STANLEY GIBBONS
ESTABLISHED 1856

The Stanley Gibbons Group plc

Annual Report and Accounts
for the year ended 31 March 2021

Group Annual Report and Financial Statements

for the year ended 31 March 2021

Financial Highlights

	Year ended 31 March 2021	Year ended 31 March 2020
Group turnover from continuing operations (£m)	10.8	13.2
Trading loss from continuing operations (£m)	(2.7)	(2.5)
Loss before taxation from continuing operations (£m)	(4.1)	(2.5)
Adjusted (loss)/profit before taxation from continuing operations (£m)	(2.7)	(2.6)
Basic earnings per share – continuing operations (p)	(0.94)	(0.59)
Adjusted earnings per share – continuing operations (p)	(0.64)	(0.62)
Dividend per share (p)	–	–
Total borrowings (£m)	14.6	14.2
Net assets per share (p)	(0.2)	0.9

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Annual General Meeting Wednesday 22 September 2021

Directors and Advisers

Current Directors	H G Wilson	Non-Executive Chairman
	G E Shircore	Chief Executive Officer
	A M Gee	Chief Finance Officer
	L E Castro	Non-Executive Director*
	M West	Non-Executive Director*

** Independent*

Company Secretary
A M Gee

Registered Office
22 Grenville Street
St. Helier
Jersey JE4 8PX
Tel: +44(0)20 7836 8444

Company Registration
Registered and incorporated in Jersey
Number 13177

Legal Form
Public Limited Company limited by shares

Nominated Adviser and Broker
Liberum Capital Limited
25 Ropemaker Street
London EC2Y 9LY

Auditors
Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London EC1V 9EE

Legal Advisers
Mourant Ozannes
22 Grenville Street
St Helier
Jersey JE4 8PX

Bird & Bird LLP
12 New Fetter Lane
EC4A 1JP

Bankers
Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registrars
Link Market Services (Jersey) Limited
Shareholder Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0371 664 0300; from overseas +44 (0)37 1664 0300

Website
Further financial, corporate and shareholder information is available in the Company information section of the Group's website: www.stanleygibbonsplc.com

Chairman's Statement

Introduction

This report covers the audited results for the year ended 31st March 2021 for The Stanley Gibbons Group plc ("the Group" or "the Company").

Over the last financial year we have had to work through a true Black Swan event – the global pandemic crisis – which has impacted every aspect of our business. We had to adapt quickly to an exceedingly difficult situation and while I can say we swiftly made highly effective changes to our day-to-day operations it will come as no surprise that the financial performance was negatively affected. It was particularly disappointing that our extensively revamped shop and offices on the Strand were completed at the start of a series of lockdowns which resulted in a massive drop in footfall. The "rebuild" strategy which had delivered a progressive financial improvement over the previous two years took a pause while we concentrated on enhancing the business offering and our delivery of service while seeking to minimize the financial impact of the virus. Our online presence has been strengthened over the year and unsurprisingly sales over the internet have continued to increase as a percentage of the total to 19%, more than double the figure for 2020. We also made the decision to bring Baldwin's auctions back to the Strand and we will be holding our first in-house sales later this year.

Sales over the last year continue to be driven by the longer term plan to rebalance stock to fit better with our customers' requirements. A single trade sale of £0.8m of long-held philatelic items contributed significantly to the stock reduction this year. Group turnover for the year of £10.8m was down 18% from last year (2020: £13.2m) as a result of the viral pandemic while gross margin was also lower at 44% (2020: 46%). The trading loss from continuing operations before adjustments and exceptional items slipped to £2.7m (2020: £2.5m) which included an adverse impact of £0.6m from sub-let properties in our legacy interiors division. The pre-tax loss from continuing operations also increased to £4.1m (2020: £2.5m) resulting in the Group having net liabilities of £1.0m at the balance sheet date (2020: net assets £3.7m). Cash at the year-end was £2.1m (2020 £2.5m) while borrowings were £14.6m (2020 £14.2m).

A further reduction in overheads for the year of 14% down to £2.2m (2020 £2.6m) was achieved in part as a result of government subsidy schemes but also due to a fall in headcount to 66 (2020: 71). The reduction in costs was also helped by the large number of staff and directors who voluntarily took cuts in remuneration during the year. Further overhead savings are likely to be more modest following the substantial reductions achieved during the restructuring of the Group over the last few years. The Board has remained unchanged during the year however Richard Purkis our Company Secretary has stepped down after over 30 years of service to the Company. We wish him a long and happy retirement.

Outlook

As we prepare this report, "Lockdown" has just ended, and we look forward to things opening up and getting back to some form of normality in the coming months. Within the enforced constraints over the last 18 months, we have strengthened the foundations of the Company and we will now resume the strategy of rebuilding the improvements in financial performance which were achieved prior to the most recent financial year. We have some good things ahead of us – firstly the revamped shop in the Strand, where we hope so see visitor numbers jump particularly once tourist travel becomes easier. You will also have seen the press coverage of our very recent acquisition of the famous British Guiana 1 cent Magenta stamp. In addition to the prestige generated by simply owning this unique item, it also demonstrates the continued strong support of Phoenix SG Limited, our majority shareholder. We plan to offer fractional ownership of this stamp which will be an exciting first in the philatelic world. The re-launch of Baldwins auctions in the autumn will also be something to watch.

The collectibles business has continued to be strong over the last year and we have seen many "dormant" clients resuming their collecting interests together with new customers who are making contact. Stamps and coins have both made good prices this year particularly the rarer and higher priced items which have moved ahead. Our highly regarded specialist teams are increasingly important to our clients who look for help with their collections and see this as a key added-value from Stanley Gibbons. I would like to thank all our staff for their amazing efforts in what has been an incredibly difficult year for the Company – their willingness to adapt where necessary and change working arrangements at short notice have made a significant contribution to the performance of the Group.

There is still a lot to do to achieve our goals of positive cash flow and sustainable profitability but our strategy is clear and we are now well set to deliver on this. On behalf of the Board, I would like to thank all our stakeholders for their ongoing support through what can only be described as a unique year, the likes of which I hope we shall never see again. I look forward to being able to update you with more news of our progress, but in the meantime wish you and your families good health as things return, hopefully, to some form of normality.

Annual General Meeting

As you will see from the Notice at the end of these Report & Accounts, the Company's Annual General Meeting will be held at 399 Strand, London WC2R 0LX on Wednesday 22 September 2021, commencing at 11:30am.

The Directors consider that the resolutions, as set out in the Notice of Meeting, are in the best interests of the Company and its shareholders as a whole and unanimously recommend shareholders to vote in favour of the resolutions as they intend to do so in respect of their own beneficial shareholdings. Accordingly we ask all shareholders to appoint the Chairman of the Meeting as their proxy to vote on the resolutions. Proxy voting instructions can be found on page 84 of these Report & Accounts.

Harry Wilson
Chairman

9 August 2021

Chief Executive's Letter to Shareholders

Fellow shareholders

In what has inadvertently become a bit of a tradition in these commentaries, I once again wish to discuss two contrasting elements of our business and how these relate to the journey we are on. Firstly, our operational progress and secondly, various non-operational elements.

In combination, I believe that these will give you a comprehensive picture of the business which you own a part of.

Putting Our Best Foot Forward

We have previously discussed the impact which COVID has had on the different elements of our business.

Broadly speaking, these continued through the second half of the financial year before beginning to reverse to some degree as things started to open up. Footfall in the Strand for example is far higher now than it was 6 months ago but remains significantly lower than in a pre-COVID environment.

There are also one or two aspects of consumer behaviour which appear to have experienced a degree of structural change, not least when it comes to the digital world, something we have talked about before and do so again in a different context below.

Despite the upheaval in the wider world, we have combined consistency of overarching strategy with a desire to become more experimental, more flexible and faster moving. A couple of examples of the former are the production of our first catalogues through our new digital database and bringing our Baldwin's auction offering back in house.

There remains however an awful lot to do in this regard, speed of execution continues to be something which we are pushing hard to improve alongside a greater willingness to try new things. We have made progress and increasingly the speed at which we can get things done is limited by third parties. The source of the bottleneck has begun to shift but it is a bottleneck nonetheless and more work is needed in this area.

The other most pronounced impact of the last 12 months has been in terms of the changes internally. It has been both interesting to see how we have collectively responded to the challenge and we may well look back in years to come and feel that the changing culture was the most sustained outcome of the COVID-19 crisis. The benefits of this for customers, colleagues and the business alike have become increasingly apparent and we need to ensure that this rate of progress doesn't slow – in a business built on long-term relationships between all three of those parties, its value this can be easily underestimated.

This is a direct function of the effort everybody at Stanley Gibbons continues to put in and I once again want to thank all of my colleagues on behalf of all shareholders for this.

The Biggest Individual Purchase In Our History

We must also discuss of course our purchase of the world's most valuable and famous stamp – or perhaps more specifically the motivations behind it and what comes next.

The profile, reputational and customer benefits are reasonably obvious, it is up to us to make the most of these. It is however the introduction of the concept of shared ownership into the philatelic world which is most meaningful. While the offering is still being worked on, it will be aimed at both existing collectors and a new potential audience who have not traditionally collected stamps physically. The scope to then bring this new audience further into the hobby in either a traditional, or potentially, digital only world is an exciting one. It is also a model which has the potential to be applied in other areas too, not least the world of numismatics in which Baldwin's is of course already highly recognised and respected. You can learn more here: www.1c-magenta.com.

How people collect more widely is changing while the concept of shared ownership of collectibles, albeit quite nascent, is becoming more established. It is a combination of these two cultural shifts which we aim to be at the vanguard of helping to develop further.

The Boring (but very important) Stuff

At the time of the interim report, we discussed our goal of not drawing down further on our loan facility until after the financial year end. I am pleased to say that we achieved this and more, only drawing down on the loan this summer. This was a great achievement. It also leads into a necessary discussion about the corporate side of things.

The significant operational progress and exciting developments I mention above, are in contrast to certain elements of a more corporate nature which are less positive. The vast majority of these can trace their roots back, directly or indirectly, to events of the past, however they impact us every day in the present and are a major drain on our resources and while we have spent a lot of time on these in recent months, we have not made the progress we would have hoped for.

The somewhat complex and multi-faceted legal situation regarding our leasehold property on Madison Avenue is ongoing and complex. We have, in the last few days, agreed a settlement with our tenant but conversations with our landlord are ongoing as are the legal proceedings which they have commenced. Further details can be found in the Business Review section of this report and we are hopeful of a more definitive outcome in the near future.

As we have previously mentioned, we have also been in active dialogue with the trustees of our defined benefit pension schemes. While certain elements of our discussions were put on hold temporarily, this relationship is a very constructive one as evidenced by their supportive stance with regard to the above matter. It is also our intention that more in depth discussions will recommence shortly as these would coincide with the upcoming triennial revaluation process and it is clear that the current contributions are not reflective of the business' financial position.

Our majority shareholder is of course also our main creditor and we are in frequent dialogue with them. This dialogue includes regular discussions regarding our financial position and it is important to note that they continue to be extremely supportive of the business, including of course, making further capital available in order for us to purchase the 1c Magenta.

In Summary

At the end of each year we aim to be able to say that we believe we are a significantly better business than we were at the start of it.

In a year such as the one we have just been through this becomes even more subjective than normal. We have more active customers than we did at the start of the year and I believe that they are experiencing improved levels of service, however financially, we have of course been bloodied by recent events.

My own view is that COVID and its impacts have been a short term negative but that this year will prove to be a long term positive for us from a business perspective. Perhaps only time will tell but we already know that the current year will be an busy one which is presenting us with exciting and potentially very meaningful opportunities.

Graham Shircore
Chief Executive Officer

9 August 2021

Summary Trading and Operations

Summary results:

- Turnover from continuing operations of £10.8m was £2.4m (18.3%) lower than last year. The Philatelic division contributed £1.7m to this decline and the legacy interiors division £0.7m both as a result of the COVID-19 pandemic.

- Gross margin for the year was 43.8% (2020: 45.9%). The sales impact on high margin business such as auction, and lack of availability of new stock in some areas resulted in lower margins.

- Trading losses from continuing operations, before accounting adjustments and exceptional costs increased to £2.7m from £2.5m, although the issues with our legacy interiors sub-let properties saw profits fall by £0.6m whilst the ongoing business saw losses narrow by £0.4m.

- Loss for the financial year from continuing operations increased by £1.6m to £4.1m compared to £2.5m last year. There was a £0.9m impairment charge for the New York leasehold improvement assets.

- Profit for the financial year from discontinued operations was £0.1m (2020: £0.1m).

- At 31 March 2021 the Group had net liabilities of £971,000 as a result of the loss incurred in the year.

- Borrowings at the balance sheet date of £14.6m (2020: £14.2m) were partially offset by cash of £2.1m (2020: £2.5m). There was no draw down from our loan facilities during the financial year.

