GROUP PLC

27 November 2019

Walker Crips Group plc
("Walker Crips", the "Company" or the "Group"),

Results for the six months ended 30 September 2019

Walker Crips Group plc today announces its interim results for the six months ended 30 September 2019

Walker Crips Group plc is a long-established business delivering investment management, stockbroking and wealth management services to UK retail and intermediary clients. We continue to embed technology in our core services to enhance our customers' experience, broaden our product offerings, empower our staff and pursue business efficiencies.

Highlights

- Group revenues increased by 3.3% to £15.6 million (2018: £15.1 million).
- Profit before tax £620,000 (2018: £213,000).
- Operating profit before exceptional item £408,000 (2018: £188,000).
- Operating profit £617,000 inclusive of £209,000 exceptional (2018: £188,000).
- Assets under Management and Administration £5.1 billion (31 March 2019: £5.0 billion).
- Interim dividend increased to 0.60 pence per share (2018 interim dividend: 0.58 pence per share).

David Gelber, Chairman of Walker Crips Group plc, says:

"Against the ongoing uncertainty surrounding the terms for the United Kingdom's exit from the EU, I report that nervousness of markets has resulted in continued lower levels of volume driven broking commission revenue during the period. However, we are making progress implementing our strategy and the resulting increase in investment management fee income, interest margin on managed deposits and revenue from our trading book has driven an encouraging increase in operating profit before exceptional item of £408,000 (2018: £188,000).

"Revenues from the Investment Management division increased by 2.7% during the period to £14.51 million (2018: £14.13 million), with an increase of 7.4% in management fee revenues from £9.4 million to £10.1 million, partly offsetting a decrease of 19.1% in commission income from £4.7 million to £3.8 million.

"Assets under Management and Administration remain marginally above our targeted milestone of £5 billion.

"The improved results for the first half year are an important step in the right direction as the business and newly shaped leadership team looks to build on our core investment management, wealth management and technology competencies."

Chairman's Statement

Introduction

Against the ongoing uncertainty surrounding the terms for the United Kingdom's exit from the EU, I report that nervousness of markets has resulted in continued lower levels of volume-driven broking commission revenue during the period. However, we are making progress implementing our strategy and the resulting increases in investment management fee income, interest margin on managed deposits and revenue from our trading book has driven an encouraging increase in operating profit before exceptional item of £408,000 (2018: £188,000). Profit before tax for the six months is £620,000 (2018: £213,000), having benefitted from the recovery of a longstanding disputed insurance claim of £209,000 referenced below (note 6).

Trading

Total revenue in the period increased by 3.3% to £15.58 million (2018: £15.07 million), reflecting the net impact of the changing components of our income stream supported by higher structured investment and investor immigration revenues. Non-broking income as a proportion of total income is now 76% (2018: 69%), reflecting the impact of declining trading volumes and increasing recurring fees, arbitrage profits and interest margin. Our arbitrage trading desk exploited several timing differences in international markets to produce increased gains during the period without any material increase in exposure.

Assets under Management and Administration at 30 September 2019 were £5.1 billion (31 March 2019: £5.0 billion).

Management continue to focus on managing the cost base, given upward pressures on salaries and other operating expenses. It is therefore disappointing to report that pre-exceptional item administrative expenses of £10.49 million have increased by 5.5% compared to £9.94 million in the prior period. Not all of this is within our control, with notable drivers including a substantial increase of £195,000 in our contribution to the Financial Services Compensation Scheme and an £11,000 adverse operating expense impact due to the adoption of IFRS 16 (together with a further £81,000 included within finance costs) (see below and note 1). The reported exceptional item mitigates these increases in the period, but is viewed as non-recurring because it represents a disputed insurance recovery of £209,000 relating to a historic claim expensed in prior periods that was resolved in the period following arbitration proceedings (note 6).

Dividend

The Board has approved an interim dividend of 0.60 pence per share (2018: 0.58 pence per share) payable on 20 December 2019 to those shareholders on the register at the close of business on 6 December 2019. The Board will continue to set the final dividend in light of the Group's business performance, capital headroom, market outlook and cash flow considerations.

Investment Management

Revenues from the Investment Management division increased by 2.7% during the period to £14.51 million (2018: £14.13 million), with an increase of 7.4% in management fee revenues from £9.4 million to £10.1 million partly offsetting a decrease of 19.1% in commission income from £4.7 million to £3.8 million. The fall in commission income principally reflects lower trading volumes, but is also partly explained by clients switching from commission-based to fixed fee tariffs.

