

FLETCHER KING PLC

Interim Results for the 6 months ended 31 October 2021

Financial Highlights

Turnover:	£1,426,000	(2020 restated: £909,000)
Earnings before tax:	£11,000	(2020: £477,000 loss)
Basic EPS:	0.12p per share	(2020: 4.47p loss per share)
Dividend proposed:	nil	(2020: nil)

Operational Highlights

- Performance was significantly improved on the comparative period last year, reflecting a return to more stable market conditions.
- Steady and predictable revenue from asset management and fund management clients was supplemented by an improvement in transaction-based fee income.
- Post period end, the Company has signed a lease on alternative office premises that are expected to provide a material reduction in fixed overheads.

Commenting on the results David Fletcher, Chairman of Fletcher King said:

“After a very difficult trading period last year, it is pleasing to report a return to profitability for the first half of this year, albeit a modest one. In normal circumstances we would be hopeful for the trend to continue, but with the emergence of a new covid strain, and potential adverse impact on society and the wider economy, it remains to be seen how our markets will be affected”.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

ENQUIRIES:

Fletcher King Plc

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The interim results are available on the Company’s website: www.fletcherking.co.uk

CHAIRMAN'S STATEMENT

Results

Turnover for the period was £1,426,000 (2020 restated: £909,000) with a profit before tax of £11,000 (2020: loss of £447,000).

Dividend

In view of the continued uncertainty and the low level of profit the Board is not declaring an interim dividend. (2020: no dividend).

The Commercial Property Market

Although a degree of uncertainty continued throughout the period, both the letting and capital markets were considerably more buoyant compared to the corresponding period last year and this is reflected in our improved results.

The general improvement in the letting markets however was not across all segments and retail in particular remained generally subdued. Offices were more in demand, particularly in Central London and other major city centres, and industrials continued their upward trajectory.

The capital markets also saw a significant increase in the volume of transactions with investors having substantial funds to deploy seeking suitable property to purchase.

Business Overview

It was pleasing to see the Investment Department return to greater activity and it had a significantly better first half than the corresponding period last year.

Property Management and Fund Management continued its steady performance and added instructions from new clients.

The volume of bank valuation instructions increased and this trend continues. Regrettably the settlement of rating appeals continue to be slow and the timing of negotiations with the Valuation Office are impossible to predict.

We continue to restrict discretionary expenditure where possible. The lease on our current offices expires in May next year and we will be moving to new space which will provide a material reduction in fixed office overheads.

On 4 October we announced that Mr Elliott Bernerd was indirectly acquiring 29.99% of the shares in the Company via a Placing and a purchase of shares from the three largest shareholders which includes myself. The three shareholders will be selling 50% of their holding. The transaction is subject to FCA controller approval which has yet to be received. An announcement will be made as soon as it has, which is now expected in early 2022.

Outlook

Just when we thought the worst of the pandemic was coming to an end we have been hit by a new strain. We are once again in a period of uncertainty and it remains to be seen how our markets will be affected and the duration and severity of any downturn.

In the current circumstances, it continues to be difficult to assess our future trading performance but we are encouraged by the return to profitability in the first half of the year, albeit a modest one, and hopefully in due course we will be able to return to a dividend payment.

We have some good investment sales instructions in the pipeline and there are positive signs of increasing numbers of bank valuations. Rating appeals will remain slow but we are hopeful that at least one of our larger appeals will be agreed.

Our Fund and Property Management mandates will continue to provide a secure income stream with opportunities for growth.

As we have previously announced, and subject to FCA approval, the Board is delighted to welcome Elliott Bernerd as a substantial shareholder in the Company. It has been our wish for some time to have a significant shareholder who would help the expansion of our business and assist us in acquiring new clients and projects. Elliott and I have known each other since the early years of our careers. His expertise, vast experience and contacts throughout the property world will be, I am sure, of great value to the Company and its shareholders.

I am pleased to report that we continue to be securely financed with a strong balance sheet and cash reserves. This is important not only for shareholders but also it gives confidence to our valued clients and hard working and talented staff who I thank for their valuable contribution.

DAVID FLETCHER
CHAIRMAN
23 December 2021

Consolidated Interim Statement of Comprehensive Income
for the 6 months ended 31 October 2021

	6 months ended 31 October 2021 (Unaudited) £000	Restated* 6 months ended 31 October 2020 (Unaudited) £000	Year ended 30 April 2021 (Audited) £000
Revenue	1,426	909	2,264
Employee benefits expense	(642)	(637)	(1,262)
Depreciation expense	(140)	(140)	(281)
Other operating expenses	(643)	(584)	(1,566)
	(1,425)	(1,361)	(3,109)
Other operating income	13	12	25
Investment income	-	-	-
Finance income	-	2	2
Finance expense	(3)	(9)	(16)
Profit/(loss) before taxation	11	(447)	(834)
Taxation	-	35	146
Profit/(loss) for the period	11	(412)	(688)
Other comprehensive income			
Fair value gain on financial assets through other comprehensive income	-	-	(101)
Total comprehensive income for the period	11	(412)	(789)
Earnings per share (note 4)			
- Basic	0.12p	(4.47p)	(7.47p)
- Diluted	0.12p	(4.47p)	(7.47p)
Dividends per share			
Interim dividend proposed	-	-	-
Dividends paid	-	0.50p	0.50p

* Prior period restatement relates to the realignment of the Group's revenue recognition policy to the principal versus agent requirements of IFRS 15. As a result, revenue has been presented gross of fees shared with third parties, with the related costs now included within other operating expenses. The impact on revenue and costs is £0.04m. The restatement has no impact on the Group's profit for the period, earnings per share or net asset position.

