WALKERCRIPS
GROUP PLC

27 November 2018

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

Results for the six months ended 30 September 2018

Walker Crips Group plc today announces its interim results for the six months ended 30 September 2018.

Walker Crips Group plc is a long-established business delivering investment management, stockbroking and wealth management services to UK retail and intermediary clients. Its strategic ambition is to embed technology in everything it does in its transition to becoming a technology driven financial services group to complement the constant drive to enhance our customers' experience, broaden our product offerings, empower our staff and pursue business efficiencies.

HIGHLIGHTS

- Group revenues declined 1.9% to £15.1 million (2017: £15.4 million)
- Reported pre-tax profit £213,000 (2017: £528,000)
- Operating profit before tax and exceptional items £188,000 (2017: £390,000)
- Assets under Management and Administration stand at £5.2 billion (31 March 2018: £5.0 billion)
- Interim dividend maintained at 0.58 pence per share (2017 interim dividend : 0.58 pence per share)

David Gelber, Chairman, Walker Crips, says:

"Given the background of global trade friction, Brexit uncertainty and the resultant market challenges, the first half of the financial year has been a difficult one as a result of lower transaction driven revenue. Notwithstanding this, we are encouraged that certain long-term aims are being achieved, in particular the sustained level of Assets under Management and Administration which, after the impact of general falls in UK market indices, remains marginally above our targeted milestone of £5bn.

"Our programme for staged implementation of the renewed strategy during the current financial year is expected to have a positive impact on the Group's second half year performance.

"Our balance sheet remains strong, our people are committed to our long term strategy."

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Further information on Walker Crips Group is available on the Company's website: www.wcgplc.co.uk

Chairman's Statement

Introduction

Against the backdrop of ongoing political and economic uncertainty surrounding the terms for the United Kingdom's exit from the EU and global trade friction, I report that nervousness of markets has been affecting the volume-driven broking commission revenue during the period. The resulting lower commission has been disappointing although this decline was mitigated somewhat by fee income having improved and an increase in interest margins on managed deposits. However, with a decline in revenue, and costs in the period broadly unchanged, this has resulted in a lower profit before tax for the period of £213,000 (2017: £528,000[1]).

Total Revenue in the period fell slightly by 1.9% to £15.1 million with lower broking income and reduced Structured Investment activity offset by increased UK Base rate-linked managed deposit margins and higher fee revenue. Assets under Management and Administration at 30 September were £5.2 billion (31 March 2018: £5.0 billion).

The Board has continued to concentrate on carefully managing the cost base given upward pressures on operating expenses including those incurred in complying with recent substantial regulatory changes and our much-improved new office premises. Ongoing successful collaboration with significant counterparty banks delivering an innovative extension to their core product range, our structured investment team is expected to achieve an increase in revenue during the second half year.

Dividend

The Board has held the interim dividend the same as the prior year at 0.58p per share to be paid on 21 December 2018 to those shareholders on the register at the close of business on 7 December 2018. As stated previously the intention of the Board will be to carefully consider the level of the final dividend when the annual results are published in line with its existing dividend policy. The Board will have in mind fair returns for shareholders as well as the need to preserve regulatory capital headroom and investment in initiatives to bring profitability up to a more desirable level. The Board notes that should bargain volumes not recover in the second half, then a reduced final dividend would be appropriate until business activity and new strategic initiatives generate improved returns.

Trading

Non-broking income as a proportion of total income increased to 69% (2017: 62%) reflecting the impact of declines in trading volumes noted above. In addition, the emphasis of the Group continues to be its efforts to help our client base to transfer to discretionary or portfolio-managed mandates, with more stable fee-based revenue. Our York-based wealth management arm was marginally below budget in the period.

Payment of the final dividend in relation to the previous year contributed to slightly lower Group net assets of £21.8 million (31 March 2018: £22.0 million) with net current assets (including net cash) of £8.0 million (31 March 2018: £8.1 million), a solid financial position upon which to press on with the renewed strategy which embraces culture and technology more inclusively than ever before.