Continuing operations

	12 months to 31 March		12 months to 31 March	
	2021 Sales £'000	**2021 Profit £'000**	**2020 Sales £'000**	**2020 Profit £'000**
Philatelic	4,791	(71)	6,459	(90)
Publishing	1,989	102	1,946	(99)
A H Baldwin	3,335	321	3,425	553
Legacy interiors property & legal	647	(424)	1,345	222
Other & corporate overheads	–	(2,193)	–	(2,555)
Loan interest	–	(462)	–	(529)
Trading sales and losses	10,762	(2,727)	13,175	(2,498)
Amortisation of customer lists	–	(240)	–	(240)
Pension service & share option charges	–	–	–	–
Finance charges related to pensions	–	(135)	–	(126)
Exceptional operating income/(charges)	–	(980)	–	353
Group total sales and loss before tax	10,762	(4,082)	13,175	(2,511)

Overview

Group turnover from continuing operations was £10.8m for the year ended 31 March 2021 compared to £13.2m in the prior year. The COVID-19 pandemic both directly and indirectly affected turnover in both our Philatelic and Numismatic divisions. Some parts of the business such as auctions and the retail shop were directly impacted by the movement restrictions imposed by the "lockdowns". Trade shows and exhibitions were cancelled so our ability to meet new customers face to face was curtailed although our main trading divisions all saw an improvement in online sales as a result of the improved online offering. Operating costs fell by £1,039,000 during the year. The

Group benefited from the UK governments furlough scheme and business rates holiday and other expenditure was reduced as a result of the impact on our ability to trade with customers face to face. However with the adverse impact of the pandemic on our legacy interior division the trading loss for continuing operations, before accounting adjustments including exceptional operating charges and finance charges related to pensions increased to £2.7m (2020: £2.5m).

The COVID-19 pandemic has increased uncertainty for everyone and Stanley Gibbons is not immune. The pandemic has increased the risk to the Group's ability to forecast future events and has a direct impact on the Group in regard to the properties we sub-let. As discussed in the Chief Executive's Letter to Shareholders the Group are aware that these are matters that need to be addressed with our lender and pension trustees, all of which add to the difficulty to predict future events. These uncertainties have been highlighted in the going concern statement on page 22 and in the auditors report on page 25. The Directors have made reasonable enquires to ascertain that the Group has adequate resources and the support of its lender and pension trustees and will continue the work to move the Group forward.

Philatelic

The Philatelic division contains our stamp dealing and auction business. The Philatelic Division was adversely impacted by the pandemic restrictions. Its turnover was £1.7m lower in the year at £4.8m. The biggest impact was on our auction business where turnover of £0.7m was 52% down and retail where turnover was 60% lower. We were only able to hold 7 auctions (2020: 11) and two of these were smaller online stay at home auctions; although this was a new venture for the Group and did prove popular with collectors.

Our Philatelic dealing operations were not immune from the lack of opportunities to meet with our customers and despite the improved online experience and increase in online marketing, sales were £0.4m down. The sales were boosted by a large £0.8m trade sale of older stock.

Despite the impact on sales, losses for the division at £0.1m were at the same level as in the previous year. Gross margin percentage at 39% was up on the 35.7% achieved in the prior year and with the tight control of costs, some of which was forced upon us by the restrictions, losses were stabilised.

Publishing

Sales in this division increased by 2.2% during the year to £2.0m. During the period of the lockdowns there was an increase in collectors either taking up the hobby or returning to it. Our Publications Division benefited from this. The performance could have been even better, but our new database system took longer to implement than was anticipated, which resulted in one of our big four catalogues not being produced and a number of smaller titles not being published. However, with the higher demand levels, strong margins and some cost benefits from the introduction of the new publications database the division returned to profit.

Coins & Medals

Sales decreased year on year by 2.7%, to £3.3m. There was a strong demand for coins during the year but sales were restricted by the lack of availability of supply, primarily a result of the pandemic. The gross margin percentage was 5% points lower at 26%. The previous years margins were boosted by a large trade sale of £0.25m at 80% margin. Baldwin's of St James's, the auction joint venture, generated £35,000, the Group's share of the profit, in the year, compared to £50,000 in the previous period. The Group agreed with its partner to terminate the joint venture early and bring auctions back in house for the year ending 31 March 2022.

Legacy Interiors

The sales from this division all relate to rental income from the leasehold property in New York which was vacated and sublet by Mallett in 2016 and a property in Pall Mall, London, where rental income matched costs. In the year ended 31 March 2021 the Group received no rent from its sub tenant at its New York property as the sub-tenant was looking to vacate the property and close its operations in the building. As a result the Group paid no rent to its landlord. The Group did draw down the security deposit from the sub-tenant and has used these funds to pay property taxes and operating and security costs related to the building. As a result of the non-payment of the rent, by the tenant, the Group has generated a loss of £0.4m compared to a profit of £0.2m in the previous year.

Corporate Overheads

Corporate overheads declined by a further 14% to £2.2m. Of the £0.4m saving in the year, £0.3m was the Group's benefit from the UK government's business rate holiday and furlough scheme. Directors and management also took voluntary remuneration cuts or deferrals.

We continue to identify areas where we can reduce our corporate overheads further as we recognise that they continue to be too high in relation to the current size of the trading businesses. The restructuring over the last few years has significantly reduced the corporate overheads and each year further savings are more difficult to achieve. We continue to review all our costs and renegotiate all our contracts when they fall due and remain optimistic that further cost savings can be identified.

Other Accounting Adjustments & Finance Charges related to pensions

Amortisation of customer lists and finance charges related to pensions for the year ended 31 March 2021 were £0.4m (2020: £0.4m). In the opinion of the Directors, such accounting charges do not form part of the operating performance of the Group.

Exceptional Operating Charges/(Income)

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

	Year ended 31 March 2021 £'000	**Year ended 31 March 2020 £'000**
Stock provisions	–	286
Settlement of legal case	–	(850)
Accelerated impairment of intangible assets	–	36
Loss on disposal of tangible fixed assets	–	42
Impairment of receivables	–	155
Dilapidations on Strand property	–	(26)
Impairment of leasehold assets – New York	930	–
Legal fees – New York property dispute	29	–
Redundancy and reorganisation	21	–
Legacy wind-down costs of overseas entities	–	4
	980	(353)

The tenants in our New York property have not paid rent since 1 April 2020. It is the opinion of the Directors that as a result of these non-payment of rent the leasehold improvement assets are fully impaired and therefore an impairment provision of £930,000 has been charged to the Consolidated Statement of Comprehensive Income at 31 March 2021 in relation to the leasehold assets at the New York property. This has been classified as an exceptional item. The net carrying value of the leasehold improvement assets relating to this property at 31 March 2021 was £nil (31 March 2020 – carrying value of £994,000).

The Group has incurred £29,000 of fees in relation to the legal cases related to the New York property. These have been classified as an exceptional item.

A small number of redundancies were made during the year and the £21,000 cost associated with these has been classified as an exceptional item.

Discontinued Operations

We continue to sell items, through antique and art auctions, of the remaining stock items from our Interiors division which was discontinued in the year ended 31 March 2018. The levels of stock are now minimal.

Inventory

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

	31 March 2021 £'000	**31 March 2020 £'000**
Philatelic rarities	12,749	14,145
Philatelic stock (general)	691	760
Coins and medals	2,227	2,306
Antiques	–	19
Publications, albums and accessories	296	283
Group owned stock	15,963	17,513

The Group's management continues to focus on the rebalancing of inventory to enable the Group to trade in the most profitable areas of its collectibles businesses. Overall net inventory holding has decreased by £1,550,000 to £16.0m. One trade sale of long held philatelic rarities, of £0.8m of inventory was a major contribution to the stock reduction.

Cash Resources

As at the balance sheet date the Group had cash balances of £2.1m and a loan of £14.6m repayable in March 2023. The loan is due to Phoenix S. G. Limited, the Group's controlling shareholder. During the year the Group did not draw down on its facility - headroom of £2m remains to draw - to fund the day to day operation of the business. On 6 May 2021 the Group requested a draw down of £1m from its Facility C loan. £500,000 of the funds was received in June 2021 and a further £500,000 received in August 2021.

The COVID-19 pandemic did adversely impact the Group's trading performance but the Group was able to defer or waive approximately £0.6m of cash payments, including £0.2m for business rates, £0.1m for furlough schemes, £0.1m for pension payment and VAT deferrals and £0.1m deferral of rent.

As detailed in note 18, as at 31 March 2021, the Group would have been in default of its loan facilities as the Group would have failed to satisfy the financial covenants in the loan agreements.

On 24 March 2021 Phoenix S.G. Limited issued a waiver letter to the Group for the above defaults so that at the balance sheet date the Group is no longer in default and the loan facilities are not repayable on demand.

The Directors are aware that there is only £1m headroom remaining in the current loan facilities and that repayment of the facilities is due in March 2023. The Directors have begun discussions with the pension trustees over the long term funding of the pension scheme, and it is the Directors intention to begin discussions with Phoenix to address the longer term financing position of the Group. Both of these parties have charges over the Group's assets (see notes 15 and 24).

On 29 June 2021 the Group agreed a £6.5m loan with Phoenix S.G. Limited to fund the purchase of the British Guiana 1c Magenta and associated costs of the purchase.

As at 30 July 2021 the Group had cash balances of £1.4m and an outstanding loan balances of £21.9m.

New York Property Litigation

Mallett Inc, the Group's subsidiary commenced legal proceedings against the sub-tenant in the New York property for full settlement of the rent that is due and that which is due for the period to February 2027. Mallett Inc has had legal proceedings issued against it for the amount owed to the landlord for the rent currently due. On 6 August 2021 Mallett Inc agreed a settlement with the tenant. The settlement was materially less than the rent due from the tenant and will not fully settle the full lease liability to the landlord. The landlord continues to progress litigation filing a Motion for Summary judgment for the £1.0m of outstanding rent, in August 2021. Discussions continue to try to reach an agreement with the landlord, the remaining lease liability including the £1.0m owed, is £4.5m (see notes 25 and 32).

Legal Claim

On 5 May 2021 the Group received a letter before action from a previous investor of Stanley Gibbons (Guernsey) Limited (In liquidation). The Group has sought counsel opinion on this and has responded to the claim which, it believes is wholly without merit. This opinion is based on advice previously sought in conjunction with the liquidation of Stanley Gibbons (Guernsey) Limited and more specific advice regarding the letter before action in question.

Anthony Gee
Chief Finance Officer

9 August 2021

Corporate Governance

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

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

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

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

The Board met 12 times during the year and the Directors' attendance at those Board meetings was as follows:

	Attendance
H Wilson	12
G Shircore	12
A Gee	12
L Castro	11
M West	11

Audit Committee

The Audit Committee comprises only Non-Executive Directors.

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

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

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

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

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

The Audit Committee also reviews updates on significant accounting policies and the impact that this has on the Group and, during the year, established a Cyber sub-committee with appropriate in-house expertise to scrutinise this specialist subject.

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

Nomination Committee

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

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

Directors Statement

A director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the company's business relationships with suppliers/customers and others;
- impact of the company's operations on the community and environment;
- the Group's reputation for high standards of business conduct; and
- need to act fairly between members of the Group.

Culture

Our values and leadership behaviours are a vital part of our culture to ensure that through good governance, our conduct and decision making we do the right thing for the business and our stakeholders. The Board acknowledges that every decision it makes may not necessarily result in a positive short-term outcome for all of the Group's stakeholders. We believe in creating solid foundations for the future, so there is a balance between short term success and longer-term prosperity.

Shareholders

The primary mechanism for engaging with our shareholders is through the Company's AGM and also through the publication of the Group's financial results for the half year and full year. Shareholders showed their support for the Board and its strategy by passing all resolutions at the AGM. We encourage our shareholders to ask questions at the AGM and participate in discussion about our performance and products.

Customers
Understanding our customers and what matters to them is key to the success of the Group. We listen and talk to them at every opportunity, including when COVID-19 restrictions allow, many opportunities to meet with them as we attend shows around the world. In addition to direct contact we have increased the flow of digital communications, particularly during the COVID-19 "lockdown". Many of our philatelic customers also contribute to our publications using their extensive knowledge of the hobbies.

Suppliers/Vendors
We operate in a way that safeguards against unfair business practices and encourages suppliers to adopt reasonable business practices for mutual benefit. Many of our customers are also our vendors, whether that is collectors or other collectible dealers. Relationships are the key to building a successful collectibles business and vendors are a valued partner in our success.

Employees
We have an experienced, skilled and dedicated workforce which we recognize as a crucial asset of the Group. A key to the Group's renewed success has been its engaged workforce. The Group's Directors, alongside our management teams, work hard to provide a positive working environment. During the COVID-19 pandemic the Directors introduced enhanced flexible working. Regular update emails have been circulated together with online briefings. It is important for us to provide opportunities for all of our staff to allow them to grow and achieve their potential.

Community and environment
We are proud to employ people in the communities that we operate. As a Group we offer the collecting community the assurance of the authenticity of our products based on our experts knowledge which enable the collecting community to be confident in the provenance of material that bears the Group's trading names. We use environmentally friendly suppliers and products where possible.

