Company Number 04478674

VOLVERE PLC

Annual report and financial statements

Year ended 31 December 2018

Volvere plc

Annual report and financial statements for the year ended 31 December 2018

Contents

Page

Country of incorporation

England and Wales

Company secretary

Nick Lander

Company number

04478674

Registered office

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Tel: 020 7634 9700
Web: www.volvere.co.uk

Directors and professional advisers

Directors

David Buchler, Non-Executive Chairman, aged 67

David is a Chartered Accountant and has over 36 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, and is, a Director of a number of public companies.

Jonathan Lander, Chief Executive Officer, aged 51

Jonathan is a founder and Chief Executive Officer of Volvere. He has over 26 years' experience in the financial services industry, including over 21 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 52

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 and is a Council member of the Institute of Chartered Accountants of Scotland.

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Marriott Harrison LLP
11 Staple Inn
London
WC1V 7QH

Nominated adviser

Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
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EC2V 6AX

Auditor

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Reading Bridge House
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Broker

Hobart Capital Markets LLP
8-10 Grosvenor Gardens
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SW1W 0DH

Strategic report

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 2018.

The Group's performance in 2018 was outstanding following the turnaround and disposal in October of its largest subsidiary, Impetus Automotive Limited, for total consideration of more than £31 million. This resulted in an increase in net assets per share* to £12.50 (2017: £6.59).

Our largest subsidiary is now Shire Foods Limited and we continue to actively invest in that business with a view to developing it further.

David Buchler
Chairman

21 May 2019

*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 21.

Chief Executive's statement

Introduction

The results of 2018 were dominated by the successful sale of Impetus Automotive Limited ("Impetus") for a consideration of £31.3 million. Approximately 83% of Impetus was owned by the Group, and the consideration for the Group's share was £26.1 million. Impetus had been part of the Group since March 2015, when it was purchased for £1.3 million. The successful exit reflects the strong growth in both revenues and profitability since acquisition resulting from our turnaround and growth strategy.

Shire Foods Limited ("Shire") and Sira Defence & Security Limited ("Sira") both delivered satisfactory performances in the year.

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 automotive consulting, food manufacturing and security software solutions. In light of the disposal of Impetus, which formed the automotive consulting segment, that company's activities have been classified as discontinued. The financial performance of the remaining segments is summarised below and set out in more detail in the financial review, as well as note 5 to the consolidated financial statements.

Operating review

Food manufacturing

Shire, in which the Group has an 80% stake, was acquired in 2011. The company manufactures frozen pies, pasties and other pastry products for food retailers and food service customers.

Revenue was significantly higher at £18.34 million (2017: £15.87 million) but profit before tax and intra-group management and interest charges increased less markedly to £0.85 million (2017: £0.64 million). Profit before tax for the year was £0.65 million (2017: £0.44 million) – with the difference being intra-group interest and management charges.

The overall environment for Shire continued to be quite challenging in 2018. Our principal customers are retailers and they have continued to face consumer-led pricing pressure. Our raw materials, much of which are imported and therefore affected by the continued weakness of sterling, have accordingly seen rising costs. In addition, labour costs have increased as rises in the National Living Wage took effect. This has inevitably negatively affected margins and profitability. Further commentary on the financial performance is set out in the financial review.

We have a clear strategy in relation to Shire – to continue to offer the best tasting products in their category and to deliver innovation for our customers. We are actively creating and launching more vegetarian and vegan products, both own-label for our customers and under our own brand. To remain efficient and increase capacity, we are investing in new plant and have already committed approximately £1.5 million in 2019.

The continued economic backdrop in the UK, coupled with labour cost increases, mean that Shire is expected to face continued margin pressure. However, we think our strategy places us at the heart of our customers' businesses and will, over the longer term, pay dividends.

Further information about Shire can be found at www.shirefoods.com.

Security solutions

Sira, the Group's digital CCTV viewing software business remained focused on being the universal interface for accessing multiple format CCTV footage in the law enforcement sector. A number of partner-licensing contracts were signed in 2018 and in 2019 and these are expected to deliver increased revenues.

