix transaction but exclude the element relating to the share issue. The release represents an over provision relating to prior periods.

6 Directors' emoluments

The remuneration paid to the Directors of The Stanley Gibbons Group plc was:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Fees	–	–
Salaries	256	369
Short-term employee benefits	256	369
Post-employment benefits	8	16
Share-based payment	25	69
Key management personnel compensation	289	454
Number of Directors included in the defined benefit pension scheme (note 25)	–	–

The detailed numerical analysis of Directors' remuneration is included in the Report on Remuneration on page 17. The charge to profit in respect of share options and awards issued to the Directors was £25,000 (2018: £69,000).

During the year the Group made payments into the personal pension schemes of A Cook. Total cost of these pension contributions to the Group were £8,000 (2018: £16,000).

Details of share options forfeited by Directors during the period are disclosed in the Report on Remuneration on page 17.

Management considers that the key management personnel comprise the Directors.

6 Directors' emoluments continued

GE Shircore's ultimate employer is Phoenix Asset Management Partners Limited which is the investment manager to Phoenix SG Limited which holds 248,000,000 Ordinary shares representing 58.09% of the Company's issued share capital. Mr Shircore receive no remuneration from the Group.

7 Employee information

The average number of persons (including executive Directors) employed by the Group during the period was 74 (2018: 93).

	Year ended 31 March 2019	Year ended 31 March 2018
Management and Administration	30	35
Sales	22	38
Production and Editorial	21	17
Marketing	1	3
	74	93

Staff costs relating to those persons during the year amounted to:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Wages and salaries	2,714	3,020
Social security costs	278	323
Pension costs – defined benefit scheme (note 25)	438	171
Pension costs – defined contribution scheme	111	98
Share option cost	84	181
	3,625	3,793

8 Taxation

UK corporation tax and overseas tax on profits for the year

Current tax:	**Year ended 31 March 2019 £'000**	Year ended 31 March 2018 £'000
UK corporation tax at 19%	–	–
Overseas tax	–	–
Deferred taxation (note 19)	36	(138)
Current year tax charge/(credit)	36	(138)
Adjustment relating to earlier periods	–	(22)
Tax charge/(credit)	36	(160)
Income tax attributable to:		
Profit from continuing operations	36	(133)
Profit from discontinued operations	–	(27)
	36	(160)

The Company is registered in the Channel Islands and has subsidiaries in the Channel Islands, the UK, Hong Kong, Singapore and the USA. However a significant proportion of the profits in the Group are taxed in the UK. Accordingly, the difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit is as follows:

Tax charge reconciliation

	Year ended 31 March 2019 %	Year ended 31 March 2018 %
The standard rate of corporation tax in the UK	19.0	19.0
Effects of:		
Disallowable items	(2.9)	(0.9)
Overseas profits taxable at lower rates	(1.1)	(7.0)
Losses for which no deferred asset recognised	(12.0)	(9.4)
Capital amortisation and provisions	(1.0)	(1.2)
Other permanent differences	(2.9)	0.6
Effective rate of corporation tax for year	(0.9)	1.1

The main rate of corporation tax in the UK was 19% for financial years starting on or after 1 April 2017.

The Group has recognised a deferred tax asset (see note 19) of £152,000 (2018: £509,000) relating to unutilised tax losses. At the year end the usable tax losses within the Group were £16,698,000 (2018: £13,606,000).

9 Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the weighted average number of shares in issue during the period. Adjusted earnings per share has been calculated to exclude the effect of exceptional operating costs, pension service costs, share option charges and the amortisation of customer lists. The Directors believe this gives a more meaningful measure of the underlying performance of the Group.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has only one category of dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

	Year ended 31 March 2019	Year ended 31 March 2018
Weighted average number of ordinary shares in issue (No.)	426,916,643	184,749,520
Dilutive potential ordinary shares: Employee share options (No.)	–	931,956
Continuing operations		
Loss after tax (£)	(4,299,000)	(7,909,000)
Pension service cost (net of tax)	355,000	139,000
Cost of share options (net of tax)	68,000	147,000
Amortisation of customer lists (net of tax)	178,000	192,000
Exceptional operating costs (net of tax)	168,000	708,000
Adjusted loss after tax (£)	(3,530,000)	(6,723,000)
Basic loss per share – pence per share (p)	(1.01)p	(4.21)p
Diluted loss per share – pence per share (p)	(1.01)p	(4.21)p
Adjusted loss per share – pence per share (p)	(0.83)p	(3.58)p
Adjusted diluted loss per share – pence per share (p)	(0.83)p	(3.58)p
Discontinued operations		
Loss after tax (£)	74,000	(4,260,000)
Basic loss per share – pence per share (p)	0.02p	(2.27)p
Diluted loss per share – pence per share (p)	0.02p	(2.27)p

Net assets per share, as disclosed in the financial highlights, are calculated using the net assets per the consolidated statement of financial position divided by the number of shares at 31 March 2019 per note 20.

10 Intangible assets

	Goodwill £'000	Publishing rights £'000	Computer Software £'000	Customer Lists £'000	Brands & trademarks £'000	Total £'000
Cost						
At 1 April 2017	24,268	19	9,861	3,593	6,052	43,793
Additions – internally developed	–	–	30	–	–	30
Disposals	(7,936)	–	(7,349)	(1,386)	(3,524)	(20,195)
At 31 March 2018	**16,332**	**19**	**2,542**	**2,207**	**2,528**	**23,628**
Additions – internally developed	–	–	124	–	–	124
Disposals	–	–	–	–	–	–
At 31 March 2019	**16,332**	**19**	**2,666**	**2,207**	**2,528**	**23,752**
Accumulated amortisation and impairment						
At 1 April 2017	21,700	–	8,965	2,395	2,961	36,021
Impairment losses	258	19	–	167	97	541
Amortisation charge	–	–	307	237	–	544
Disposals	(7,936)	–	(7,349)	(1,386)	(2,784)	(19,455)
At 31 March 2018	**14,022**	**19**	**1,923**	**1,413**	**274**	**17,651**
Amortisation charge	–	–	281	220	–	501
At 31 March 2019	**14,022**	**19**	**2,204**	**1,633**	**274**	**18,152**
Net book value						
At 31 March 2019	**2,310**	**–**	**462**	**574**	**2,254**	**5,600**
At 31 March 2018	2,310	–	619	794	2,254	5,977

The carrying value of goodwill of £2,310,000 related to the acquisition of the Noble Investments Group (£2,200,000 – original cost £15,746,000), the acquisition of the magazine 'Philatelic Exporter' (£87,000 – carrying value and original cost), the album producer 'Frank Godden' (£23,000 – carrying value and original cost).

The carrying value of brands and trademarks of £2,254,000 is the value of the brands purchased in the acquisition of Noble Investment Group (£2,391,000 – original cost)

Goodwill and brands have undergone an impairment review with reference to expected future cash flows generated by these business units. Management looks at five year projections, using a cost of capital of 7.8% (2018: 11.0%), when determining if any impairment is likely. The key assumptions used by management derived from current budgets and forecast, are the growth in revenue and costs of between 1% and 3% (2018: 1% to 3%) over the period in question. These assumptions are based on past experiences of management.