[1] Amounts have been restated and are explained in Note 12.

Operations

Investment Management
Given the background of global trade friction, Brexit uncertainty and the resultant market challenges, our clients more than ever understand the importance of our experienced and capable investment advisers providing a sensible and reasoned approach as they serve them with bespoke discretionary and advisory management services.

Revenues from the Investment Management division decreased by 2.1% during the period to £13.9 million (2017: £14.2 million), with an increase of 9.5% in management fee revenues from £8.4m to £9.2m partly offsetting a significant decrease of 19% in commission income from £5.8m to £4.7m. 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
The York based division has continued its investment in the long-term with a move into new premises designed to improve workflow, employee welfare and facilitate an expansion in numbers of advisers and support staff in line with the strategy for growth.

Revenues from the Wealth Management division increased marginally to £1.22m (2017: £1.17m). Within this, recurring revenue for financial planning products and services has increased by 6% over the prior period. Assets under Management remained constant notwithstanding the challenging market conditions.

Our pension management team has also seen an increase in recurring revenue of 5% compared to the prior period and will look to further growth with the introduction of a new platform which will utilise leading edge technology to deliver a competitive advantage through efficient processing and greater scalability. Investment in staff and attraction of additional quality individuals continue to be the highest priorities.

Technology
We have incorporated ENOC Technologies Limited as our new technology arm to deliver our future 'Software as a Service' business. We expect this initiative to be contributing positively over the coming 18 to 24 months.

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 support and hard work during a period in which much has been achieved.

Outlook
We are encouraged that certain long-term aims are being achieved, in particular the sustained level of Assets under Management and Administration which, after the impact of general falls in UK market indices, remains marginally above our targeted milestone of £5bn. The ongoing expansion of our client base has naturally slowed after our shift in growth strategy from acquisition of teams and individuals with their own client bases towards higher margin products and future technology-driven services.

Despite the disappointing results for the first half year, our programme for implementing change through the introduction of new revenue streams and cost savings should provide the platform for an improved second half performance.

We have a strong balance sheet, excellent staff and confidence in our long term strategy.

David Gelber
Chairman
27 November 2018
Walker Crips Group plc

Walker Crips Group plc
Condensed Consolidated Income Statement
For the six months ended 30 September 2018

	Notes	**Unaudited Six months to 30 September 2018 £'000**	Restated[1] Unaudited Six months to 30 September 2017 £'000	Audited Year to 31 March 2018 £'000
Revenue	2	**15,072**	15,359 [1]	30,456
Commission payable		**(4,955)**	(5,043) [1]	(10,001)
Share of after tax profit of joint venture		**9**	2	7
Administrative expenses - other		**(9,938)**	(9,928) [1]	(19,556)
Administrative expenses – exceptional items	6	**-**	109	(16)
Total administrative expenses		**(9,938)**	(9,819)	(19,572)
Operating profit		**188**	499	890
Analysed as:				
Operating profit before tax and exceptional items		**188**	390 [1]	906
Administrative expenses – exceptional items	6	**-**	109	(16)
Operating profit		**188**	499 [1]	890
Investment revenues		**27**	29	41
Finance costs		**(2)**	-	(7)
Profit before tax		**213**	528 [1]	924
Taxation		**(41)**	(102) [1]	(179)
Profit for the period attributable to equity holders of the Company		**172**	426 [1]	745
Earnings per share	3			
Basic		**0.41p**	1.02p [1]	1.77p
Diluted		**0.41p**	1.01p [1]	1.75p

[1] Amounts have been restated and are explained in note 12

Walker Crips Group plc
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2018

	Unaudited Six months to 30 September 2018	Restated[1] Unaudited Six months to 30 September 2017	Audited Year to 31 March 2018
	£'000	£'000	£'000
Profit for the period	**172**	426 [1]	745
Total comprehensive income for the period attributable to equity holders of the company	**172**	426 [1]	745

[1] Amounts have been restated and are explained in note 12

Walker Crips Group plc
Condensed Consolidated Statement of Financial Position
As at 30 September 2018