Revenues were in line with the prior period at £0.3 million (2017: £0.28 million). Profit before tax and intra-group management and interest charges was £0.06 million (2017: £0.05 million). Profit before tax for the year was breakeven (2017: £0.04 million) – with the difference being intra-group interest and management charges.

Further information about Sira can be found at www.siraview.com.

Investing and management services

The Group's investing 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. Central costs increased year-on-year as a result of bonus payments to Group staff, directors and management arising upon the sale of Impetus.

The Group sold its current asset investments during the year, realising overall gains on disposal of £0.37 million.

Future strategy

The disposal of Impetus has once again validated our strategy of acquiring underperforming businesses and investing our resources in effecting a turnaround and an ultimate exit. We continue to look at targets in all sectors but, in particular, we believe there is an opportunity to build a larger group of food businesses, leveraging our competencies in this area.

In parallel with our trading strategy, our strong balance sheet will enable the Group to continue buying back its shares when we consider it to be in the interests of our shareholders.

Jonathan Lander
Chief Executive

21 May 2019

Financial performance

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

Overview

The Group's disposal in October 2018 of Impetus (which formed the Automotive consulting segment) has resulted in that business's results being treated as discontinued operations and the comparative results for 2017 have been restated accordingly. Group revenue from continuing operations increased by approximately 15% to £18.6 million (2017: £16.2 million), all of which arose in Shire and Sira.

The overall profit before tax for the year was £20.7 million, including the profit arising from discontinued operations of £23.1 million (re-presented 2017: loss £0.1 million). The loss before tax on continuing operations was £2.4 million, stated after incentive payments and associated taxes of approximately £2.5 million that arose upon the sale of Impetus. The underlying result for 2018 was, excluding the incentive payments, a profit of £0.1 million (re-presented 2017: loss £0.1 million).

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 consolidated financial statements and below.

Food manufacturing

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

Shire's revenue increased to £18.34 million from £15.87 million in 2017 and profit before tax and intra-group management and interest charges increased to £0.85 million (2017: £0.64 million). Profit before tax for the year was £0.65 million (2017: £0.44 million) – with the difference being intra-group interest and management charges.

Although Shire's revenue growth was pleasing, the underlying margins in the business remained under pressure due to raw material and labour cost increases. The company continues to mitigate these as best possible through controlling overhead expenditure and increasing prices. However, the ability to pass on cost increases is limited by the competitive nature of the market faced by Shire's customers. Labour cost increases will continue with increases in the National Living Wage and increased employer pension contributions in 2019.

In line with 2017, Shire had no Group debt outstanding at the start or end of the year. Group management charges totalled £0.2 million in the period (2017: £0.2 million). During 2018 Shire invested £1.2 million in new plant and equipment (of which £0.8 million was funded by external debt). The business expects to invest a further £1.5 million in 2019 to further increase capacity and increase production efficiency.

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

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Revenue	18,344	15,869	15,190	15,476	12,134
Profit before tax, intra-group management and interest charges	854	635	1,149	1,588	1,651
Exceptional credit	-	-	-	-	(852)
Underlying profit before tax, intra-group management and interest charges	854	635	1,149	1,588	799
Intra-group management and interest charges	(200)	(200)	(240)	(423)	-
Exceptional credit	-	-	-	-	852
Profit before tax	654	435	909	1,165	1,651

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 £0.12 million and other gains of £0.37 million (2017: £0.09 million).

The Group's net finance income was £0.06 million (2017: net expense £0.08 million). Despite the Group's significant cash balances, individual Group trading companies utilise leverage where appropriate, and without recourse to the remainder of the Group.

Statement of financial position

Overall position

Group net assets were £40.4 million at the year end (2017: £26.1 million). The increase year on year was due principally to the sale of Impetus offset partially by treasury share purchases, both of which are explained below.

Cash and current investments

Year end cash totalled £34.1 million (2017: £12.1 million). At the end of 2017 there was a further £6.3 million invested in current asset investments, all of which were sold in 2018.