Wealth Management
Our clients continue to require and request fee-based wealth management advice. Our York Wealth Management division has seen overall turnover increase by 11% to £755,000 (2018: £680,000). The Wealth team are continuing with their strategy of securing clients under an ongoing service proposition, which has seen recurring revenues increase by 17% to £567,000 and Assets under Management by 10% to just short of £197 million. Part of this success was taking full ownership of the previous joint venture with a local firm of Accountants, JWP Creers, securing over £70,000 of recurring annual revenue and Assets under Management of approximately £11 million. In line with our continued investment in technology, we have implemented a new back office system that will further streamline business processes and improve client communication.

Our pension management team, following a full review of our SIPP fee tariffs, now have a fully transparent and competitive product supported by robust back office systems, leaving us ideally placed to expand our client base. Our SSAS client book remains consistent and we see growth in this market through our introducers and potential acquisition of smaller competitors. Recurring revenue has remained stable, increasing slightly to £300,000 compared to the prior period.

Acquisition
As referred to above, the Group acquired full ownership of JWP Creers Wealth Management Limited on 1 April 2019, which was previously a joint venture. This completed on 1 April 2019 for cash consideration of £47,000. JWP Creers Wealth Management Limited has changed its name to Walker Crips Ventures Limited.

Technology

EnOC, our technology subsidiary, aims to close the technology gap by engineering out complexities. During the period EnOC Pro Platform (www.enoc.pro) was launched, which is a cloud service that helps industry practitioners address the administration of the new SM&CR regulatory regime. This service seeks to disrupt the established regulation technology space by providing a comprehensive and user-friendly solution on a low-cost subscription basis. It is too early to report on the traction and support the product will receive as financial services businesses look to streamline and improve their compliance solutions.

IFRS 16 accounting treatment
The Group has adopted IFRS 16 "Leases" from 1 April 2019. The first-time adoption of the accounting standard has had the impact of increasing the Group's net assets by £601,000 and the reported expenses for the period of £92,000. All long-term lease commitments are now recognised as "right-of-use assets" and corresponding liabilities as "lease liabilities" on the statement of financial position. Note 1 provides a comprehensive explanation of the impact of this new financial reporting standard.

Directors, Account Executives and Staff
I would like to thank all my fellow directors, investment managers and advisers and members of staff for their continued commitment to the highest levels of client service, support and diligence during the period.

I am very pleased to confirm the appointment of Nick Hansen* as CEO of Walker Crips Investment Management Limited ("WCIM"), our main operating subsidiary. Nick built and has led our successful Structured Products business since 2007. As he embarks on the challenges ahead of growing the core business, his progress will be enhanced by the simultaneous appointment of Chris Darbyshire*, as Chief

Investment Officer. Chris brings his extensive industry experience to a new era of leadership at the heart of the Group's activities.

I am also very pleased to confirm the promotion of Sanath Dandeniya to Group Finance Director. Sanath, Finance Director of WCIM, steps into the place of Rodney Fitzgerald on the Parent Board.

With these management appointments, we believe that we now have in place a new generation of skilled senior management team, with the energy and skills to manage and grow our business into the future.

Outlook

Assets under Management and Administration remain marginally above our targeted milestone of £5 billion and the growing diversity of our service offerings has stood our revenue base in good stead with a further increase during the period.

The improved results for the first half year are an important step in the right direction as the business looks to build on its in-house strengths and capabilities. With healthy liquid resources and a new senior management team, we look forward with confidence to continuing to implement strategic priorities.

David Gelber
Chairman
27 November 2019
Walker Crips Group plc
* Awaiting approval from the FCA

Walker Crips Group plc
Condensed Consolidated Income Statement
For the six months ended 30 September 2019

	Notes	**Unaudited September 2019**	Unaudited September 2018	Audited March 2019
		£'000	£'000	£'000
Revenue	2	**15,581**	15,072	30,458
Commission and fees paid		**(4,686)**	(4,955)	(9,673)
Share of after tax profit from joint venture		**-**	9	14
Gross profit		**10,895**	10,126	20,799
Administrative expenses		**(10,487)**	(9,938)	(20,365)
Exceptional items	6	**209**	-	(32)
Operating profit		**617**	188	402
Investment revenue		**94**	27	90
Finance costs		**(91)**	(2)	(3)
Profit before tax		**620**	213	489
Taxation		**(118)**	(41)	(156)
Profit for the period attributable to equity holders of the Parent Company		**502**	172	333
Earnings per share	3			
Basic		**1.18p**	0.41p	0.78p
Diluted		**1.18p**	0.41p	0.78p

Walker Crips Group plc

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2019

	Unaudited September 2019	Unaudited September 2018	Audited March 2019
	£'000	£'000	£'000
Profit for the period	**502**	172	333
Total comprehensive income for the period attributable to equity holders of the Parent Company	**502**	172	333

