

Half Year Financial Report

31 December 2022

# Fiske



# Chairman's and Chief Executive's Report

## Trading

Across the half year to December 2022 UK markets were broadly level, although there was a material dip in October. Meanwhile, across the world, different markets had separate distinctive profiles in the period. With Fiske's client assets invested internationally, assets under management and thus management fees were broadly level; slightly down versus the prior reported interims (to November 2021) but slightly up on the immediately preceding six months to 30 June 2022.

In contrast, commission revenues were some 15% lower than the prior reported interims (to November 2021) and also lower than the immediately preceding six months to 30 June 2022. We believe that this recent pattern reflects the apparent turmoil in the world, with sentiment highly tuned to expectations around interest rate movements.

In a period of double-digit inflation, operating expenses have increased by some 4% over the immediately preceding six months to 30 June, but are down almost 10% on the prior reported interims (to November 2021) when we had the expenses associated with our relocation to new offices at 100 Wood Street and restructuring costs incurred in anticipation of a smaller office footprint. As expected, we now benefit from the reduction in overall property costs.

Overall, the profit before tax for the half year to 31 December 2022 was £28,000 compared to a loss of £6,000 in the half year to November 2021.

Our cash balances remain strong, at £3.1m.

Recent results from Euroclear showed further improvement in the company's operating businesses. Sales of shares by other shareholders have taken place at modestly lower levels than when last notified. Accordingly, we have adjusted our holding value down to this lower level. The company also guided shareholders that it expects to increase its dividend, payable in October 2023, by some 31%.

Significant regulatory change in the form of the Consumer Duty is due for implementation in 2023. Considerable time and effort is being spent evaluating how the new rules should be implemented across our business and client base. As guided by the Financial Conduct Authority we have appointed a Consumer Duty Champion at Board level to oversee the implementation of these new regulations.

## Markets

Over the past six months market leadership has shifted dramatically away from highly valued US technology growth stocks and pandemic beneficiaries towards higher yielding value situations found in the "old economy" sectors that are so predominant in the UK equity market. The relatively low ratings of many of the UK's major companies are attracting the interest of activist investors. As a result, the US and UK markets have become disconnected with the latter moving ahead whilst the US market and the NASDAQ market are falling. Whilst not necessarily a long-term trend this adjustment may have further to go.

# Chairman's and Chief Executive's Report

continued

The two major factors affecting stock markets at present are the European war between Russia and Ukraine and the high level of inflation. It would appear that neither is about to be solved favourably in the short term. The Russian invasion of Ukraine and in the background the threatening behaviour of China towards Taiwan have at last so disturbed the very complacent Western powers that the geo-political scene for at least the next decade will be totally changed.

Defence expenditure, for so long a declining priority amongst Western but especially European powers, has re-emerged as an urgent priority. At the same time inflation which has been quiescent for two decades has been rekindled partly by the changed world political scene but more because it had never gone away but rather lain dormant and consequently ignored. Commodity prices, especially that of oil and gas, have always been volatile but what we have seen in the past decade looks more like a major readjustment and as such will be of economic significance for many years to come. The idea that inflation in the West will return to a maximum of 2% within the current calendar year is naïve if not irresponsible and seems like the wish fulfilment of the Wall Street bulls rather than a considered economic forecast.

## Outlook

History tells us that markets will eventually be calmer and meanwhile it is our role to focus on delivering the best investment strategies to protect and grow our client's assets. Since December 2022, we have executed an overhaul of our fee tariffs and are legislating for this to increase our income; a much-needed implementation given the ever-increasing costs, especially those pertaining to regulations and compliance.

**Clive Fiske Harrison**

*Chairman*

**James P Q Harrison**

*Chief Executive Officer*

2 March 2023

# Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 31 December 2022

		6 months ended 31 December 2022 Unaudited £'000	6 months ended 30 November 2021 Unaudited £'000	13 months ended 30 June 2022 Audited £'000
	Note			
<b>Revenues</b>	2	<b>2,604</b>	2,856	5,764
Operating expenses		<b>(2,762)</b>	(3,035)	(6,269)
<b>Operating loss</b>		<b>(158)</b>	(179)	(505)
Investment revenue		<b>200</b>	183	185
Finance costs		<b>(14)</b>	(10)	(29)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>28</b>	(6)	(349)
Taxation credit		—	—	177
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>28</b>	(6)	(172)
<b>Other comprehensive income/(expense)</b> <i>Items that may subsequently be reclassified to profit or loss</i>				
Movement in unrealised appreciation of investments		<b>(192)</b>	(35)	1,017
Deferred tax on movement in unrealised appreciation of investments	3	<b>48</b>	(162)	(443)
<b>Net other comprehensive (expense)/income</b>		<b>(144)</b>	(197)	574
<b>Total comprehensive loss/(income) for the period/year attributable to equity shareholders</b>		<b>(116)</b>	(203)	402
Profit/(loss) Earnings per ordinary share (pence)	4			
Basic		<b>0.2p</b>	(0.1)p	(1.5)p
Diluted		<b>0.2p</b>	(0.1)p	(1.5)p

