



# **VOLVERE PLC**

Annual report and financial statements

Year ended 31 December 2016



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**Country of incorporation**

England and Wales

**Company secretary**

Nick Lander

**Company number**

04478674

**Registered office**

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Web: [www.volvere.co.uk](http://www.volvere.co.uk)

**Directors and professional advisers**

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**Directors**

*David Buchler, Non-Executive Chairman, aged 65*

David is a Chartered Accountant and has some 35 years of experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, one of the UK's leading financial recovery and restructuring specialists, which was acquired by the Kroll Inc. Company in 1999, the world's leading risk mitigation firm. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, as well as a member of the Institute for Turnaround, Trustee of Syracuse University, former Vice-Chairman of Tottenham Hotspur Football Club and former Deputy Chairman of the English National Opera. He has been a Director of a number of public companies.

*Jonathan Lander, Chief Executive Officer, aged 49*

Jonathan is a founder and Chief Executive Officer of Volvere. He has over 25 years' experience in the financial services industry, including 18 years as CEO of D2L Capital Limited, a London-based venture capital firm. He has been both an adviser to and principal investor in numerous public and private emerging growth companies. He holds an M.A. in Law from Cambridge University and is a Chartered Financial Analyst.

*Nick Lander, Chief Financial & Operating Officer and Company Secretary, aged 50*

Nick is a founder and Chief Financial & Operating Officer of Volvere. He has worked for a number of private and public companies in both financial and operational roles. He previously held the position of Corporate Development Director at Clyde Blowers PLC and spent 6 years with APV plc (formerly part of Invensys plc), latterly as Managing Director of a subsidiary business. Nick qualified as a chartered accountant with PricewaterhouseCoopers in 1990.

**Bankers**

Bank of Scotland  
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**Solicitors**

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## **Strategic report**

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The strategic report is set out in three parts comprising the Chairman's statement, the Chief Executive's statement, and the financial review. The three parts should be read and considered together and not in isolation.

### **Chairman's statement**

I am pleased to report on the results for the year ended 31 December 2016.

The Group's trading businesses contributed positively during the year and, as a result, we once again achieved record net asset assets per share of £6.17\* (2015: £5.69). All businesses have continued to perform satisfactorily in 2017 to date.

**David Buchler**  
**Chairman**

25 May 2017

\*Net assets attributable to owners of the parent company divided by total number of ordinary shares outstanding at the reporting date (less those held in treasury), see note 20.

### **Chief Executive's statement**

#### **Introduction**

The Group's progress overall in 2016 was very pleasing with Group revenue from continuing activities reaching a new record of £33.0 million (2015: £27.9 million). Particularly encouraging was the performance of Impetus Automotive, which was acquired in 2015.

#### **Principal activities**

The Company is a holding company that identifies and invests in undervalued and/or distressed businesses and securities as well as businesses that are complementary to existing Group companies. The Company provides management services to those businesses.

The trading subsidiaries' activities during the year were food manufacturing, security solutions and automotive consulting, and each of these is reported as a separate segment.

#### **Operating review**

The financial performance of each segment is summarised below and in the financial review on pages 5 to 7 and further detailed in note 5 to the financial statements.

##### *Food manufacturing*

Shire Foods Limited ("Shire"), in which the Group has an 80% stake, was acquired in 2011 and manufactures frozen pies, pasties and other pastry products for retailers and food service customers. This year was Shire's fifth full year of trading within the Group.

Shire's revenue for the year decreased slightly to £15.19 million (2015: £15.48 million) and it achieved a profit before tax and intra-group management and interest charges\*\* of £1.15 million (2015: £1.59 million). Profit before tax was £0.91 million (2015: £0.89 million) – with the difference being intra-group interest and management charges.

The effect of Sterling's devaluation following the Brexit vote resulted in increased raw material prices and this, coupled with a change in product mix, resulted in lower profitability.

*Food manufacturing (continued)*

Whilst we remain positive overall about Shire's contribution to the Group, there are some headwinds facing the business, not least increasing labour rates and a reluctance by customers to pass on price rises to consumers. However, raw material prices now seem to have largely stabilised and we have agreed with customers new pricing and product specifications, which are expected to relieve downward margin pressure from the second quarter of 2017.

Throughout 2016, Shire continued to seek growth opportunities through product innovation. The company has been developing a seasonal product range and initial launches with customers have proved successful. This is expected to continue in 2017.

Further information about Shire can be found at [www.shirefoods.com](http://www.shirefoods.com).

*Automotive consulting*

Impetus Automotive Limited was acquired in March 2015, and 2016 was therefore its first full year within the Group. Impetus's principal activity is the provision of consulting and related services to the automotive sector, including vehicle manufacturers, retailers and national sales companies. The Group has an 83% stake in Impetus.

Revenue in 2016 was £17.37 million and its profit before tax and intra-group management and interest charges\*\* was £1.49 million (9 months to 31 December 2015: £0.58 million). Profit before tax was £1.11 million (9 months to 31 December 2015: £0.30 million) – with the difference being intra-group interest and management charges.

The automotive industry is evolving, driven by increasing innovation and technology in both vehicles and their supply and support channels. This provides a dynamic and challenging back-drop for Impetus and we believe the business is well-positioned in such an environment.

Since acquisition we have prepared the company for growth by increasing client focus, staff efficiency and improving back-office systems. We believe the financial performance in 2016 reflects this greater focus and has been pivotal in winning new work.

As part of a plan to widen Impetus's service offering the company has, with effect from April 2017, assumed responsibility for the management and delivery of a large automotive manufacturer's learning and development activities in the UK. As a result, Impetus now employs almost 400 people (an increase of approximately 150 compared to March 2017) and we expect Impetus' financial contribution to increase further this year as a result.

Further information on Impetus's activities can be found at [www.impetusautomotive.com](http://www.impetusautomotive.com).

*Security solutions*

Sira Defence & Security Limited ("Sira"), the Group's digital CCTV viewing software business, continued its good progress with revenue increasing to £0.38 million (2015: £0.31 million) and achieving a profit before tax of £0.16 million (2015: £0.12 million).

Sira remains focused on being the universal interface for accessing multiple format CCTV footage in the law enforcement sector.

Further information about Sira can be found at [www.siraview.com](http://www.siraview.com).

*Investing and management services*

The Group's investment and management services segment comprises central overheads, partially offset by management and interest charges to Group companies, and returns from treasury management activities on current asset investments.

### **Future strategy**

Our strategy has been the same since incorporation in 2002 and has delivered excellent results: we seek acquisitions of under-performing businesses that we believe we can build into attractive market-leading companies, whilst achieving excellent risk-adjusted returns for shareholders. Although uncertainty created by Brexit has created challenges, it may yet yield more opportunities for us in the years ahead.

**Jonathan Lander**  
**Chief Executive**

25 May 2017

\*\*Profit before intra-group management and interest charges is considered to be a relevant and useful interpretation of the trading results of the business such that its performance can be understood on a basis which is independent of its ownership by the Group.

**Strategic report (*continued*) – Financial review**

**Financial performance**

Detailed information about the Group's segments is set out in note 5 to these financial statements which should be read in conjunction with this financial review and the Chairman's and Chief Executive's statements.

*Overview*

Group revenue from continuing operations rose from £27.9 million to £33.0 million. The growth was due mainly to Impetus Automotive Limited ("IAL") contributing a full year's revenue for the first time. There was underlying growth in IAL compared to the same period last year, whilst the Group's other businesses reported broadly consistent revenues.

Profit before tax from continuing operations rose from £1.34m in 2015 to £1.98m mainly due to the excellent performance of IAL, offset partly by lower profitability in Shire Foods Limited ("Shire").

The trading performance of each of our businesses is outlined in the Chief Executive's statement and set out further in note 5 to the financial statements.

*Food manufacturing*

This segment reflects the trading of Shire Foods, owned since July 2011.

Shire's revenue for the year decreased to £15.19 million (2015: £15.48 million) and profit before tax and intra-group management and interest charges fell to £1.15 million (2015: £1.59 million). We reported in 2016 that we expected the loss of a customer contract (due to the customer bringing manufacturing in-house in early 2016) to reduce revenue and result in lower profitability as a whole. The effects of growth with other customers partly off-set the revenue reduction, but the increase in raw material costs following the devaluation of Sterling resulted in downward margin pressure. During the first quarter of 2017 new trading terms and product formulations have been agreed with customers and this should result in more stable margins.

The 5-year financial performance of Shire is summarised in the table below:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Revenue	15,190	15,476	12,134	8,531	6,166
Profit/(loss) before tax, intra-group management and interest charges	1,149	1,588	1,651	117	(441)
Exceptional credit	-	-	(852)	-	-
Underlying profit/(loss) before tax, intra-group management and interest charges	<u>1,149</u>	<u>1,588</u>	<u>799</u>	<u>117</u>	<u>(441)</u>

*Automotive consulting*

This segment reflects the trading of Impetus, which was acquired in March 2015. Revenue for the year was £17.37 million compared to £12.08 million for the previous 9 month period. Profit before tax and intra-group management charges and interest rose significantly to £1.49 million (9 months to 31 December 2015: £0.58 million) as new client work was won and our headcount grew in line with that.

The company has been awarded a contract, which commenced on 1 April 2017 for an initial term of 3 years, to manage and deliver training and learning services in the UK for a large client. This is expected to increase the profit of the business, the extent of which will depend on the achievement of contractual service levels throughout the life of the contract.