By order of the Board

AM Gee
Secretary

9 August 2021

Report on Remuneration

Remuneration Committee

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

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

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

Policy on Executive Directors' Remuneration

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

Options

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

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

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

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

Bonuses

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

Other benefits

During the year contributions were paid on behalf of A Gee to defined contribution personal pension schemes.

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

Service contracts

No Director has a notice period exceeding six months.

Directors' Remuneration

For each Director remuneration for the year to 31 March 2021 can be analysed as follows:

	2021 Salary & Fees £'000	2021 Performance Related Bonus £'000	2021 Other Benefits £'000	2021 Pension Contributions £'000	2021 Total £'000	2020 Total £'000
H Wilson	45	–	–	–	45	60
G Shircore	–	–	–	–	–	–
A Gee	116	–	–	12	128	135
L Castro	26	–	–	–	26	35
M West	26	–	–	–	26	35
	213	–	–	12	225	265

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

Directors' Share Options

	Date of grant	Earliest exercise date	Expiry date	Exercise Price (1p shares)	Number at 31 March 2020	Forfeited in period	Number at 31 March 2021
H Wilson	5/10/16**	5/10/19	5/10/26	11p	2,000,000	–	2,000,000
A Gee	5/10/16**	5/10/19	5/10/26	11p	400,000	–	400,000
					2,400,000	–	2,400,000

** Options granted under Group Share Option Plan 2010.

No Directors options forfeited or lapsed during the period.

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

The closing market price of the Company's shares at 31 March 2021 was 3.10p and the range of market prices during the twelve month period was between 1.55p and 4.15p.

By order of the Board

AM Gee
Secretary

9 August 2021

Directors' Report

for the year ended 31 March 2021

The Directors present their report and the consolidated audited financial statements for the year ended 31 March 2021.

Incorporation

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

Directors' Responsibilities for the Financial Statements

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

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

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

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

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

In so far as each of the Directors is aware:

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

Principal Activities

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

Business Review

Included within the Annual Report is a fair review of the business of the Group during the year ended 31 March 2021 and the position of the Group at the end of the year. This review is contained in the Chairman's Statement on pages 3 to 4 and the Business Review on pages 8 to 12. Key Performance Indicators and a description of the principal risks and uncertainties are referred to below.

Principal Risks and Uncertainties

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

Competition

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

Key Personnel

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

Key Clients

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

Stock Valuation

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

Investment Products

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

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

Controlling Interest

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

COVID-19

The COVID-19 pandemic and the subsequent lockdown impacted both the Group's trading performance and the Group's leased properties that it sub-leases to third party retailers. The lockdowns have directly impacted the Group's trading due to the restrictions on both employees and customers movement impacting both trading at the Group's premises, including auctions, shows and exhibitions in both the UK and overseas locations. The Directors have been and continue to take actions to mitigate the impact on trading by minimizing expenditure through all available options open to them. The risks from the pandemic, despite the easing of restrictions, continue to create uncertainty which the Directors have addressed in the going concern review (page 22) and estimates and assumptions in preparation of financial statements (see note 2).

Retirement Benefit Pension Obligations

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

Key Performance Indicators (KPIs)

The Directors manage the business on a monthly cycle of management reports and information combined with weekly sales and margins reporting. A monthly information pack is provided to the Board incorporating reports and commentary on key performance indicators. Appropriate matters are summarised and appropriate decisions made at Board meetings. Key performance measures are disclosed and discussed in the Business Review on pages 8 to 12.

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

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

Results and dividends

The Consolidated Statement of Comprehensive Income of the Group for the year ended 31 March 2021 is set out on page 32. The Directors do not recommend a final dividend for the year ended 31 March 2021 (year ended 31 March 2020: nil).

Directors

The following Directors have held office since 1 April 2020:

H G Wilson (Non-Executive)
G E Shircore
L E Castro (Non-Executive)
M West (Non-Executive)
A M Gee

L Castro and M West are considered to be Independent.

Biographical details of the current Directors are given on pages 79 and 80.

Directors' interests

The interests of the Directors in the shares of the Company, all of which are beneficial, at 31 March 2021 together with their interests at 31 March 2020 were:

	Ordinary 1p Shares 31 March 2021	Ordinary 1p Shares 31 March 2020
HG Wilson (1)	2,000,000	2,000,000
GE Shircore (2)	705,741	705,741
AM Gee	–	–
LE Castro	–	–
M West	–	–

(1) Held in the name of Park Securities Limited in which H Wilson is a director and shareholder.
(2) Phoenix Asset Management Partners Limited, Mr Shircore's ultimate employer, is the investment manager to Phoenix SG Limited which holds 248,000,000 Ordinary shares representing 58.09% of the Company's issued share capital.

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

Apart from service contracts and the transactions referred to in note 26 of the financial statements, none of the Directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

Research and development

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

Financial Risk Management

The Group principally finances its operations through the generation of cash from operating activities and through a loan from its major shareholder, Phoenix S.G. Limited and has no interest rate exposure on financial liabilities except those disclosed in note 25. Liquidity risk is managed through forecasting the future cash flow requirements of the business. Further disclosure on the company's financial risk management can be found in note 15 (Provision for impairment of receivables and collateral held) and note 25 (Financial instruments).

Going Concern

The Group's forecasts shows that it will remain within current loan facility limits for the foreseeable future. Although the Directors have built the forecasts based on current trading trends, including loosening of restrictions related to the Covid-19 pandemic, and historical knowledge of the business, the Directors recognise that its forecasts are dependent on underlying assumptions and that trading conditions can always be affected by unforeseen events.

The Covid-19 pandemic has increased the uncertainty of the assumptions that the Directors use to forecast future liquidity. The impact of the pandemic and particularly the restrictions imposed by governments have over the past 12 months impacted the financial performance of parts of the Group's operations and could do so again if restrictions are re-imposed. The Directors have mitigating courses of actions which are available to them to limit the impact of the restrictions including operating cost initiatives, the faster sell down of Group's large inventory holding and approaching lenders for further short term funding.

The Directors are also fully aware of the potential impacts on the business from potential litigation, particularly in connection to the New York property lease held within Mallett Inc. The Directors have gathered information from the Group's advisors to understand the risk and uncertainties arising as a result of these matters. These matters are not directly in the control of the Directors and the Directors have therefore, made their judgment based on the evidence provided to them when assessing the impact on the going concern assumption.

The loan facilities are provided by the Group's controlling party Phoenix S. G. Limited and due for repayment in March 2023. The Group would have been in default of the financial covenants at 31 March 2021, which would result in the loan becoming payable on demand. On 24 March 2021 the Group sought and was granted a waiver from Phoenix S.G. Limited for the above defaults. The forecast, taking into account of the implications on the Group's demand of the Covid-19 pandemic, shows the Group will fail to meet its financial covenants in March 2022.

The Directors recognise that Phoenix S. G. Limited has granted the waiver of the defaults, stating that it intends to be a long term investor, it is the Group's controlling party with an interest of just over 58%, has granted a waiver of interest for the period April to July 2020, has provided £6,500,000 of funds for the purchase of the British Guiana 1c Magenta, and has given no indication that it would withdraw its support before March 2023 when the loan facility is repayable.

The Directors are also aware that the Group needs to continue discussions with its long term creditors, including pension trustees and Phoenix S. G. Limited. This will include discussions to review its long term capital requirements and reduce its longer term liabilities and will be actively engaging with its lenders and pension trustees over the next 12 months. The Directors realise that the discussions are reliant on agreement with third parties and outcomes are uncertain. However, the longer term creditors have been supportive of the Group during the past 12 months and there is no indication that they will not continue to do so.

In view of all of the above, the Directors believe there is a material uncertainty relating to the Group's position as a going concern. However, having regard to all of the matters above, and after making all reasonable enquiries, the Directors currently have a reasonable expectation that the Company and the Group will have access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

Intangible Assets

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

Substantial Shareholdings

As at 2 August 2021, the Company had been notified of the following interests in 3% or more of its issued share capital:

Phoenix SG Limited	58.09%

Purchase of Own Shares

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

Capital Structure

Details of the issued share capital are set out in note 20. The Company has one class of share being Ordinary Shares with a par value of 1p each. This entitles the holder to participate in dividends in proportion to the number of shares held. The holder is also entitled to, on a show of hands of shareholders present at a general meeting in person or by proxy, one vote and upon a poll each share is entitled to one vote.

Subject to the Companies (Jersey) Law 1991 and the provisions of the Articles of Association, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue such number of Shares as the Company may from time to time by Ordinary Resolution determine. The Annual General Meeting held in 2020 authorised the Directors to allot shares in the capital of the Company within certain limits. A renewal of this authority will be proposed at the forthcoming Annual General Meeting.

Articles of Association

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

Political Donations

The Group made no political donations during the current or previous year.

Employees

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

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

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

Secretary

Mr R K Purkis was secretary of the company until his retirement on 4 November 2020. On 4 November 2020 Mr A M Gee was appointed secretary and has been secretary for the remainder of the year ended 31 March 2021 and to the date of approval of the financial statements.

Independent Auditors

Jeffreys Henry LLP have expressed their willingness to continue as auditors and a resolution to reappoint them as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the AGM.

By order of the board

Registered office:
22 Grenville Street
St Helier,
Jersey
JE4 8PX

AM Gee
Secretary

9 August 2021

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

Opinion

We have audited the financial statements of The Stanley Gibbons Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2 and note 32 in the financial statements, which explains that the Group is dependent upon further drawdowns of the loan facility held with the controlling shareholder. The Covid-19 pandemic has increased the uncertainty of the assumptions that the Directors use to forecast future liquidity. The impact of the pandemic has impacted consumer confidence in the wider economy, which has directly led to a fall in the Group's revenue and impacted other areas of the Group's operations. It remains difficult to assess reliably whether there will be any material disruption in the future which could adversely impact the Group's forecast.

There exist potential implications from the on-going litigation relating to the New York Property and its effect on the Group's long-term creditors including the pension funds, where discussions are currently being held with the Pension Trustees to review long term liabilities. In addition the continued breach of covenants on the Phoenix S.G. Limited loan where the Group have obtained a waiver for breaches to loan covenants for the year to 31 March 2021 and have forecast to breach these again for the year ended 31 March 2022. These indicate further uncertainty on the Group's operations.

These events or conditions, along with the other matters as set forth above, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of future forecasts and assessing the assumptions utilised by management in preparing the forecast. These assumptions were further assessed along with those used in the prior year to determine reasonability. We have reviewed the cash held at year end up to the date of signing of this report and have further taken into account management's previous ability to raise equity funding when required in order to maintain operations.

We have performed the following audit procedures in relation to going concern:

- Evaluated the suitability of management's model for the forecast.

The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period and ensuring that all key matters are correctly disclosed in the going concern note.

Specifically, we obtained, challenged and assessed management's going concern forecast and performed procedures including:

- Verifying the consistency of key inputs and fund raisers relating to future costs to other financial and operational information obtained during the audit.
- Assessed the reasonableness of expenses and costs established.
- Corroborated with management relating to future cash inflows.
- We reviewed the latest management accounts to gauge the financial position.
- We performed stress tests.
- Considered the Group's controlling party's, Phoenix S.G. Limited, willingness to continue to waive the breaches in loan covenants.
- Considered Phoenix S.G. Limited willingness to provide support, for example the purchase of the British Guiana 1c Magenta,
- Considered the Group's historic ability to raise funds, and
- Reviewed the financing options available to the Group to evaluate the ability of the Group to pay their debts as they become due.

As such, in auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Carrying value of Goodwill and other intangible assets
- Carrying value of inventories
- Valuation of defined benefit pension schemes' obligations

As there is a material uncertainty for the going concern assumption, this key audit matter has not been included within this key audit matters section. This is in accordance with the guidance set out within ISA (UK) 705.

These are explained in more detail below.

Key audit matter

Carrying value of Goodwill and other intangible assets

- The Group held a significant balance of goodwill and other intangibles as at the year end, with a total carrying value of £4,985,000 (2020: £5,170,000).
- Of these a number of balances relate to intangibles with an indefinite estimated useful life, such as goodwill and publishing rights and brands.
- The board undertakes impairment assessments annually for all intangible assets, based on a number of assumptions and forecasts. These require judgement and so are considered a key audit matter.

How our audit addressed the key audit matter

Our audit procedures:

- We discussed with management, and undertook a full review of the underlying assets, to establish if there was any indication of impairment.
- We reviewed management's impairment workings such as forecasts which included their approach and methodology.
- We considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared.
- We considered the appropriateness of the Group's disclosures in relation to intangibles in the financial statements.

Carrying value of inventories

- The Group held a significant balance of inventories as at the year end, with a total carrying value of £15,963,000 (2020: £17,513,000).
- Inventory is held at the lower of cost and net realisable value. The nature of the inventory, being highly specialist, with large inventory turnover times, means that the net realisable value is highly subjective.
- The Group employ experts to value their stock on a regular basis which are used to establish the net realisable value. Given the judgement required in arriving at a value, inventories are considered a key audit matter.