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

# Condensed Consolidated Statement of Financial Position

At 31 December 2022

	As at 31 December 2022 Unaudited £'000	As at 30 November 2021 Unaudited £'000	As at 30 June 2022 Audited £'000
<b>Non-current assets</b>			
Intangible assets arising on consolidation	830	1,050	911
Other intangible assets	–	16	–
Right-of-use assets	203	304	250
Property, plant and equipment	18	30	21
Investments held at Fair Value Through Other Comprehensive Income	4,429	3,568	4,621
<b>Total non-current assets</b>	<b>5,480</b>	<b>4,968</b>	<b>5,803</b>
<b>Current assets</b>			
Trade and other receivables	2,417	2,797	2,450
Cash and cash equivalents	3,051	3,620	3,248
<b>Total current assets</b>	<b>5,468</b>	<b>6,417</b>	<b>5,698</b>
<b>Current liabilities</b>			
Trade and other payables	1,801	2,647	2,147
Short-term lease liabilities	106	–	106
Current tax liabilities	–	43	–
<b>Total current liabilities</b>	<b>1,907</b>	<b>2,690</b>	<b>2,253</b>
<b>Net current assets</b>	<b>3,561</b>	<b>3,727</b>	<b>3,445</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	111	308	155
Deferred tax liabilities	785	735	833
<b>Total non-current liabilities</b>	<b>896</b>	<b>1,043</b>	<b>988</b>
<b>Net assets</b>	<b>8,145</b>	<b>7,652</b>	<b>8,260</b>
<b>Equity</b>			
Share capital	2,957	2,957	2,957
Share premium	2,085	2,085	2,085
Revaluation reserve	2,984	2,356	3,128
Retained earnings	119	254	90
<b>Shareholders' equity</b>	<b>8,145</b>	<b>7,652</b>	<b>8,260</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>Balance at 1 July 2022</b>	<b>2,957</b>	<b>2,085</b>	<b>3,128</b>	<b>90</b>	<b>8,260</b>
Profit on ordinary activities after taxation	—	—	—	28	28
Movement in unrealised appreciation of investments	—	—	(192)	—	(192)
Deferred tax on movement in unrealised appreciation of investments	—	—	48	—	48
<b>Total comprehensive (expense)/income for the period</b>	<b>—</b>	<b>—</b>	<b>(144)</b>	<b>28</b>	<b>(116)</b>
Share based payment transactions	—	—	—	1	1
<b>Total transactions with owners, recognised directly in equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>1</b>
<b>Balance at 31 December 2022</b>	<b>2,957</b>	<b>2,085</b>	<b>2,984</b>	<b>119</b>	<b>8,145</b>
<b>Balance at 31 May 2021</b>	<b>2,939</b>	<b>2,082</b>	<b>2,553</b>	<b>562</b>	<b>8,136</b>
Adjustments	—	—	—	(303)	(303)
<b>Balance at 31 May 2020 as restated</b>	<b>2,939</b>	<b>2,082</b>	<b>2,553</b>	<b>259</b>	<b>7,833</b>
(Loss) on ordinary activities after taxation	—	—	—	(6)	(6)
Movement in unrealised appreciation of investments	—	—	(35)	—	(35)
Deferred tax on movement in unrealised appreciation of investments	—	—	(162)	—	(162)
<b>Total comprehensive expense for the period</b>	<b>—</b>	<b>—</b>	<b>(197)</b>	<b>(6)</b>	<b>(203)</b>
Share based payment transactions	—	—	—	1	1
Issue of ordinary share capital	18	3	—	—	21
<b>Total transactions with owners, recognised directly in equity</b>	<b>18</b>	<b>3</b>	<b>—</b>	<b>1</b>	<b>22</b>
<b>Balance at 30 November 2021</b>	<b>2,957</b>	<b>2,085</b>	<b>2,356</b>	<b>254</b>	<b>7,652</b>