**Strategic report (*continued*) – Financial review**

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*Automotive consulting (continued)*

The initial consideration for the purchase of Impetus in March 2015 was £1.25 million. In February 2016, the company issued new shares to certain management and staff such that the Group now holds approximately 83% of the company. At the end of 2016 Group loans outstanding were £0.89 million. However, since acquisition, total interest and management charges of £0.68 million have been paid to the Group. During 2017, there will be an increase in working capital to support the client contract referred to above, which will be met from Group resources.

**Investment revenues, other gains and losses and finance income and expense**

Whilst continuing to review and assess further investments in trading activities, the Group had significant cash on hand and has continued with active treasury management in response to prevailing low interest rates. This strategy achieved investment revenues and other gains totalling £0.16 million (2015: £0.59 million). The Group realised all such investments in late 2016 at a loss (before income), of approximately £0.02 million.

The Group's net finance expense was £0.11 million (2015: £0.12 million). In spite of the Group's significant cash balances, individual Group trading companies utilise leverage where appropriate, and without recourse to the remaining Group.

**Statement of financial position**

*Cash and current investments*

Cash at the year end totalled £20.06 million (2015: £11.97 million) and current asset investments were sold during the year (balance at December 2015: £4.31 million). Accordingly, total cash and current investments rose from £16.28 million in 2015 to £20.06 million in 2016.

*Overall position*

The Group balance sheet strengthened further during the year as a result of the underlying performance of the Group's continuing businesses. Total net assets increased year-on-year by £2.3 million, from £24.3 million at the end of 2015 to £26.6 million at the end of 2016.

**Dividends**

In accordance with the policy set out at the time of admission to AIM, the Board does not currently intend to recommend payment of a dividend and prefers to retain profits as they arise for investment in future opportunities, or to purchase own shares for treasury where that is considered to be in the best interests of shareholders.

**Purchase of own shares**

There were no purchases of the Company's own shares for treasury in 2016 (2015: £0.18 million). On 20 March 2017, the Group announced that it had purchased 10,000 shares.

**Earnings per share**

Basic and diluted earnings per ordinary share ("EPS") were 32.6p compared to 158.8p in the previous year. 2015 EPS was significantly boosted by the sale of our former subsidiary, JMP Consultants Limited, in that year. EPS from continuing operations rose from 20.3p to 32.6p due to the increased profits from continuing operations.

### **Key performance indicators (KPIs)**

The Group uses key performance indicators suitable for the nature and size of the Group's businesses. The key financial performance indicators are revenue and profit before tax. The performance of the Group and the individual trading businesses against these KPIs is outlined above, in the Chief Executive's statement and disclosed in note 5.

Internally, management uses a variety of non-financial KPIs as follows: in respect of the food manufacturing sector order intake, manufacturing output and sales are monitored weekly and reported monthly; in the automotive consulting segment staff utilisation, amounts billed to clients and cash collected are closely monitored; order intake is monitored monthly in respect of the security solutions segment.

### **Risk factors**

The Company and Group face a number of specific business risks that could affect the Company's or Group's success. The Company and Group invests in distressed businesses and securities, which by their nature often carry a higher degree of risk than those that are not distressed. The Group's businesses are principally engaged in the provision of services that are dependent on the continued employment of the Group's employees and availability of suitable, profitable workload. Also, in the automotive consulting and food manufacturing segments, there is a dependency on a small number of customers and a reduction in the volume or range of products or services supplied to those customers or the loss of any one of them could impact the Group materially.

These risks are managed by the Board in conjunction with the management of the Group's businesses.

More information on the Group's financial risks is disclosed in note 17 to the consolidated financial statements.

**Nick Lander**  
**Chief Financial & Operating Officer**

25 May 2017

## **Directors' report**

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The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### **Business review and indication of likely future developments**

The business review and indication of likely future developments are included within the Strategic Report.

### **Dividends**

The Directors do not recommend the payment of a dividend (2015: £nil).

### **Capital structure**

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 20. The Company has shares in issue in the following classes:

Class	Nominal value per share	% of voting rights	% of total capital
Ordinary shares	£0.0000001	100	-
Deferred shares	£0.00000001	-	100

None of the Company's shares have a right to fixed income. The Ordinary shares carry the right to one vote each at general meetings of the Company. The Deferred shares carry no rights to participate in the profits or assets of the Company (until a threshold return of assets of £10 billion has been reached) and carry no voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. Only the Ordinary shares are admitted to trading on AIM.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

At the Company's annual general meeting on 28 June 2016 a number of resolutions were passed in relation to the Company's capital structure. Those remaining in force are summarised below:

- The Directors may allot, grant options over, offer or otherwise deal with or dispose of any equity securities in the capital of the Company up to a maximum aggregate nominal amount of £2.00, such authority to expire fifteen months after the passing of the resolution or if earlier, on the conclusion of the next annual general meeting.
- The Directors may allot equity securities wholly for cash and/or to sell or transfer shares held by the Company in treasury. This authority shall be limited to the allotment (or sale or transfer of shares held in treasury) when in connection with an offer by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange or otherwise. In addition, other than pursuant to an offer by way of rights, the Directors may exercise such authority in respect of Ordinary shares having up to an aggregate nominal amount of £2.00. The authority expires fifteen months after the date the resolution was passed or if earlier, on the conclusion of the next annual general meeting.

**Directors' report (*continued*)**

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**Directors**

The Directors of the Company during the year were as named below. All served throughout the year and remain Directors at the date of this report.

David Buchler – Non-Executive Chairman  
Jonathan Lander – Chief Executive Officer  
Nick Lander – Chief Financial & Operating Officer

The current Directors' biographies are set out on page 1 and are incorporated here by reference. Jonathan Lander retires by rotation at the next annual general meeting and, being eligible, offers himself for re-election.

**Directors' interests**

The Directors' interests in the share capital of the Company at 31 December are disclosed below:

	<b>Number of Ordinary Shares 31 December 2016</b>	<b>% of Total Voting Rights 31 December 2016</b>	<b>Number of Ordinary Shares 31 December 2015</b>	<b>% of Total Voting Rights 31 December 2015</b>
David Buchler	129,893	3.18%	129,893	3.18%
Jonathan Lander	1,023,677	25.05%	1,023,677	25.05%
Nick Lander	548,277	13.42%	548,277	13.42%

No director held any share options at 31 December 2016 or 2015.

No material changes in directors' shareholdings (or options) occurred between 31 December and the date of this report.

**Corporate governance**

The Board gives careful consideration to the principles of corporate governance as set out in the UK Corporate Governance Code ("the Code") updated by the Financial Reporting Council in September 2014. However, the Company is relatively small and it is the opinion of the Directors that not all the provisions of the Code are relevant or desirable for a company of Volvere's size. On this basis we do not comply with the Code.

The Company has established an Audit Committee and a Remuneration Committee with formal terms of reference which comprise and are chaired by the Chairman.

**Political and charitable donations**

The Group made no donations to political organisations in 2016 (2015: nil). Charitable donations in the year were £6,300 (2015: £nil).

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee involvement**

The Group places considerable value on the involvement of its employees and has continued to keep them appropriately informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees at a local level.

**Directors' report (*continued*)**

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**Substantial shareholdings**

On 23 May 2017 the Company had been notified of the following voting rights (other than the Directors whose interests are disclosed earlier) as a shareholder of the Company:

Name of shareholder	Number of Ordinary Shares	% of issued Ordinary Share Capital and Voting Rights	Nature of holding
Andrew Lynton Cohen	439,833	10.8%	Direct
State Street Nominees Limited	282,000	6.9%	Direct
FG Nominees Limited	182,114	4.5%	Direct

**Supplier payment policy**

The Group's policy is to agree payment terms with its suppliers and to abide by those agreed terms. At the year end the Group had an average of 39 days (2015: 29 days) of purchases outstanding.

**Auditor**

KPMG LLP were appointed as auditor during the year. In accordance with section 489 of the Companies Act 2006, a resolution to reappoint KPMG LLP as auditor will be proposed at the forthcoming annual general meeting.

**Disclosure of information to the auditor**

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**On behalf of the Board**

**Nick Lander**  
**Company Secretary**  
Warnford Court  
29 Throgmorton Street  
London  
EC2N 2AT

25 May 2017

Company number: 04478674

**Statement of Directors' responsibilities**

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The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK 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 and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**On behalf of the Board**

**Nick Lander**  
**Company Secretary**

25 May 2017

**Independent auditor's report to the members of Volvere plc**

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We have audited the financial statements of Volvere plc for the year ended 31 December 2016 set out on pages 13 to 52. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Stuart Smith (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham, B4 6GH  
25 May 2017

# Volvere plc - Annual report and financial statements for the year ended 31 December 2016

## Consolidated income statement

	Note	2016 £'000	2015 £'000
<b>Continuing operations</b>			
Revenue	5	32,964	27,864
Cost of sales		(25,033)	(21,540)
<b>Gross profit</b>		7,931	6,324
Distribution costs		(932)	(893)
Administrative expenses		(5,065)	(4,558)
<b>Operating profit</b>	2	1,934	873
Investment revenues	7	186	163
Other gains and losses	7	(22)	429
Finance expense	7	(162)	(172)
Finance income	7	48	50
<b>Profit before tax</b>		1,984	1,343
Income tax expense	8	(311)	(335)
<b>Profit for the year from continuing operations</b>		1,673	1,008
<b>Discontinued operations</b>			
Profit for the year from discontinued operations after tax	6	-	5,667
<b>Profit for the year</b>		1,673	6,675
Attributable to:			
- Equity holders of the parent		1,334	6,499
- Non-controlling interests		339	176
		1,673	6,675
<b>Earnings per share</b>	9		
<b>Continuing operations</b>			
- Basic		32.6p	20.3p
- Diluted		32.6p	20.3p
<b>Discontinued operations</b>			
- Basic		-	138.5p
- Diluted		-	138.5p
<b>Total</b>			
- Basic		32.6p	158.8p
- Diluted		32.6p	158.8p

The notes on pages 18 to 44 form part of these financial statements.