The principal movements in the cash during the year arose from the disposal of Impetus and current asset investments, offset by purchases of the Group's own shares.

The final consideration receivable by the Group on the sale of Impetus was £26.1 million (£2.4m of which is in escrow, as is customary in such transactions). The current asset investment realisations generated £6.6 million and the share purchases resulted in outflows of £6.1 million.

Dividends

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

Purchase of own shares

During the year the Company purchased 550,254 (2017: 417,595) of its own shares, which are held in treasury, at a cost of £6.1 million (2017: £3.5 million).

Earnings per share

Basic and diluted earnings per ordinary share ("EPS") rose from 56.4p to 590.1p per share as a result of the Impetus disposal and treasury share purchases.

Investing strategy

The Company's investing strategy is to invest in, or acquire: quoted companies where, in the Directors' opinion, the market capitalisation does not reflect the value of the assets; any company that is in distress but offers the possibility of a turnaround; and any company that fits strategically with an existing portfolio investment.

The Company may also invest in quoted or unquoted start-up, early or development-stage companies in sectors where the Directors have experience of investing or where they have identified management teams with experience in those areas.

The Company may invest in any company (or similar structure) or third-party fund on a short or long-term basis, where the Directors have experience of investing, especially where such investment is similar or complementary to an existing or past investment of the Company.
The Company may also create and invest in fund vehicles owned, managed or controlled by the Company, including where there is the possibility of raising third party investment; and invest in third party funds where the investment strategy of those funds is in the Directors' opinion similar to that of the Company, and specifically including funds that invest in distressed debt and equity, or that invest in derivative securities of distressed debt or equity.

The Company has a preference for active rather than passive investing and for holding a small number of investments, including a single investment, and does not necessarily seek to diversify risk across a wide range of investments, unless this can be achieved without affecting the Company's active investment style. The Company's preference is to make investments in the UK and Continental Europe.

Where the Company makes a direct investment, investment decisions will be made by the Directors, who collectively have many years of experience in selecting and managing investments. Investments made by fund vehicles, if owned, managed or controlled by the Company, will be made by the executives of the investment manager of the fund vehicle, which will include representatives of the Board. Investments made by fund vehicles owned, managed or controlled by third parties, will normally be made by the fund investment manager which may or may not include the involvement of Company executives.

Screening and due diligence of potential investments (including any initial investment in a fund vehicle) will be carried out by the executive management of the Company. Any decision on whether to proceed will be made by the unanimous decision of the Board.

Outside consultants and professional advisers will be used where appropriate but the Company will endeavour to keep this to a minimum in order to control expenses.

The Board seeks shareholder approval for the investing strategy on an annual basis. The Directors expect to be able to find suitable investment or acquisition candidates within the next 12 months, however there is no time limit and if no suitable acquisition or investment has been identified before the Company's next annual general meeting, the Directors may review the Company's investing strategy at that time.

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 to the consolidated financial statements.

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 and order intake is monitored monthly in respect of the security solutions segment.

Principal 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 goods and services that are dependent on the continued employment of the Group's employees and availability of suitable, profitable workload. In the food manufacturing segment, there is a dependency on a small number of customers and a reduction in the volume or range of products 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 18 to the consolidated financial statements.

Nick Lander
Chief Financial & Operating Officer

21 May 2019

All members of the Board believe in the value and importance of good corporate governance and in our accountability to all the Group's stakeholders, including shareholders, staff, clients and suppliers. In the statement below, we explain our approach to governance, and how the Board and its committees operate.

The corporate governance framework which the Group operates, including Board leadership and effectiveness, Board remuneration, and internal control is based upon practices which the Board believes are proportionate to the size, risks, complexity and operations of the business and is reflective of the Group's values. We have partially adopted and partially comply with the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. Except as set out below, the Board considers that it does not depart from any of the principles of the QCA Code. The information below was last updated on 15 May 2019.

The following paragraphs set out the Group's compliance (or otherwise) with the ten principles of the QCA Code.