Walker Crips Group plc

Condensed Consolidated Statement of Financial Position
As at 30 September 2019

	Notes	**Unaudited September 2019**	Unaudited September 2018	Audited March 2019
		£'000	£'000	£'000
Non-current assets				
Goodwill		**4,413**	4,388	4,388
Other intangible assets		**7,036**	7,550	7,262
Property, plant and equipment		**2,010**	2,705	2,520
Right-of-use assets	1	**5,048**	-	-
Interest in Joint Venture		**-**	40	44
Investments - fair value through profit or loss	7	**51**	52	51
		18,558	14,735	14,265
Current assets				
Trade and other receivables		**23,823**	30,362	35,785
Investments - fair value through profit or loss	8	**963**	1,667	1,005
Cash and cash equivalents		**7,552**	5,016	6,916
		32,338	37,045	43,706
Total assets		**50,896**	51,780	57,971
Current liabilities				
Trade and other payables		**(21,921)**	(27,910)	(34,095)
Current tax liabilities		**(314)**	(78)	(178)
Deferred tax liabilities		**(303)**	(237)	(317)
Bank overdrafts		**(3)**	(115)	(127)
Provisions		**(183)**	(461)	(484)
Lease liabilities	1	**(1,067)**	-	-
		(23,791)	(28,801)	(35,201)
Net current assets		**8,547**	8,244	8,505
Non-current liabilities				
Deferred cash consideration		**(47)**	(137)	(47)
Lease liabilities	1	**(3,833)**	-	-
Dilapidation provision		**(542)**	(543)	(542)
Landlord contribution to leasehold improvements	1	**-**	(492)	(460)
		(4,422)	(1,172)	(1,049)
Net assets		**22,683**	21,807	21,721
Equity				
Share capital	10	**2,888**	2,888	2,888
Share premium account		**3,763**	3,818	3,763
Own shares		**(312)**	(312)	(312)
Retained earnings		**11,621**	10,745	10,659
Other reserves		**4,723**	4,668	4,723
Equity attributable to equity holders of the Parent Company		**22,683**	21,807	21,721

Walker Crips Group plc
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2019

	Notes	**Unaudited September 2019 £'000**	Unaudited September 2018 £'000	Audited March 2019 £'000
Operating activities				
Cash generated / (used) by operations	11	**1,463**	(2,251)	(631)
Tax received		**-**	-	66
Net cash generated / (used) by operating activities		**1,463**	(2,251)	(565)
Investing activities				
Purchase of property, plant and equipment		**(193)**	(296)	(382)
Sale of investments held for trading		**-**	207	789
Sale of investments held at fair value through profit and loss		**140**	-	-
Consideration paid on acquisition of client lists		**(53)**	(2)	(111)
Consideration paid on acquisition of subsidiary net of cash acquired		**21**	-	-
Deferred consideration paid on acquisition of subsidiary		**-**	(600)	(600)
Dividends received		**10**	6	23
Interest received		**73**	21	67
Net cash used by investing activities		**(2)**	(664)	(214)
Financing activities				
Dividends paid		**(141)**	(549)	(796)
Interest paid		**(10)**	(2)	(3)
Repayment of lease liabilities		**(469)**	-	-
Repayment of lease interest		**(81)**	-	-

Walker Crips Group plc

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2019

	Share capital £'000	Share premium account £'000	Own shares held £'000	Capital redemption £'000	Other £'000	Retained earnings £'000	Total equity £'000
Equity as at 31 March 2018	2,861	3,674	(312)	111	4,557	11,122	22,013
Total comprehensive income for the period	-	-	-	-	-	172	172
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(549)	(549)
Issue of shares on acquisition of intangibles and as deferred consideration	27	144	-	-	-	-	171
Total contributions by and distributions to owners	27	144	-	-	-	(549)	(378)
Equity as at 30 September 2018	**2,888**	**3,818**	**(312)**	**111**	**4,557**	**10,745**	**21,807**
Total comprehensive income for the period	-	-	-	-	-	161	161
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(247)	(247)
Reclassification of premium on shares issued	-	(55)	-	-	55	-	-
Total contributions by and distributions to owners	-	(55)	-	-	55	(247)	(247)
Equity as at 31 March 2019	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**10,659**	**21,721**
Total comprehensive income for the period	-	-	-	-	-	502	502
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(141)	(141)
Effect of adoption of IFRS 16 (see note 1)	-	-	-	-	-	601	601
Total contributions by and distributions to owners	-	-	-	-	-	460	460
Equity as at 30 September 2019	**2,888**	**3,763**	**(312)**	**111**	**4,612**	**11,621**	**22,683**

Net cash used by financing activities	**(701)**	(551)	(799)
Net increase / (decrease) in cash and cash equivalents	**760**	(3,466)	(1,578)
Net cash and cash equivalents at beginning of period	**6,789**	8,367	8,367
Net cash and cash equivalents at end of period	**7,549**	4,901	6,789
Cash and cash equivalents	**7,552**	5,016	6,916
Bank overdrafts	**(3)**	(115)	(127)
	7,549	4,901	6,789

Walker Crips Group plc

Notes to the condensed consolidated financial statements for the six months ended 30 September 2019

1. Basis of preparation and significant accounting policies

Basis of preparation
The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). These condensed financial statements are presented in accordance with IAS 34 *Interim Financial Reporting*.