# **Volvere plc - Annual report and financial statements for the year ended 31 December 2016**

## **Consolidated statement of comprehensive income**

	Note	2016 £'000	2015 £'000
<b>Profit for the year</b>		1,673	6,675
<b>Other comprehensive income: items that will be reclassified to profit when specific conditions are met</b>			
Fair value gains and losses on available for sale financial assets			
- current period gains/(losses)		-	(611)
- reclassified to profit and loss	7	617	(318)
Foreign exchange gains on retranslation of foreign operations		25	-
Other comprehensive income		642	(929)
<b>Total comprehensive income for the year</b>		2,315	5,746
Attributable to:			
- Equity holders of the parent		1,976	5,570
- Non-controlling interests		339	176
		2,315	5,746

The notes on pages 18 to 44 form part of these financial statements.

**Volvare plc - Annual report and financial statements for the year ended 31 December 2016**

**Consolidated statement of changes in equity**

	Share capital £'000	Share premium £'000	Fair value reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interests £'000	Total £'000
<b>2015</b>							
Other comprehensive income	-	-	(611)	-	(611)	-	(611)
Transfer to profit and loss on disposal	-	-	(318)	-	(318)	-	(318)
Profit for the year	-	-	-	6,499	6,499	176	6,675
<b>Total comprehensive income for the year</b>	-	-	(929)	6,499	5,570	176	5,746
<b>Balance at 1 January</b>	50	3,640	312	13,856	17,858	1,141	18,999
Transactions with owners:							
Disposal of NCI interest in subsidiary disposed of in the year	-	-	-	-	-	(271)	(271)
Purchase of own shares	-	-	-	(180)	(180)	-	(180)
<b>Total transactions with owners</b>	-	-	-	(180)	(180)	(271)	(451)
Balance at 31 December	50	3,640	(617)	20,175	23,248	1,046	24,294
<b>2016</b>							
Other comprehensive income	-	-	-	25	25	-	25
Transfer to profit and loss on disposal	-	-	617	-	617	-	617
Profit for the year	-	-	-	1,334	1,334	339	1,673
<b>Total comprehensive income for the year</b>	-	-	617	1,359	1,976	339	2,315
<b>Balance at 1 January</b>	50	3,640	(617)	20,175	23,248	1,046	24,294
Transactions with owners:							
Increase in non-controlling interest	-	-	-	(12)	(12)	21	9
Share based payments	-	-	-	7	7	-	7
<b>Total transactions with owners</b>	-	-	-	(5)	(5)	21	16
Balance at 31 December	50	3,640	-	21,529	25,219	1,406	26,625

The notes on pages 18 to 44 form part of these financial statements.

**Volvere plc - Annual report and financial statements for the year ended 31 December 2016**

**Consolidated statement of financial position**

**Company number 04478674**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	11	380	380
Other intangible assets	11	39	71
Property, plant and equipment	12	5,572	5,773
Total non-current assets		5,991	6,224
<b>Current assets</b>			
Inventories	13	2,082	1,106
Trade and other receivables	15	7,231	8,073
Cash and cash equivalents		20,063	11,967
Available for sale investments	14	-	4,313
Total current assets		29,376	25,459
<b>Total assets</b>		<b>35,367</b>	<b>31,683</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans and other borrowings	18	(1,613)	(787)
Finance leases	18	(159)	(104)
Trade and other payables	16	(4,431)	(4,058)
Tax payable		(184)	-
Total current liabilities		(6,387)	(4,949)
<b>Non-current liabilities</b>			
Loans and other borrowings	18	(1,448)	(1,541)
Finance leases	18	(442)	(450)
Total non-current liabilities		(1,890)	(1,991)
<b>Total liabilities</b>		<b>(8,277)</b>	<b>(6,940)</b>
<b>Provisions – deferred tax</b>	19	(376)	(335)
<b>Provisions – lease incentive</b>		(89)	(114)
<b>Net assets</b>		<b>26,625</b>	<b>24,294</b>
<b>Equity</b>			
Share capital	20	50	50
Share premium account	21	3,640	3,640
Fair value reserve	21	-	(617)
Retained earnings		21,529	20,175
<b>Capital and reserves attributable to equity holders of the Company</b>		<b>25,219</b>	<b>23,248</b>
<b>Non-controlling interests</b>	27	1,406	1,046
<b>Total equity</b>		<b>26,625</b>	<b>24,294</b>

The financial statements on pages 13 to 44 were approved by the Board of Directors and authorised for issue on 25 May 2017 and were signed on its behalf by:

Nick Lander  
**Director**

Jonathan Lander  
**Director**

The notes on pages 18 to 44 form part of these financial statements.

# Volvere plc - Annual report and financial statements for the year ended 31 December 2016

## Consolidated statement of cash flows

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Profit for the year from continuing operations</b>			1,673		1,008
Adjustments for:					
Investment revenues	7	(186)		(163)	
Other gains and losses	7	22		(429)	
Finance expense	7	162		172	
Finance income	7	(48)		(50)	
Depreciation	12	436		370	
Amortisation of intangible assets	11	32		89	
Foreign exchange differences		(7)		14	
Loss on disposal of property, plant and equipment		62		12	
Income tax expense		311		335	
Share based payment expense		7		-	
			791		350
<b>Operating cash flows before movements in working capital</b>			2,464		1,358
Decrease/(increase) in trade and other receivables			100		(1,015)
Increase in trade and other payables			275		166
Increase in inventories			(976)		(169)
Tax paid			(82)		-
<b>Cash generated from continuing operations</b>			1,781		340
<b>Net cash generated from discontinued operations</b>			-		652
<b>Net cash generated from operations</b>			1,781		992
<b>Investing activities</b>					
Proceeds from sale of discontinued operations net of cash sold	6	784		4,860	
Acquisition of business	22	-		(1,013)	
Purchase of available for sale investments		-		(8,733)	
Income from available for sale investments		186		163	
Disposal of available for sale investments		4,908		4,840	
Purchase of property, plant and equipment	12	(164)		(955)	
Disposal of property, plant and equipment		25		4	
Interest received	7	49		50	
<b>Net cash (used by)/generated from investing activities</b>			5,788		(784)
<b>Financing activities</b>					
Interest paid		(162)		(172)	
Purchase of own shares (treasury shares)	20	-		(180)	
Net new/(repayment of) borrowings		620		(104)	
Issue of shares (by subsidiary)		9		-	
<b>Net cash generated from/(used by) financing activities</b>			467		(456)
<b>Net increase/(decrease) in cash</b>			8,036		(248)
<b>Cash at beginning of year</b>			11,967		12,215
<b>Foreign exchange movement</b>			60		-
<b>Cash at end of year</b>			20,063		11,967

The notes on pages 18 to 44 form part of these financial statements.

## **1 Accounting policies**

### **Basis of accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"); these are presented on pages 46 to 52.

#### *Going concern*

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, note 17 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources and operates in a number of different market sectors. As a consequence, the directors believe that the Group is well placed to manage the business risks inherent in its activities despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following principal accounting policies have been applied consistently, in all material respects, in the preparation of these financial statements:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All subsidiaries have a reporting date of 31 December.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The results and net assets of subsidiaries whose accounts are denominated in foreign currencies are retranslated into Sterling at average and year-end rates respectively.

### **Business combinations**

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

## **1 Accounting policies (*continued*)**

### **Business combinations (*continued*)**

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of the fair value of consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

The purchase of a non-controlling interest is not a business combination within the scope of IFRS 3, since the acquiree is already controlled by its parent. Such transactions are accounted for as equity transactions, as they are transactions with equity holders acting in their capacity as such. No change in goodwill is recognised and no gain or loss is recognised in profit or loss.

### **Goodwill**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See above for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses and is reviewed annually for impairment.

### **Other intangible assets**

All other intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis as set out below over their estimated useful lives, which are considered finite. Registered design rights are amortised over the life of the registration. Residual values and useful lives are reviewed at each reporting date and they are subject to impairment testing where indicators of impairment are present.

Intellectual property rights	- 10% straight line
Software	- 33% straight line

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods. There are no service obligations attached to the sale of goods. Customer rebates are deducted from revenue.

Revenue earned on time and materials contracts is recognised as costs are incurred. Income from fixed price contracts is recognised in proportion to the stage of completion, determined on the basis of work done, of the relevant contract.