1. Establish a strategy and business model which promote long-term value for shareholders

Explanation
The Company's strategy is to identify and invest 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.

Since 2002 the Company's shares have been traded on the Alternative Investment Market ("AIM") of the London Stock Exchange (ticker VLE).

In order to execute the Company's strategy successfully, the following key issues are addressed:

<u>Investment Identification</u> – the Company's executive directors are responsible for identifying potential investments. This is done through maintaining relationships with intermediaries and through personal networks.

<u>Investment Assessment</u> – the Company's executive directors are responsible for assessing potential investments as a basis for delivering long-term shareholder value. This is done principally by undertaking due diligence on such investments, such work being done largely by the executive directors themselves. Where considered necessary, cost-effective and practicable, external advisers may be used.

<u>Investment Structuring</u> – the Company's executive directors are responsible for determining the initial investment structure relating to potential investments. Investments have individual management teams and risk and reward profiles and the Company puts in place an investment structure that seeks to balance the risks and potential rewards for all such stakeholders.

<u>Investment Performance Improvement</u> – the Company's executive directors are responsible for implementing a strategy that improves the performance of investments (where such investments are not simply held for treasury purposes). This will typically involve board leadership and an appropriate level of operational involvement to ensure that financial and operational risks are minimised through increased profitability and cash generation. This is typically done by improving customer service and quality, clearer financial reporting and control, increasing management responsibility and target setting.

<u>Investment Exit</u> – the Board is responsible for assessing the optimum time to exit from an investment. This is determined based on a range of factors, including the potential divestment valuation, the nature of any potential acquirer, the external environment and other stakeholder intentions.

Compliance Departure and Reason – None.

2. Seek to understand and meet shareholder needs and expectations

Explanation
Responsibility for investor relations rests with the CEO, supported by the CFO. The Company communicates in different ways with its shareholders to ensure that shareholder needs and expectations are clearly understood.

Communication with shareholders is principally through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the annual general meeting ("AGM"). A range of corporate information (including all Company announcements) is also available to shareholders, investors and the public on our website. The AGM is the principal opportunity for dialogue with private shareholders, and all Board members seek to attend it and answer shareholder questions. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. In addition, the CEO attends potential investor shows in order to increase the Company's profile.

Compliance Departure and Reason – None.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Explanation
The Group's ability to deliver on its strategy is dependent partly upon its effective engagement with stakeholders and a wider recognition of the social implications of its operations. In all businesses, the typical key stakeholders are shareholders, customers, staff and suppliers.

<u>Customers</u> – in all businesses the Group seeks to provide clients with products and services that are differentiated from competitors. This is done through meeting clients to understand their needs and through understanding competitors' offerings.

<u>Staff</u> – the Group's staff are critical to delivering client satisfaction over the longer term. All Group companies have in place staff communication forums and flat management structures, which aid communication. Group management is accessible to company staff. In situations where individual subsidiary decisions would impact on staff security or morale, the relevant company will seek to minimise the impact on staff.

<u>Suppliers</u> – to varying degrees the Group is dependent upon the reliable and efficient service of its supply chain. In the case of significant suppliers, each Group company will meet periodically with them to review and determine future trading arrangements and to share the relevant company's requirements of that supplier.

Compliance Departure and Reason – None.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Explanation
Recognising and managing business risks is key to ensuring the delivery of strategy and the creation of long-term shareholder value.

As part of the Group's annual reporting to shareholders, specific financial risks are evaluated, including those related to foreign currency, interest rates, liquidity and credit. The Group's key risks are set out in the Annual Report & Accounts.

The nature of the Group's operations is such that individual companies are organised independently and operate business and IT systems that are appropriate to their individual businesses. The Audit Committee reviews the findings of the Group's auditors and considers whether there are remedial actions necessary to improve the control environment in each company.

The Group has in place and Anti-Bribery Policy and a Share Dealing Code that apply to staff.

Compliance Departure and Reason – None.

5. Maintain the board as a well-functioning, balanced team led by the chair

Explanation
Board members have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.