	Notes	**Unaudited 30 September 2018 £'000**	Restated[1] Unaudited 30 September 2017 £'000	Audited 31 March 2018 £'000
Non-current Assets				
Goodwill		**4,388**	4,388	4,388
Other intangible assets		**7,550**	8,064	7,827
Property, plant and equipment		**2,705**	984	2,706
Investment in joint ventures		**40**	42	47
Investments - available for sale	7	**-**	231	203
Investments - fair value through profit or loss	7	**52**	-	-
		14,735	13,709	15,171
Current Assets				
Trade and other receivables		**30,362**	56,965 [1]	37,427
Investments - fair value through profit or loss	8	**1,667**	-	-
Investments held for trading	8	**-**	1,265	1,851
Cash and cash equivalents		**5,016**	5,989	8,367
		37,045	64,219	47,645
Total assets		**51,780**	77,928	62,816
Current liabilities				
Trade and other payables		**(28,371)**	(54,650) [1]	(39,028)
Current tax liabilities		**(78)**	(475) [1]	-
Deferred tax liabilities		**(237)**	(217)	(341)
Bank overdrafts		**(115)**	(117)	-
Shares to be issued – deferred consideration		**-**	(230)	(171)
		(28,801)	(55,689) [1]	(39,540)
Net current assets		**8,244**	8,530 [1]	8,105
Long-term liabilities				
Deferred cash consideration		**(137)**	(372)	(197)
Dilapidation provision		**(543)**	-	(543)
Landlord contribution to leasehold improvements		**(492)**	-	(523)
		(1,172)	(372)	(1,263)
Net assets		**21,807**	21,867 [1]	22,013
Equity				
Share capital	11	**2,888**	2,849	2,861
Share premium account		**3,818**	3,615	3,674
Own shares		**(312)**	(312)	(312)
Retained earnings		**10,745**	11,047 [1]	11,122
Other reserves		**4,668**	4,668	4,668
Equity attributable to equity holders of the company		**21,807**	21,867 [1]	22,013

[1]Amounts have been restated and are explained further in Note 12

Walker Crips Group plc
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2018

	Note	Unaudited 30 September 2018	Restated[1] Unaudited 30 September 2017	Audited 31 March 2018
		£'000	£'000	£'000
Operating activities				
Cash (used) / generated by operations	13	**(2,251)**	76 [1]	5,656
Tax paid		**-**	-	(500)
Net cash (used) / generated by operating activities		**(2,251)**	76	5,156
Investing activities				
Purchase of property, plant and equipment		**(296)**	(394)	(1,642)
Net sale/(purchase) of investments held for trading		**207**	(127) [1]	(710)
Purchase of available for sale investments		**-**	(163)	(135)
Consideration paid on acquisition of client lists		**(2)**	(101)	(644)
Deferred consideration paid on acquisition of subsidiary		**(600)**	(600)	(600)
Dividends received		**6**	4	8
Interest received		**21**	25	33
Net cash used by investing activities		**(664)**	(1,356)	(3,690)
Financing activities				
Dividends paid		**(549)**	(542)	(786)
Interest paid		**(2)**	-	(7)
Net cash used by financing activities		**(551)**	(542)	(793)
Net (decrease)/ increase in cash and cash equivalents		**(3,466)**	(1,822)	673
Net cash and cash equivalents at the beginning of the period		**8,367**	7,694	7,694
Net cash and cash equivalents at the end of the period		**4,901**	5,872	8,367
Cash and cash equivalents		**5,016**	5,989	8,367
Bank overdrafts		**(115)**	(117)	-
		4,901	5,872	8,367