Revenue from consulting services is recognised when the services are provided by reference to the contract's stage of completion at the reporting date. When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

## **1 Accounting policies (*continued*)**

### **Revenue recognition (*continued*)**

The gross amount due from customers for contract work is presented within trade and other receivables for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented within other liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

### **Discontinued operations**

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a separate major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within continuing operations until they meet the criteria to be held for sale. The post-tax profit or loss of the discontinued operation is presented as a single line on the face of the consolidated income statement, together with any post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation. On changes to the composition of groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

### **Operating segments**

IFRS 8 "Operating Segments" requires the disclosure of segmental information for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed collectively by the Board of Directors.

Volvere plc is a holding company that identifies and invests principally in undervalued and distressed businesses and securities as well as businesses that are complementary to existing Group companies. Its customers are based primarily in the UK, Europe and the USA.

Financial information (including revenue and profit before tax and intra-group charges) is reported to the board on a segmental basis. Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before tax and intra-group charges. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned.

All liabilities are allocated to individual segments. Information is reported to the board of directors on a segmental basis as management believes that each segment exposes the Group to differing levels of risk and rewards due to their varying business life cycles. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements. Each segment is managed separately.

### **Leasing**

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

**1 Accounting policies (*continued*)**

**Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in net profit or loss for the period.

**Retirement benefit costs**

The Group's subsidiary undertakings operate defined contribution retirement benefit schemes. Payments to these schemes are charged as an expense in the period to which they relate. The assets of the schemes are held separately from those of the relevant company and Group in independently administered funds.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Freehold property is revalued on a periodic basis. Depreciation is charged so as to write off the cost or valuation of assets, less their residual values, over their estimated useful lives, using the straight line method, on the following bases:

Freehold property	-	1.5% per annum
Improvements to short-term leasehold property	-	Over the life of the lease
Plant and machinery	-	4%-33% per annum



**1 Accounting policies (*continued*)**

**Investments**

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs. Available for sale current asset investments are carried at fair value with adjustments recognised in other comprehensive income.

**Investment income**

Income from investments is included in the income statement at the point the Group becomes legally entitled to it. Interest income and expenses are reported on an accruals basis using the effective interest method.

**Impairment of property, plant and equipment and intangible assets (including goodwill)**

At each reporting date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Share-based payments**

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of options that will ultimately vest.

Fair value is measured by use of a Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Raw materials are valued at purchase price and the costs of ordinarily interchangeable items are assigned using a weighted average cost formula. The cost of finished goods comprises raw materials directly attributable to manufacturing processes based on product specification and packaging cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

## **1 Accounting policies (*continued*)**

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, overnight deposits and treasury deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

### **Financial assets**

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

**Fair value through profit or loss (FVTPL):** This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

**Loans and receivables:** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less any provision for impairment. Receivables are considered for impairment when there is a risk of counterparty default.

**Available-for-sale:** Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity (other comprehensive income). On disposal, amounts recognised in other comprehensive income are transferred to the profit and loss as part of the gain or loss on disposal. Fair value is determined by reference to independent valuation statements provided by the investment manager or broker (as the case may be) through whom such investments are made. Where the underlying investments are exchange-traded, the mid-price of the investment is used.

**Impairment:** All financial assets except those at FVTPL are reviewed for impairment at each reporting date to identify whether there is any objective evidence that a financial asset or group of assets is impaired. Different methods are used to determine impairment as described above.

### **Financial liabilities**

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

**FVTPL:** This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

**Other financial liabilities:** Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Bank and other borrowings are initially recognised at the fair value of the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

## **1 Accounting policies (*continued*)**

### **Financial liabilities (*continued*)**

#### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### **Invoice discounting**

The Group uses an invoice discounting facility and retains all significant benefits and risks relating to the relevant trade receivables. The gross amounts of the receivables are included within assets and a corresponding liability in respect of proceeds received from the facility is included within liabilities. The interest and charges are recognised as they accrue and are included in the income statement with other interest charges.

#### **Significant management judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The nature of the Group's business is such that there can be unpredictable variation and uncertainty regarding its business. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

#### Significant management judgements

The judgements that have a significant impact on the carrying value of assets and liabilities are discussed below:

##### *Consolidation*

Management have concluded that it is not appropriate to utilise the exemption from consolidation available to investment entities under IFRS10 as it is not considered to meet all of the essential elements of the definition of an investment entity as performance is not measured or evaluated on a fair value basis. Accordingly the consolidation includes all entities which the Company controls.

##### *Current asset investments*

Declines in the fair value of current asset investments are considered for indicators of impairment. Where the decline in value is significant or prolonged the asset may be considered to be impaired with the resulting impairment losses recognised in the income statement. Short term and insignificant declines in fair value that are considered to be temporary are reflected in other comprehensive income.

#### Significant estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### *Receivables*

Due to the nature of some services provided by certain businesses within the Group the recoverability of receivables can be subject to management estimates. Management estimation is required in measuring and recognising provisions and otherwise determining the exposure to unrecoverable debts. Sensitivity is limited through the Group's credit control procedures and the overall high quality of the Group's customer base, although it is acknowledged that some customer concentration can mean that adjustments could be material.

**1 Accounting policies (*continued*)**

**Significant management judgements and key sources of estimation uncertainty (*continued*)**

*Useful lives of depreciable assets*

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated income statement.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology or regulations.

*Inventories*

In determining the cost of inventories management have to make estimates to arrive at cost and net realisable value.

Furthermore, determining the net realisable value of the wider range of products held requires judgement to be applied to determine the saleability of the product and estimations of the potential price that can be achieved. In arriving at any provisions for net realisable value management take into account the age, condition and quality of the product stocked and the recent sales trend. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices

*Business combinations*

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management estimations. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then the difference is recorded as a gain in the income statement.

*Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

*Deferred tax asset*

The Group recognises a deferred tax asset in respect of temporary differences relating to capital allowances, revenue losses and other short term temporary differences when it considers there is sufficient evidence that the asset will be recovered against future taxable profits.

This requires management to make decisions on such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there is a change in the tax rates or to the period over which temporary timing differences might be recognised, the value of the deferred tax asset will need to be revised in a future period.

The most sensitive area of estimation risk is with respect to losses. The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, recognition of the benefit of these losses may result in a reduced tax charge in a future period.

## **1 Accounting policies (*continued*)**

### **New standards and interpretations – in issue but not yet effective**

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

#### IFRS 9 'Financial Instruments' (2015)

The IASB recently released IFRS 9 'Financial Instruments' (2015), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

IFRS 9 is effective for reporting periods beginning on or after 1 January 2018. The Group's management have not yet assessed the impact of IFRS 9 on the consolidated financial statements.

#### IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. The Group's management have not yet assessed the impact of IFRS 15 on the consolidated financial statements.

#### IFRS 16 'Leases'

IFRS 16 introduces significant changes to accounting for leases including a general move towards more leases being classified as finance leases, and fewer being classified as operating leases.

IFRS 16 is effective for accounting periods commencing on or after 1 January 2019. The Group's management have not yet assessed the impact of IFRS 15 on the consolidated financial statements.

## **2 Operating profit**

Operating profit is stated after charging/(crediting):

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Staff costs	13,451	10,321
Depreciation of property, plant and equipment	436	370
Amortisation of intangible assets	32	89
Operating lease expense	309	207
Auditor's fees – audit services	58	65
Auditor's fees – tax advice	14	-
	<hr/>	<hr/>
The analysis of audit fees is as follows:		
- for the audit of the Company's annual accounts	16	19
- for the audit of the Company's subsidiaries' accounts	42	46
	<hr/>	<hr/>
	58	65
	<hr/>	<hr/>

Auditor's fees were payable to KPMG LLP in 2016 and to Grant Thornton UK LLP in 2015.

**Notes forming part of the consolidated financial statements (*continued*)**

**3 Staff costs**

Staff costs comprise:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Wages and salaries	11,811	9,036
Employer's National Insurance contributions	1,218	905
Defined contribution pension cost	415	380
Share based payment expense	7	-
	<u>13,451</u>	<u>10,321</u>

The average number of employees (including Directors) in the Group was as follows:

	<b>2016 Number</b>	<b>2015 Number</b>
Engineering, production and professional	284	266
Sales and marketing	8	11
Administration and management	43	40
	<u>335</u>	<u>317</u>

**4 Directors' remuneration**

The remuneration of the directors was as follows:

	<b>Salaries &amp; fees 2016 £'000</b>	<b>Other benefits 2016 £'000</b>	<b>Total 2016 £'000</b>
David Buchler	30	-	30
Jonathan Lander	11	-	11
Nick Lander	11	1	12
	<u>52</u>	<u>1</u>	<u>53</u>

  

	<b>Salaries &amp; fees 2015 £'000</b>	<b>Other benefits 2015 £'000</b>	<b>Total 2015 £'000</b>
David Buchler	58	-	58
Jonathan Lander	11	-	11
Nick Lander	11	1	12
	<u>80</u>	<u>1</u>	<u>81</u>

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement with D2L Partners LLP. The amount due under these agreements, which is in addition to the amounts disclosed above, for the year amounted to £615,000 (2015: £1,128,000). Amounts owed to D2L Partners LLP at the year end totalled £nil (2015: £nil).

The amount paid to David Buchler in the year was paid to a third party on an invoice basis and no amounts were outstanding at the year end (2015: £nil). None of the directors were members of the Group's defined contribution pension plan in the year (2015: none).