Our audit procedures:

- We discussed with management to establish how values were allocated to individual items of inventory.
- A sample of inventory items have been vouched to expert valuations to ensure they were being held at the lower of cost and net realisable value.
- Review of expert evidence undertaken to ensure assumptions used are reasonable. The majority of valuations were based on recent similar sales and so appear reasonable.

Valuation of defined benefit pension schemes' obligations

- The Group had a net retirement benefit obligation as at the year-end of £6,687,000 (2020: £6,289,000).
- The group employed external, independent actuaries to provide the value of the obligation for the two defined benefit schemes in operation.
- The actuaries employed valuation techniques based on several assumptions (which can be seen in note 24). Given the magnitude of the obligation any change in the assumptions could a have significant impact on the obligation and so are considered to be a key audit matter.

Our audit procedures:

- We undertook a review of the actuaries qualifications to ensure that they were suitably competent to undertake the valuation.
- Work undertaken to ensure the actuaries were independent of the company.
- A review was undertaken on the assumptions used to calculate the obligations, including with reference to industry benchmarking and other data available.

Our application of materiality

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

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

	Group financial statements
Overall materiality	£215,000 (2020: £292,000)
How we determined it	2% of revenue (2020: 2% of revenue).
Rationale for benchmark applied	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £67,000 and £193,500.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,750 (2020: £14,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

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

How we tailored the audit scope

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

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

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

We have audited all components within the Group, and no unaudited components remain.

Other information

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

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

Matters on which we are required to report by exception

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

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

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent company's accounts are not in agreement with the accounting records.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - o making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - o considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
  - o To address the risk of fraud through management bias and override of controls, we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
  - o agreeing financial statement disclosures to underlying supporting documentation;
  - o reading the minutes of meetings of those charged with governance;
  - o enquiring of management as to actual and potential litigation and claims;
  - o reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of noncompliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Other matters which we are required to address

We were re-appointed by the board of directors on 10 September 2020 to audit the financial statements for the period ending 31 March 2021. Our total uninterrupted period of engagement is three years, covering the period ending 31 March 2021.

The audit has been designed to detect all material irregularities, including fraud. We believe our tests are sufficient in this regard. The engagement team has remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

This report is made solely to the Company's members, as a body, in accordance Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjay Parmar
Senior Statutory Auditor

For and on behalf of Jeffreys Henry LLP, statutory auditor

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

Date: 9 August 2021

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Revenue	1, 3	10,762	13,175
Cost of sales		(6,044)	(7,132)
Gross Profit		4,718	6,043
Administrative expenses before defined benefit pension service costs and exceptional operating costs		(4,079)	(4,421)
Defined benefit pension service costs	24	(135)	(126)
Exceptional operating charges	5	(980)	353
Total administrative expenses		(5,194)	(4,194)
Selling and distribution expenses		(2,774)	(3,480)
Operating loss	4	(3,250)	(1,631)
Finance income		10	113
Finance costs	25	(877)	(1,043)
Share of net profits of joint venture	12	35	50
Loss before tax		(4,082)	(2,511)
Taxation	8	78	11
Loss from continuing operations		(4,004)	(2,500)
Profit from discontinued operations	27	87	132
Loss for the financial year		(3,917)	(2,368)
Other comprehensive income:			
Amounts which may be subsequently reclassified to profit & loss			
Exchange differences on translation of foreign operations		(30)	2
Amounts which will not be subsequently reclassified to profit & loss			
Actuarial (losses)/gains recognised in the pension scheme	24	(741)	(1,153)
Tax on actuarial (losses)/gains recognised in the pension scheme		–	(95)
Other comprehensive loss for the year net of tax		(771)	(1,246)
Total comprehensive loss for the year		(4,688)	(3,614)
Loss per share from continuing operations			
Basic loss per Ordinary share	9	(0.94)p	(0.59)p
Diluted loss per Ordinary share	9	(0.94)p	(0.59)p
Profit per share from discontinued operations			
Basic profit per Ordinary share	9	0.02p	0.03p
Diluted profit per Ordinary share	9	0.02p	0.03p

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

The notes on pages 36 to 78 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 March 2021

Assets	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Intangible assets	10	4,985	5,170
Property, plant and equipment	11	1,600	2,376
Deferred tax asset	19	216	158
Right of use asset	28	6,796	7,762
Investments	12	37	39
Total non-current assets		13,634	15,505
Current Assets			
Inventories	13	15,963	17,513
Trade and other receivables	14	2,045	1,957
Cash and cash equivalents (excluding bank overdrafts)	17	2,090	2,483
Total current assets		20,098	21,953
Total assets		33,732	37,458
Current liabilities			
Trade and other payables	16	4,666	4,238
Lease liability	28	1,780	810
Total current liabilities		6,446	5,048
Non-current liabilities			
Borrowings	18	14,638	14,166
Lease liability	28	6,932	7,731
Retirement benefit obligations	24	6,687	6,289
Trade and other payables	16	–	507
Total non-current liabilities		28,257	28,693
Total liabilities		34,703	33,741
Net (liabilities)/assets		(971)	3,717
Equity			
Called up share capital	20	4,269	4,269
Share premium account	22	78,217	78,217
Share compensation reserve	22	225	2,122
Capital redemption reserve	22	38	38
Revaluation reserve	22	346	346
Retained earnings	22	(84,066)	(81,275)
Equity shareholders' (deficit)/funds		(971)	3,717

The financial statements on pages 32 to 78 were approved by the board of Directors on 9 August 2021, were authorised for issue on that date and were signed on its behalf by:

A M Gee
G E Shircore
Directors

The notes on pages 36 to 78 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Called up share capital £'000	Share premium account £'000	Share compensation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	4,269	78,217	2,122	346	38	(81,275)	3,717
Loss for the financial year	–	–	–	–	–	(3,917)	(3,917)
Amounts which may be subsequently reclassified to profit & loss							
Exchange differences on translation of foreign operations	–	–	–	–	–	(30)	(30)
Amounts which will not be subsequently reclassified to profit & loss							
Remeasurement of pension scheme net of deferred tax	–	–	–	–	–	(741)	(741)
Total comprehensive loss	–	–	–	–	–	(4,688)	(4,688)
Cost of share options	–	–	(15)	–	–	15	–
Share option transfer			(1,882)			1,882	–
At 31 March 2021	**4,269**	**78,217**	**225**	**346**	**38**	**(84,066)**	**(971)**
At 1 April 2019	4,269	78,217	2,148	346	38	(77,687)	7,331
Loss for the financial year	–	–	–	–	–	(2,368)	(2,368)
Amounts which may be subsequently reclassified to profit & loss							
Exchange differences on translation	–	–	–	–	–	–	–
Amounts which will not be subsequently reclassified to profit & loss							
Remeasurement of pension scheme net of deferred tax	–	–	–	–	–	(1,246)	(1,246)
Total comprehensive loss	–	–	–	–	–	(3,614)	(3,614)
Cost of share options	–	–	(26)	–	–	26	–
At 31 March 2020	**4,269**	**78,217**	**2,122**	**346**	**38**	**(81,275)**	**3,717**

The notes on pages 36 to 78 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash outflow from operating activities	23	259	(67)
Interest paid		(877)	(1,043)
Taxes received		19	46
Net cash outflow from operating activities		(599)	(1,064)
Investing activities			
Purchase of property, plant and equipment		(299)	(541)
Purchase of intangible assets (computer software)		(150)	(155)
Investment in joint venture		2	56
Proceeds from sale of property plant & equipment		–	123
Interest received		10	113
Net cash (decrease)/generated from investing activities		(437)	(404)
Financing activities			
Principal elements of lease payments		171	(845)
Proceeds from new borrowing		472	2,636
Net cash generated from financing activities		643	1,791
Net (decrease)/increase in cash and cash equivalents		(393)	323
Cash and cash equivalents at start of year		2,483	2,160
Cash and cash equivalents at end of year	17	2,090	2,483

The notes on pages 36 to 78 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

for the year ended 31 March 2021

1 Accounting policies and presentation

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

The Group's shares are admitted to AIM, a market operated by the London Stock Exchange. These financial statements have also been prepared in accordance with AIM Rules.

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

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

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

New and amended statements adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020.

- Definition of material – amendments to IAS1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting

None of the above materially impacted the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 March 2021 and have not been adopted early by the Group.

- IFRS 9 – Financial instruments
- IAS 39 – Interest rate benchmark reform Phase 2
- IFRS 7 – Financial instruments disclosure

The Directors believe that these standards are not expected to have a material impact on the entity in the current or future periods and foreseeable future transactions.

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

Basis of consolidation

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

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

1 Accounting policies and presentation continued

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

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

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

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

Intangible Assets

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1 Accounting policies and presentation continued

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

Freehold land is not depreciated.

1 Accounting policies and presentation continued

Reference collection
Fixed assets include a reference collection of certain stamps & coins held on a long term basis. The reference collection for stamps is subject to a full valuation every five years by a qualified valuer. The carrying value of the numismatic library is revalued each year. Therefore not all the reference collection is valued annually. Where a reference collection or part of a collection has been revalued the assets will be carried at the revised value with the revaluation amount being recognised in comprehensive income.

Leased assets
The group leases various offices and equipment. Rental contracts are typically made for fixed periods of 3 to 12 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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 asset is 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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate (5%) is used, being the rate that the lessee would have to pay to borrow the 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.

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

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

1 Accounting policies and presentation continued

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

Work in progress

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

Financial Instruments

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

Financial assets

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

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

Financial liabilities

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

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

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

1 Accounting policies and presentation continued

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

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

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

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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

Foreign currencies

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

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

Retirement benefits

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

Current service costs are recognised in administrative expenses in the statement of comprehensive income. Interest costs on plan liabilities and the expected return on plan assets are recognised in finance charges. Actuarial gains

1 Accounting policies and presentation continued

and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

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

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

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

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

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

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

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

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

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

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable in relation to the proceeds of the sale of goods and services provided during the year. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. When a contract is entered into with a customer, the contract value is allocated to specific performance obligations. The criteria of allocating performance obligations for different revenue streams are discussed below. Revenue is recognised when these performance obligations are satisfied.

1 Accounting policies and presentation continued

Standard payment terms are that payments are required within 30 days of invoicing. The Group does not consider that any contract assets or liabilities arise from the revenue recognition policy.

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

Sale of goods – retail

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

Sale of goods – auctions

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

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

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

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

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

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

Further detail of the Group's revenue streams can be found in the Business Review on pages 8 to 12.

1 Accounting policies and presentation continued

Rental income

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

Provisions

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

Joint ventures

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

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

2 Critical Accounting Estimates and Judgements

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

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

Going concern

The Group's forecasts shows that it will remain within current loan facility limits for the foreseeable future. Although the Directors have built the forecasts based on current trading trends, including loosening of restrictions related to the Covid-19 pandemic, and historical knowledge of the business, the Directors recognise that its forecasts are dependent on underlying assumptions and that trading conditions can always be affected by unforeseen events.

The Covid-19 pandemic has increased the uncertainty of the assumptions that the Directors use to forecast future liquidity. The impact of the pandemic and particularly the restrictions imposed by governments have over the past 12 months impacted the financial performance of parts of the Group's operations and could do so again if restrictions are re-imposed. The Directors have mitigating courses of actions which are available to them to limit the impact of the restrictions including operating cost initiatives, the faster sell down of Group's large inventory holding and approaching lenders for further short term funding.

The Directors are also fully aware of the potential impacts on the business from potential litigation, particularly in connection to the New York property lease, held within Mallett Inc. The Directors have gathered information from the Group's advisors to understand the risk and uncertainties arising as a result of these matters. These matters are

2 Critical Accounting Estimates and Judgements continued

not directly in the control of the Directors and the Directors have therefore, made their judgment based on the evidence provided to them when assessing the impact on the going concern assumption.

The loan facilities are provided by the Group's controlling party Phoenix S. G. Limited and due for repayment in March 2023. The Group would have been in default of the financial covenants at 31 March 2021, which would result in the loan becoming payable on demand. On 24 March 2021 the Group sought and was granted a waiver from Phoenix S.G. Limited for the above defaults. The forecast, taking into account of the implications on the Group's demand of the Covid-19 pandemic, shows the Group will fail to meet its financial covenants in March 2022.

The Directors recognise that Phoenix S. G. Limited has granted the waiver of the defaults, stating that it intends to be a long term investor, it is the Group's controlling party with an interest of just over 58%, has granted a waiver of interest for the period April to July 2020, has provided £6,500,000 of funds for the purchase of the British Guiana 1c Magenta, and has given no indication that it would withdraw its support before March 2023 when the loan facility is repayable.

The Directors are also aware that the Group needs to continue discussions with its long term creditors, including, pension trustees and Phoenix S. G. Limited. This will include discussions to review its long term capital requirements and reduce its longer term liabilities and will be actively engaging with its lenders and pension trustees over the next 12 months. The Directors realise that the discussions are reliant on agreement with third parties and outcomes are uncertain. However, the long term creditors have been supportive of the Group during the past 12 months and there is no indication that they will not continue to do so.