11 Property, plant and equipment

	Reference collection £'000	Freehold land and buildings £'000	Leasehold property and improvements £'000	Fixtures, fittings, tools and equipment £'000	Vehicles, plant and machinery £'000	Total £'000
Cost						
At 1 April 2017	1,672	–	4,841	1,057	994	8,564
Additions	6	–	17	10	2	35
Disposals	(483)	–	(277)	(461)	(120)	(1,341)
Exchange differences	–	–	(159)	–	–	(159)
Reclassification between asset categories	–	162	–	(162)	–	–
At 31 March 2018	**1,195**	**162**	**4,422**	**444**	**876**	**7,099**
Additions	–	–	–	1	–	1
Disposals	–	–	(313)	(71)	(19)	(403)
Exchange differences	–	–	198	–	–	198
At 31 March 2019	**1,195**	**162**	**4,307**	**374**	**857**	**6,895**
Accumulated depreciation						
At 1 April 2017	380	–	2,139	764	949	4,232
Charge for the year	–	–	519	153	6	678
Impairment for the year	–	–	151	–	2	153
Depreciation on disposal	–	–	(83)	(330)	(86)	(499)
Reclassification between asset categories	–	–	154	(154)	–	–
At 31 March 2018	**380**	**–**	**2,880**	**433**	**871**	**4,564**
Charge for the year	–	–	475	24	4	503
Exchange differences	–	–	127	–	–	127
Depreciation on disposal	–	–	(292)	(84)	(22)	(398)
At 31 March 2019	**380**	**–**	**3,190**	**373**	**853**	**4,796**
Net book value						
At 31 March 2019	**815**	**162**	**1,117**	**1**	**4**	**2,099**
At 31 March 2018	815	162	1,542	11	5	2,535

The reference collection is subject to a full valuation every five years by a qualified external valuer and an interim valuation is carried out in year three by the Group's expert stamp dealers.

The last independent valuation of a part of the reference collection was carried out in March 2016 by A F Norris, Philatelic Consultant for the collection in London and in July 2017 by D R Seaby Philatelic Consultant for the Ringwood collection. The basis of the revaluation used was replacement value. The surplus of £70,000 was transferred to the revaluation reserve.

The revalued element of the reference collection is £436,000 (2018: £436,000). All other fixed assets are stated at historic cost less depreciation. If the reference collection had not been revalued it would have been included at a net book value based on historic cost of £379,000 (2018: £379,000).

Fully written down Property, Plant and Equipment with a cost of £3,602,000 (2018: £1,706,000) remains in use by the Group.

12 Investments

On 6 January 2017, the Group launched a corporate joint-venture with St James's Auctions, the well-established numismatic auction house, named Baldwin's of St James's Limited. Baldwin's of St James's Limited auctions coins, medals, medallions, bank notes, tokens and other related items owned by the parties or by 3rd parties wishing to auction material. The Group owns 50 A shares, 50% of the total issued A ordinary shares in Baldwin's of St James's for a consideration of £50. The joint venture is accounted for under the equity method as the Group does not have control of the entity. Baldwin's of St James's is incorporated in England and trades from a location in London. The company's accounting date is 30 April 2019, as per the joint venture agreement.

The investment in the joint venture is shown below:

	31 March 2019 £'000	31 March 2018 £'000
As at 1 April	113	–
Share of profit retained by joint venture	109	113
Dividend paid by joint venture	(127)	–
	95	113

The share of profit retained by the joint venture is an estimate based on the management accounts at 30 April 2019. Based on the audited financial statement at 30 April 2018 Baldwin's of St James's generated £1,400,000 of revenue and £277,000 of profit. The company had net assets of £100 with current assets of £1,786,562 and current liabilities of £1,786,462.

13 Inventories

	31 March 2019 £'000	31 March 2018 £'000
Work in progress	1,086	200
Finished goods and goods for resale	16,915	18,103
	18,001	18,303

As at 31 March 2019 £76,000 (2018 - £89,000) of the above inventories were owned by third parties. As at 31 March 2019 £17,858,000 (2018: £14,990,000) of the above inventories were part of the security given in relation to the borrowings detailed in note 18.

At 31 March 2019 the carrying value of the inventory held at fair value was £3,928,000 (2018: £3,586,000).

During the year ended 31 March 2018 £4,202,000 was charged to exceptional costs for the write down of inventories following a review of the Group's carrying value of its inventories, as a result of comparison to net realisable value and checks for physical existence.

On 10 September 2018 the Group announced that its subsidiary, Stanley Gibbons Limited ("SGL") had entered in to an agreement with Phoenix S. G. Limited to acquire approximately 1,900 items, for an initial consideration of £5.20m, which is payable in cash to Phoenix S. G. Limited over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. Phoenix S. G. Limited had acquired the items from the administrators of Stanley Gibbons (Guernsey) Limited. The agreement is for a total term of 10 years and any sale at a value that is less than the base cost of an inventory item can only be made with the specific permission of Phoenix S. G. Limited. To the extent that all of the inventory is sold and the appropriate payments have been made by SGL to Phoenix S. G. Limited no further consideration will be due. To the extent that items remain to be sold at the end of the agreement the relevant items will be returned to Phoenix S. G. Limited and no further consideration will be due.

13 Inventories continued

Notwithstanding the fact that the agreement was written as a sale from Phoenix S.G. Limited to SGL, the substance of the transaction is that of a consignment stock arrangement and so has been accounted for as such. The acquired items have therefore not been included within inventories and there is no related creditor due to Phoenix S.G. Limited within the balance sheet. The commission due to SGL is recognised as revenue in the accounting period of the sale to a third party. As at 31 March 2019 of the initial items totaling £5.20m, £5,060,000 remained unsold.

14 Current trade and other receivables

	31 March 2019 £'000	31 March 2018 £'000
Trade receivables	1,446	2,160
Provision for impairment	(724)	(593)
Net trade receivables	722	1,567
Other receivables	797	1,332
Prepayments and accrued income	668	711
	2,187	3,610

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in note 1.

15 Provision for impairment of receivables and collateral held

A provision is established for irrecoverable amounts where there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency and default or significant failure of payment.

Provision for impairment of receivables

Relating to debt over 6 months past due

	31 March 2019 £'000	31 March 2018 £'000
Opening provision	593	5,105
Discontinued operations	–	(4,812)
Impairments in the year	235	304
Amounts utilised in the year	(104)	(4)
Closing provision	724	593

15 Provision for impairment of receivables and collateral held continued

As at 31 March 2019, excluding balances due under extended payment terms and those provided for by the impairment provision, £210,000 (2018: £477,000) of trade receivables, were past their due settlement date but not impaired. The ageing analysis of these trade receivables is as follows:

	31 March 2019 £'000	31 March 2018 £'000
Up to 3 months past due	138	198
3 to 6 months past due	52	58
Over 6 months past due	20	221
	210	477

There are instances where receivables have had their terms renegotiated however the Group has not had to call upon its security due to default by customers at any time during the year. Trade receivables that are neither past due nor impaired are considered to be fully recoverable.

16 Current trade and other payables

	31 March 2019 £'000	31 March 2018 £'000
Trade payables	2,918	2,823
Other payables	344	1,837
Other taxes and social security	189	214
Accruals and deferred income	2,589	3,530
	6,040	8,404

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

17 Cash and cash equivalents

	31 March 2019 £'000	31 March 2018 £'000
Cash at bank and in hand	2,160	4,596
Bank overdrafts	–	–
Cash and cash equivalents	2,160	4,596

18 Borrowings

	31 March 2019 £'000	31 March 2018 £'000
Current liabilities		
Loan – Facility A	–	10,000
Long term liabilities		
Loan – Facility A	10,518	–
Loan – Facility C	1,011	–
Total long term liabilities	11,529	–

The Facility A loan outstanding at 31 March 2019 of £10.5m is due to Phoenix S. G. Limited, the controlling party of the Group. Interest on the loan is 5% per annum added to the loan. The loan is due for repayment in March 2023, provided there is no event of default in the meantime.

18 Borrowings continued

On the 21 December 2018 the Group announced it had agreed an additional £5m of funding (Facility C) in the form of an extension to the existing loan facility with Phoenix S. G. Limited. The terms of the extension are the same as the existing facility and the intention is that it will be drawn down by the Group in several tranches as needed.