[1]Amounts have been restated and are explained further in Note 12

Walker Crips Group plc
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2018

	Called up share capital £'000	Share premium £'000	Own shares held £'000	Capital Redemption £'000	Other £'000	Retained earnings £'000	Total Equity £'000
Restated[1] Equity as at 31 March 2017	**2,826**	**3,502**	**(312)**	**111**	**4,557**	**11,163** [1]	**21,847**
Total comprehensive income for period	-	-	-	-	-	426	426
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(542)	(542)
Issue of shares on acquisition of intangibles and as deferred consideration	23	113	-	-	-	-	136
Total contributions by and distributions to owners	23	113	-	-	-	(542)	(406)
Restated[1] Equity as at 30 September 2017	**2,849**	**3,615**	**(312)**	**111**	**4,557**	**11,047**	**21,867**
Total comprehensive income for period	-	-	-	-	-	319	319
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(244)	(244)
Issue of shares on acquisition of intangibles and as deferred consideration	12	59	-	-	-	-	71
Total contributions by and distributions to owners	12	59	-	-	-	(244)	(173)
Equity as at 31 March 2018	**2,861**	**3,674**	**(312)**	**111**	**4,557**	**11,122**	**22,013**
Total comprehensive income for 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**

[1]Amounts have been restated and are explained further in Note 12

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 2018 except for those that relate to new standards and interpretations effective for the first time for periods beginning on or after 1 April 2018.

The condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2018. 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 2018 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.

Significant accounting policies

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 not less than 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.

Revenue recognition

IFRS 15 Revenue from Contracts with Customers has replaced IAS 18 Revenue. The Group revenue recognition was in line with IFRS 15 guidance effective 1 April 2018 hence there is no significant impact on Group revenue recognition following the adoption of IFRS 15.

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.

- Gross commissions on stockbroking activities are recognised on those transactions whose bargain date falls within the financial year.
- Interest is recognised as it accrues in respect of the financial management year.
- Fees earned from managing various types of client portfolios, in the Investment Management division, are accrued evenly over the period to which they relate.
- Fees in respect of financial services activities in the Wealth Management division are accrued evenly over the period to which they relate.
- Fees earned from structured investments are recognised on the date the underlying security of the structured investment is traded.
- Dividend income is recognised when received.
- Gains or losses arising on changes in fair value of securities held for trading are recognised in profit and loss. Net profits or losses on dealings in the parent company's own shares are taken to profit and loss and included in Revenue.

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:

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.

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 2018.

Related party transactions

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

Adoption of new standards and interpretations affecting the reported results or the financial position

Transition to IFRS 9 and IFRS 15

In the current period, no standards or interpretations, new or revised, have been adopted that have had a significant impact on the amounts reported in the financial statements.

This is the first set of the Group's financial statements where IFRS 9 and IFRS 15 have been applied. These new standards were adopted from 1 April 2018 and have not had a significant impact on the amounts reported in these financial statements.

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement, and has had a significant effect on the Group in the following areas:

- Equity investments classified as available for sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement have been classified as being at Fair Value through profit or loss (FVPL) under IFRS 9. On the date of initial application no adjustment was made to the carrying amount of the investments which are considered to not be materially different from their fair value. No revaluation reserve had been accumulated to transfer to retained earnings.

- Debt investments classified as available for sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement have been classified as being at Amortised cost under IFRS 9. On the date of initial application no adjustment was made to the carrying amount of the investments which are considered to not be materially different from their fair value. No revaluation reserve had been accumulated to transfer to retained earnings.

As permitted under IFRS 9, the Group has chosen not to restate comparatives on adoption and, therefore, the above changes have been processed at the date of initial application (i.e. 1 April 2018), and presented in the statement of changes in equity for the 6 months to 30 September 2018.

Future new standards and interpretations

IFRS 16 'Leases'

IFRS 16 is effective for periods commencing on or after 1 January 2019. The standard was endorsed by the European Union during 2017. The Group has not adopted this standard early.

IFRS 16 eliminates the classification of leases as either operating leases or financial leases. The Group will be required to recognise all leases with a term of more than 12 months as a right-of-use lease asset on its balance sheet; the Group will also recognise a financial liability representing its obligation to make future lease payments.

Transition

Definition of a lease

On a transition to IFRS 16, the Group can choose whether to

— apply the new definition of a lease to all its contracts; or
— apply a practical expedient approach and retain previous assessments of contracts which contain a lease obligation.