Notes forming part of the consolidated financial statements (*continued*)

## 5 Operating segments

### Analysis by business segment:

An analysis of key financial data by business segment is provided below. The Group's automotive consulting and security solutions segments are engaged in the provision of services to third party customers. The group's food manufacturing segment is engaged in the production and sale of food products to third party customers, and the investing and management services segment incurs central costs, provides management services and financing to other Group segments and undertakes treasury management on behalf of the Group. A more detailed description of the activities of each segment is given in the Strategic Report.

	<b>Automotive consulting</b>	<b>Security solutions</b>	<b>Food manufacturing</b>	<b>Investing and management services</b>	<b>Total continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	17,372	382	15,190	20	32,964	-	32,964
<b>Profit/(loss) before tax<sup>(1)</sup></b>	1,485	163	1,149	(813)	1,984	-	1,984
	<b>Automotive consulting</b>	<b>Security solutions</b>	<b>Food manufacturing</b>	<b>Investing and management services</b>	<b>Total continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	12,077	311	15,476	-	27,864	12,823	40,687
<b>Profit/(loss) before tax<sup>(1)</sup></b>	583	118	1,588	(946)	1,343	5,667 <sup>(2)</sup>	7,010
	<b>Automotive consulting</b>	<b>Security solutions</b>	<b>Food manufacturing</b>	<b>Investing and management services</b>	<b>Total continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>	4,834	207	11,136	19,190	35,367	-	35,367
<b>Liabilities/provisions</b>	(2,895)	(209)	(5,412)	(226)	(8,742)	-	(8,742)
<b>Net assets<sup>(3)</sup></b>	1,939	(2)	5,724	18,964	26,625	-	26,625
	<b>Automotive consulting</b>	<b>Security solutions</b>	<b>Food manufacturing</b>	<b>Investing and management services</b>	<b>Total continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>	5,095	148	10,163	16,277	31,683	-	31,683
<b>Liabilities/provisions</b>	(2,600)	(163)	(4,287)	(339)	(7,389)	-	(7,389)
<b>Net assets<sup>(3)</sup></b>	2,495	(15)	5,876	15,938	24,294	-	24,294

(1) stated before intra-group management and interest charges

(2) discontinued segment result stated after tax

(3) assets and liabilities stated excluding intra-group balances

**Notes forming part of the consolidated financial statements (*continued*)**

**5 Operating segments (*continued*)**

	Automotive consulting	Security solutions	Food manufacturing	Investing and management services	Total continuing	Discontinued	Total
	2016	2016	2016	2016	2016	2016	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital spend	35	-	287	-	322	-	322
Depreciation	45	-	390	1	436	-	436
Amortisation/impairment	32	-	-	-	32	-	32
Interest income (non-Group)	-	-	-	48	48	-	48
Interest expense (non-Group)	41	-	121	-	162	-	162
Tax expense	175	-	136	-	311	-	311

  

	Automotive consulting	Security solutions	Food manufacturing	Investing and management services	Total continuing	Discontinued	Total
	2015	2015	2015	2015	2015	2015	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital spend	25	1	821	1	848	108	956
Depreciation	26	-	343	1	370	91	461
Amortisation/impairment	89	-	-	-	89	-	89
Interest income (non-Group)	-	-	-	50	50	-	50
Interest expense (non-Group)	38	-	134	-	172	-	172
Tax expense	58	-	277	-	335	250 <sup>(4)</sup>	585

(4) included in profit from discontinued operations after tax

**Geographical analysis:**

	External revenue by location of customers		Non-current assets by location of assets	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
UK	29,064	25,039	5,991	6,224
Rest of Europe	2,612	1,761	-	-
Other	1,288	1,064	-	-
	<u>32,964</u>	<u>27,864</u>	<u>5,991</u>	<u>6,224</u>

The Group had 3 (2015: 2) customers that individually accounted for in excess of 10% of the Group's continuing revenues as follows:

	2016	2015
	£'000	£'000
First customer (food manufacturing segment)	6,713	5,501
Second customer (automotive solutions segment)	3,697	3,672
Third customer (automotive solutions segment)	<u>3,364</u>	<u>-</u>



## **6 Discontinued operations (2015)**

The Group's stake in JMP Consultants Limited ("JMP"), which formed the Group's transport planning and engineering segment, was sold on 18 December 2015 for cash consideration of £8,506,000, of which the Group's share was £6,477,000.

In accordance with IFRS 5 the total profits for 2015 relating to discontinued activities for the year were presented on a single line on the income statement, and are analysed below:

	<b>2015 £'000</b>
Revenue	12,823
Cost of sales	(6,817)
Administrative expenses	(4,898)
Interest	(11)
Income tax expense	(250)
Profits for the period to disposal/year	847
Non-controlling interests' share of profits in period to disposal	(190)
Group share of profits	657
Profit on disposal (see below)	5,010
<b>Profit on discontinued operations</b>	<b>5,667</b>

The net assets disposed, and resulting profit on sale is analysed below:

	<b>2015 £'000</b>
Property, plant and equipment	248
Work in progress	1,698
Receivables	2,405
Cash and cash equivalents	833
Liabilities and provisions	(3,256)
Net assets at date of disposal	1,928
Non-controlling interests' share of net assets at date of disposal	(461)
Group share of net assets at date of disposal	1,467
Profit on disposal	5,010
<b>Consideration</b>	<b>6,477</b>

The consideration receivable is analysed as follows:

Received on date of disposal	5,693
Receivable following determination of net assets at disposal (included in other receivables at year-end)	385
Receivable one year after disposal (included in other receivables at year-end)	399
<b>Total consideration receivable</b>	<b>6,477</b>

The cash flows associated with the disposal are as follows (2015):

Cash received on date of disposal	5,693
Cash disposed	(833)
<b>Net cash flows on disposal</b>	<b>4,860</b>

The amount receivable as at 31 December 2015 (£784,000) was received in full during 2016.

**7 Investment revenues, other gains and losses and finance income and expense**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Investment revenues</b>	186	163
<b>Other gains and losses</b>	(22)	429
<b>Finance income</b>		
Bank interest receivable	48	50
<b>Finance expense</b>		
Bank interest	(64)	(86)
Finance lease interest	(19)	7
Other interest and finance charges	(79)	(93)
	(162)	(172)

Investment revenues and other gains and losses represent respectively interest and dividends receivable from, and the gains arising upon disposal of, investments made pursuant to the Group's investing and treasury management policies.

£617,000 of losses (2015: £318,000 of gains) previously recognised directly in equity have been recycled to profits in the current year on disposal of the related investments.

**8 Income tax**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Current tax expense – current year	271	-
Deferred tax expense recognised in income statement – current year	105	288
Deferred tax expense recognised in income statement – adjustments in respect of prior years	(65)	47
<b>Total tax expense recognised in income statement</b>	311	335
Tax recognised directly in equity	-	-
<b>Total tax recognised (continuing operations)</b>	311	335

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Profit before tax	1,984	1,343
Expected tax charge based on the prevailing rate of corporation tax in the UK of 20% (2015: 20.25%)	397	272
<u>Effects of:</u>		
Expenses not deductible for tax purposes	51	49
Income/gains not subject to tax	(37)	(33)
Unrecognised deferred tax assets	1	33
Effect of changes in rate of tax	(36)	(33)
Adjustments in respect of prior years	(65)	47
<b>Total tax recognised (continuing operations)</b>	311	335

In July 2015, the UK government announced its intention to further reduce corporation tax rates to 17% from 1 April 2020. This has been substantively enacted during the year and deferred tax has been provided for at the rate at which it is expected to be settled. Further details on deferred tax assets (recognised and unrecognised) are given in note 19.

**Notes forming part of the consolidated financial statements (*continued*)**

**9 Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings for the purposes of earnings per share:	2016 £'000	2015 £'000
From continuing operations	1,334	832
From discontinued operations	-	5,667
Total	1,334	6,499

  

Weighted average number of shares for the purposes of earnings per share:	2016 No.	2015 No.
Weighted average number of ordinary shares in issue	4,085,958	4,091,547
Dilutive effect of potential ordinary shares	-	-
Weighted average number of ordinary shares for diluted EPS	4,085,958	4,091,547

There were no share options (or other dilutive instruments) in issue during the year or the previous year.

**10 Subsidiaries**

The subsidiaries of Volvere plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Registered address	Principal Activity	Proportion of ownership interest in ordinary shares
Volvere Central Services Limited	Note 1	Group support services	100%
NMT Group Limited	Note 2	Investment	98.6%
Sira Defence & Security Limited	Note 1	Software publishing	100%
Shire Foods Limited	Note 1	Food manufacturing	80%
Impetus Automotive Limited	Note 3	Automotive consulting	Note 7
Impetus Automotive Solutions Limited	Note 1	Holding company	100%
Impetus Automotive GmbH	Note 4	Automotive consulting	Note 5
Impetus Automotive Consulting Services (Beijing) Co., Ltd	Note 5	Automotive consulting	100%
Impetus Automotive Pty Limited	Note 6	Automotive consulting	100%
New Medical Technology Limited	Note 2	Dormant	98.6%
Zero-Stik Limited	Note 2	Dormant	98.6%

Note 1 – Registered at Shire House, Tachbrook Road, Leamington Spa, Warwickshire, CV31 3SF, England.

Note 2 – Registered at c/o Wright, Johnston & Mackenzie LLP, 302 St Vincent St, Glasgow, G2 5RZ, Scotland.