In relation to the Phoenix S. G. Limited loan, the Group is required to satisfy financial conditions relating to cashflow and EBITDA. Commencing for the year ended 31 March 2019, the cashflow and EBITDA each need to exceed £1.0m, increasing to £1.5m for the year to 2020, £2.0m for the year to 2021, £2.5m for the year to 2022.

Up until 29 March 2019 the Group was in default on its loan facilities as Stanley Gibbons (Guernsey) Limited (in administration) is in administration. The loan was also in default due to the qualified audit report in these financial statements for the year ended 31 March 2018. The Group would have also failed to satisfy the loan's financial conditions at 31 March 2019. During periods of default the facilities are repayable on demand and classified as current borrowings.

On 29 March 2019 Phoenix S. G. Limited issued a waiver letter to the Group for the above defaults and as a result at 31 March 2019 the Group is no longer in default and the loan has been classified as a long term liability.

During the year the Group paid arrangement facility fees of £nil (2018: £nil) for the above facilities. The borrowings are secured by a full fixed and floating charge debenture over the core assets of the group.

19 Deferred tax assets and liabilities

	Assets		Liabilities	
	31 March 2019 £'000	31 March 2018 £'000	**31 March 2019 £'000**	31 March 2018 £'000
Defined benefit pension scheme (note 25)	95	560	–	–
Other timing differences	34	121	–	–
Unutilised tax losses	152	509	–	–
Deferred tax on revalued fixed assets	–	–	–	70
Accelerated capital allowances	–	–	–	338
Full provision	281	1,190	–	408

	31 March 2018 £'000	(Charge)/ credit to Profit and loss £'000	Comprehensive income £'000	**31 March 2019 £'000**
Defined benefit pension scheme (note 25)	560	–	(465)	95
Other timing differences	121	(87)	–	34
Unutilised tax losses	509	(357)	–	152
Deferred tax on revalued fixed assets	(70)	70	–	–
	(338)	338	–	–
Full provision	782	(36)	(465)	281

Following the tri-annual valuation of the pension schemes (see note 25), the Directors reviewed the carrying value of the deferred tax asset in relation to the defined benefit pension scheme. Based on the prior trading history and taking in to account the anticipated profits in foreseeable future, the carrying value of the asset was reduce to £95,000, resulting in a charge to other comprehensive income of £465,000.

20 Called up share capital

	31 March 2019 £'000	31 March 2018 £'000
Authorised		
500,000,000 (2018: 500,000,000) Ordinary Shares of 1p each	5,000	5,000
Allotted, issued and fully paid (all equity):		
426,916,643 (2018: 426,916,643) Ordinary Shares of 1p each	4,269	4,269

The Company has one class of share being Ordinary Shares with a par value of 1p each. This entitles the holder to participate in dividends and repayment of capital in proportion to the number of shares held. The holder is also entitled to, on a show of hands of shareholders present at a meeting in person or by proxy, one vote and upon a poll each share is entitled to one vote.

On 16 March 2018 the Company increased its authorised share capital to 500,000,000 ordinary shares of 1p each and on 19 March issued a further 248,000,000 ordinary shares at an issue price of 2.5p a share. These shares were admitted to the Alternative Investment Market on that date. The net proceeds of this issue were £5,850,000.

Capital risk management
Capital is managed to ensure that the entities within the Group will be able to continue as a going concern whilst maximising the returns to stakeholders through the optimisation of debt and equity balances. Detail on capital structure is presented in the consolidated statement of financial position. Notes 21 and 22 provide details on equity. Details of loans at the year end are disclosed on page 13 in the Business Review and further disclosure can be found in note 18 and note 26. The external capital requirements imposed on the Group in relation to borrowings, are disclosed in note 18. Further detail on capital risk management can be found in the Directors' Report on pages 18 to 24.

21 Options in shares of The Stanley Gibbons Group plc

Executive Share options are granted to Directors and other employees on a phased basis. The value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term.

Options granted under the Group Share Option Plan 2010 are exercisable between the third and tenth anniversaries of the date of grant.

Options issued in 2011 had the target of a minimum EPS of 19.2 pence for the year ended 31 December 2013. 25% of the granted options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 22.7 pence was achieved.

Options issued in 2016 and 2018 were granted at market value and are not subject to performance condition.

All options are settled with the issue of equity.

21 Options in shares of The Stanley Gibbons Group plc continued

Excluding the Directors' share options disclosed in the Report on Remuneration on page 17, detailed below are options which have been granted to employees together with the periods in which they may be exercised:

Date of grant	Earliest exercise date	Expiry date	Exercise price (1p shares)	Number at 31 March 2018	Granted in Year	Forfeited in Year	Number at 31 March 2019
06/5/11	06/5/14	05/5/21	179.0p	52,498	–	(17,499)	34,999
05/10/16	05/10/19	05/10/26	11.0p	9,010,000	–	(225,000)	8,785,000
03/04/18	03/04/21	03/04/28	4.4p	–	500,000	–	500,000
				9,062,498	500,000	(242,499)	9,319,999

The weighted average remaining contractual life of options outstanding at 31 March 2019 is 5.7 years (2018: 6.7 years)

Movements in the number of share options outstanding including Directors' share options and their related weighted average exercise prices are as follows:

	31 March 2019 Average exercise price per share	**31 March 2019 Options (thousands)**	31 March 2018 Average exercise price per share	31 March 2018 Options (thousands)
At 1 April	12p	13,062	18p	16,018
Granted	4p	500	–	–
Forfeited/lapsed	12p	(2,242)	45p	(2,956)
Exercised	–	–	–	–
At 31 March	12p	11,320	12p	13,062

Share options outstanding at the end of the period have the following expiry date and exercise price:

Expiry date	Exercise price per share	Options (thousands) 31 March 2019	Options (thousands) 31 March 2018
5 May 2021	179.0p	35	52
5 October 2026	11.0p	10,785	13,010
3 April 2028	4.4p	500	–
		11,320	13,062

Stochastic and Black-Scholes models have been used to value the awards. The awards issued and still outstanding in the year ended 31 March 2019 are set out below:

Dates of grant	06/05/2011	05/10/2016	Options (thousands) 03/04/2018
Number of options granted	593,710	14,950,000	500,000
Weighted average fair value at date of grant (per share)	48.45p	5.20p	2.81p
Weighted average share price on date of grant	175p	11.25p	4.75p
Weighted average exercise price	179p	11.00p	4.42p
Expected term (from date of grant)	6.5 years	6.5 years	6.5 years
Expected volatility	36.6%	46.77%	60.37%
Expected dividend yield	3.15%	0.00%	0.00%
Risk-free interest rate	2.67%	0.42%	1.17%

Expected volatility was determined by calculating historical volatility of the Group's share price over a minimum 10 year period.

22 Share premium and reserves

Share premium account
The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Share compensation reserve
The share compensation reserve relates to the fair value of options granted which has been charged to the statement of comprehensive income over the vesting period of the options.

Revaluation reserve
The revaluation reserve relates to the reserve movement in respect of the revaluation of property, plant and equipment and available for sale financial assets.

Capital redemption reserve
The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled by the Group.

Retained earnings
Retained earnings represents the accumulated profits not distributed to shareholders.