The condensed consolidated financial statements have been prepared on the basis of the accounting policies and methods of computation set out in the Group's consolidated financial statements for the year ended 31 March 2019 except for those that relate to new standards and interpretations effective for the first time for periods beginning on or after 1 April 2019.

The condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2019. The interim financial information is unaudited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's financial statements for the year ended 31 March 2019 have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by way of emphasis. They also did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The interim financial information has neither been audited nor reviewed pursuant to guidance issued by the Audit Procedures Board.

Changes in reporting standards and interpretations
This is the first set of the Group's financial statements where IFRS 16 "Leases" has been applied. This new standard was adopted on 1 April 2019. Under the transition method chosen, comparative information is not restated. Changes to significant accounting policies are described further below in this note.

IFRS 16 "Leases"
This note explains the impact of the adoption of IFRS 16 on the Group's interim financial statements and discloses the new accounting policy that has been applied from 1 April 2019.

IFRS 16 provides a single lessee accounting model by removing the IAS 17 classification of leases as either operating or finance leases. The standard introduces a single, on-balance sheet accounting model, which requires:

- recognition of a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which the Group is the lessee, except for short term leases and leases of low value assets.
- recognition of a depreciation charge on the right-of-use asset on a straight-line basis over the shorter of the expected life of the asset and the lease term.
- recognition of an interest charge arising from the unwinding of the discounted lease liability over the lease term.

Transition method and practical expedients utilised
The Group has adopted IFRS 16 retrospectively from 1 April 2019 but has not restated comparatives for prior year ending 31 March 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date.
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Adjustments recognised on adoption of IFRS 16
As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of property, software and hire of equipment, which had previously been classified as operating leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The incremental borrowing rates used by the Group to measure lease liabilities at 1 April 2019 are listed in the table below

	Incremental Borrowing Rate
Leased property	3.23%
Hire of equipment	2.87%
Software licenses	2.87%

In the context of transition to IFRS 16, right-of-use assets of £5,501,000 and lease liabilities of £5,370,000 were recognised as at 1 April 2019. Of these lease liabilities, £1,061,000 was due within one year and were captured within current liabilities in the statement of financial position. In addition, the Group has decided not to apply the new IFRS 16 guidance to leases whose lease term will end within 12 months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognised as an expense from short term leases.

The following table reconciles the minimum lease commitments disclosed in the Group's 31 March 2019 annual financial statements to the amount of lease liabilities recognised on 1 April 2019:

	As at 1 April 2019 £'000
Operating lease commitments disclosed as at 31 March 2019 (see note 30 of the Annual Report and Accounts 2019)	7,214
Less: Service & Maintenance element included within lease commitments	(997)
Adjusted operating lease commitments	**6,217**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	5,237
Add: finance lease liabilities recognised as at 1 April 2019	142
Less: short-term leases recognised on a straight-line basis as expense	(9)
Lease liability recognised as at 1 April 2019	**5,370**
Of which were due:	
Current lease liabilities	1,061
Non-current lease liabilities	4,309
	5,370

The Group's leasing activities
The Group leases various offices, software and equipment that were recognised as right-of use assets on the application of IFRS 16. Group's lease contracts are typically made for fixed periods of 2 to 10 years and extension and termination options are included in a number of property and software leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

The extensions to leases are exercisable only by the Group and not by the respective lessor. Lease terms are negotiated on an individual basis and contain a wide range of different but comparable terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Prior to the implementation of IFRS 16, payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group, as permitted under IFRS 16 has used the incremental borrowing rate, being the rate that the Group estimates that it would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group does not have any leasing activities acting as a lessor.