# Condensed Consolidated Statement of Changes in Equity

continued

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>Balance at 1 June 2021</b>	<b>2,939</b>	<b>2,082</b>	<b>2,553</b>	<b>259</b>	<b>7,833</b>
(Loss) on ordinary activities after taxation	—	—	—	(172)	(172)
Movement in unrealised appreciation of investments	—	—	1,017	—	1,017
Deferred tax on movement in unrealised appreciation of investments	—	—	(443)	—	(443)
Realised disposal of Fair Value through OCI	—	—	1	—	1
<b>Total comprehensive income/(expense) for the period</b>	<b>—</b>	<b>—</b>	<b>575</b>	<b>(172)</b>	<b>403</b>
Share based payment transactions	—	—	—	3	3
Issue of ordinary share capital	18	3	—	—	21
<b>Total transactions with owners, recognised directly in equity</b>	<b>18</b>	<b>3</b>	<b>—</b>	<b>3</b>	<b>24</b>
<b>Balance at 30 June 2022</b>	<b>2,957</b>	<b>2,085</b>	<b>3,128</b>	<b>90</b>	<b>8,260</b>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	6 months ended 31 December 2022 Unaudited £'000	6 months ended 30 November 2021 Unaudited £'000	13 months ended 30 June 2022 Audited £'000
<b>Operating loss</b>	<b>(158)</b>	<b>(179)</b>	<b>(505)</b>
Amortisation of intangible assets arising on consolidation	81	80	218
Amortisation of other intangible assets	–	16	32
Depreciation of right-of-use assets	47	23	79
Depreciation of property, plant and equipment	6	15	31
Expenses settled by the issue of shares	1	1	3
Decrease/(increase) in receivables	683	(305)	248
(Decrease)/increase in payables	(996)	317	(389)
<b>Cash used in operations</b>	<b>(336)</b>	<b>(32)</b>	<b>(283)</b>
Tax paid	–	–	(49)
<b>Net cash used in operating activities</b>	<b>(336)</b>	<b>(32)</b>	<b>(332)</b>
<b>Investing activities</b>			
Investment income received	200	183	185
Purchases of property, plant and equipment	(3)	(21)	(28)
<b>Net cash generated from investing activities</b>	<b>197</b>	<b>162</b>	<b>157</b>
<b>Financing activities</b>			
Interest paid	(14)	(10)	(29)
Proceeds from issue of ordinary share capital	–	22	22
Repayment of lease liabilities	(44)	(20)	(68)
<b>Net cash used in financing activities</b>	<b>(58)</b>	<b>(8)</b>	<b>(75)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(197)</b>	<b>122</b>	<b>(250)</b>
Cash and cash equivalents at beginning of period	3,248	3,498	3,498
<b>Cash and cash equivalents at end of period/year</b>	<b>3,051</b>	<b>3,620</b>	<b>3,248</b>

# Notes to the Interim Financial Statements

## 1. Basis of preparation

The Condensed Consolidated Interim Financial Statements of Fiske plc and its subsidiaries (the Group) for the six months ended 31 December 2022 have been prepared in accordance with IAS 34 (Interim Financial Reporting), as adopted in the United Kingdom. The accounting policies applied are consistent with those set out in the June 2022 Fiske plc Annual Report and accounts. These Condensed Consolidated Interim Financial Statements do not include all the information required for full annual statements and should be read in conjunction with the June 2022 Annual Report and Accounts.

The Financial Statements of the Group for the 13-month period ended 30 June 2022 were prepared in accordance with International Financial Reporting Standards adopted by the United Kingdom. The statutory Consolidated Financial Statements for Fiske plc in respect of the 13-month period ended 30 June 2022 have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

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

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

There were no new mandatory standards or amendments to existing standards effective in the six-month reporting period to 31 December 2022.

## 2. Revenues

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by management to allocate resources to the segments and to assess their performance. Following the acquisition of Fieldings Investment Management Limited in August 2017, their staff and operations have been integrated into the management team of Fiske plc. Pursuant to this, the Group continues to identify a single reportable segment, being UK-based financial intermediation. Within this single reportable segment, total revenue comprises:

	<b>6 months ended 31 December 2022</b>	6 months ended 30 November 2021	13 months ended 30 June 2022
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'000</b>	£'000	£'000
Commission receivable	<b>1,087</b>	1,276	2,576
Investment management fees	<b>1,495</b>	1,578	3,186
	<b>2,582</b>	2,854	5,762
Other income	<b>22</b>	2	2
	<b>2,604</b>	2,856	5,764

### 3. Deferred tax

Deferred tax assets and liabilities are recognised at a rate which is substantively enacted at the balance sheet date. The rate to be taken in this case is 25%, (13 months to June 2022: 25%) being the anticipated rate of taxation applicable to the Group and Company in the following year.

### 4. Earnings per share

	Basic £'000	Diluted Basic £'000
Profit on ordinary activities after taxation	28	28
Adjustment to reflect impact of dilutive share options	—	—
Profit	28	28
Weighted average number of shares (000's)	11,830	11,830
Profit per share (pence)	0.2p	0.2p