23 Cash outflows from operating activities

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Operating loss (including discontinued operations)	(3,802)	(11,998)
Profit on sale of discontinued operations	–	(2,139)
Loss on sale of property, plant and equipment	–	392
Depreciation of tangible assets	503	678
Amortisation of intangible assets	501	544
Impairment of intangible assets	–	541
Impairment of tangible assets	–	153
Decrease in provisions	(52)	(308)
Income from joint venture	109	113
Cost of share options	84	181
Decrease in inventories	302	14,522
Decrease/(Increase) in trade and other receivables	1,424	(487)
Decrease in trade and other payables (less deferred consideration)	(2,364)	(4,543)
Net exchange differences	(66)	183
Cash outflows from operating activities	(3,361)	(2,168)

24 Capital and other commitments

Lease commitments
At 31 March 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

Payable:	**31 March 2019 £'000**	31 March 2018 £'000
Within one year	898	1,389
Between two and five years	3,691	3,459
In five years or more	3,486	4,211
	8,075	9,059

These figures represent the aggregate payable until expiration of all non-cancellable operating leases. The leases all relate to properties at premises in the Strand and Pall Mall, London, Ringwood Hampshire and Madison Avenue, New York. The leases expire between December 2021 and August 2031, although the Pall Mall property has a break clause in August 2026. The Strand lease expired on 24 March 2019.

On 4 July 2019 the Group signed a new lease on its main trading premises 399 Strand. (see note 29)

At 31 March 2019 the Group had future minimum rental payments receivable under non-cancellable operating leases as follows:

Receivable:	**Land and Buildings 31 March 2019 £'000**	Land and Buildings 31 March 2018 £'000
Within one year	1,200	1,372
Between two and five year	4,664	5,040
In five years or more	3,527	5,042
	9,391	11,454

These operating leases are all sub leases and the lease terms are coterminous with those of the company. The above rentals relate to the sub lease at premises in Pall Mall, London, and Madison Avenue, New York.

Included in the administrative expenses is £1,413,000 relating to lease payments. Payments of rental due from tenants of our sub-leases were £1,479,000, with £1,320,000 included in revenue as rental income and £159,000 netted off against lease payments in administrative expenses.

25 Retirement benefits

The Stanley Gibbons Group of Companies operates two defined benefit pension schemes namely:

(a) The Stanley Gibbons Holdings PLC Pension and Assurance Scheme ("the Scheme")

The scheme closed to new members with effect from 1 September 2002 and to future accrual with effect from 1 July 2014. The scheme is exposed to the following risks:

- Financial risks from changing economic conditions e.g. inflation and interest rate risks
- Longevity, i.e. the risk of benefits costing more due to members living longer
- Additional liabilities arising from the unknown factors such as ineffective Scheme documentation or Regulatory change.

25 Retirement benefits continued

Under UK pensions legislation the Group subsidiary is responsible for funding the Scheme benefits and for paying contributions to make up any shortfall between the assets and the liabilities of the Scheme. The Scheme liabilities are assessed at least every three years by the Scheme Actuary. It is the Group's subsidiary funding policy to annually contribute an amount agreed between the Group's subsidiary and the Trustees of the Scheme in accordance with UK legislative requirements if a funding deficit exists. The amount of contributions required depends on the assumptions used by the actuary and can therefore be volatile between actuarial valuations. The volatility of contribution amounts can be to the detriment of the Group's cashflows. The volatility of the Scheme's liabilities against these assets held impacts on the Group's balance sheet.

The assets of the scheme are held under the provisions of a trust deed and are invested in a range of different asset classes including equities, a diversified growth fund, property, corporate bonds, absolute return bond funds and liability driven investment funds. These funds are managed by different investment managers and are all held on the Mobius Life Investment Platform. This investment policy mitigates the actuarial risks that the scheme is exposed to such as longevity, interest rate, inflation and investment risks.

A full actuarial valuation was carried out at 30 June 2018. The Scheme is funded with the assets held in separate trustee administered funds. Employees are entitled to retirement benefits based on their final pensionable salary and length of service.

The costs of insurance of the death-in-service benefits and all administration expenses and levies to the Pension Protection Fund are paid for by the employer.

The IAS19 disclosures for the year to 31 March 2019 are based on the results of the actuarial valuation as at 30 June 2018.

Scheme assets are stated at their market value at 31 March 2019. The Group paid £268,800 (payable monthly) in the year to 31 March 2019. From 1 April 2019, the Group will pay contributions of £282,240 per annum (payable monthly), increasing at 5% per annum, until 1 November 2029, as noted in the Recovery Plan dated 29 March 2019, agreed as part of the actuarial valuation at 30 June 2018.

Following the recently published legal judgment in the UK the scheme has to equalise Guaranteed Minimum Pensions built up after 17 May 1990. An estimate of the likely additional reserve has been provided in the accounts at 31 March 2019.

25 Retirement benefits continued

(b) The Mallett Retirement Benefits Scheme

This is a separate trustee administered scheme holding the pension plan assets to meet long term pension liabilities for employees and former employees. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The scheme is exposed to the following risks:

- Financial risks from changing economic conditions e.g. inflation and interest rate risks
- Longevity, i.e. the risk of benefits costing more due to members living longer
- Additional liabilities arising from the unknown factors such as ineffective Scheme documentation or Regulatory change.

A full actuarial valuation was carried out as at 30 June 2018 and the funding of the plan is agreed between the Company and the trustees in line with those requirements.

Under UK pensions legislation the Group subsidiary is responsible for funding the Scheme benefits and for paying contributions to make up any shortfall between the assets and the liabilities of the Scheme. The Scheme liabilities are assessed at least every three years by the Scheme Actuary. It is the Group's subsidiary funding policy to annually contribute an amount agreed between the Group's subsidiary and the Trustees of the Scheme in accordance with UK legislative requirements if a funding deficit exists. The amount of contributions required depends on the assumptions used by the actuary and can therefore be volatile between actuarial valuations. The volatility of contribution amounts can be to the detriment of the Group's cashflows. The volatility of the Scheme's liabilities against these assets held impacts on the Group's balance sheet.

The Group paid annual contributions of £220,000 in the year to 31 March 2019. From 1 April 2019, the Group will pay contributions of £214,200 per annum (payable monthly), increasing 5% per annum until 1 May 2028, in line with the Recovery Plan dated 20 March 2019. In addition to this, the Group also pays administration expenses and Group Life premiums.

The IAS19 disclosures for the year to 31 March 2019 are based on the actuarial valuation as at 30 June 2018.

Following the recently published legal judgment in the UK the scheme has to equalise Guaranteed Minimum Pensions built up after 17 May 1990. An estimate of the likely additional reserve has been provided in the accounts at 31 March 2019.

25 Retirement benefits continued

The amounts recognised in the statement of financial position for both schemes are as follows:

	31 March 2019 £'000	31 March 2018 £'000
Present value of funded obligation	(19,612)	(19,685)
Fair value of scheme assets	14,089	14,356
Net obligation	(5,523)	(5,329)
Deferred tax asset	95	560
Retirement benefit obligation	(5,428)	(4,769)

	£'000	£'000
Cumulative amount of actuarial losses recognised in other comprehensive income	(2,697)	(2,450)

The amounts recognised in other comprehensive income are as follows:

	31 March 2019 £'000	31 March 2018 £'000
Actuarial gains/(losses) on scheme obligations from financial assumptions	(812)	98
Actuarial gains/(losses) on scheme obligations from demographic assumptions	66	101
Actuarial gains/(losses) on scheme obligations from experience	739	251
Actuarial (losses)/gains on fair value of scheme assets	(239)	(2)
Remeasurement (losses)/gains	(246)	448

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2019 £'000	31 March 2018 £'000
Present value of obligations at start of year	19,685	20,390
Liabilities acquired at fair value	–	–
Current service cost	5	19
Interest cost	500	520
Contributions by employees	–	–
Remeasurement losses/(gains) on scheme obligations	8	(450)
Charges paid	(5)	(19)
Benefits paid	(881)	(775)
Allowance for GMP equalisation	300	–
Present value of obligations at end of year	19,612	19,685

25 Retirement benefits continued

Changes in the fair value of scheme assets are as follows:

	31 March 2019 £'000	31 March 2018 £'000
Fair value of scheme assets at start of year	14,356	14,304
Assets acquired at fair value	–	–
Expected return on scheme assets	369	368
Actuarial losses on fair value of scheme assets	(239)	(2)
Contributions by employees	–	–
Contributions by company	489	480
Charges paid	(5)	(19)
Benefits paid	(881)	(775)
Fair value of scheme assets at end of year	14,089	14,356

The Group currently expects to contribute £496,000 to its defined benefit schemes in the financial year to 31 March 2020.