The Board consists of three directors of which two are executive and one (the Chairman) is non-executive. The Chairman is considered independent and independent directors will stand for re-election on an annual basis in the event of having more than 10 years continuous board service. The QCA Code requires that the Company has two non-executive directors.

The board is supported by both Audit and Remuneration committees, the member of each of which is the Chairman.

The Board meets formally on a regular basis (typically 4-6 times per annum), with interim meetings convened on an as-required basis. The Audit committee undertakes an annual review and the Remuneration committee undertakes reviews on an as-required basis. All directors commit the required time to meet the needs of the Group from time-to-time.

Compliance Departure and Reason – As currently constituted the Board includes only one non-executive director. The Board considers that the size of the Group does not merit the appointment of an additional non-executive director but will continue to review this over time.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Explanation
The Company's directors are David Buchler (Chairman), Jonathan Lander (CEO) and Nicholas Lander (COO/CFO). All members of the Board have experience relevant to delivering the Company's strategy.

The Board believes that, as currently constituted, it has a blend of relevant experience, skills and personal qualities to enable it to successfully execute its strategy.

The Directors' biographies are in the Annual Report and Accounts and incorporated here by reference.

Compliance Departure and Reason – The QCA Code requires, inter alia, that the Company describes the relevant experience, skills, personal qualities and capabilities that each director brings to the Board. The Board believes the individual's biography as noted above, coupled with their successful service to date with the Company, is sufficiently objective evidence that the Board has the necessary requirements to fulfil their roles individually and collectively.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Explanation
The Board does not formally review the effectiveness of itself as a unit nor of the Remuneration and Audit committees. The small size of the Board means that individual directors' contributions are transparent. Where the Company identifies potential Board members, these are noted for any possible future vacancies as part of succession planning or to bring in additional skills or capabilities.

Compliance Departure and Reason – Where the need for Board changes has become evident in the past, the necessary changes have been implemented. It is not considered necessary to formally review performance given this embedded approach, whereby review of effectiveness is continuous.

8. Promote a corporate culture that is based on ethical values and behaviours

Explanation
The nature of the Group's businesses are diverse and, by their nature, may have different cultures and values relevant to their sector. However, there are some core values that the Group adopts throughout all its businesses, irrespective of their nature and size.

These values are: honesty, integrity, openness and respect. The Board leads by example, demonstrating through its collective actions and individually as directors through theirs, to local management teams and staff. The Company has an Anti-bribery Policy and makes an annual Modern Slavery statement.

Compliance Departure and Reason – None.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Explanation
The Board provides strategic leadership for the Group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the Group's businesses as well as defining its strategic goals. The Board has approved terms of reference for its Audit and Remuneration committees to which certain responsibilities are delegated.

The individual roles and responsibilities of the Board, the Board members and the Audit and Remuneration Committees are set out below.

Role and Responsibilities of Chairman	The Chairman is independent and from an external perspective, engages with shareholders at the Company's Annual General Meeting to reinforce the fact that the Board is being run with the appropriate level of engagement and time commitment. From an internal perspective, he ensures that the information which flows within the board and its sub committees is accurate, relevant and timely and that meetings concentrate on key operational and financial issues which have a strategic bias, together with monitoring implementation plans surrounding commercial objectives. In relation to corporate governance, his responsibility is to lead the board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. He also aims to foster a positive governance culture throughout the Company working through the CEO and COO/CFO.
Roles and Responsibilities of CEO	The CEO is responsible for recommending and ensuring effective delivery of the Group's strategy and achieving financial performance commensurate with that strategy. The CEO works with the Chairman and COO/CFO in an open and transparent way and keeps them up-to-date with matters of importance and relevance to delivering the strategy.
Roles and Responsibilities of COO/CFO	The COO/CFO is responsible for the operational aspects of the Group's businesses and for maintaining a robust financial control and reporting environment throughout.