Note 3 – Registered at Tournament Court, Edgehill Drive, Warwick, CV34 6LG, England.

Note 4 – Registered at Bismarckstraße 30, 64668 Rimbach, Germany.

Note 5 – Registered at Office No 1562 NCI Tower, 12a Jianguomenwai Avenue, 100022 Beijing, China.

Note 6 – Registered at 75 Wensleydale Drive, Mornington, Victoria 3931, Australia.

Note 7 – The Group owns 100% of the A ordinary shares and none of the B ordinary shares of Impetus Automotive Limited, which at the date of these financial statements gives an economic interest in the total equity of approximately 83%. Impetus Automotive Limited owns 100% of Impetus Automotive GmbH, Impetus Automotive Consulting Services (Beijing) Co., Ltd and Impetus Automotive Pty Limited.

## 11 Goodwill and other intangible assets

	Goodwill £'000	Other intangible assets £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	-	441	441
Acquisitions – 2015	380	95	475
Additions – 2015	-	65	65
	<u>380</u>	<u>601</u>	<u>981</u>
At 31 December 2015 and at 31 December 2016			
<b>Amortisation</b>			
At 1 January 2015	-	441	441
Amortisation - 2015	-	89	89
Amortisation - 2016	-	32	32
	<u>-</u>	<u>562</u>	<u>562</u>
At 31 December 2016			
<b>Net book value</b>			
At 31 December 2016	<u>380</u>	<u>39</u>	<u>419</u>
At 31 December 2015	<u>380</u>	<u>71</u>	<u>451</u>

Goodwill is that arising on the acquisition of Impetus Automotive Limited as outlined in note 22.

As required by IAS 38 goodwill is not amortised and is instead tested annually for impairment. The business unit to which the goodwill attaches generated profits (before tax and intra-group management and interest charges) of almost £1.5m in 2016 and the carrying value of the goodwill is £380,000. Impairment testing therefore readily indicates that there is no impairment in the carrying value of goodwill, even if extremely conservative assumptions are used.

Other intangible assets comprise a mix of intellectual property rights and software. The net book value of internally-generated intangible assets was £39,000 (2015: £71,000).

Notes forming part of the consolidated financial statements (*continued*)

## 12 Property, plant and equipment

	Short Leasehold Property £'000	Freehold Property £'000	Plant & Machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2015	130	2,430	3,829	6,389
Acquisition	180	-	188	368
Additions	92	-	863	955
Disposals	-	-	(24)	(24)
Disposals – discontinued operations	(222)	-	(216)	(438)
At 31 December 2015 and 1 January 2016	180	2,430	4,640	7,250
Additions	-	-	322	322
Disposals	-	-	(322)	(322)
At 31 December 2016	180	2,430	4,640	7,250
<b>Accumulated depreciation</b>				
At 1 January 2015	26	75	927	1,028
Acquisitions	54	-	131	185
Disposals	-	-	(8)	(8)
Disposals – discontinued operations	(52)	-	(138)	(190)
Charge for the year – including discontinued operations	35	20	407	462
At 31 December 2015 and 1 January 2016	63	95	1,319	1,477
Disposals	-	-	(235)	(235)
Charge for the year	12	22	402	436
At 31 December 2016	75	117	1,486	1,678
Net book value				
At 31 December 2016	105	2,313	3,154	5,572
At 31 December 2015	117	2,335	3,321	5,773

The net book value of property, plant and equipment held on finance leases was £779,000 (2015: £695,000). Freehold property was subjected to an independent valuation on 15 April 2014. The valuation was £2,430,000 which was reflected as the fair value on acquisition and thus represents the historic cost to the Group.

Management consider there to be no indicators to suggest that any items of property, plant and equipment are impaired. Property, plant and equipment (which is all held within subsidiaries) with a net book value of £5.57 million is pledged as collateral for Group borrowings (all of which are within subsidiaries).

## 13 Inventories

	2016 £'000	2015 £'000
Raw materials	754	360
Finished products	1,328	746
	2,082	1,106

The total amount of inventories consumed in the year and charged to cost of sales was £9.21 million (2015: £9.57 million).

**Notes forming part of the consolidated financial statements (*continued*)**

**14 Financial assets (current)**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Available-for-sale investments	-	4,313

During the year the Group had invested in equity funds pursuant to its treasury management policies, although no such investments were held at the end of the year.

**15 Trade and other receivables**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Trade receivables	6,512	6,400
Less: provision for impairment of trade receivables	(1)	(1)
Net trade receivables	6,511	6,399
Other receivables	271	1,166
Amounts recoverable on contracts	218	260
Prepayments and accrued income	231	248
	<u>7,231</u>	<u>8,073</u>

Certain of the Group's subsidiaries have invoice discounting arrangements for their trade receivables which are pledged as collateral. Under these arrangements it is considered that the individual subsidiaries remain exposed to the risks and rewards of ownership, principally in the form of credit risk, and so the assets continue to be recognised. The associated liabilities arising restrict the subsidiaries' use of the assets.

The carrying amount of the assets and associated liabilities is as follows:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Trade receivables	6,431	6,342
Borrowings	(1,521)	(650)
	<u>4,910</u>	<u>5,692</u>

Because of the normal credit periods offered by the subsidiaries, it is considered that the fair value matches the carrying value for the assets and associated liabilities.

The Group is exposed to credit risk with respect to trade receivables due from its customers, primarily in the automotive consulting and food manufacturing segments. Both segments have a relatively large number of customers, however there is a significant dependency on a small number of large customers who can and do place significant contracts. Provisions for bad and doubtful debts are made based on management's assessment of the risk taking into account the ageing profile, experience and circumstances. There were no significant amounts due from individual customers where the credit risk was considered by the Directors to be significantly higher than the total population.

There is no significant currency risk associated with trade receivables as the vast majority are denominated in Sterling.

The ageing analysis of trade receivables is disclosed below:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Up to 3 months	6,431	6,206
3 to 6 months	80	190
6 to 12 months	-	4
Over 12 months	1	-
	<u>6,512</u>	<u>6,400</u>

**Notes forming part of the consolidated financial statements (*continued*)**

**16 Trade and other payables (current)**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Trade payables	1,723	1,200
Other tax and social security	759	729
Other payables	108	84
Accruals	1,214	1,479
Deferred income	627	566
	<u>4,431</u>	<u>4,058</u>

The fair value of all trade and other payables approximates to book value at 31 December 2016 and at 31 December 2015.

**17 Financial instruments – risk management**

The Group's principal financial instruments are:

- Trade receivables
- Cash at bank
- Current asset investments
- Loans and finance leases
- Trade and other payables

The Group is exposed through its operations to one or more of the following financial risks:

- Cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Other market price risk

Policy for managing these risks is set by the Board following recommendations from the Chief Financial & Operating Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below.

***Interest rate risk***

Due to the relatively low level of borrowings, the Directors do not have an explicit policy for managing cash flow interest rate risk. All current and recent borrowing has been on variable terms, with interest rates of between 3% and 4% above base rate, and the Group has cash reserves sufficient to repay all borrowings promptly in the event of a significant increase in market interest rates. All cash is managed centrally and subsidiary operations are not permitted to arrange borrowing independently. The Group's investments may attract interest at fixed or variable rates, or none at all. The market price of such investments may be impacted positively or negatively by changes in underlying interest rates. It is not considered relevant to provide a sensitivity analysis on the effect of changing interest rates since, at the year end, the Group's investments had the following interest profiles which contained no variable rates:

	<b>2016 £'000</b>	<b>2015 £'000</b>
No interest	-	4,313
Fixed interest	-	-
	<u>-</u>	<u>4,313</u>

## **17 Financial instruments – risk management (*continued*)**

### *Foreign currency risk*

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency (sterling). The Directors monitor and review their foreign currency exposure on a regular basis; they are of the opinion that as the Group's trading exposure is limited to transactions with a small number of customers and suppliers it is not appropriate to actively hedge that element of its foreign currency exposure, nor is its exposure to foreign currency risk considered to be significant.

### *Liquidity risk*

The Group maintains significant cash reserves and therefore does not require facilities with financial institutions to provide working capital. Surplus cash is managed centrally to maximise the returns on deposits.

### *Credit risk*

The Group is mainly exposed to credit risk from credit sales. The Group's policy for managing and exposure to credit risk is disclosed in note 17.

### *Other market price risk*

The Group has generated a significant amount of cash and this has been held partly as cash deposits and partly invested pursuant to the Group's investing strategy. Investments were made in 2016 in equity funds, which reflect the Group's need to access capital. All such investments were disposed in the year, so there is no market price risk as at 31 December 2016. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

### *Capital management*

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis.

The Group considers its capital to include share capital, share premium, fair value reserve and retained earnings. Net debt includes short and long-term borrowings (including lease obligations) and shares classed as financial liabilities, net of cash and cash equivalents. The Group has not made any changes to its capital management during the year. The Group is not subject to any externally imposed capital requirements.