The Group intends to apply the practical expedient and therefore will not be re-assessing those contracts that are not deemed to contain a lease prior to the date of adoption in accordance with IAS 17 and IFRS 4.

Retrospective approach

As a lessee, the Group can either apply the standard using a:

— retrospective approach; or
— modified retrospective approach with optional practical expedients.

The Group intends to apply the modified retrospective approach in relation to its existing lease contracts. This will result in the comparatives to the financial statements in which IFRS 16 is first applied not being adjusted for the effects of IFRS 16 but, instead, the differences arising being taken through equity.

Potential impact

The Group's total assets and total liabilities will be increased by the recognition of lease assets and liabilities. The lease assets will be depreciated over the shorter of the expected life of the asset and the lease term. The lease liability will be reduced by lease payments, offset by the unwinding of the liability over the lease term.

On the Group's statement of comprehensive income, the profile of lease costs will be front-loaded, at least individually, as the interest charge is higher in the early years of a lease term as the discount rate unwinds. The total cost of the lease over the lease term is expected to be unchanged.

In addition to the above impacts, recognition of lease assets will increase the Group's regulatory capital requirement.
The most significant impact is in respect of the Group's London, York and Romford offices. The expected quantitative annual effect of the changes in accounting treatment under the standard over the lease periods is to increase depreciation cost by up to £689,000, reduce lease expenses by up to £965,000, increase interest cost by up to £460,000 and reduce net assets by up to £417,000.

2. Segmental analysis

	Investment Management £'000	Wealth Management £'000		Total £'000
Revenue from Contracts with Customers				
6m to 30 September 2018	**13,854**	**1,218**		**15,072**
6m to 30 September 2017	14,190 [1]	1,169		15,359
Year to 31 March 2018	28,139	2,317		30,456

Operating Profit (£'000)			Unallocated Costs	Operating Profit
6m to 30 September 2018	**743**	**103**	**(658)**	**188**
6m to 30 September 2017	1,142 [1]	119	(762)	499
Year to 31 March 2018	2,098	199	(1,407)	890

[1] Amounts have been restated and are explained further in Note 12

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 £172,000 (2017: £426,000) and on 42,443,034 (2017: 41,901,666) ordinary shares of 6 2/3p, being the weighted average number of ordinary shares in issue during the period.

In the prior period, the calculation of diluted earnings per share was based on 42,262,768 ordinary shares, being the weighted average number of ordinary shares in issue during the period adjusted for dilutive potential ordinary shares, potentially issuable to the sellers of Barker Poland Asset Management (BPAM) in order to satisfy the Group's final obligation in connection with the payment of year three deferred consideration. There is no dilution applicable to the current period.

4. Dividends

The interim dividend of 0.58 pence per share (2017: 0.58 pence) is payable on 21 December 2018 to shareholders on the register at the close of business on 7 December 2018. The interim dividend has not been included as a liability in this interim report.

5. Total Income (£'000)

	Six months ended 30 September 2018	Six months ended 30 September 2017	Year ended 31 March 2018
Revenue from Contracts with Customers	**15,072**	15,359 [1]	30,456
Investment revenues	**27**	29	41
	15,099	15,388	30,497

[1] Amounts have been restated and are explained further in Note 12

5. Total Income (£'000) (continued)

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

Income (£'000)	**Six months ended 30 September 2018**	**%**	Six months ended 30 September 2017	%	Year ended 31 March 2018	%
Broking	**4,653**	**31**	5,809	38	10,953	36
Non-Broking	**10,446**	**69**	9,579	62 [1]	19,544	64
	15,099	**100**	15,388	100	30,497	100

[1]Amounts have been restated and are explained further in Note 12

6. Administrative expenses - exceptional items (£'000)

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

	Six months ended 30 September 2018	Six months ended 30 September 2017	Year ended 31 March 2018
Property relocation expenses	-	67	322
Non-recurring rebate	-	(66)	(63)
Change of VAT partial exemption special method	-	(110)	(243)
	-	(109)	16

There were no material non-recurring events recorded in the current period to 30 September 2018.