The amounts recognised in the statement of comprehensive income for the period are as follows:

	31 March 2019 £'000	31 March 2018 £'000
Current service cost	5	19
Interest cost on net benefit obligations	133	152
Allowance for GMP equalisation	300	–
Total included in employee benefit expense	438	171
Actual return on scheme assets	129	366

The major categories of scheme assets as a percentage of the fair value of total scheme assets are as follows:

	31 March 2019 %	31 March 2018 %
Assets with a quoted market price in an active market		
Equities	15.3%	15.4%
Corporate bonds	12.3%	11.7%
LLDI	9.1%	9.3%
Multi Asset Credit	18.4%	18.5%
Diversified growth funds	22.8%	20.5%
Gilts/cash	1.1%	0.6%
Other		
Insurance policies	13.0%	16.3%
Property	7.1%	6.7%
Insured Annuitants	1.0%	1.0%

25 Retirement benefits continued

Principal actuarial assumptions at the reporting date:

	31 March 2019	31 March 2018
Future salary increases	2.30%	2.15%
Price inflation – RPI	3.30%	3.15%
Price inflation – CPI	2.30%	2.15%
Revaluation of deferred pensions	2.30%	2.15%
Pension Increase – Non Directors		
Pre 1988 GMP	0.00%	0.00%
Post 1988 GMP	3.00%	3.00%
Pre 1997	0.00%	0.00%
Post 1997	2.30%	2.15%
Post 2005	2.30%	2.15%
Pension Increase – Directors		
Pre 1997	3.00%	3.00%
Post 1997	3.30%	3.15%
Post 2005	3.30%	3.15%
Discount rate	2.40%	2.60%
Equities (long term expected rate of return)	2.40%	2.60%
Corporate bonds (long term expected rate of return)	2.40%	2.60%
Fixed interest gilts (long term expected rate of return)	2.40%	2.60%
Cash (long term expected rate of return)	2.40%	2.60%

The mortality assumptions adopted at 31 March 2019 imply the following life expectations:

The Stanley Gibbons Holdings PLC Pension and Assurance Scheme

	31 March 2019 In years	31 March 2018 In years
Retiring at 65 at reporting date		
Male	21.7	21.8
Female	23.9	23.7
Retiring at 65 at reporting date + 20 years		
Male	22.7	22.9
Female	25.0	24.9

The Mallett Retirement Benefits Scheme

	31 March 2019 In years	31 March 2018 In years
Retiring at 65 at reporting date		
Male	21.7	21.8
Female	23.9	23.7
Retiring at 65 at reporting date + 20 years		
Male	22.7	22.9
Female	25.0	24.9

25 Retirement benefits continued

Sensitivity of results

The value placed on the benefit obligation is particularly sensitive to changes in some of the key assumptions as detailed below:

The Stanley Gibbons Holdings PLC Pension and Assurance Scheme

	Change in the benefit Obligation – %	(Deficit) £'000s
Assumption as per IAS 19 disclosures	n/a	(3,775)
0.25% p.a. reduction in discount rate	3.5%	(4,217)
0.25% increase in CPI inflation	1.9%	(4,021)
Pensions payable for 1 year longer due to mortality assumptions	3.3%	(4,194)

The Mallett Retirement Benefits Scheme

	Change in the benefit Obligation – %	Change in the benefit Asset – %	(Deficit) £'000s
Assumption as per IAS 19 disclosures	n/a	n/a	(1,749)
0.25% p.a. reduction in discount rate	4.4%	0.7%	(2,006)
0.25% increase in inflation	2.6%	0.1%	(1,918)
Pensions payable for 1 year longer due to mortality assumptions*	4.0%	2.4%	(1,895)

* The change to the mortality assumption increase member's life expectancy by assuming each member was born one year later and therefore has the life expectancy of someone aged one year younger.

The sensitivities show the effects of a change in the significant actuarial assumptions used to measure the Scheme's Defined Benefit Obligation. Limitations to the sensitivities are in line with the limitations on actuarial assumptions, being that they are estimates.

The average duration of the Schemes Obligation is approximately 14 years.

25 Retirement benefits continued

The weighted average duration of the Stanley Gibbons Holdings Plc Pension and Assurance Scheme and the Mallett Retirement Benefit scheme is 15.5 years.

Amounts for the current and previous four periods are as follows:

	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000	31 December 2015 £'000
Present value of defined benefit obligations	(19,612)	(19,685)	(20,390)	(18,232)	(18,946)
Fair value of scheme assets	14,089	14,356	14,304	13,010	13,130
Deficit	(5,523)	(5,329)	(6,086)	(5,222)	(5,816)
Experience adjustments on scheme assets	(239)	(2)	895	(527)	978
Effects of changes in the demographic and financial assumptions in the underlying scheme liabilities					
– Amount	(746)	199	(2,456)	659	(2,077)
– Percentage of benefit obligation	–3.8%	1.0%	–12.0%	3.6%	–10.9%

Future profile of the Stanley Gibbons Holdings PLC Pension and Assurance Scheme

The Stanley Gibbons Holdings PLC Pension and Assurance Scheme closed to new members with effect from 1 September 2002. This will result in the age profile of the active membership rising over time and hence, under the method required to calculate IAS 19 liabilities, the future cost in relation to this Scheme will rise in the long-term.

The Group has considered the impact of the IAS 19 deficit in respect of the Group, its employees and pensioners. The deficit has increased from £3,554,000 at 31 March 2018 to £3,775,000 at 31 March 2019 principally arising from changes in scheme data and a change from the approximate methodology used in previous disclosures.

Future profile of the Mallet Retirements Benefits Scheme

The Mallet Retirements benefits Scheme was closed to new members in 2002. This will result in the age profile of the active membership rising over time and hence, under the method required to calculate IAS 19 liabilities, the future cost in relation to this Scheme will rise in the long-term.

The Group has considered the impact of the IAS 19 deficit in respect of the Group, its employees and pensioners. The deficit has decreased from £1,775,000 at 31 March 2018 to £1,749,000 at 31 March 2019 principally arising from changes in scheme data and a change from the approximate methodology used in previous disclosures.

26 Financial Instruments

The Group is exposed through its operations to the following risks:

– Credit risk

– Interest rate risk

– Liquidity risk

The Group is exposed to the risk that arises from its use of financial instruments. The Group's financial instruments comprise cash and available loan facilities and various items such as trade receivables and trade payables which arise directly from operations. The Group financed its operations until 16 March 2018 with a bank loan and overdrafts. Following the refinancing the Group is financed by a fixed interest loan provided by Phoenix SG Limited, details of the loan facility can be found in note 18. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group's policies and procedures in managing these risks are detailed in the Business Review on pages 8 to 13.

Summary of financial assets and liabilities by category
The principal financial instruments used by the Group, from which financial instrument risk arises are shown below summarised by category:

	31 March 2019 In years	31 March 2018 In years
Financial assets – Loans and receivables		
Trade and other receivables	2,187	3,610
Cash at bank	2,160	4,596
	4,347	8,206
Financial liabilities measured at amortised cost		
Trade and other payables	6,040	8,404
Borrowings	11,529	10,000
	17,569	18,404
	(13,222)	(10,198)

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or contractual party to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. In order to manage risk the Group has implemented policies that require appropriate credit checks on potential customers before sales are made. These checks are performed at a local level. The amount of any exposure to any individual counterparty is subject to a limit which is regularly reviewed by the Directors.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised in the consolidated statement of financial position as noted in the above table.