Consolidated Interim Statement of Financial Position
as at 31 October 2021

	31 October 2021 (Unaudited) £000	31 October 2020 (Unaudited) £000	30 April 2021 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	8	16	12
Right-of-use asset	136	408	272
Financial assets	529	630	529
	673	1,054	813
Current Assets			
Trade and other receivables	837	501	1,148
Corporation tax debtor	111	-	111
Cash and cash equivalents	3,096	3,113	2,892
	4,044	3,614	4,151
Total assets	4,717	4,668	4,964
Liabilities			
Current liabilities			
Trade and other payables	647	499	908
Provisions	100	-	100
Current taxation liabilities	-	-	-
Lease liabilities	580	299	577
Total current liabilities	1,327	798	1,585
Non current liabilities			
Lease liabilities	-	114	-
Shareholders' equity			
Share capital	921	921	921
Share premium	140	140	140
Investment revaluation reserve	(101)	-	(101)
Reserves	2,430	2,695	2,419
Total shareholders' equity	3,390	3,756	3,379
Total equity and liabilities	4,717	4,668	4,964

*Consolidated Interim Statement of Changes in Equity
for the 6 months ended 31 October 2021*

	Share capital £000	Share premium £000	Investment revaluation reserve £000	Profit and loss £000	TOTAL EQUITY £000
Balance at 1 May 2021	921	140	(101)	2,419	3,379
Profit for the period	-	-	-	11	11
Equity dividends paid	-	-	-	-	-
Balance at 31 October 2021 (Unaudited)	921	140	(101)	2,430	3,390
Balance as at 1 May 2020	921	140	-	3,153	4,214
Loss for the period	-	-	-	(412)	(412)
Equity dividends paid	-	-	-	(46)	(46)
Balance at 31 October 2020 (Unaudited)	921	140	95	2,695	3,756
Balance as at 1 May 2020	921	140	-	3,153	4,214
Loss for the year	-	-	-	(688)	(688)
Equity dividends paid	-	-	-	(46)	(46)
Fair value loss on financial assets through other comprehensive income	-	-	(101)	-	(101)
Balance at 30 April 2021 (Audited)	921	140	(101)	2,419	3,379

*Consolidated Interim Statement of Cash Flows
for the 6 months ended 31 October 2021*

	6 months ended 31 October 2021 (Unaudited) £000	6 months ended 31 October 2020 (Unaudited) £000	Year ended 30 April 2021 (Audited) £000
Cash flows from operating activities			
Profit/(loss) before taxation from continuing operations	11	(447)	(834)
Adjustments for:			
Movement in provision	-	-	100
Depreciation expense	140	140	281
Investment income	-	-	-
Finance income	-	(2)	(2)
Finance expense	3	9	16
Cash flows from operating activities before movement in working capital	154	(300)	(439)
Decrease/(increase) in trade and other receivables	311	179	(468)
(Decrease)/increase in trade and other payables	(261)	(190)	219
Cash generated from/(absorbed by) operations	204	(311)	(688)
Taxation paid	-	-	-
Net cash flows generated from/(used in) operating activities	204	(311)	(688)
Cash flows from investing activities			
Investment income	-	-	-
Finance income	-	2	2
Net cash flows from investing activities	-	2	2
Cash flows from financing activities			
Lease payments	-	(156)	-
Dividends paid to shareholders	-	(46)	(46)
Net cash flows from financing activities	-	(202)	(46)
Net increase/(decrease) in cash and cash equivalents	204	(511)	(732)
Cash and cash equivalents at start of period	2,892	3,624	3,624
Cash and cash equivalents at end of period	3,096	3,113	2,892

1. General information

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 61 Conduit Street, London W1S 2GB.

These interim financial statements were approved by the Board of Directors on 22 December 2021.

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to apply for the year ended 30 April 2022.

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the consolidated financial statements for the year ended 30 April 2021. There are no new standards, interpretations and amendments, effective for the first time from 1 May 2021, that have had a material effect on the financial statements of the Group.

3. Non Statutory Accounts

The financial information for the period ended 31 October 2021 set out in this interim report does not constitute the Group's statutory accounts for that period. Whilst the financial figures included in this interim report have been computed in accordance with IFRS, this interim report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS34. The statutory accounts for the year ended 30 April 2021 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The financial information for the 6 months ended 31 October 2021 and 31 October 2020 is unaudited.

4. Earnings per share

	6 months to 31 October 2021 Number	6 months to 31 October 2020 Number	Year ended 30 April 2021 Number
Weighted average number of shares for basic earnings per share	9,209,779	9,209,779	9,209,779
Share options	-	-	-
Weighted average number of shares for diluted earnings per share	9,209,779	9,209,779	9,209,779
	£000	£000	£000
Earnings for basic and diluted earnings per share:	11	(412)	(688)
Basic earnings per share	0.12p	(4.47p)	(7.47p)
Diluted earnings per share	0.12p	(4.47p)	(7.47p)