Role of the Board	The Board of a company is responsible for setting the vision and strategy for the Company to deliver value to its shareholders by effectively putting in place its business model. The Board members are collectively responsible for defining

	corporate governance arrangements to achieve this purpose, under clear leadership by the Chairman. The Board is authorised to manage the business of the Company on behalf of its shareholders and in accordance with the Company's Articles of Association. The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group. The Board meets several times a year and at other times as necessary, to discuss a formal schedule of matters specifically reserved for its decision. These matters routinely include: • Group strategy and associated risks • Financial performance of the Group's businesses and approval of annual budgets, the half year results, annual report and accounts and dividends • Changes relating to the Group's capital structure or share buy-backs • Appointments to and removal from the Board and Committees of the Board given the absence of a separate nomination committee • Acquisitions, disposals and other material transactions • Actual or potential conflicts of interest relating to any Director are routinely identified at all Board discussions
Role of Audit Committee	The Audit Committee provides confidence to shareholders on the integrity of the financial results of the Company expressed in the Annual Report and Accounts and other relevant public announcements of the company. The Audit Committee challenges both the external auditors and the management of the Company. It keeps the need for internal audit under review. It is responsible for the assessing recommendations to the Board on the engagement of auditors including tendering and the approval of non-audit services, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for reviewing financial statements prior to publication and reporting to the Board on any significant reporting issues, estimates and judgements made in connection with the preparation of the Company's financial statements. The Audit Committee, in conjunction with the rest of the Board, also has a key role in the oversight of the effectiveness of the risk management and internal control systems of the Company. Members: David Buchler
Role of Remuneration Committee	It is the role of the Remuneration Committee to ensure that remuneration arrangements are aligned to support the implementation of Company strategy and effective risk management for the medium to long-term, and to take into account the views of shareholders. The Company's remuneration policy has been designed to ensure that it encourages and rewards the right behaviours, values and culture. The Remuneration Committee reviews the performance of the executive directors, sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders and reviews and approves any proposed bonus entitlement. It also determines the allocation of share options to employees. Members: David Buchler

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this code on an annual basis and revise its governance framework as appropriate as the Group evolves. The Board is satisfied that the current framework will evolve in line with the current growth plans of the Group.

Compliance Departure and Reason – None.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Explanation
A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company. In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist:

- the communication of shareholders' views to the Board; and
- the shareholders' understanding of the unique circumstances and constraints faced by the Company. It should be clear where these communication practices are described (annual report or website).

The Group's Annual Report and Accounts and other governance-related material, along with notices of all general meetings over the last five years (as a minimum) are accessible via the Company's website.

Audit Committee Report – the Audit Committee's annual meeting is minuted. All matters raised by the Group's auditors are carefully considered and actions implemented where considered appropriate. The approach and role of the Audit Committee is noted in section 9 above.

Remuneration Committee Report – the Remuneration Committee's meetings are minuted. The remuneration of the Board is set out in the Annual Report and Accounts. The approach and role of the Remuneration Committee is noted in section 9 above.

Compliance Departure and Reason – The Audit Committee and Remuneration Committee have not prepared formal reports as required by the Code. Given the small size of the Board, such formal reporting is not considered necessary.

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

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 (2017: £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 21. 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 25 June 2018 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.

- The Company may make one or more market purchases of Ordinary shares of the Company provided that the maximum aggregate number of shares authorised to purchase is 1,834,181 and the minimum price paid per share is £0.0000001. In addition unless the Company makes market purchases of its own Ordinary shares by way of tender or partial offer made to all holders of Ordinary shares on the same terms, the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than 20 per cent above the average of the closing offer prices for an Ordinary share as derived from the AIM Appendix to the London Stock Exchange Official List for the five business days immediately preceding the date on which the Ordinary share is purchased. 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

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:

	Number of Ordinary Shares 31 December 2018	% of Total Voting Rights 31 December 2018	Number of Ordinary Shares 31 December 2017	% of Total Voting Rights 31 December 2017
David Buchler	129,893	4.17%	129,893	3.54%
Jonathan Lander	603,896	19.37%	921,310	25.12%
Nick Lander	323,444	10.37%	493,449	13.45%

No director held any share options at 31 December 2018 or 2017. No material changes in directors' shareholdings (or options) occurred between 31 December and the date of this report.