Impact on Financial Statements on adoption
Right-of use assets were initially measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The following illustrates the impact on the income statement on the adoption of IFRS 16:

	30 September 2019 as reported	Rents	Finance costs	Depreciation	Other adjustments	30 September 2019 under IAS 17
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	15,581	-	-	-	-	15,581
Commission and fees paid	(4,686)	-	-	-	-	(4,686)
Share of after tax profit from joint venture	-	-	-	-	-	-
Gross profit	10,895	-	-	-	-	10,895
Administrative expenses	(10,487)	(420)	-	423 *	8 **	(10,476)
Exceptional items	209	-	-	-	-	209
Operating profit	617	(420)	-	423	8	628
Investment revenue	94	-	-	-	-	94
Finance costs	(91)	-	81	-	-	(10)
Profit before tax	620	(420)	81	423	8	712
Taxation	(118)	-	-	-	-	(118)
Profit for the period attributable to equity holders of the Parent Company	502	(420)	81	423	8	594

* This depreciation is the net effect of the depreciation charges relating to the new right-of-use assets and the existing depreciation treatment of items adjusted for as a result of the application of IFRS 16.

** This adjustment relates to the revised treatment of irrecoverable VAT on certain rental invoices as a result of the application of IFRS 16.

The recognised right-of-use assets relate to the following types of assets:

	30 September 2019 £'000	1 April 2019 £'000
Property	4,680	5,041
Equipment	85	95
Computer software	283	365
Total right-of-use assets	5,048	5,501

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

- Property, plant and equipment - decrease by £435,000 regarding the net book value of dilapidation provisions;
- Right-of-use assets - increase by £5,501,000;
- Prepayments - decrease by £239,000 regarding rental prepayments;
- Accrued expenses - decrease by £621,000 regarding the rent-free period;
- Current liabilities - decrease by £63,000 regarding the landlord contribution;
- Non-current Lease liabilities - decrease by £460,000 regarding the landlord contribution;
- Current liabilities - increase by £1,061,000 regarding lease liabilities within one year;
- Non-current Lease liabilities - increase by £4,309,000 regarding lease liabilities after one year.

The net impact on retained earnings on 1 April 2019 was an increase of £601,000.

The table below presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	As at 1 April 2019 £'000
Right-of-Use Assets on 1 April 2019 (based on lease liabilities)	5,370
Adjustments:	
Derecognition of Landlord Contribution	(523)
Reclassification of Property Plant and Equipment	435
Reclassification of prepaid expenses	219
Total right-of-use Assets on 1 April 2019 after all adjustments	**5,501**

	As at 1 April 2019 £'000
Irrecoverable VAT reversal of prepayments	(20)
Reduction in accrued expenses (derecognition of rent-free period)	621
Net increase in retained earnings	**601**

Included in profit or loss for the period are £453,000 of depreciation of right-of-use assets and £81,000 of finance expenses on lease liabilities. Short-term lease costs of £9,000 were expensed in the period.

The lease liabilities outstanding as at 30 September 2019 were as follows:

	£'000
Current lease liabilities	1,067
Non-current lease liabilities	3,833
	4,900

Judgements and estimates
IFRS 16 requires certain judgements and estimates to be made and those significant judgements are explained below.

- Following a review of all leases, the Group has opted to use single discount rates for leases with reasonably similar characteristics. The discount rates used, which are listed within the above disclosure, have had an impact on the right of use assets values, lease liabilities on initial recognition and lease finance costs included within the income statement.

- IFRS 16 defines a lease term as the non-cancellable period of a lease, together with the options to extend or terminate a lease, if the lessee is reasonably certain to exercise the lease options available at the time of reporting. Where a lease includes the option for the Group to extend the lease term, the Group has exercised the judgement, based on current information, that such leases will be extended to the full length available, and this is included in the calculation of the value of the right of use assets and lease liabilities on initial recognition and valuation at the reporting date.

Significant accounting policies

Revenue recognition
Revenue is measured at a fair value of the consideration or receivable and represents gross commissions, interest receivable and fees in the course of ordinary investment business, net of discounts, VAT and sales related taxes.

Revenues recognised under IFRS 15
Revenue from contracts with customers:
- Gross commissions on stockbroking activities are recognised on those transactions whose trade date falls within the financial year, with the execution of the trade being the performance obligation at that point in time.
- In Walker Crips Investment Management, fees earned from managing various types of client portfolios are accrued daily over the period to which they relate with the performance obligation fulfilled over the same period.
- Fees in respect of financial services activities of Walker Crips Wealth Management are accrued evenly over the period to which they relate with the performance obligation fulfilled over the same period.
- Fees earned from structured investments are recognised on the date the underlying security of the structured investment is traded and settled, with the execution of the trade being the performance obligation at that point in time.

Other incomes:
- Interest is recognised as it accrues in respect of the financial year.
- Dividend income is recognised when:
    - the Group's right to receive payment of dividends is established;
    - when it is probable that economic benefits associated with the dividend will flow to the Group; and
    - the amount of the dividend can be reliably measured.
- Gains or losses arising on disposal of trading book instruments and changes in fair value of securities held for trading are both recognised in profit and loss.