In view of all of the above, the Directors believe there is a material uncertainty relating to the Group's position as going concern. However, having regard all of the matters above, and after making all reasonable enquiries the Directors have a reasonable expectation that the Company and the Group will have access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

Retirement benefits

The costs, assets and liabilities of the defined benefit retirement schemes operating within the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 24. The Directors take advice from independent actuaries relating to the appropriateness of the assumptions and challenge the reasonableness and appropriateness of these assumptions before adapting them in these financial statements. It is important to note, however, that comparatively small changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position.

Inventory valuation

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

Reference collections

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

2 Critical Accounting Estimates and Judgements continued

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2021 was £2,310,000 (2020: £2,310,000). There was no impairment provision made in the year (2020: £nil). Details of the carrying value of goodwill and the impairment losses are set out in note 10.

Intangible assets

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

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

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

Fair value measurement

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

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

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

3 Segmental Analysis

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

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

Legacy Interiors includes continuing items from the discontinued Interiors operation, specifically the leasehold property in New York and legal matters related to the Mallett entities. The activities, products and services of the reportable segments are detailed in the Business Review on pages 8 to 12.

Segmental income statement	Philatelic £'000	Publishing £'000	Coins & medals £'000	Legacy interiors £'000	Unallocated £'000	Total £'000
Year ended 31 March 2021						
Sale of goods	4,047	1,566	3,292	–	–	8,905
Sale of services (inc Commissions)	713	354	–	–	–	1,067
Other income	31	69	43	647	–	790
Revenue	**4,791**	**1,989**	**3,335**	**647**	**–**	**10,762**
Operating costs	(4,862)	(1,887)	(3,014)	(799)	(2,435)	(12,997)
Exceptional	–	(21)	–	(959)	–	(980)
Net finance cost	–	–	–	(551)	(316)	(867)
Profit/(loss) before tax	(71)	81	321	(1,662)	(2,751)	(4,082)
Tax	(13)	–	91	–	–	78
Profit/(loss) for the year from continuing operations	**(84)**	**81**	**412**	**(1,662)**	**(2,751)**	**(4,004)**
Segmental balance sheet						
As at 31 March 2021						
Total assets	19,670	337	8,529	3,452	1,744	33,732
Total liabilities	(14,636)	–	(561)	(4,518)	(14,988)	(34,703)
Net assets/(liabilities)	**5,034**	**337**	**7,968**	**(1,066)**	**(13,244)**	**(971)**
Other segmental items						
Depreciation	13	–	–	63	69	145
Amortisation of intangible items	22	63	10	–	240	335
Capital expenditure	12	150	–	–	287	449

3 Segmental Analysis continued

Segmental income statement	Philatelic £'000	Publishing £'000	Coins & medals £'000	Legacy interiors £'000	Unallocated £'000	Total £'000
Year ended 31 March 2020						
Sale of goods	5,493	1,501	3,425	–	–	10,419
Sale of services (inc Commissions)	944	403	–	–	–	1,347
Other income	22	42	–	1,345	–	1,409
Revenue	**6,459**	**1,946**	**3,425**	**1,345**	**–**	**13,175**
Operating costs	(6,549)	(2,045)	(2,872)	(829)	(2,814)	(15,109)
Exceptional	(197)	(162)	(4)	691	25	353
Net finance cost	–	–	–	(693)	(237)	(930)
Profit/(loss) before tax	(287)	(261)	549	514	(3,026)	(2,511)
Tax	9	–	2	–	–	11
Profit/(loss) for the year from continuing operations	**(278)**	**(261)**	**551**	**514**	**(3,026)**	**(2,500)**
Segmental balance sheet As at 31 March 2020						
Total assets	21,435	250	8,888	4,745	2,140	37,458
Total liabilities	(14,522)	–	(575)	(4,351)	(14,293)	(33,741)
Net assets/(liabilities)	**6,913**	**250**	**8,313**	**394**	**(12,153)**	**3,717**
Other segmental items						
Depreciation	4	–	–	127	–	131
Amortisation of intangible items	331	–	14	–	240	585
Capital expenditure	149	22	–	–	525	696

Geographical information

Analysis of revenue by origin and destination

	Year ended 31 March 2021 Sales by destination £'000	**Year ended 31 March 2021 Sales by origin £'000**	Year ended 31 March 2020 Sales by destination £'000	Year ended 31 March 2020 Sales by origin £'000
Channel Islands	893	–	35	–
United Kingdom	6,691	10,224	7,806	12,018
Europe	518	–	1,290	–
North America	1,842	538	2,593	1,157
Asia	568	–	952	–
Rest of the World	250	–	499	–
	10,762	10,762	13,175	13,175

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

There were no customers in either 2021 or 2020 from which the Group earned more than 10% of its revenues.

Property, plant and equipment of £1,600,000 was held in the UK (2020: £1,432,000 in the UK) and £nil (2020: £944,000) was held in the USA. No assets were held in other countries.

Intangible assets of £4,985,000 (2020: £5,170,000) are all held in the UK. Rights-of-use assets of £2,995,000 (2020: £3,501,000) are held in the USA with £3,801,000 (2020: £4,261,000) being held in the UK.

4 Operating loss

The following table shows the material costs by nature charged to cost of sales, administrative expenses and selling and distribution costs for the continuing operations for year ending 31 March 2021 and the comparative figures for the prior year.

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cost of inventories recognised as an expense	6,044	7,132
Employee benefit costs expensed (see note 7)	2,808	2,903
Government grant related to furlough scheme	(117)	–
Depreciation of property plant and equipment	145	131
Amortisation of intangible assets	335	585
Depreciation of IFRS16 Right of Use Asset	966	890
Advertising & marketing expenses	308	496
Distribution & transport costs	459	171
Operating lease charges – leased premises	–	50
IT operating expenses	493	554
Other property operating costs	557	819
Impairment of trade receivables	115	15
Other administrative expenses	335	375
Fees payable to the Group's auditor for the audit of the Group's annual accounts, including subsidiaries	64	65
Fees payable to the Group's auditor for other advisory services	5	13
Impairment of leasehold assets	930	–
Redundancy and reorganisation	21	–
Other professional fees	544	607
	14,012	14,806

5 Exceptional operating charges/(income)

The items of income and expenditure listed below are either non-recurring or unusual in size and therefore distort the view of the normal trading activities of the Group. They have therefore been separately identified to give more clarity on the underlying trend of the trading performance of the continuing operation for the year ended 31 March 2021 and the comparative figures for the prior year.

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Stock provisions	–	286
Settlement of legal case	–	(850)
Accelerated impairment of intangible assets	–	36
Loss on disposal of tangible fixed assets	–	42
Impairment of leasehold assets (note 11)	930	–
Legal fees re lease dispute	29	–
Redundancy payments	21	–
Impairment of receivables	–	155
Dilapidations on Strand property	–	(26)
Legacy wind-down costs of overseas entities	–	4
	980	(353)

On 14 June 2019 the Group announced that all outstanding claims involving certain former directors of Mallett plc had been resolved, bringing the matter to a full and final conclusion. The Group received £850,000 in relation to this settlement, net of fees and release of pension accruals relating to one of the directors.

6 Directors' emoluments

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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fees	–	–
Salaries	213	253
Short-term employee benefits	213	253
Post-employment benefits	12	12
Share-based payment	–	–
Key management personnel compensation	225	265
Number of Directors included in the defined benefit pension scheme (note 24)	–	–

The detailed numerical analysis of Directors' remuneration is included in the Report on Remuneration on page 17. The charge to profit in respect of share options and awards issued to the Directors was £nil (2020: £nil).

During the year the Group made payments into the personal pension schemes of A Gee. Total cost of these pension contributions to the Group were £12,000 (2020: £12,000).

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

Management considers that the key management personnel comprise the Directors.

6 Directors' emoluments continued

GE Shircore's ultimate employer is Phoenix Asset Management Partners Limited which is the investment manager to Phoenix SG Limited which holds 248,000,000 Ordinary shares representing 58.09% of the Company's issued share capital. Mr Shircore received no remuneration from the Group (2020: £nil).

7 Employee information

The average number of persons (including executive Directors) employed by the Group during the period was 66 (2020: 71).

	Year ended 31 March 2021	Year ended 31 March 2020
Management and Administration	19	23
Sales	22	23
Production and Editorial	21	22
Marketing	4	3
	66	71

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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Wages and salaries	2,355	2,451
Social security costs	247	252
Pension costs – defined benefit scheme (note 24)	135	126
Pension costs – defined contribution scheme	71	74
Share option cost	–	–
	2,808	2,903

Staff costs are before amounts received under the UK Government furlough scheme, relating to Covid-19. The Group received £117,105 from the scheme in the year ending 31 March 2021.

8 Taxation

UK corporation tax and overseas tax on profits for the year

Current tax:	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
UK corporation tax at 19%	–	–
Overseas tax	–	–
Deferred taxation (note 19)	(58)	28
Current year tax charge/(credit)	(58)	28
Adjustment relating to earlier periods	(20)	(39)
Tax credit	(78)	(11)
Income tax attributable to:		
Loss from continuing operations	(78)	(11)
Profit from discontinued operations	(3)	–
	(81)	(11)

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

Tax charge reconciliation

	Year ended 31 March 2021 %	Year ended 31 March 2020 %
The standard rate of corporation tax in the UK	19.0	19.0
Effects of:		
Disallowable items	–	(0.1)
Overseas profits taxable at lower rates	(7.3)	(1.6)
Losses for which no deferred asset recognised	(10.9)	(21.9)
Capital amortisation and provisions	(1.1)	(1.9)
Change in rate of UK corporation tax impact on deferred tax	1.5	–
Other permanent differences	0.2	6.9
Effective rate of corporation tax for year	1.4	0.4

The main rate of corporation tax in the UK was 19% for financial years starting on or after 1 April 2017. The Group has recognized a deferred tax asset of £216,000 (2020: £158,000) relating to unutilised tax losses. At the year end the usable tax losses within the Group are £19,663,000 (2020: £19,916,000).

9 Earnings per ordinary share

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of ordinary shares in issue (No.)	426,916,643	426,916,643
Dilutive potential ordinary shares: Employee share options (No.)	–	–
Continuing operations		
Loss after tax (£)	(4,004,000)	(2,500,000)
Pension service cost (net of tax)	109,000	102,000
Amortisation of customer lists(net of tax)	194,000	194,000
Exceptional operating (income)/costs (net of tax)	977,000	(442,000)
Adjusted loss after tax (£)	(2,724,000)	(2,646,000)
Basic loss per share – pence per share (p)	(0.94)p	(0.59)p
Diluted loss per share – pence per share (p)	(0.94)p	(0.59)p
Adjusted loss per share – pence per share (p)	(0.64)p	(0.62)p
Adjusted diluted loss per share – pence per share (p)	(0.64)p	(0.62)p
Discontinued operations		
Profit after tax (£)	87,000	132,000
Basic earnings per share – pence per share (p)	0.02p	0.03p
Diluted earnings per share – pence per share (p)	0.02p	0.03p

Net assets per share, as disclosed in the financial highlights, are calculated using the net assets per the consolidated statement of financial position divided by the number of shares at 31 March 2021 per note 20.

10 Intangible assets

	Goodwill £'000	Publishing rights £'000	Computer Software £'000	Customer Lists £'000	Brands & trademarks £'000	Total £'000
Cost						
At 1 April 2019	16,332	19	2,666	2,207	2,528	23,752
Additions – internally developed	–	–	155	–	–	155
At 31 March 2020	**16,332**	**19**	**2,821**	**2,207**	**2,528**	**23,907**
Additions – internally developed	–	–	150	–	–	150
At 31 March 2021	**16,332**	**19**	**2,971**	**2,207**	**2,528**	**24,057**
Accumulated amortisation and impairment						
At 1 April 2019	14,022	19	2,204	1,633	274	18,152
Amortisation charge	–	–	345	240	–	585
At 31 March 2020	**14,022**	**19**	**2,549**	**1,873**	**274**	**18,737**
Amortisation charge	–	–	95	240	–	335
At 31 March 2021	**14,022**	**19**	**2,644**	**2,113**	**274**	**19,072**
Net book value						
At 31 March 2021	**2,310**	**–**	**327**	**94**	**2,254**	**4,985**
At 31 March 2020	2,310	–	272	334	2,254	5,170

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

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

The Group carries out a review at each year end date to establish the economic value of each asset in the portfolio. If the economic value of the asset is believed to be lower than the carrying value, the carrying value is reduced accordingly. The economic value is based on estimated future income potential considering risks and external information on the likely impact on market demand.

Goodwill and brands have undergone an impairment review with reference to expected future cash flows generated by these business units. Management looks at five year projections, using a cost of capital of 10.4% (2020: 8.8%), when determining if any impairment is likely. The key assumptions used by management derived from current budgets and forecast, are the growth in revenue and costs of between 0% and 5% (2020: 0% to 3%) over the period in question. These assumptions are based on past experiences of management.