An analysis of what the Group manages as capital is outlined below:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Total debt	(3,662)	(2,882)
Add cash and cash equivalents	20,063	11,967
Net funds/(debt)	16,401	9,085
Total equity (capital)	26,625	24,294
Net funds/(debt) to capital ratio	61.6%	37.4%



## 18 Financial assets and liabilities – numerical disclosures

### *Analysis of financial assets by category:*

	2016 £'000	2015 £'000
<b>Non-financial items carried at fair value</b>		
Freehold property	2,430	2,430
<b>Financial instruments carried at fair value</b>		
Available for sale investments	-	4,313
<b>Assets carried at amortised cost</b>		
Loans and receivables	7,000	7,825
Cash and cash equivalents	20,063	11,967
<b>Total financial assets</b>	<u>29,493</u>	<u>26,535</u>
<b>Liabilities carried at amortised cost</b>		
Trade and other payables	2,590	2,013
Borrowings	3,662	2,882
<b>Total financial liabilities</b>	<u>6,252</u>	<u>4,895</u>

### *Fair values*

The table above analyses assets in a fair value hierarchy based on the valuation technique used to determine fair value as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider the carrying values of all financial assets and liabilities to be a reasonable approximation of their fair values. In 2015 investments held at fair value were all listed on a recognised market and hence their valuation was not subject to significant judgement or uncertainty. Such investments are therefore considered to fall under Level 1 in the IFRS 7 fair value hierarchy. Freehold property is carried at fair value and is therefore considered to fall under Level 3 in the IFRS 7 fair value hierarchy. Freehold property was subjected to an independent valuation on 15 April 2014. The valuation was in accordance with RICS guidelines on open market value. There is no movement in the year in the fair value. The directors do not consider that the value is below the highest and best use value for the property.

### *Maturity of financial assets*

The maturities and denominations of financial assets at the year end, other than cash and cash equivalents, and loans and receivables (note 15 above) are as follows:

	2016 £'000	2015 £'000
Sterling		
No fixed maturity	-	4,313

**18 Financial assets and liabilities – numerical disclosures (*continued*)**

*Maturity of financial liabilities*

The maturity of borrowings (including finance leases) carried at amortised cost is as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Less than six months	1,647	770
Six months to one year	125	121
One to two years	259	198
Two to five years	588	641
More than five years	1,043	1,152
	<u>3,662</u>	<u>2,882</u>

The above borrowings are analysed on the balance sheet as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Loans and other borrowings (current)	1,613	787
Finance leases (current)	159	104
Loans and other borrowings (non-current)	1,448	1,541
Finance leases (non-current)	442	450
	<u>3,662</u>	<u>2,882</u>

Borrowings are secured on certain assets of the Group, and interest was charged at rates of between 2.5% and 3.2% during the year. Including interest that is expected to be paid, the maturity of borrowings (including finance leases) is as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Less than six months	1,690	828
Six months to one year	165	145
One to two years	331	270
Two to five years	742	811
More than five years	1,218	1,368
	<u>4,146</u>	<u>3,422</u>

The above borrowings including interest that is expected to be paid are analysed as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Loans and other borrowings (current)	1,674	851
Finance leases (current)	182	123
Loans and other borrowings (non-current)	1,814	1,964
Finance leases (non-current)	476	484
	<u>4,146</u>	<u>3,422</u>

The maturity of other financial liabilities, excluding loans and borrowings, carried at amortised cost is as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Less than six months	<u>2,590</u>	<u>2,013</u>

## **19 Deferred tax**

Movements in deferred tax provisions are outlined below:

	<b>Accelerated tax depreciation £'000</b>	<b>Other timing differences £'000</b>	<b>Losses £'000</b>	<b>Total £'000</b>
At 1 January 2016	(432)	(36)	133	(335)
Recognised during the year	47	45	(133)	(41)
At 31 December 2016	<u>(385)</u>	<u>9</u>	<u>-</u>	<u>(376)</u>

Previous year movements were as follows:

	<b>Accelerated tax depreciation £'000</b>	<b>Other timing differences £'000</b>	<b>Losses £'000</b>	<b>Total £'000</b>
At 1 January 2015	(373)	22	351	-
Recognised during the year	(59)	(58)	(218)	(335)
At 31 December 2015	<u>(432)</u>	<u>(36)</u>	<u>133</u>	<u>(335)</u>

In addition, there are unrecognised net deferred tax assets as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Tax losses carried forward	583	619
Excess of depreciation over capital allowances	3	5
Short term temporary differences	8	9
Net unrecognised deferred tax asset	<u>594</u>	<u>633</u>

Deferred tax assets and liabilities have been calculated using the rate of corporation tax expected to apply when the relevant temporary differences reverse. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The unrecognised elements of the deferred tax assets have not been recognised because there is insufficient evidence that they will be recovered because such losses are within entities that are not expected to yield future profits.

## **20 Share capital**

	<b>2016 Number</b>	<b>Authorised 2016 £'000</b>	<b>2015 Number</b>	<b>2015 £'000</b>
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		<u>100</u>		<u>100</u>
	<b>2016 Number</b>	<b>Issued and fully paid 2016 £'000</b>	<b>2015 Number</b>	<b>2015 £'000</b>
Ordinary shares of £0.0000001 each	6,207,074	-	6,207,074	-
Deferred shares of £0.00000001 each	4,999,994,534,696	50	4,999,994,534,696	50
		<u>50</u>		<u>50</u>

### *Treasury shares*

During the previous year the Company acquired 60,000 of its own Ordinary shares for total consideration of £180,000. This brought the total number of Ordinary shares held in treasury to 2,121,116 with an aggregate nominal value of less than £1. There were no similar transactions in 2016.

### *Rights attaching to deferred shares & A and B shares*

The Deferred shares carry no rights to participate in the profits of the Company and carry no voting rights. After the distribution of the first £10 billion in assets in the event of a return of capital (other than a purchase by the Company of its own shares), the Deferred shares are entitled to an amount equal to their nominal value.

The Company has no A and B shares in issue. These shares have conversion rights allowing them to convert into Ordinary shares on a pre-determined formula. All A and B shares previously in issue have been converted into Ordinary shares.

## **21 Reserves**

All movements on reserves are disclosed in the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within owners' equity:

<b>Reserve</b>	<b>Nature and purpose</b>
Share premium	Amount subscribed for share capital in excess of nominal value
Fair value reserve	Cumulative net unrealised gains and short-term losses arising on the revaluation of the Group's available for sale investments
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement

**Notes forming part of the consolidated financial statements (*continued*)**

**22 Business combinations (2015)**

The Group acquired Impetus Automotive Limited (an automotive consultancy business) on 26 March 2015 for total consideration of £1.18 million comprising cash and the settlement of certain liabilities of IAL's former parent company.

The fair values of assets and liabilities acquired and resulting goodwill are summarised below:

	<b>Book value £'000</b>	<b>Fair value adjustments £'000</b>	<b>Fair values £'000</b>
Intangible assets	95	-	95
Property, plant and equipment	185	-	185
Cash and cash equivalents	234	-	234
Trade and other receivables	3,042	-	3,042
Trade and other payables (note (a))	(2,754)	-	(2,754)
Net assets acquired	802	-	802
Goodwill recognised			380
Consideration (settled in cash)			1,182

Note (a): the creditors of IAL noted above include the debt obligations held in another former Impetus group company, which Volvere settled as part of the acquisition. The consideration of £1.18 million includes a debt settlement of £1.08 million. Costs of undertaking the transaction amounting to £0.07 million were charged to the income statement as administrative expenses.

The cash flows associated with the acquisition were as follows:

	<b>Book value £'000</b>
Consideration (settled in cash)	1,182
Purchase of intellectual property	65
Cash acquired	(234)
Net cash outflow	1,013

Goodwill arose on the acquisition because of value inherent in the acquired business' staff and reputation, neither of which are considered to be separately identifiable intangible assets under IFRS 3 (Revised).

**23 Operating leases**

The Group has one lease for a property occupied by a subsidiary. The lease is of the tenant repairing type with a rent review due in 2020 and it ends during 2025. The total future values of minimum lease payments are due as follows:

	<b>Land and buildings 2016 £'000</b>	<b>Other 2016 £'000</b>	<b>Land and buildings 2015 £'000</b>	<b>Other 2015 £'000</b>
Not later than one year	144	269	170	108
Later than one year and not later than five years	552	166	658	51
Later than five years	499	-	543	-
	1,195	435	1,371	159

## **24 Share-based payments**

The Company has operated two share-based payment schemes, an approved EMI equity-settled share-based remuneration scheme for certain employees and an unapproved equity-settled share scheme for certain management. Under the EMI scheme, the options vested on achievement of employee-specific targets subject to a compulsory 2.5 or 3 year vesting period and can be exercised for a further 7.5 or 7 years after vesting. All options issued have now either lapsed or been exercised, such that there are no options in issue as at 31 December 2016 (2015: nil).

All options in issue were fully vested prior to 1 January 2015, hence there is no share based payment charge in 2016 or 2015, in respect of share options issued by the company.

During the year certain employees purchased a newly-issued class of shares in one of the company's subsidiaries. The rights attaching to this new class of shares vest on a number of criteria over a 2 year period following issue, including that they require employees to continue in employment. The shares issued have restricted rights, and the company that issued the shares has first option to repurchase them in certain scenarios.

This gave rise to a share-based payments charge in the income statement of £7,000 (2015: nil) based on an independent valuation exercise prepared for the company. Detailed disclosures regarding the share-based payments charge have not been included in the financial statements as the amounts involved are immaterial.

## **25 Related party transactions**

Details of amounts payable to Directors, and parties related to the directors, are disclosed in note 4. There were no other transactions with key members of management, and no other transactions with related parties.