The Group does not have any long-term contract assets in relation to customers of any fixed and/or considerable lengths of time which require the recognition of financing costs or incomes in relation to them.

Going Concern
As both the net asset base and cash position remain healthy, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, they also conclude in accordance with guidance from the Financial Reporting Council, that the use of the going concern basis for the preparation of the financial statements continues to be appropriate.

Interests in joint ventures
The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are accounted for in the consolidated financial statements under the equity method.

Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of the joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured accurately.

Exceptional items
To assist in understanding its underlying performance, the Group identifies certain items of pre-tax income and expenditure and discloses them separately in the consolidated income statement. Such items would include:

1. profits or losses on disposal, closure or impairment of assets or businesses;
2. corporate transaction and restructuring costs;
3. changes in the fair value of contingent consideration; and
4. non-recurring items considered individually for classification as exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the Group's trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

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

Operating expenses
Operating expenses and other charges are provided for in full up to the statement of financial position date on an accruals basis.

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

Financial instruments
Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transaction costs. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss ("FVPL") are expensed in the statement of comprehensive income. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

The Group does not use hedge accounting.

a) Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ("FVPL"); or
- Amortised cost.

Financial assets are classified as current or non-current depending on the contractual timing for recovery of the asset.

i) Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets, to collect both the contractual cash flows and cash flows arising from the sale of assets, or solely or mainly to collect cash flows arising from the sale of assets. Factors considered by the Group include past experience on how the contractual cash flows for these assets were collected, how the assets' performance is evaluated, and how risks are assessed and managed.

Cash flow characteristics of the asset: Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' contractual cash flows represent solely payments of principal and interest ("the SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending instrument.

Based on these factors, the Group classifies its debt instruments into one of two measurement categories:

1. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted by any ECL recognised. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount. Interest income from these financial assets is included within investment revenues using the effective interest rate method.

2. FVPL: Assets that do not meet the criteria for amortised cost or Fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss. Interest income is included within investment revenues using the effective interest rate method.

Reclassification
The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Impairment
The Group assesses on a forward-looking basis the ECL associated with its debt instruments held at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. On initial recognition, the Group recognises a 12-month ECL. At the reporting date, if there has been a significant increase in credit risk, the loss allowance is revised to the lifetime expected credit loss.

The measurement of ECL reflects:
- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ii) Equity instruments

Investments are recognised and derecognised on a trade date basis where a purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned, and are initially measured at fair value.

The Group subsequently measures all equity investments at fair value through profit and loss. Changes in the fair value of financial assets at FVPL are recognised in revenue within the consolidated income statement.

iii) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime ECL to be recognised from initial recognition of the receivables.

iv) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

b) Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

Financial liabilities are derecognised when they are extinguished.

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

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Principal risks and uncertainties
Under the Financial Conduct Authority's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the company is exposed and take appropriate steps to mitigate those risks. The principal risks and uncertainties faced by the Group are discussed in detail in the Annual Report for the year ended 31 March 2019.

Related party transactions
No transactions took place in the period that would materially or significantly affect the financial position or performance of the Group.

2. Segmental analysis

Revenue	Investment management £'000	Wealth management £'000		Total £'000
6m to 30 September 2019	**14,515**	**1,066**		**15,581**
6m to 30 September 2018 *	14,135	937		15,072
Year to 31 March 2019	27,857	2,601		30,458
Operating profit	**£'000**	**£'000**	**Unallocated Costs £'000**	**Operating Profit £'000**
6m to 30 September 2019	**1,161**	**56**	**(600)**	**617**
6m to 30 September 2018 *	832	14	(658)	188
Year to 31 March 2019	1,013	348	(959)	402

* During the year, a business segment was transferred from Wealth Management to Investment Management and prior year comparatives (income of £281,000 and operating profits of £89,000) have been adjusted to improve comparability.

Timing of revenue recognition

The following table presents operating income analysed by the timing of revenue recognition of the operating segment providing the service:

	Investment Management £'000	Wealth Management £'000	Total £'000
6m to 30 September 2019			
Revenue from contracts with customers			
Products and services transferred at a point in time	**4,595**	**193**	**4,788**
Products and services transferred over time	**8,314**	**873**	**9,187**
Other revenue			
Products and services transferred at a point in time	**362**	**-**	**362**
Products and services transferred over time	**1,244**	**-**	**1,244**
	14,515	**1,066**	**15,581**
6m to 30 September 2018 *			
Revenue from contracts with customers			
Products and services transferred at a point in time	5,270	152	5,422
Products and services transferred over time	7,433	785	8,218
Other revenue			
Products and services transferred at a point in time	188	-	188
Products and services transferred over time	1,244	-	1,244
	13,135	937	15,072
Revenue from contracts with customers			
Products and services transferred at a point in time	10,360	459	10,819
Products and services transferred over time	15,477	2,082	17,559
Other revenue			
Products and services transferred at a point in time	234	60	294
Products and services transferred over time	1,786	-	1,786
	27,857	2,601	30,458

* During the year, a business segment was transferred from Wealth Management to Investment Management and prior year comparatives (income of £281,000 and operating profits of £89,000) have been adjusted to improve comparability.