26 Financial Instruments continued

The Directors of the Company consider that all the above financial assets for each of the consolidated statement of financial position dates under review are of a good credit quality, including those past due settlement dates. See note 15 for more information on financial assets that are past due settlement dates.

Interest rate risk

The Group finances its operations through a combination of loans (see note 18), and through the generation of cash from operating activities and has no interest rate exposure on any other financial liabilities.

The finance charge of the Group for the year to 31 March 2019 of £542,000 (2018: £489,000) comprised loan interest & charges of £512,000 (2018: £444,000).

The bank loans in place until 16 March 2018 were linked to LIBOR. The loan provided by Phoenix SG Limited from 16 March 2018 is a fixed interest loan (5% per annum).

Foreign exchange risk

The Group had no material exposure to foreign exchange risk in the year ended 31 March 2019. The Group did have assets and liabilities denominated in foreign currencies relating to USA activities of Mallett Inc. This was deemed as a material exposure to foreign currency risk for the Group. Liabilities that arise in US $ are managed from cash generated by the sale of assets in these currencies or by the use of foreign currency earnings generated elsewhere within the Group.

After the discontinuation of the Mallett trading business the only significant foreign asset is a lease on a New York property. The property is sub-let and generates income to cover associated costs and therefore the foreign exchange risk is minimal.

Liquidity risk

Liquidity risk arises from the Group's management of its working capital and the finance charges and principal repayment on its bank borrowings. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group's liquidity risk is managed by the Group finance function. Budgets and forecasts are prepared throughout the year for the Directors. These are monitored to ensure that the Group has sufficient headroom within its current cash balance to meet liabilities as they fall due. The forecasts are dependent upon the liabilities, not materialising at a level greater than forecast and trading improving from its current level in line with management's expectations. In the event that either these liabilities increased or trading deteriorated the Group may require access to additional liquidity.

26 Financial Instruments continued

The Group's financial liabilities have contractual maturities (representing undiscounted contractual cash flows) as summarised below:

	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Total £'000
At 31 March 2019				
Trade and other payables	6,040	–	–	6,040
Borrowings	–	–	11,529	11,529
	6,040	–	11,529	17,569
At 31 March 2018				
Trade and other payables	8,404	–	–	8,404
Borrowings	10,000	–	–	10,000
	18,404	–	–	18,404

Included within trade and other payables is an amount of £155,000 (2018: £189,000) relating to previous customers of certain investment plans which will be payable if the customer chooses not to hold their collectibles or reinvest in other collectibles.

The Directors monitor these liabilities as they fall due and have procedures in place to ensure that the liquidity risk from these maturing investments in minimised.

27 Identity of related parties

The Company has a controlling related party relationship with its subsidiary companies (see note 31). The Group also has a related party relationship with its Directors.

Transactions between parent and subsidiaries
The parent company charged management fees of £835,000 in the year to 31 March 2019 (2018: £1,771,170) to its subsidiaries.

Transactions between controlling party, parent and subsidiaries
On 10 September 2018 the Group announced that its subsidiary, Stanley Gibbons Limited had entered in to an agreement with Phoenix S.G. Limited to acquire approximately 1,900 items, for an initial consideration of £5.20m, which is payable in cash to Phoenix SG Limited over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. (see note 13)

Details of the loan facility between the Group, its subsidiaries and Phoenix S. G. Limited are disclosed in note 18.

Transactions with Directors and key management personnel
The remuneration of the Directors and details of share options granted are disclosed in the Report on Remuneration and in note 6. There are no key management personnel, as defined in IAS 24, aside from the Directors.

GE Shircore was appointed a Director on 19 March 2018 and Chief Executive Officer on 4 June 2018. He does not receive any remuneration from the Group. Phoenix Asset Management Partners Limited, Mr Shircore's ultimate employer, is the investment manager to Phoenix SG Limited which holds 248,000,000 Ordinary shares representing 58.09% of the Company's issued share capital.

27 Identity of related parties continued

Year ended 31 March 2019

H G Wilson made purchases during the year to the value of £49,052, he had a sales ledger balance of £11,333 at the year end.

Year ended 31 March 2018

H G Wilson made purchases during the year to the value of £23,514, he had a sales ledger balance of £5,818 at the year end.

During the year the Group paid £254,820 to Evolution Securities China Ltd for corporate consultancy services. C P Whiley was the Managing Director of this company.

28 Discontinued Operations

During the year ended 31 March 2018 the company began to dispose of various assets of its Interiors division resulting in the cessation of trading in this segment. As a result the financial information relating to the Interiors division has been reported as a discontinued operation and that information is presented in the note below.

On 21 November 2017 the directors of Stanley Gibbons (Guernsey) Limited applied for and were granted an administration order. Stanley Gibbons (Guernsey) Limited was the entity through which the Group's Investment division activities had been conducted. The administration order resulted in the Group losing control of this business and its assets and so the Investment division's results have been reclassified as discontinued operations. The assets and liabilities of Stanley Gibbons (Guernsey) Limited that the Group lost control of are shown below.

Financial performance and cash flow information

During the year ended 31 March 2019, the Group sold some of the remaining inventory balance from the Interiors division, which offset some of the costs associated in closing the remainder of the division. The financial performance is shown below:

	Investments 31 March 2019 £'000	**Interiors** 31 March 2019 £'000	**Total** 31 March 2019 £'000	**Investments** 31 March 2018 £'000	**Interiors** 31 March 2018 £'000	**Total** 31 March 2018 £'000
Revenue	–	250	250	8,420	3,828	12,248
Expenses	–	(176)	(176)	(13,030)	(5,644)	(18,674)
Profit/(loss) before income tax	–	74	74	(4,610)	(1,816)	(6,426)
Income tax credit	–	–	–	–	27	27
Profit/(loss) after income tax of discontinued operation	–	74	74	(4,610)	(1,789)	(6,399)
Gain on disposal of assets	–	–	–	269	1,870	2,139
Profit/(loss) from discontinued operation	–	74	74	(4,341)	81	(4,260)
Net cash outflow from operating activities	–	74	74	(1,469)	(2,802)	(4,271)
Net cash – sales proceeds	–	–	–	(87)	2,740	2,653
Net decrease in cash from discontinued operations	–	74	74	(1,556)	(62)	(1,618)

28 Discontinued Operations continued

Details of the sale of assets

Details of the assets disposed of in the year ended 31 March 2018 and the detail of the balance sheet of the Investment division at the date of administration are shown in the note below.

	Investments 31 March 2018 £'000	Interiors 31 March 2018 £'000	Total 31 March 2018 £'000
Consideration received			
Cash	(87)	2,768	2,681
Fair value of consideration	–	(713)	(713)
Total disposal consideration	(87)	2,055	1,968
Amount of net (assets)/liabilities sold	356	(185)	171
Gain/(loss) on sale	269	1,870	2,139

The carrying value of assets and liabilities for the Investments division is shown as at the date of administration, 21 November 2017. The Interiors division trade and assets was disposed of in a number of transfers during the year. The assets and liabilities below is the consolidation of those disposals.

	Investments 31 March 2018 £'000	Interiors 31 March 2018 £'000	Total 31 March 2018 £'000
Property plant & equipment	–	209	209
Intangible assets	–	740	740
Investments	–	11	11
Inventories	22,379	21	22,400
Trade and other receivables	11,748	320	12,068
Total assets	34,127	1,301	35,428
Liabilities			
Trade and other payables	(34,483)	(1,116)	(35,599)
Net assets/(liabilities)	(356)	185	(171)

29 Post Balance Sheet Events

Claim against certain Mallett Directors
The Group announced on 14 June 2019 that all outstanding claims involving certain former directors of Mallett plc have now been resolved, bringing the matter to a full and final conclusion.