During the prior period to 30 September 2017, the Group incurred material costs of £117,000 under its existing lease related to the planned relocation of the head office to new premises in December 2017 and which have been partially offset by an unusually high service charge rebate of £50,000. An additional one-off refund of £66,000 was received for incorrect custody charges incurred in prior years as well as a significant annual credit relating to the Group's agreement with HMRC to a revised input VAT recovery method (partial exemption special method).

During the year ended 31 March 2018 the Group incurred material costs of £388,000 under its existing leases related to the relocation of the head office and the York office to new premises in December 2017 and April 2018 offset by an unusually high service charge credit of £66,000 on the old head office. An additional one off refund of £63,000 was received for incorrect custody charges incurred in prior years as well as significant annual credits of £243,000 relating to the Group's agreement with HMRC to a revised input VAT recovery method (partial exemption special method).

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

	Investments available for sale	Investments at fair value through profit or loss	Total
	£'000	£'000	£'000
At 31 March 2017	68	-	68
Additions in the period	163	-	163
Disposals in the period	-	-	-
Recognised in comprehensive income	-	-	-
At 30 September 2017	**231**	**-**	**231**
Additions in the period	-	-	-
Disposals in the period	(28)	-	(28)
Recognised in comprehensive income	-	-	-
At 31 March 2018	**203**	**-**	**203**
Reclassified on date of initial application of IFRS 9	(53)	53	-
Investment transferred to Trade and other receivables	(150)	-	(150)
Additions in the period	-	-	-
Disposals in the period	-	(1)	(1)
At 30 September 2018	**-**	**52**	**52**

Investments at fair value through

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 2018.

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.

Investment transferred to Trade and other receivables

Following a review of the capital framework of short-term lending vehicle Topaz STL, the Group's debt investment, previously held as investment available for sale, upon application of IFRS9 has been reclassified as amortised costs within trade and other receivables in the period.

8. Current investments

	As at 30 September 2018	As at 30 September 2017	As at 31 March 2018
	£'000	£'000	£'000
Trading investments			
Investments - fair value through profit or loss	**1,667**	-	-
Fair value	**-**	1,265	1,851

Financial assets 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. Classification and measurement of financial assets and financial liabilities

The basis of classification for financial assets under IFRS 9 is different from that under IAS 39. Financial assets are classified into one of three categories: amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

The table below explains the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's investments as at 30 September 2018:

Investments and Financial assets held at fair value				
Non-current Assets				
Investments	**Classification under IAS 39**	**£'000**	**Classification under IFRS 9**	**£'000**
UCIS investments	Available for sale	41	Fair value through profit or loss	41
Life Policy investments	Available for sale	11	Fair value through profit or loss	11
		52		52
Current Assets				
Investments	**Classification under IAS 39**	**£'000**	**Classification under IFRS 9**	**£'000**
Held for trading	Fair value through profit or loss	1,667	Fair value through profit or loss	1,667
Other financial assets	**Classification under IAS 39**	**£'000**	**Classification under IFRS 9**	**£'000**
Trade receivables	Loans and receivables	19,849	Amortised cost	19,849
Other receivables	Loans and receivables	10,513	Amortised cost	10,513
Cash and cash equivalents	Loans and receivables	5,016	Amortised cost	5,016
		35,378		35,378

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39.

10. Fair values

Trading investments represent investments in equity securities and bonds 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.

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 of Level 3 assets represents 0.582% (2017: 0.296%) of total assets.

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

10. Fair values (continued)

At 30 September 2017	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets held at fair value through profit and loss	1,265	_	_	**1,265**
Financial assets held at fair value through comprehensive income	_	_	231	**231**

At 31 March 2018	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets held at fair value through profit and loss	1,851	_	203	**2,054**

At 30 September 2018	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets held at fair value through profit and loss	1,667	_	52	**1,719**

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.