Political and charitable donations

The Group made no donations to political organisations in 2018 (2017: nil). Charitable donations in the year were £nil (2017: £7,500).

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.

Substantial shareholdings

On 20 May 2019 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
State Street Nominees	282,000	9.04%	Direct
Andrew Lynton Cohen	208,114	6.67%	Direct
FG Nominees	139,318	4.47%	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 38 days (2017: 36 days) of purchases outstanding.

Auditor

During the year, KPMG LLP resigned as auditor and James Cowper Kreston were appointed in their stead. In accordance with section 489 of the Companies Act 2006, a resolution to reappoint James Cowper Kreston 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.

Signed by order of the Board

Nick Lander
Company Secretary

21 May 2019

Company number: 04478674

Statement of Directors' responsibilities

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

21 May 2019

Opinion

We have audited the financial statements of Volvere plc (the 'Company') for the year ended 31 December 2018 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the parent company balance sheet and related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards as adopted by the European Union. The financial reporting framework applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with the financial reporting frameworks as outlined above; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)'). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account our understanding of the group and its environment, the accounting processes and controls, and the industry in which the group operates. The group operates within the parent company and a number of operating subsidiaries. We planned our work to include sufficient work in respect of the parent company and the subsidiaries to enable us to provide an opinion on the consolidated financial statements.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified in the Key audit matters section below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Key audit matters

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

<u>Revenue recognition</u>

Risk description

There is an inherent risk of misstatement of revenue in most trading business, whether amounting from fraud or error.

How the scope of our audit responded to the risk

To assess the appropriateness and completeness of revenue recognised in the year the following procedures were performed:

- examined a sample of revenue transactions by reference to underlying contractual terms;
- examined on a sample basis invoices and postings for items recorded around the period end;
- reviewed manual journals posted to the revenue account in the period and subsequent to year-end gaining an understanding of the appropriateness of these;
- Considered the appropriateness and application of the company's accounting policy for revenue recognition and;
- Considered the disclosures in the financial statements regarding revenue.

Key observations

The results of our testing were satisfactory.

<u>Completeness of liabilities</u>

Risk description

There is an inherent risk that liabilities could be materially understated at the year end.

How the scope of our audit responded to the risk

We performed procedures to obtain reasonable assurance that the balances due to the group's key suppliers were not materially misstated. We also reviewed post year end invoices and payments to obtain reasonable assurance that no material liabilities had been omitted from the group financial statements.

Key observations

The results of our testing were satisfactory.

<u>Stock existence and valuation</u>

Risk description

Shire Foods holds material stock levels which are subject to inherent existence and valuation risks.

How the scope of our audit responded to the risk

We performed audit procedures to gain reasonable assurance that stock was not materially misstated. Such testing included attendance at physical stock counts including sample test counts, review of standard costing methodologies, agreeing a sample of stock costings to purchase invoices and other evidence, and consideration of whether stock was appropriately valued at the lower of cost and net realisable value.

Key observations

The results of our testing were satisfactory.

<u>Sale of subsidiary (Impetus Automotive Limited)</u>

Risk description

The Group disposed of a material subsidiary in the year resulting in a material profit on disposal being recorded in the group income statement.

How the scope of our audit responded to the risk

We performed appropriate audit procedures to gain reasonable assurance that the disposal was accounted for in accordance with the commercial arrangements for the sale, and in accordance with relevant accounting standards. We also reviewed the relevant disclosures.

Key observations

The results of our testing were satisfactory.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decision of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgements we determined materiality for the consolidated financial statements as a whole to be £800,000 and for the parent company financial statements to be £675,000 based upon 2% of net assets.

We agreed with the directors that we would report all audit difference in excess of £40,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information included in the annual report

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared are consistent with the financial statements; and

- The strategic report and the directors’ report have been prepared in accordance with the applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to the financial statements which the Companies Act 2006 require to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for the audit have not been received from branches not visited by us; or

- The 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.