The Group has received £850,000 in full as result of this agreement.

Lease of premises
On 4 July 2019 Stanley Gibbons Limited, a subsidiary of the Company, signed a lease for the basement, ground and first floors of 399 Strand, London, with the Company acting as guarantor. The lease is a 15 year lease expiring on 30 June 2034 with a 10 year break clause. Annual rental will be £300,000 until 1 July 2021 when the rent rises to £400,000 per annum.

30 Contingent liabilities

In previous years the Group had significant uncertainty resulting from investment contract guarantees and undertakings given by its subsidiary Stanley Gibbons (Guernsey) Limited. The granting of the administration order on 21 November 2017 for Stanley Gibbons (Guernsey) Limited resulted in the Group's loss of control of the business and its assets and liabilities. This resulted in a significant contingent liability, approximately £54,150,000 at 31 March 2017 (the last accounting date prior to administration), relating to guarantees and undertakings having been removed from the Group and fundamentally limited the exposure of the Group to the related buyback liabilities and associated cash outflows.

On 2 April 2019 the Royal Court of Guernsey ordered that Stanley Gibbons (Guernsey) Limited enter liquidation, this process is still ongoing.

31 Principal subsidiaries

The principal subsidiary undertakings of the Company, all of which are 100% owned are as follows:

Name	Country of incorporation	Description of shares held	Principal activity
Stanley Gibbons (Guernsey) Limited (in liquidation)**	Guernsey	Ordinary £1 shares	Philatelic dealer and dealer in memorabilia
Stanley Gibbons (Jersey) Limited	Jersey	Ordinary £1 shares	Philatelic dealer and dealer in memorabilia
Stanley Gibbons Holdings Limited	England	Ordinary £0.25 shares	Holding Company
Stanley Gibbons Limited*	England	Ordinary £1 shares	Philatelic dealer and retailer, and dealer in memorabilia
Stanley Gibbons (Asia) Limited	Hong Kong	Ordinary HK$1 shares	Philatelic dealer and dealer in memorabilia
Minden House Limited	Jersey	Ordinary £1 shares	First day cover dealer
Concept Court Limited	England	Ordinary £1 shares	First day cover dealer
Murray Payne Limited	England	Ordinary £1 shares	Philatelic dealer and auctioneer
Noble Investments (UK) Limited	England	Ordinary 1p shares	Holding Company
AH Baldwin & Sons Limited*	England	Ordinary £1 shares	Dealer in rare coins and other collectibles
Greenfield Auctions Limited*	England	Ordinary £1 shares	Auctioneer of works on paper
The Fine Art Auction Group Limited*	England	Ordinary £0.45 shares Preferred £1 shares Preferred £0.25 shares Deferred £0.25 shares	Auctioneer and valuer of art, antiques and collectibles
Dover Street Limited* (formerly Mallett Limited)	England	Ordinary £0.05 shares	Holding company
Milsom Street Limited* (formerly Mallett & Son (Antiques) Limited)	England	Ordinary £1 shares	Antique dealers
Octagon Chapel Limited* (formerly Mallett Overseas Limited)	England	Ordinary £1 shares	Antique dealers
Mallett, Inc*	United States	Common stock US$1	Antique dealers
Corked Limited*	England	Ordinary shares	Wine auctioneer
Stanley Gibbons Finance Limited	England	Ordinary £1 shares	Loan finance

* Indirect holding
** Not controlled due to being in liquidation

32 Controlling party

In the opinion of the directors the controlling party of the Group after the 19 March 2018 was Phoenix UK Fund Limited and after 27 March 2018 was Phoenix S. G. Limited. There was no controlling party prior to 19 March 2018.

Directors' Biographical Details

Henry George Wilson, Director and Non-executive Chairman
Date of Appointment as Director: 16 May 2016.

Harry Wilson received a BSc in physics from Manchester University in 1973. Following graduation he spent 17 years in various roles at British Petroleum and attended the Executive Programme at the INSEAD Business School in France in 1985.

Harry has over 35 years business experience, initially in the oil industry but successively in a wide range of business sectors. He has been founder, CEO and Chairman of a number of independent oil companies and led public listings for five companies including Dragon Oil Plc and Eland Oil & Gas Plc. He has been an executive and non-executive director of listed companies in the UK and abroad and has built up an extensive range of London and international contacts in the investment, broking and advisory communities.

Throughout his business career Harry has taken a keen interest in collectibles, particularly stamps and antiques. He is a longstanding member of the Royal Philatelic Society London, the Malaya Study Group and the India Study Group.

Harry was appointed a Director on 16 May 2016 and became Executive Chairman on 14 July 2016. Following completion of the debt restructuring and subscription for new shares by Phoenix he resumed his role as Non-Executive Chairman on 19 March 2018. He is Chairman of the Nomination Committee and member of the Audit Committee.

Graham Elliott Shircore, Chief Executive Officer
Date of Appointment as Director: 19 March 2018.

Graham Shircore graduated from Bath University with a BSc (Hons.) degree in Business Administration in 2005. During his time at University he completed internships with Fidelity, Principal Investment Management and Motorola Finance as well as passing the IMC exam.

Following graduation he joined Aviva Investors, subsequently becoming a UK Equity Analyst there. Having passed all three levels of the CFA exam he became a UK Equity Fund Manager in 2008 and later also managed European funds before moving to Rothschild Wealth Management in 2013 as a Senior Equity Analyst. There he helped shape and implement the equity research process.

Graham joined Phoenix Asset Management Partners in January 2017 and was heavily involved in the due diligence process which ultimately led to Phoenix taking a 58% equity stake in The Stanley Gibbons Group.

Graham was appointed a Director on 19 March 2018 and Chief Executive Officer on 4 June 2018.

Anthony Michael Gee FCA, Chief Finance Officer
Date of Appointment as Director: 1 August 2019.

Anthony Gee graduated in 1990 with a BSc in Accountancy and qualified as a Chartered Accountant with Ernst & Young.

He joined the Stanley Gibbons Group in 2012 and has since held a variety of finance and operational roles, most recently as Group Chief Operating Officer. He was appointed Interim CFO on 29 March 2019 and joined the Board as Chief Finance Officer on 1 August 2019.

Mr Gee is an experienced finance executive having previously held senior positions at Hilton International and latterly at Flying Brands, where he became finance director.

Louis Emmanuel Castro BSc, BComm (Hons), FCA, Non- Executive Director – Independent
Date of Appointment as Director: 3 October 2016.

Louis has over 30 years' experience in investment banking and broking both in the UK and overseas. Most recently he has been the Chief Financial Officer at Eland Oil & Gas, a publicly quoted company where he was one of two executive board directors. Previously he was Chief Executive of Northland Capital Partners in London and before this he was Head of Corporate Finance at Matrix Corporate Capital and at Insinger de Beaufort. He started his career by qualifying as a Chartered Accountant with Coopers & Lybrand (now PwC).

Louis has widespread international experience having advised the Boards of companies worldwide including companies in the retail sector. He has led on numerous public listings and has been a non-executive director of several quoted companies.

Mr Castro is a Fellow of the Institute of Chartered Accountants in England and Wales. He graduated in 1980 from Birmingham University with a BSc & BComm (Hons) in Engineering Production & Economics. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Mark West, MBA, Non-Executive Director – Independent
Date of Appointment as Director: 3 December 2018.

Mark is an experienced retail executive with a proven track record of delivery across a range of product categories and business disciplines. Most recently until June 2018 he was Chief Technology Officer for JAB Luxury GmbH (LABELUX), a European private luxury group, the former owner of Jimmy Choo and Belstaff and shareholder of Bally.