	Contract assets			**Contract liabilities**		
	September 2019 £'000	September 2018 £'000	March 2019 £'000	**September 2019 £'000**	September 2018 £'000	March 2019 £'000
Brought forward	**4,623**	4,005	4,346	**(4)**	(3)	(15)
Amounts included in contract liabilities that was recognised as revenue during the period	**-**	-	-	**4**	3	15
Settlement of contract assets brought forward	**(4,623)**	(4,005)	(4,346)	**-**	-	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	-	**(3)**	(15)	(4)
Amounts included in contract assets that was recognised as revenue during the period	**4,679**	4,346	4,623	**-**	-	-
At 30 September	**4,679**	4,346	4,623	**(3)**	(15)	(4)

3. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the period of £502,000 (2018: £172,000) and on 42,577,328 (2018: 42,443,034) ordinary shares of 6 2/3p, being the weighted average number of ordinary shares in issue during the period. There is no dilution applicable to the current period.

4. Dividends

The interim dividend of 0.60 pence per share (2018: 0.58 pence per share) is payable on 20 December 2019 to shareholders on the register at the close of business on 6 December 2019. The interim dividend has not been included as a liability in this interim report.

5. Total revenue

	Six months ended 30 September 2019	Six months ended 30 September 2018	Year ended 31 March 2019
	£'000	£'000	£'000
Revenue from Contracts with Customers	**13,975**	13,640	28,378
Other revenue	**1,606**	1,432	2,080
Investment revenues	**94**	27	90
	15,675	15,099	30,548

The Group's income can also be categorised as follows for the purpose of measuring a Key Performance Indicator; the ratio of non-broking income to total income.

	Six months ended 30 September 2019	%	Six months ended 30 September 2018	%	Year ended 31 March 2019	%
Income	**£'000**		£'000		£'000	
Broking	**3,780**	**24**	4,653	31	8,667	28
Non-Broking	**11,895**	**76**	10,446	69	21,881	72
	15,675	**100**	15,099	100	30,548	100

	Unaudited September 2019	Unaudited September 2018	Audited March 2019
	£'000	£'000	£'000
Operating profit for the period	**617**	188	402
Adjustments for:			
Amortisation of intangibles	**279**	274	558
Changes in the fair value of deferred consideration	**-**	-	(102)
Loss on sale of tangible fixed asset	**-**	2	4
Net change in fair value of financial instruments at fair value through profit or loss	**(71)**	(22)	91
Share of joint venture income	**-**	(9)	(14)
Depreciation of property, plant and equipment	**267**	301	593
Depreciation of right of use assets	**453**	-	-
Decrease in debtors	**11,736**	7,152	1,642
Decrease in creditors	**(11,777)**	(10,137)	(3,805)
Change in working capital as a result of net of effects of acquiring a subsidiary and disposal of joint venture:			
Derecognition of joint venture asset now fully acquired	**(44)**	-	-
Trade and other payables	**(6)**	-	-
Trade and other receivables	**9**	-	-
Net cash inflow / (outflow) from operations	**1,463**	(2,251)	(631)

	Unaudited September 2019	Unaudited September 2018	Audited March 2019
	£'000	£'000	£'000
Operating profit for the period	**617**	188	402
Adjustments for:			
Amortisation of intangibles	**279**	274	558
Changes in the fair value of deferred consideration	**-**	-	(102)
Loss on sale of tangible fixed asset	**-**	2	4
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Change in working capital as a result of net of effects of acquiring a subsidiary and disposal of joint venture:			
Derecognition of joint venture asset now fully acquired	**(44)**	-	-
Trade and other payables	**(6)**	-	-
Trade and other receivables	**9**	-	-
Net cash inflow / (outflow) from operations	**1,463**	(2,251)	(631)

6. Exceptional items

As a result of their materiality, the Directors in prior periods decided to disclose certain amounts separately in order to present results which were not distorted by significant non-recurring events.

	Six months ended 30 September 2019	**Six months ended 30 September 2018**	**Year ended 31 March 2019**
	£'000	**£'000**	**£'000**
Changes in the value of deferred consideration	**-**	-	(102)
Transaction cost in relation to a launch of a public issuance	**-**	-	134
Insurance recovery of historical claim against the Group	**(209)**	-	-
	(209)	-	32

During the period to 30 September 2019, the Group received £209,000 in respect of a disputed insurance recovery. This related to an historic claim expensed in prior periods that was resolved in the current period, following arbitration proceedings.