11 Property, plant and equipment

	Reference collection £'000	Freehold land and buildings £'000	Leasehold property and improvements £'000	Fixtures, fittings, tools and equipment £'000	Vehicles, plant and machinery £'000	Total £'000
Cost						
At 1 April 2019	1,195	162	4,307	374	857	6,895
Additions	–	–	525	16	–	541
Disposals	–	(162)	–	(33)	–	(195)
At 31 March 2020	**1,195**	**–**	**4,832**	**357**	**857**	**7,241**
Additions	–	–	263	–	36	299
Disposals	–	–	(948)	–	–	(948)
At 31 March 2021	**1,195**	**–**	**4,147**	**357**	**893**	**6,592**
Accumulated depreciation						
At 1 April 2019	380	–	3,190	373	853	4,796
Charge for the year	–	–	127	–	4	131
Exchange differences	–	–	(29)	–	–	(29)
Depreciation on disposal	–	–	–	(33)	–	(33)
At 31 March 2020	**380**	**–**	**3,288**	**340**	**857**	**4,865**
Charge for the year	–	–	133	–	12	145
Impairment	–	–	930	–	–	930
Depreciation on disposal	–	–	(948)	–	–	(948)
At 31 March 2021	**380**	**–**	**3,403**	**340**	**869**	**4,992**
Net book value						
At 31 March 2021	**815**	**–**	**744**	**17**	**24**	**1,600**
At 31 March 2020	815	¬–	1,544	17	–	2,376

The reference collection is subject to a full valuation every five years by a qualified external valuer and an interim valuation is carried out in year three by the Group's expert stamp dealers. The last independent valuation of a part of the reference collection was carried out in March 2016 by AF Norris, Philatelic Consultant for the collection in London and in July 2017 by PR Seaby, Philatelic Consultant for the Ringwood collection. The basis of the revaluation used was replacement value. Due to COVID-19 restrictions, it was not possible to complete an external valuation of the London collection in March 2021. The Directors asked the Groups internal experts to assess the collection. The result of which was that there was no indication of a requirement to change the carrying value.

The revalued element of the reference collection is £436,000 (2020: £436,000). All other fixed assets are stated at historic cost less depreciation. If the reference collection had not been revalued it would have been included at a net book value based on historic cost of £379,000 (2020: £379,000).

Fully written down Property, Plant and Equipment with a cost of £4,376,000 (2020: £3,672,000) remains in use by the Group.

11 Property, plant and equipment continued

An impairment provision of £930,000 has been charged to the Consolidated Statement of Comprehensive Income at 31 March 2021 in relation to the leasehold assets at the New York property. This has been classified as an exceptional item. The net carrying value of the leasehold assets relating to this property at 31 March 2021 was £nil (31 March 2020 – carrying value of £994,000).

12 Investments

On 6 January 2017, the Group launched a corporate joint-venture with St James's Auctions, the well-established numismatic auction house, named Baldwin's of St James's Limited. Baldwin's of St James's Limited auctions coins, medals, medallions, bank notes, tokens and other related items owned by the parties or by 3rd parties wishing to auction material. The Group owns 50 A shares, 50% of the total issued A ordinary shares in Baldwin's of St James's for a consideration of £50. The joint venture is accounted for under the equity method as the Group does not have control of the entity. Baldwin's of St James's is incorporated in England and trades from a location in London. The joint-venture was terminated on 30 April 2021. There will be no costs to the Group as a result of the termination.

The company's accounting date is 30 April 2021, as per the joint venture agreement. The investment in the joint venture is shown below:-

	31 March 2021 £'000	31 March 2020 £'000
As at 1 April	39	95
Share of profit retained by joint venture	35	50
Dividend paid by joint venture	(37)	(106)
	37	39

The share of profit retained by the joint venture is an estimate based on the management accounts at 30 April 2021. Based on the audited financial statement at 30 April 2020 Baldwin's of St James's generated £1,003,000 (2019: £1,298,000) of revenue and £98,000 (2019:£232,000) of profit. The company had net assets of £100 with current assets of £2,809,228 and current liabilities of £2,809,128.

13 Inventories

	31 March 2021 £'000	31 March 2020 £'000
Work in progress	345	1,777
Finished goods and goods for resale	15,618	15,736
	15,963	17,513

As at 31 March 2021 £15,963,000 (2020: £17,513,000) of the above inventories were part of the security given in relation to the borrowings detailed in note 18.

At 31 March 2021 the carrying value of the inventory held at fair value was £3,055,000 (2020: £3,258,000).

On 10th September 2018 the Group announced that its subsidiary, Stanley Gibbons Limited ("SGL") had entered in to an agreement with Phoenix S. G. Limited to acquire approximately 1,900 items, for an initial consideration of £5.20m, which is payable in cash to Phoenix S. G. Limited over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. Phoenix S. G. Limited had acquired the items from the administrators of Stanley Gibbons (Guernsey) Limited. The agreement is for a total term of 10 years and any sale at a value that is less than the base

13 Inventories continued

cost of an inventory item can only be made with the specific permission of Phoenix S. G. Limited. To the extent that all of the inventory is sold and the appropriate payments have been made by SGL to Phoenix S. G. Limited no further consideration will be due. To the extent that items remain to be sold at the end of the agreement the relevant items will be returned to Phoenix S. G. Limited and no further consideration will be due.

Notwithstanding the fact that the agreement was written as a sale from Phoenix S.G. Limited to SGL, the substance of the transaction is that of a consignment stock arrangement and so has been accounted for as such. The acquired items have therefore not been included within inventories and there is no related creditor due to Phoenix S.G. Limited within the balance sheet. The commission due to SGL is recognised as revenue in the accounting period of the sale to a third party. As at 31 March 2021 of the initial items totalling £5.20m, £4,249,000 (2020: £4,623,000) remained unsold.

On 21st February 2020 the Group announced that its subsidiary, Stanley Gibbons Limited ("SGL") had entered in to an agreement with Phoenix S. G. Limited to acquire approximately 780 items, for an initial consideration of £1.07m, which is payable in cash to Phoenix S. G. Limited over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. The agreement is for a total term of 10 years and any sale at a value that is less than the base cost of an inventory item can only be made with the specific permission of Phoenix S. G. Limited. To the extent that all of the inventory is sold and the appropriate payments have been made by SGL to Phoenix S. G. Limited no further consideration will be due. To the extent that items remain to be sold at the end of the agreement the relevant items will be returned to Phoenix S. G. Limited and no further consideration will be due.

Notwithstanding the fact that the agreement was written as a sale from Phoenix S.G. Limited to SGL, the substance of the transaction is that of a consignment stock arrangement and so has been accounted for as such. The acquired items have therefore not been included within inventories and there is no related creditor due to Phoenix S.G. Limited within the balance sheet. The commission due to SGL is recognised as revenue in the accounting period of the sale to a third party. As at 31 March 2021 of the initial items totalling £1.07m, £919,000 (2020: £1,070,000) remained unsold.

The cost of inventory recognised as an expense in the year was £6,044,000 (2020: £7,132,000)

14 Current trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Trade receivables	1,765	1,480
Provision for impairment	(406)	(437)
Net trade receivables	1,359	1,043
Other receivables	180	321
Prepayments and accrued income	506	593
	2,045	1,957

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

15 Provision for impairment of receivables and collateral held

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

Provision for impairment of receivables
Relating to debt over 6 months past due

	31 March 2021 £'000	31 March 2020 £'000
Opening provision	437	724
Impairments in the year	126	73
Amounts utilised in the year	(157)	(360)
Closing provision	406	437

As at 31 March 2021, excluding balances due under extended payment terms and those provided for by the impairment provision, £359,000 (2020: £526,000) of trade receivables, were past their due settlement date but not impaired. The ageing analysis of these trade receivables is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Up to 3 months past due	112	110
3 to 6 months past due	30	186
Over 6 months past due	217	230
	359	526

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

16 Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
Trade payables	2,151	2,888
Other payables	601	624
Other taxes and social security	162	45
Accruals and deferred income	1,752	681
	4,666	4,238

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

An amount of trade payables of £nil (2020: £507,000) is not due within 12 months and has been classified as a long term liability. In the prior year the Group has agreed extended credit terms for a collection that it purchased in December 2019 to be paid by installment over the next 24 months.

The profile of payments are disclosed in note 25.

17 Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Cash at bank and in hand	2,090	2,483
Bank overdrafts	–	–
Cash and cash equivalents	2,090	2,483

Included in the balance above is £122,000 (2020 : £394,000) of funds held on behalf of third party clients and auction vendors for amounts that are due on items sold by the Group on their behalf.

18 Borrowings

	31 March 2021 £'000	31 March 2020 £'000
Long term liabilities		
Loan – Facility A	11,412	11,045
Loan – Facility C	3,226	3,121
Total long term liabilities	14,638	14,166

The Facility A loan outstanding at 31 March 2021 of £11.4m is due to Phoenix S. G. Limited, the controlling party of the Group. Interest on the loan is 5% per annum added to the loan. The loan is due for repayment in March 2023, provided there is no event of default in the meantime.

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

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

On 24 March 2021 Phoenix S. G. Limited issued a waiver letter to the Group for the failure to satisfy the financial conditions and as a result at 31 March 2021 the Group was not in default and the loan has been classified as a long term liability.

During the period from April and July 2020, Phoenix SG Limited waived the interest on the loans. The interest waived was £236,000.

During the year the Group paid arrangement facility fees of £nil (2020: £nil) for the above facilities. The borrowings are secured by a full fixed and floating charge debenture over the core assets of the group, excluding the British Guiana 1c Magenta against which a separate loan is secured. Phoenix S. G. Limited has first charge against the secured assets. The subsidiaries listed in note 30 are cross guarantors of the loan, excluding Stanley Gibbons (Guernsey) Limited (in liquidation).

On 6 May 2021 the Group requested a further draw down of £1m from the Facility C loan. The funds were received in two £500,000 payments in June and August 2021. A further £1m of headroom is remaining in the Facility C loan.

On 29 June 2021 the Group entered in to a loan agreement for £6.5m with Phoenix S.G. Limited for the purchase of the 1c Magenta. For further details see the Post Balance Sheet Events (note 32)

The Group did not take part in the UK government CBILS loan scheme.

19 Deferred tax assets and liabilities

	Assets		Liabilities	
	31 March 2021 £'000	31 March 2020 £'000	**31 March 2021 £'000**	31 March 2020 £'000
Defined benefit pension scheme (note 24)	–	–	–	–
Other timing differences	–	–	–	–
Unutilised tax losses	216	158	–	–
Full provision	216	158	–	–

	31 March 2020 £'000	(Charge)/ credit to Profit and loss £'000	Comprehensive income £'000	**31 March 2021 £'000**
Defined benefit pension scheme (note 24)	–	–	–	–
Other timing differences	–	–	–	–
Unutilised tax losses	158	58	–	216
Full provision	158	58	–	216

20 Called up share capital

	31 March 2021 £'000	31 March 2020 £'000
Authorised		
500,000,000 (2020: 500,000,000) Ordinary Shares of 1p each	5,000	5,000
Allotted, issued and fully paid (all equity):		
426,916,643 (2020: 426,916,643) Ordinary Shares of 1p each	4,269	4,269

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

Capital risk management

Capital is managed to ensure that the entities within the Group will be able to continue as a going concern whilst maximising the returns to stakeholders through the optimisation of debt and equity balances. Detail on capital structure is presented in the consolidated statement of financial position. Notes 21 and 22 provide details on equity. Details of loans at the year-end are disclosed on page 11 in the Business Review and further disclosure can be found in note 18 and note 25. The external capital requirements imposed on the Group in relation to borrowings are disclosed in note 18. Further detail on capital risk management can be found in the Directors' Report on pages 18 to 24.

21 Options in shares of The Stanley Gibbons Group plc

Executive Share options are granted to Directors and other employees on a phased basis. The value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term. Options granted under the Group Share Option Plan 2010 are exercisable between the third and tenth anniversaries of the date of grant.

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

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

All options are settled with the issue of equity.

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

Date of grant	Earliest exercise date	Expiry date	Exercise price (1p shares)	Number at 31 March 2020	Granted in year	Forfeited in year	Number at 31 March 2021
06/5/11	06/5/14	05/5/21	179.0p	34,999	–	–	34,999
05/10/16	05/10/19	05/10/26	11.0p	8,285,000	–	(6,450,000)	1,835,000
				8,319,999	–	(6,450,000)	1,869,999

The weighted average remaining contractual life of options outstanding at 31 March 2021 is 3.7 years (2020: 4.7 years).

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

	31 March 2021 Average exercise price per share	**31 March 2021 Options (thousands)**	31 March 2020 Average exercise price per share	31 March 2020 Options (thousands)
At 1 April	12p	10,720	12p	11,320
Granted	–	–	–	–
Forfeited/lapsed	11p	(6,450)	12p	(600)
Exercised	–	–	–	–
At 31 March	12p	4,270	12p	10,720

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

21 Options in shares of The Stanley Gibbons Group plc continued

Stochastic and Black-Scholes models have been used to value the awards. The awards issued and still outstanding in the year ended 31 March 2021 are set out below:

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

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

22 Share premium and reserves

Share premium account

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

Share compensation reserve

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

Revaluation reserve

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

Capital redemption reserve

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

Retained earnings

Retained earnings represent the accumulated profits not distributed to shareholders.