Prior to this, Mark worked for more than 24 years in various senior management and director roles at Harrods as well as working as a Consultant/Advisor for a number of retail brands such as Aquascutum, Burberry, Liberty, Hamleys and Fat Face. He is Chairman of the Remuneration Committee.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Stanley Gibbons Group plc ("Company") will be held at 399 Strand, London WC2R 0LX on Wednesday 23 October 2019 at 11.30 a.m. for the purpose of considering and, if thought fit, adopting the following resolutions relating to the ordinary and special business of the Company at the Annual General Meeting or any adjournment thereof.

NB: You will not receive a form of proxy for the Annual General Meeting in the post. Instead, you will receive instructions to enable you to vote electronically and how to register to do so. You will still be able to vote in person at the Annual General Meeting, and may request a hard copy proxy form directly from the registrars, Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU (telephone number: 0371 664 0391).

Ordinary Business

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. "THAT the Company's audited accounts for the year ended 31 March 2019 and the Directors' and Auditors' Reports thereon be approved and adopted."

2. "THAT HG Wilson, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."

3. "THAT GE Shircore, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."

4. "THAT AM Gee, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."

5. "THAT LE Castro, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."

6. "THAT M West, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."

7. "THAT Jeffreys Henry LLP be appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration."

Special Business

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

Authority to purchase own Ordinary Shares

8. "THAT the Company be generally and unconditionally authorised to make one or more market purchases of its own Ordinary Shares, such purchases to be of Ordinary Shares of one pence (1p) each in the capital of the Company ("**Ordinary Shares**"), provided that:

   (a) the maximum number of Ordinary Shares authorised to be purchased shall be 64,000,000 Ordinary Shares, being approximately 15 per cent of the issued capital of the Company; and

   (b) the minimum price which may be paid for any such Ordinary Shares shall be 1p per Ordinary Share (exclusive of expenses); and

(c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent above the average middle market quotations of an Ordinary Share as derived from the Daily Official List of the UKLA for the five business days immediately preceding the day on which any such Ordinary Shares are purchased or contracted to be purchased;

(d) unless otherwise varied renewed or revoked the authority hereby conferred shall expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2020; and

(e) prior to expiry of the authority hereby conferred the Company may enter into a contract or contracts for the purchase of Ordinary Shares which may be executed in whole or in part after such expiry and may purchase Ordinary Shares pursuant to such contract or contracts as if the authority hereby conferred had not so expired."

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to allot Ordinary Shares

9. "THAT the Directors be generally and unconditionally authorised to exercise all powers of the Company to issue or grant equity securities (as defined in the articles of association of the Company (the "**Articles**")) in accordance with article 2.2(b) of the Articles:

(a) up to a maximum number of 73,083,357 Ordinary Shares (such number to be reduced by the number of Ordinary Shares allotted pursuant the authority in sub-paragraph (b) below) in connection with an offer by way of a rights issue:

(1) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

(2) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

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

(b) in any other case, up to a maximum of 142,000,000 Ordinary Shares (such number to be reduced by the number of any Ordinary Shares allotted pursuant to the authority in sub-paragraph (a) above in excess of 142,000,000),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2020, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be issued or granted and the Directors may issue or grant equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired."

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

Disapplication of pre-emption rights

10. "THAT, subject to the passing of the ordinary resolution numbered 9 in this notice of Annual General Meeting, the Directors be given the general power to issue or grant equity securities (as defined in the Articles) for cash either pursuant to the authority conferred by the ordinary resolution numbered 9 in this notice of Annual General Meeting or by way of a sale of treasury shares, as if the pre-emption rights contained in article 2.7 of the Articles did not apply to any such issue or grant, provided that this power shall be limited to:

    the allotment or grant of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under sub-paragraph (a) of the ordinary resolution numbered 9 in this notice of Annual General Meeting, by way of a rights issue only):

    (1) to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

    (2) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

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

    (b) the allotment or grant (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum of 106,500,000 Ordinary Shares.

    The power granted by this resolution will expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2020 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted or granted after such expiry and the Directors may allot or grant equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired."

by order of the board of Directors of
The Stanley Gibbons Group plc
RK Purkis, *Secretary*

Dated: 18 September 2019

Registered Office Address: 18 Hill Street, St Helier, Jersey JE2 4UA, Channel Islands.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to exercise all or any of your rights to attend, speak (with permission of the Chairman) and vote on your behalf at a general meeting of the Company.

   You can vote either:

   - online, by logging on to www.signalshares.com and following the instructions;

     by requesting a hard copy form of proxy directly from the registrars, Link Asset Services by calling tel: 0371 664 0391. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   In order for a proxy appointment to be valid a proxy instruction must be completed. In each case the proxy instruction must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 11.30 am on 21st October 2019.
2. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
3. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
4. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
5. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
6. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 23 October 2019 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Asset Services (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertified Securities) (Jersey) Order 1999.
8. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at close of business on 21 October 2019 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after close of business on 21 October 2019 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Ordinary Shares.

10. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
    - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question, or;
    - it is undesirable in the interests of the company or the good order of the meeting to answer the question.
11. Copies of the directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.

EXPLANATORY NOTES

Resolutions 2 – 6: Directors seeking re-election
The entire Board of Directors comprising Harry Wilson, Graham Shircore, Anthony Gee, Louis Castro and Mark West will retire from office and offer itself for re-election, at this year's Annual General Meeting.

Biographical details of the Directors seeking re-election are contained in the Annual Report 2019.

Resolution 7: Appointment of auditor
At each general meeting at which the accounts are laid before the members, the Company is required to appoint an auditor to serve until the next such meeting. The resolution also authorises the Board to determine the remuneration of the Company's auditor.

Resolution 8: Authority for Company to purchase its own Ordinary Shares
The previous authority granted by the shareholders to the Directors for the Company to purchase its own Ordinary Shares will shortly expire and the Directors recommend that a further authority in this respect be obtained. The authority, if renewed at the Annual General Meeting, would permit the Company to purchase up to approximately 15% of its issued Ordinary Shares for a price (exclusive of expenses) which is not less than the nominal value of an Ordinary Share and not more than 5% above the average market value of an Ordinary Share for the five business days prior to the day the purchase is made. The authority granted by this resolution will expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company.

The Board would only authorise such purchases after careful consideration, taking account of other investment opportunities, appropriate gearing levels, the overall financial position of the group and whether the effect would be an increase on earnings per share and in the best interests of shareholders generally.

Resolution 9: Authority to allot Ordinary Shares
This resolution deals with the Directors' authority to allot Ordinary Shares in accordance with article 2.2 of the Articles and will, if passed, authorise the Directors to allot: (a) in relation to a pre-emptive rights issue only, up to a maximum of 73,083,357 Ordinary Shares (which represents the Company's unissued Ordinary Shares as at the date of this notice). This maximum is reduced by the number of Ordinary Shares allotted under the authority referred to in sub-paragraph (b) below; and (b) in any other case, up to a maximum of 142,000,000 Ordinary Shares (which represents approximately one-third of the Company's issued Ordinary Shares as at the date of this notice). This maximum is reduced by the number of Ordinary Shares allotted under the authority referred to in sub-paragraph (a) above in excess of 142,000,000 Ordinary Shares. Therefore, the maximum number of Ordinary Shares which may be allotted under this resolution is 73,083,357 Ordinary Shares. The authority granted by this resolution will expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company.

Resolution 10: Disapplication of pre-emption rights
This resolution will, if passed, give the Directors power, pursuant to the authority to allot granted by resolution 9, to allot Ordinary Shares or sell treasury shares for cash up to a maximum of 106,500,000 of Ordinary Shares (which represents approximately 25% of the Company's issued Ordinary Shares as at the date of this notice) without first offering them to existing shareholders in proportion to their existing holdings. The power granted by this resolution will expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company.

STANLEY GIBBONS
ESTABLISHED 1856

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and

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