## **26 Contingent liabilities**

The Group had no material contingent liabilities as at the date of these financial statements.

## **27 Non-controlling interests**

The non-controlling interests of £1,406,000 (2015: £1,046,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2016 in the following subsidiaries:

<b>Name of subsidiary</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
NMT Group Limited	74	74
Impetus Automotive Limited	205	-
Shire Foods Limited	1,127	972
	<u>1,406</u>	<u>1,046</u>

## 27 Non-controlling interests (*continued*)

Summarised financial information (before intra-group eliminations) in respect of those subsidiaries with material non-controlling interests is presented below.

	Impetus Automotive Limited 2016 £'000	Shire Foods Limited 2016 £'000	2015 £'000
Non-current assets	209	5,401	5,591
Current assets	4,624	5,735	4,569
Non-current liabilities	-	(1,890)	(1,988)
Current liabilities	(3,726)	(3,221)	(3,023)
Provisions	(87)	(379)	(277)
<b>Net assets (equity)</b>	<b>1,020</b>	<b>5,646</b>	<b>4,872</b>
Attributable to:			
Group	815	4,519	3,900
Non-controlling interests	205	1,127	972
	<b>1,020</b>	<b>5,646</b>	<b>4,872</b>
<b>Revenue</b>	<b>17,372</b>	<b>15,190</b>	<b>15,476</b>
<b>Profit for the year after tax (stated after intra-group management and interest charges)</b>	<b>942</b>	<b>773</b>	<b>888</b>
<b>Profit for the year attributable to non-controlling interests</b>	<b>184</b>	<b>155</b>	<b>177</b>

## 28 Post balance sheet events

There are no significant events warranting disclosure in these financial statements.

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**Volvere plc**

Parent Company financial statements

Year ended 31 December 2016

**Volvere plc****Annual report and financial statements for the year ended 31 December 2016****Parent Company balance sheet****Company number 04478674**

	<b>Note</b>	<b>2016 £'000</b>	<b>2016 £'000</b>	<b>2015 £'000</b>	<b>2015 £'000</b>
<b>Fixed assets</b>					
Tangible fixed assets	3	1		1	
Investments	4	5,523		5,611	
			5,524		5,612
<b>Current assets</b>					
Debtors	5	1,428		4,200	
Cash at bank and in hand		18,151		10,469	
Investments	6	-		4,313	
		19,579		18,982	
<b>Creditors: amounts falling due within one year</b>	7	(4,904)		(4,988)	
<b>Net current assets</b>			14,675		13,994
<b>Total assets less current liabilities</b>			20,199		19,606
<b>Net assets</b>			20,199		19,606
<b>Capital and reserves</b>					
Called up share capital	9		50		50
Share premium account			3,640		3,640
Fair value reserve			-		(617)
Profit and loss account			16,509		16,533
<b>Shareholders' funds</b>			20,199		19,606

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2017 and were signed on their behalf by:

Nick Lander  
**Director**

Jonathan Lander  
**Director**

The notes on pages 48 to 52 form part of these financial statements.

**Volvere plc****Annual report and financial statements for the year ended 31 December 2016****Parent Company statement of changes in equity**


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	Share capital £'000	Share premium £'000	Fair value reserve £'000	Retained earnings £'000	Total £'000
<b>2015</b>					
Revaluation of investments	-	-	(611)	-	(611)
Transfer to profit and loss on disposal	-	-	(318)	318	-
Profit for the year	-	-	-	5,843	5,843
<b>Total comprehensive income for the year</b>	-	-	(929)	6,161	5,232
<b>Balance at 1 January</b>	50	3,640	312	10,552	14,554
Transactions with owners - purchase of own shares	-	-	-	(180)	(180)
Balance at 31 December	50	3,640	(617)	16,533	19,606
<b>2016</b>					
Transfer to profit and loss on disposal	-	-	617	(617)	-
Profit for the year	-	-	-	593	593
<b>Total comprehensive income for the year</b>	-	-	617	(24)	593
<b>Balance at 1 January</b>	50	3,640	(617)	16,533	19,606
Total transactions with owners	-	-	-	-	-
Balance at 31 December	50	3,640	-	16,509	20,199

The notes on pages 48 to 52 form part of these financial statements.

## **1 Accounting policies**

The financial statements of the Company have been prepared under the historical cost convention as modified by the revaluation of certain investments and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework". The following disclosure exemptions have been taken:

- disclosure requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- disclosure requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- disclosure requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements in respect of capital management;
- disclosure about the effects of new but not yet effective IFRSs under IAS 8; and
- disclosure requirements in respect of the compensation of Key Management Personnel under IAS 24 Related Party Disclosures.

The principal accounting policies are summarised below.

### *Cash flow statement*

The Company has not provided a cash flow statement as permitted by FRS 101.

### *Tangible fixed assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight line method, on the following bases:

Improvements to short-term leasehold property:	Over the life of the lease
Plant and machinery:	20%-33%

### *Fixed asset investments*

Fixed asset investments are recognised at cost less provision for impairment in value. The directors perform regular impairment reviews assessing the carrying value of the asset against the higher of value in use and net realisable value.

### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit 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.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

## **1 Accounting policies (*continued*)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### *Financial instruments*

#### Current asset investments

Current asset investments comprise holdings in an equity fund. They are carried at fair value with changes in fair value recognised directly in equity (other comprehensive income). On disposal, amounts recognised in other comprehensive income are transferred to the profit and loss as part of the gain or loss on disposal. Fair value is determined by reference to independent valuation statements provided by the investment manager or broker (as the case may be) through whom such investments are made. Where the underlying investments are exchange-traded, the mid-price of the investment is used.

#### Other financial assets

Other financial assets comprise solely of receivables. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less any provision for impairment. Receivables are considered for impairment when there is a risk of counterparty default.

#### Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### *Share-based payments*

Refer to the policy statement in note 1 to the consolidated financial statements.

## **2 Profit for the financial year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a loss after tax of £24,000 (2015: profit £5,843,000) which is dealt with in the financial statements of the Parent Company.

### **3 Tangible fixed assets**

	<b>Short Leasehold Property £'000</b>	<b>Plant &amp; Machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2016	9	19	28
Additions	-	-	-
At 31 December 2016	9	19	28
<b>Accumulated depreciation</b>			
At 1 January 2016	9	18	27
Charge for the year	-	-	-
At 31 December 2016	9	18	27
<b>Net book value</b>			
At 31 December 2016	-	1	1
At 31 December 2015	-	1	1

### **4 Fixed asset investments**

	<b>Shares in group undertakings 2016 £'000</b>	<b>Shares in group undertakings 2015 £'000</b>
<b>Net book value</b>		
Cost	5,811	5,811
Impairment	(288)	(200)
Net book value	5,523	5,611

There was an impairment charge of £88,000 (2015: £200,000) to write down the carrying value of one of the company's investments to the company's share of the net assets of the relevant subsidiary.

Details of the Company's subsidiaries are disclosed in note 10 of the Group financial statements.

### **5 Debtors**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Amounts owed by group undertakings	1,406	3,283
Other debtors	16	909
Prepayments and accrued income	6	8
	1,428	4,200

All amounts shown under debtors fall due for payment within one year.

**Notes forming part of the Parent Company financial statements (*continued*)**

**6 Current asset investments**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Current asset investments	-	4,313

During the year the Group had invested in equity funds pursuant to its treasury management policies, although no such investments were held at the end of the year.

**7 Creditors: amounts falling due within one year**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Trade creditors	14	36
Amounts due to Group companies	4,759	4,759
Other creditors	34	34
Accruals and deferred income	97	159
	<u>4,904</u>	<u>4,988</u>

**8 Share-based payments**

*Equity settled share option schemes*

See note 24 of the consolidated financial statements for details.

**9 Share capital**

	<b>2016 Number</b>	<b>Authorised 2016 £'000</b>	<b>2015 Number</b>	<b>2015 £'000</b>
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		<u>100</u>		<u>100</u>
	<b>2016 Number</b>	<b>Issued and fully paid 2016 £'000</b>	<b>2015 Number</b>	<b>2015 £'000</b>
Ordinary shares of £0.0000001 each	6,207,074	-	6,207,074	-
Deferred shares of £0.00000001 each	4,999,994,534,696	50	4,999,994,534,696	50
		<u>50</u>		<u>50</u>

Details of movements during the year, purchases of own shares and rights attaching to different classes of share capital are disclosed in note 20 to the consolidated financial statements.

## **10 Related party transactions**

The Company has taken advantage of the exemption conferred by FRS 101 relating to transactions and balances with subsidiaries that are 100% owned.

During the year the company had management charges receivable from NMT Group Limited ("NMT") of £154,000 (2015: £155,000), from Shire Foods Limited ("Shire") of £100,000 (2015: £100,000) and from Impetus Automotive Limited ("IAL") of £192,000 (2015: £nil). NMT, Shire and IAL are subsidiary undertakings.

At 31 December 2016, amounts due to NMT were £4,759,000 (2015: £4,759,000); interest charged to the Company by NMT amounted to £67,000 (2015: £71,000).

Also, at 31 December 2016 an amount of £66,000 (2015: £1,003,000) was owed by Shire and an amount of £23,000 (2015: £nil) was owed by IAL. Interest of £40,000 (2015: £223,000) was charged to Shire in the year.