During the year to 31 March 2019, cash consideration payable for acquired client relationships over a number of years is estimated at the outset based on the expected number of clients and associated revenue which will be acquired. Each year these amounts are re-assessed based on the actual values of these metrics and accordingly, an exceptional credit, being one-off and exceptional in nature and size, was recorded in the year representing the reversal of an over-estimation of £102,000 of such consideration.

As part of the expansion of its short-term lending facility business, the Group has invested in a planned launch of a listed bond available to retail investors. This launch has currently been delayed due to political uncertainty which is impacting investor sentiment and therefore provisions totalling £134,000 have been made for related costs in the year to 31 March 2019.

7. Non-current investments - fair value through profit or loss

	Investments at fair value through profit or loss	**Total**
	£'000	**£'000**

At 30 September 2018	52	52
Disposals in the period	(1)	(1)
At 31 March 2019	51	51
Disposals in the period	-	-
At 30 September 2019	**51**	**51**

Investments at fair value through profit or loss
The Group's unregulated collective investment scheme (UCIS) investments are held in relation to a number of customer complaints. The fair value is based upon the market price as at 30 September 2019.

The Group's life policy investments are held in relation to a number of customer complaints. The fair value is based upon the life company's forecast terminal value.

8. Current investments

	As at 30 September 2019	As at 30 September 2018	As at 31 March 2019
	£'000	£'000	£'000
Trading investments			
Investments - fair value through profit or loss	**963**	1,667	1,005

Trading investments represent investments in equity securities and collectives that present the Group with opportunity for return through dividend income, interest and trading gains. The fair values of these securities are based on quoted market prices.

9. Fair values

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The trading investments fall within this category;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group does not hold financial instruments in this category; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group's Investments held in non-current assets fall within this category.

Further IFRS 13 disclosures have not been presented here as the balance represents 1.892% (2018: 0.582%) of total assets.

The following tables analyse within the fair value hierarchy the Group's Investments measured at fair value.

	Level 1 £'000	**Level 3 £'000**	**Total £'000**
At 30 September 2019			
Financial assets held at fair value through profit and loss	**963**	**51**	**1,014**
	963	**51**	**1,014**
At 30 September 2018			
Financial assets held at fair value through profit and loss	1,667	52	1,719
	1,667	52	1,719
At 31 March 2019			
Financial assets held at fair value through profit and loss	1,005	51	1,056
	1,005	51	1,056

There have been no transfers of financial instruments between levels during the period.

The fair value of UCIS and Life Policy investments have fair values determined by reference to prices supplied from the administrator and provider respectively.

In all cases, the unrealised gains or losses in the investments are recognised within revenue on the income statement.

10. Issue of share capital

During the period to 30 September 2019, no new shares were issued. During the six-month period ending 30 September 2018, 409,598 new Ordinary Shares were issued and allotted to the sellers of Barker Poland Asset Management LLP (BPAM) in order to satisfy the Group's obligation in connection with the payment of year three deferred consideration. The BPAM business had met the targets required to trigger a payment by the Group of the full amount of the third and final payment. During the six-month period ending 31 March 2019, no new shares were issued.

11. Cash generated from operations

	Unaudited September 2019	Unaudited September 2018	Audited March 2019
	£'000	£'000	£'000
Operating profit for the period	**617**	188	402
Adjustments for:			
Amortisation of intangibles	**279**	274	558
Changes in the fair value of deferred consideration	**-**	-	(102)
Loss on sale of tangible fixed asset	**-**	2	4
Net change in fair value of financial instruments at fair value through profit or loss	**(71)**	(22)	91
Share of joint venture income	**-**	(9)	(14)
Depreciation of property, plant and equipment	**267**	301	593
Depreciation of right of use assets	**453**	-	-
Decrease in debtors	**11,736**	7,152	1,642
Decrease in creditors	**(11,777)**	(10,137)	(3,805)
Change in working capital as a result of net of effects of acquiring a subsidiary and disposal of joint venture:			
Derecognition of joint venture asset now fully acquired	**(44)**	-	-
Trade and other payables	**(6)**	-	-
Trade and other receivables	**9**	-	-
Net cash inflow / (outflow) from operations	**1,463**	(2,251)	(631)

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

(a) The condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

(b) The half yearly report from the Chairman (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R; and

(c) The half yearly report from the Chairman includes a fair review of the information required by DTR 4.2.8R as far as applicable.

On Behalf of the Board

Sean Lam
Chief Executive Officer
27 November 2019
Walker Crips Group plc

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