23 Cash inflows/(outflows) from operating activities

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating loss (including discontinued operations)	(3,163)	(1,499)
Loss on sale of property, plant and equipment	–	38
Depreciation of tangible assets	145	131
Amortisation of intangible assets	335	585
Impairment of leasehold assets	930	–
Depreciation on IFRS16 Right of Use Asset	966	890
Decrease in provisions	(343)	(387)
Income from joint venture	35	50
Decrease in inventories	1,550	488
(Increase)/Decrease in trade and other receivables	(88)	236
Decrease in trade and other payables (less deferred consideration)	(79)	(561)
Net exchange differences	(29)	(38)
Cash inflows/(outflows) from operating activities	259	(67)

24 Retirement benefits

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

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

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

– Financial risks from changing economic conditions e.g. inflation and interest rate risks

– Longevity, i.e. the risk of benefits costing more due to members living longer

– Additional liabilities arising from the unknown factors such as ineffective Scheme documentation or Regulatory change

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

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

24 Retirement benefits continued

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

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

The IAS19 disclosures for the year to 31 March 2021 are based on the results of the actuarial valuation as at 30 June 2018.

Scheme assets are stated at their market value at 31 March 2021.

The Scheme has a debenture secured against the assets of Stanley Gibbons Limited, A. H. Baldwin & Sons Limited, Milson Street Limited and The Fine Art Auction Group. The Stanley Gibbons Group plc also guarantees the obligations and liabilities of payments under the Scheme. The charges relating to the Scheme rank behind the charges of the assets related to the Phoenix S. G. Limited loans (see note 18).

The Group paid £272,000 (payable monthly) in the year to 31 March 2021, a payment deferral was agreed for the period April 2020 to July 2020, during the first Covid-19 lockdown with the deferred payments being paid from Jan 2021 to April 2021. From 1 April 2021, the Group pays contributions of £311,000 per annum (payable monthly), increasing at 5% per annum, until 1 November 2029, as noted in the Recovery Plan dated 29 March 2019, agreed as part of the actuarial valuation at 30 June 2018.

(b) The Mallett Retirement Benefits Scheme

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

The scheme is exposed to the following risks:

– Financial risks from changing economic conditions e.g. inflation and interest rate risks

– Longevity, i.e. the risk of benefits costing more due to members living longer

– Additional liabilities arising from the unknown factors such as ineffective Scheme documentation or Regulatory change.

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

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

24 Retirement benefits continued

The Scheme has a debenture secured against the assets of Stanley Gibbons Limited, A. H. Baldwin & Sons Limited, Milson Street Limited and The Fine Art Auction Group. The Stanley Gibbons Group plc also guarantees the obligations and liabilities of payments under the Scheme. The charges relating to the Scheme rank behind the charges of the assets related to the Phoenix S. G. Limited loans (see note 18).

The Group paid annual contributions of £206,000 in the year to 31 March 2021, a payment deferral was agreed for the period April 2020 to July 2020, during the first Covid-19 lockdown with the deferred payments being paid from Jan 2021 to April 2021. From 1 April 2021, the Group will pay contributions of £236,000 p.a. (payable monthly), increasing by 5% p.a. until 1 May 2028, in line with the Recovery Plan dated 20 March 2019. In addition to this, the Company also pays administration expenses and levies to the Pension Protection Fund.

The IAS19 disclosures for the year to 31 March 2021 are based on the actuarial valuation as at 30 June 2018.

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

	31 March 2021 £'000	31 March 2020 £'000
Present value of funded obligation	(21,992)	(20,298)
Fair value of scheme assets	15,305	14,009
Net obligation	(6,687)	(6,289)
Deferred tax asset (see note 19)	–	–
Retirement benefit obligation	(6,687)	(6,289)

	£'000	£'000
Cumulative amount of actuarial losses recognised in other comprehensive income	(4,591)	(3,850)

The amounts recognised in other comprehensive income are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Actuarial gains/(losses) on scheme obligations from financial assumptions	(2,093)	518
Actuarial gains/(losses) on scheme obligations from demographic assumptions	16	(53)
Actuarial gains/(losses) on scheme obligations from experience	156	(1,352)
Actuarial (losses)/gains on fair value of scheme assets	1,180	(266)
Remeasurement (losses)/gains	(741)	(1,153)

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

	31 March 2021 £'000	31 March 2020 £'000
Present value of obligations at start of year	20,298	19,612
Current service cost	–	–
Interest cost	447	462
Contributions by employees	–	–
Remeasurement losses/(gains) on scheme obligations	1,921	870
Charges paid	–	–
Benefits paid	(674)	(646)
Allowance for GMP equalisation	–	–
Present value of obligations at end of year	21,992	20,298

24 Retirement benefits continued

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

	31 March 2021 £'000	31 March 2020 £'000
Fair value of scheme assets at start of year	14,009	14,089
Assets acquired at fair value	–	–
Expected return on scheme assets	312	336
Actuarial gains/(losses) on fair value of scheme assets	1,180	(283)
Contributions by employees	–	–
Contributions by company	478	513
Charges paid	–	–
Benefits paid	(674)	(646)
Fair value of scheme assets at end of year	15,305	14,009

The Group currently expects to contribute £591,000 to its defined benefit schemes in the financial year to 31 March 2022.

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

	31 March 2021 £'000	31 March 2020 £'000
Current service cost	–	–
Interest cost on net benefit obligations	135	126
Allowance for GMP equalisation	–	–
Total included in employee benefit expense	135	126
Actual return on scheme assets	1,492	53

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

	31 March 2021 %	31 March 2020 %
Assets with a quoted market price in an active market		
Equities	22.1%	16.7%
Corporate bonds	6.9%	7.0%
LLDI	19.4%	18.7%
Multi Asset Credit	13.9%	22.7%
Diversified growth funds	14.9%	12.0%
Gilts/cash	2.5%	1.0%
Other		
Insurance policies	12.1%	13.4%
Property	8.2%	8.5%
Insured Annuitants	–%	–%

24 Retirement benefits continued

Principal actuarial assumptions at the reporting date:

	31 March 2021	31 March 2020
Future salary increases	2.44%	1.81%
Price inflation – RPI*	3.44%	2.81%
Price inflation – CPI	2.44%	1.81%
Revaluation of deferred pensions	2.44%	1.81%
Pension Increase – Non Directors		
Pre 1988 GMP	0.00%	0.00%
Post 1988 GMP	2.44%	3.00%
Pre 1997	0.00%	0.00%
Post 1997	2.44%	1.81%
Pension Increase – Directors		
Pre 1997	3.00%	3.00%
Post 1997 **	3.44%	3.00%
Discount rate	1.87%	2.24%
Equities (long term expected rate of return)	1.87%	2.24%
Corporate bonds (long term expected rate of return)	1.87%	2.24%
Fixed interest gilts (long term expected rate of return)	1.87%	2.24%
Cash (long term expected rate of return)	1.87%	2.24%

* until 2030 and then 2.54% thereafter.
** - until 2030 and them 3.00% thereafter.

The mortality assumptions adopted at 31 March 2021 imply the following life expectations:

The Stanley Gibbons Holdings PLC Pension and Assurance scheme

	31 March 2021 In years	31 March 2020 In years
Retiring at 65 at reporting date		
Male	21.8	21.8
Female	24.1	24.1
Retiring at 65 at reporting date + 20 years		
Male	22.7	22.8
Female	25.3	25.2

The Mallett Retirement Benefits Scheme

	31 March 2021 In years	31 March 2020 In years
Retiring at 65 at reporting date		
Male	21.8	21.8
8Female	24.1	24.1
Retiring at 65 at reporting date + 20 years		
Male	22.7	22.8
Female	25.3	25.2

24 Retirement benefits continued

Sensitivity of results

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

The Stanley Gibbons Holdings PLC Pension and Assurance Scheme

	Change in the benefit Obligation – %	(Deficit) £'000s
Assumption as per IAS 19 disclosures	n/a	(3,504)
0.25% p.a. reduction in discount rate	3.5%	(3,555)
0.25% increase in CPI inflation	1.6%	(3,486)
Pensions payable for 1 year longer due to mortality assumptions	3.8%	(3,994)

The Mallett Retirement Benefits Scheme

	Change in the benefit Obligation – %	(Deficit) £'000s
Assumption as per IAS 19 disclosures	n/a	(3,184)
0.25% p.a. reduction in discount rate	4.3%	(3,312)
0.25% increase in inflation	2.1%	(3,215)
Pensions payable for 1 year longer due to mortality assumptions*	4.1%	(3,420)

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

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

The average duration of the Schemes Obligation is approximately 13 years for the Stanley Gibbons Holding PLC Pension and Assurance scheme and 17 years for the Mallett Retirement Benefit Scheme.

The weighted average duration of the Stanley Gibbons Holdings Plc Pension and Assurance Scheme and the Mallett Retirement Benefit scheme is 15 years.

24 Retirement benefits continued

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

	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000
Present value of defined benefit obligations	(21,992)	(20,298)	(19,612)	(19,685)	(20,390)
Fair value of scheme assets	15,305	14,009	14,089	14,356	14,304
Deficit	(6,687)	(6,289)	(5,523)	(5,329)	(6,086)
Experience adjustments on scheme assets	1,180	(283)	(239)	(2)	895
Effects of changes in the demographic and financial assumptions in the underlying scheme liabilities					
– Amount	(2,077)	482	(746)	199	(2,456)
– Percentage of benefit obligation	–9.4%	2.4%	–3.8%	1.0%	–12.0%%

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

The Group has considered the impact of the IAS 19 deficit in respect of the Group, its employees and pensioners. The deficit has increased from £3,468,000 at 31 March 2020 to £3,504,000 at 31 March 2021 principally arising from changes in scheme data and a change from the approximate methodology used in previous disclosures.

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

The Group has considered the impact of the IAS 19 deficit in respect of the Group, its employees and pensioners. The deficit has increased from £2,821,000 at 31 March 2020 to £3,183,000 at 31 March 2021 principally arising from changes in scheme data and a change from the approximate methodology used in previous disclosures.

25 Financial Instruments

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

- Credit risk
- Interest rate risk
- Liquidity risk

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

The Group's policies and procedures in managing these risks are detailed in the Business Review on pages 8 to 12.

Summary of financial assets and liabilities by category

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

	31 March 2021 £'000	31 March 2020 £'000
Financial assets – Loans and receivables		
Trade and other receivables	1,539	1,364
Cash at bank	2,090	2,483
	3,629	3,847
Financial liabilities measured at amortised cost		
Trade and other payables	4,504	4,700
Borrowings	14,638	14,166
Lease liability	8,712	8,541
	27,854	27,407
	(24,225)	(23,560)

Credit risk

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

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

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

25 Financial Instruments continued

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

Interest rate risk

The Group finances its operations through a combination of loans (see note 18), and through the generation of cash from operating.

The finance charge of the Group for the year to 31 March 2021 of £877,000 (2020: £1,043,000) comprised loan interest & charges of £472,000 (2020: £636,000), and lease finance charges of £405,000 (2020: £401,000).

The loans provided by Phoenix SG Limited from 16 March 2018 are a fixed interest loan (5% per annum). During the period of the first UK lockdown between April and July 2021, Phoenix SG Limited waived the interest on the loans. The interest waived was £236,000.

Foreign exchange risk

The Group had no material exposure to foreign exchange risk in the year ended 31 March 2021. The Group did have assets and liabilities denominated in foreign currencies relating to USA activities of Mallett Inc. This was deemed as a material exposure to foreign currency risk for the Group. Liabilities that arise in US $ are managed from cash generated by the sale of assets in these currencies or by the use of foreign currency earnings generated elsewhere within the Group.

After the discontinuation of the Mallett trading business the only significant foreign asset is a lease on a New York property. The property is sub-let and generates income to cover associated costs (see note 28 and 32) and therefore the foreign exchange risk is minimal.

Liquidity risk

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

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

25 Financial Instruments continued

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

	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Total £'000
At 31 March 2021				
Trade and other payables	4,242	262	–	4,504
Borrowings	–	–	14,638	14,638
Lease liability	1,310	470	6,932	8,712
	5,552	732	21,570	27,854
At 31 March 2020				
Trade and other payables	3,978	215	507	4,700
Borrowings	–	–	14,166	14,166
Lease liability	403	407	7,731	8,541
	4,381	622	22,404	27,407

26 Identity of related parties

The Company has a controlling related party relationship with its subsidiary companies (see note 30). The Group also has a related party relationship with its Directors.

Transactions between parent and subsidiaries

The parent company charged management fees of £477,000 in the year to 31 March 2021 (2020: £550,000) to its subsidiaries.