11. Issue of share capital

During the period to 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 has met the targets required to trigger a payment by the Group of the full amount of the third and final payment.

12. Prior Year Adjustment

An adjustment has been made to retained earnings brought forward at 1 April 2017, as shown in the Consolidated statement of changes in equity, to correct the recording of portfolio management fees previously accounted for in advance instead of arrears of £232,000 at 31 March 2017 together with the tax impact of £44,000. This has had the effect of increasing trade and other receivables by £464,000, increasing trade and other payables by £232,000, increasing tax liabilities by £44,000 and increasing retained earnings by £188,000 as at 31 March 2017. Subsequent movements in the period to 30 September 2017 increased receivables by £2,000, increased liabilities by £1,000, and increased earnings by £1,000, as reflected in the adjusted Comprehensive income of £426,000 for period to 30 September 2017.

An adjustment has been made to retained earnings brought forward at 1 April 2017, as shown in the Consolidated statement of changes in equity, to correct the previous under accrual of employers National Insurance Contributions (NIC) on a performance related bonus scheme of £235,000 at 31 March 2017 together with the tax impact of £45,000. This has had the effect of increasing trade and other payables by £235,000, reducing tax liabilities by £45,000 and reducing retained earnings by £190,000 as at 31 March 2017. Subsequent movements in the period to 30 September 2017 increased the liability by £6,000, reduced tax liabilities by £1,000 to and reduced earnings by £5,000, as reflected in the adjusted Comprehensive income of £426,000 for the period to 30 September 2017.

A reclassification adjustment has been made on the consolidated income statement to commission payable and administrative expenses for the period to 30 September 2017 to reflect employed investment adviser profit sharing costs as an administrative expense, previously disclosed as shared commission payable. This had the effect of reducing commission payable by £595,000 and increasing administrative expenses by £595,000, being an increase of £548,000 in staff costs and £47,000 in other expenses. There is no impact on retained earnings or assets in the current or prior period as a result of this change in accounting treatment.

13. Cash generated from operations

	Unaudited 30 September 2018 £'000	Restated[1] Unaudited 30 September 2017 £'000	Audited 31 March 2018 £'000
Operating profit for the year	188	499	890
Adjustments for:			
Amortisation of intangibles	**274**	256	553
Loss on sale of tangible fixed asset	**2**	-	7
Net change in fair value of financial instruments at fair value through profit or loss	**(22)**	(52)	(55)
Share of joint venture income	**(9)**	(2)	(7)
Depreciation	**301**	246	517
Decrease/(increase) in debtors	**7,152**	(4,322)	15,284
(Decrease)/increase in creditors	**(10,137)**	3,451	(11,533)
Net cash (used) / generated by operations	**(2,251)**	76	5,656

[1]Amounts have been restated and are explained further in Note 12

14. Contingent liability

During the year to 31 March 2017, two Group companies, Walker Crips Group plc (WCG) and Walker Crips Stockbrokers Limited (WCSB), received draft proceedings in respect of a potential claim, from a former listed corporate client of Keith Bayley Rogers & Co (KBR), a former subsidiary of the Group. The corporate client alleges that its former Executive Chairman and his associates misappropriated assets of £5.6m from it between 2010 and 2014 and used these assets to purchase and sell shares in the client through the brokerage of WCG, WCSB and KBR. The client asserts that WCG and WCSB acted dishonestly to assist the Chairman to perpetrate the alleged fraud and was party to an unlawful means conspiracy to cause it loss. It is also claimed that WCG, WCSB are vicariously liable for any wrongdoing on the part of KBR. The potential quantum of the claim is in excess of £1m.

The claims are strenuously denied by the Directors and the Directors consider the claim to be without any merit, as supported by a legal opinion obtained by WCG and WCSB, which advises that the claims are 'weak'. A detailed response denying liability for the claims was submitted to the client's representatives in December 2016. The Directors have heard nothing further from the former KBR client since then.

The Group is engaged in assisting with a proposed transaction to launch a public issuance for which adviser fees totalling £225,000 become payable if the transaction does not proceed.

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 2018