Transactions between controlling party, parent and subsidiaries

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

On 21st February 2020 the Group announced that its subsidiary, Stanley Gibbons Limited had entered into an agreement with Phoenix S.G. Limited to acquire approximately 780 items, for an initial consideration of £1.07m, which is payable in cash to Phoenix SG Limited over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. (see note 13)

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

On 29 June 2021, the Group entered a loan agreement with Phoenix S.G. Limited (see note 32 for details). The loan of £6,500,000 was agreed for the purchase of the British Guiana 1c Magenta and the associated costs of purchase.

On 18 February 2021, Phoenix Asset Management ("Phoenix") acquired 100% of the share capital of Rawnet Limited. The Group has used Rawnet Limited for the provision of software design and build for both the Stanley Gibbons website and the catalogue database. As result of the acquisition by Phoenix, Rawnet is now a related party. There has been no change to the commercial terms since the acquisition by Phoenix. The Group was invoiced £93,000 for services by Rawnet in the year ending 31 March 2021, £39,473 of which was after 18 February.

26 Identity of related parties continued

Transactions with Directors and key management personnel

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

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

Year ended 31 March 2021

H G Wilson, the Group's Chairman, made purchases during the year to the value of £12,744. The amount outstanding at 31 March 2021 of £nil.

G E Shircore made purchases of £4,919. There amount outstanding was £nil at 31 March 2021.

A Gee, the Group's Chief Financial Officer purchased £299 of goods from the Group during the year. £8.75 was outstanding at 31 March 2021.

Year ended 31 March 2020

H G Wilson, the Group's Chairman, made purchases during the year to the value of £68,530; he had a sales ledger balance of £9,390. Mr Wilson is owed an amount of £4,023 and the net amount outstanding at 31 March 2020 of £5,367.

G E Shircore made purchases of £768 during the year. There amount outstanding was £nil at 31 March 2020.

M West, a non-Executive director, purchased £277 of goods from the Group during the year. No amount was outstanding at 31 March 2020.

27 Discontinued Operations

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

Financial performance and cash flow information

During the year ended 31 March 2021, the Group sold down further some of the remaining inventory balance from the Interiors division, which offset some of the costs associated in closing the remainder of the division. The financial performance is shown below:

	31 March 2021 £'000	31 March 2020 £'000
Revenue	247	180
Expenses	(163)	(48)
Profit before income tax	84	132
Income tax credit	3	–
Profit after income tax of discontinued operation	87	132
Gain on disposal of assets	–	–
Profit/(loss) from discontinued operation	87	132
Net cash inflow/(outflow) from operating activities	87	132
Net cash – sales proceeds	–	–
Net increase in cash from discontinued operations	87	132

28 Leases

This note provides information on the properties where the Group is a lessee.

The balance sheet shows the following amounts in respect of leases.

Right of use asset

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

	31 March 2021 £'000	31 March 2020 £'000
Properties	6,796	7,762

Lease liabilities

	31 March 2021 £'000	31 March 2020 £'000
Current lease liabilities	1,780	810
Non-current lease liabilities	6,932	7,731
	8,712	8,541

28 Leases continued

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5%, the discount rate on the Group's borrowings. In the Directors opinion this is the discount rate that the Group would obtain any further borrowings, as this is the discount rate applied to the Phoenix loan (see note 18). Phoenix has secured these borrowings against the Group's assets. Without further security available the Group would be unlikely to secure funding from other sources and therefore the Directors believe the 5% rate applied is the most appropriate basis on which to base the IFRS 16 calculations.

Minimal future rental payments for sub-let properties

The Group sub-lets two of its properties in Pall Mall, London and Madison Avenue, New York. At 31 March 2021 the Group had future minimum rental payments receivable under non-cancellable operating leases as follows:

Receivable:	**Land and Buildings 31 March 2021 £'000**	Land and Buildings 31 March 2020 £'000
Within one year	1,209	1,230
Between two and five years	5,212	4,623
In five years or more	1,283	2,339
	7,704	8,192

Amounts recognized in the income statement

The income statement shows the following in terms of charges relating to leasing:

	31 March 2021 £'000	31 March 2020 £'000
Right of use asset depreciation	966	890
Finance charges	405	401

Impact of Covid-19 on the Group's leases

The Group leases 4 properties and operates out of 2 of these at 399 Strand, London and Ringwood, Hampshire. The other 2 properties in Pall Mall, London and Madison Avenue, New York are sub-let. There has been no impact of the pandemic on the lease in Ringwood, where lease payments have been paid on time. At 399 Strand, in agreement with the landlord, an amount of £101,000 of rent has been deferred. The Group are currently negotiating with the landlord of 399 Strand for more formal relief of the amounts outstanding and a short term variation to the terms of the current lease.

Pall Mall, London

Concurrent quarterly rent negotiations are in place between the tenant, ourselves and our landlord regarding this property. The tenants lease expires in August 2021 (our lease expires in July 2031). Included within the Group's statement of financial position is a right of use asset of £1,352,000 (2020: £1,482,000) and a lease liability of £1,500,000 (2020: £1,516,000) at 31 March 2021. Rental payments of £87,250 have been deferred during the 12 months to 31 March 2021 and £87,250 rent receivable from our sub tenant has also been deferred. The Group are currently in the process of negotiating to surrender this lease with the landlord and a simultaneous surrender of the sub-lease.

Madison Avenue, New York

The tenants in our New York property have not paid rent since 1 April 2020. As a result the Group's subsidiary, Mallett Inc, has issued legal proceedings against the tenant. Mallett Inc has drawn down the security deposit from the tenant and these funds have been used to maintain and protect the property and pay taxes as they fall due. No

28 Leases continued

impairment was charged as at 31 March 2021, negotiations on a settlement of the lease were continuing and Mallett Inc still had the right of use of the asset, including the ability to sub-let out the premises to another tenant. Mallett Inc agreed a settlement with the tenant on 6 August 2021 (see note 32).

No payment has been made to the landlord since 1 April 2020 and the landlord has commenced legal proceeding against Mallett Inc, the Group subsidiary that leases the premises. The lease and the sub-lease expire in February 2027. Included within the Group's statement of financial position is a right of use asset of £2,994,000 (2020: £3,501,000) and a lease liability of £4,470,000 (2020: £4,272,000) at 31 March 2021. Discussions continue with the landlord regarding a settlement.

29 Contingent liabilities

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

On 2 April 2019 the Royal Court of Guernsey ordered that Stanley Gibbons (Guernsey) Limited enter liquidation and the winding up process is continuing but has been delayed by the COVID-19 pandemic. At the balance sheet date and the date of this report the winding up process is continuing.

30 Principal subsidiaries

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

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

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

31 Controlling party

In the opinion of the directors the controlling party of the Group was Phoenix S. G. Limited.

32 Post balance sheet events

Purchase of 1c Magenta at auction

On 8 June 2021, Stanley Gibbons Limited purchased the world's most famous and valuable stamp - the 1856 1c Magenta from British Guiana - the only one in existence. The 1c Magenta was purchased at auction in the USA for a total consideration of US$8.307mn (including buyer's premium and overhead fee).

On 29 June 2021, the Group agreed a loan of £6.5m with Phoenix S.G. Limited , the Group's majority shareholder and lender, to finance the purchase through an interest free loan from Phoenix S.G. Ltd (PSG). The material terms of the loan are as follows:

- Interest free with 50% of any profit made on the sale of the item due to PSG
- Secured solely against the item with no further recourse to any group companies
- An initial 5-year term, which can be extended by agreement between the parties
- If the item is unsold at maturity, the loan can be settled through return of the item to PSG
- If the item is sold for less than the outstanding value of the loan, the net proceeds of the sale will be deemed to be sufficient consideration to satisfy the loan obligation in full
- Sale of the item requires PSG approval.

The Group is also considering partnering with Castelnau Group Ltd (Castelnau), a company controlled by Phoenix Asset Management Partners, as Castelnau seek to develop a new digital platform on which to buy, sell and most importantly, enjoy collectible assets. The proposed partnership with Castelnau has the potential to provide the Group with a minority shareholding in the new digital platform at zero cost as well as cost free access to the platform itself.

Leased property update

The Group through its subsidiary Mallett Inc, continues its discussions with both tenant and landlord over the Madison Avenue property in New York. On 6 August 2021, Mallett Inc agreed a settlement with the tenant. This settlement was materially less than the rent due from the tenant and due to the landlord for the remaining life of the lease. This will impact on the Group's negotiations with the landlord. The Group owes $1,300,000 to the landlord at 31 July 2021. The landlord continues to pursue litigation to recover the outstanding rent but discussions continue to agree a settlement.

In relation to the Pall Mall property the proposal is the Group surrender the lease and the sub lease, which expires on 26 August 2021. The Group currently has no financial exposure until 26 August 2021.

Legal claim

On 5 May 2021 the Group received a letter before action from a previous investor Stanley Gibbons (Guernsey) Limited (In liquidation). The letter indicate that the Group, in the form of some of the investment adviser employed by various Group companies had given advise that cause the investor to suffer a loss. The Group has sought counsel opinion on this and has responded to the claim. In the Director's opinion, at the balance sheet date, there is no requirement for a provision for the amount claimed to be provided for.

Directors' Biographical Details

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Louis Castro is a Fellow of the Institute of Chartered Accountants in England and Wales. He graduated in 1980 from Birmingham University with a BSc & BComm (Hons) in Engineering Production & Economics.

Louis has over 30 years' experience in investment banking and broking both in the UK and overseas. He is currently Executive Chairman of Orosur Mining Inc. and was previously the Chief Financial Officer at Eland Oil & Gas, both AIM quoted companies. Previously he was Chief Executive of Northland Capital Partners in London and before this he was Head of Corporate Finance at Matrix Corporate Capital and at Insinger de Beaufort.

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

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

Mark is an experienced and successful Non-Executive Director and Advisory Board Member, who has worked for more than 35 years within the world's leading consumer industries.

Independent NED and Chairman of the Remuneration Committee at The Stanley Gibbons Group plc and an active member of the Advisory Boards for InBeta Ltd and doXray B.V.

Mark also Advises Activant Capital - a growth stage investor in technology and software businesses specialising in internet of things, data services and commerce, and is a Mentor to early stage technology companies at the Plug and Play Technology Accelerator in Paris.

Formerly, CEO of LLX Global Business Services SA (subsidiary of JAB Holding Company S.a.r.l.) and CTO at JAB Luxury GmbH (LABELUX), former owners of Jimmy Choo and Belstaff and retained shareholding in Bally.

Mark has an MBA from Stirling University.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("**AGM**") of The Stanley Gibbons Group plc ("**Company**") will be held at 399 Strand, London WC2R 0LX on Wednesday 22 September 2021 at 11.30 a.m. for the purpose of considering and, if thought fit, adopting the following resolutions relating to the ordinary and special business of the Company at the AGM or any adjournment thereof.

You will not receive a form of proxy for the AGM in the post. Instead, you will receive instructions to enable you to vote electronically and how to register to do so. You may request a hard copy proxy form directly from the registrars, 10th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL (telephone number: 0371 664 0391).

Ordinary Business

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

1. "THAT the Company's audited accounts for the year ended 31 March 2021 and the Directors' and Auditors' Reports thereon be approved and adopted."

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

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

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

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

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

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

Special Business

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

Authority to purchase own Ordinary Shares

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

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

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

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

(d) unless otherwise varied renewed or revoked the authority hereby conferred shall expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2022; and

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

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

Authority to allot Ordinary Shares

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

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

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

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

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

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

(d) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2022, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be issued or granted and the Directors may issue or grant equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired."

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

Disapplication of pre-emption rights

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

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

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

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

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

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

    The power granted by this resolution will expire at the earlier of the expiry of 15 months from the date of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2022 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted or granted after such expiry and the Directors may allot or grant equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired."

by order of the board of Directors of
The Stanley Gibbons Group plc
AM Gee, *Secretary*

Dated: 9 August 2021

Registered Office Address: 22 Grenville Street, St Helier, Jersey JE4 4UA, Channel Islands.

NOTES:

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

   You can vote either:

   - online, by logging on to www.signalshares.com and following the instructions;
   - by requesting a hard copy form of proxy directly from the registrars, Link Group by calling tel: 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   In order for a proxy appointment to be valid a proxy instruction must be completed. In each case the proxy instruction must be received by Link Group, 10th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL by 11.30 am on 20 September 2021.

2. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

3. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.

4. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

5. If you submit more than one valid proxy appointments, the appointment received last before the latest time for the receipt of proxies will take precedence.

6. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 22 September 2021 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Group (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertified Securities) (Jersey) Order 1999.

8. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at close of business on 20 September 2021 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after close of business on 22 September 2021 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Ordinary Shares.
10. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
    - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question, or;
    - it is undesirable in the interests of the company or the good order of the meeting to answer the question.
11. Copies of the directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day from the date of this Notice up to the conclusion of the AGM. Due to restrictions, if shareholders wish to inspect any of these documents they should email agee@stanleygibbons.com.

EXPLANATORY NOTES

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

Biographical details of the Directors seeking re-election are contained in the Annual Report 2021.

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

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

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

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

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

STANLEY GIBBONS
ESTABLISHED 1856

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