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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 Auditors' 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.

Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

For and on behalf of
James Cowper Kreston
Statutory Auditors
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 21 May 2019

Consolidated income statement

	Note	2018 £'000	2017 (as restated) £'000
Continuing operations			
Revenue	5	18,640	16,153
Cost of sales		(15,700)	(13,569)
Gross profit		2,940	2,584
Distribution costs		(1,095)	(974)
Administrative expenses		(4,825)	(1,771)
Operating (loss)	2	(2,980)	(161)
Investment revenues	7	115	93
Other gains and losses	7	374	-
Finance expense	7	(47)	(120)
Finance income	7	106	38
(Loss) before tax		(2,432)	(150)
Income tax credit/(expense)	8	402	(25)
(Loss) for the year from continuing operations		(2,030)	(175)
Profit for the year from discontinued operations		23,126	2,954
Profit for the year		21,096	2,779
Attributable to:			
- Equity holders of the parent		20,956	2,251
- Non-controlling interests		140	528
		21,096	2,779
Earnings per share	9		
Basic			
- from continuing operations		(56.8)p	(6.4)p
- from discontinued operations		646.9p	62.8p
Total		590.1p	56.4p
Diluted			
- from continuing operations		(56.1)p	(6.4)p
- from discontinued operations		646.9p	62.8p
Total		590.1p	56.4p

The notes on pages 29 to 57 form part of these financial statements.

Consolidated statement of comprehensive income

	2018 £'000	2017 £'000
Profit for the year	21,096	2,779
Other comprehensive income:		
Fair value gains and losses on available for sale financial assets		
- current period gains/(losses)	-	77
Revaluation of property	-	260
Deferred tax recognised on revaluation of property	-	(135)
Foreign exchange gains/(losses) on retranslation of foreign operations	-	(6)
Other comprehensive income	-	196
Total comprehensive income for the year	21,096	2,975
Attributable to:		
- Equity holders of the parent	20,956	2,423
- Non-controlling interests	140	552
	21,096	2,975

The notes on pages 29 to 57 part of these financial statements.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total £'000
2018							
Other comprehensive income	-	-	-	-	-	-	-
Profit for the year	-	-	-	20,956	20,956	140	21,096
Total comprehensive income for the year	-	-	-	20,956	20,956	140	21,096
Balance at 1 January	50	3,640	177	20,319	24,186	1,958	26,144
Transactions with owners:							
Purchase of own shares	-	-	-	(6,095)	(6,095)	-	(6,095)
Share based payments	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	(6,095)	(6,095)	-	(6,095)
Eliminated on disposal	-	-	(77)	-	(77)	(651)	(728)
Balance at 31 December	50	3,640	100	35,180	38,970	1,447	40,417

	Share capital £'000	Share premium £'000	Revaluation reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total £'000
2017							
Other comprehensive income	-	-	177	(5)	172	24	196
Profit for the year	-	-	-	2,251	2,251	528	2,779
Total comprehensive income for the year	-	-	177	2,246	2,423	552	2,975
Balance at 1 January	50	3,640	-	21,529	25,219	1,406	26,625
Transactions with owners:							
Purchase of own shares	-	-	-	(3,458)	(3,458)	-	(3,458)
Share based payments	-	-	-	2	2	-	2
Total transactions with owners	-	-	-	(3,456)	(3,456)	-	(3,456)
Balance at 31 December	50	3,640	177	20,319	24,186	1,958	26,144

The notes on pages 29 to 57 part of these financial statements.

Consolidated statement of financial position

Company number 04478674

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Goodwill	11	-	380
Other intangible assets	11	-	8
Property, plant and equipment	12	6,062	5,424
Total non-current assets		6,062	5,812
Current assets			
Inventories	13	1,774	1,466
Trade and other receivables	15	4,447	10,104
Cash and cash equivalents	16	34,137	12,119
Available for sale investments	14	-	6,335
Total current assets		40,358	30,024
Total assets		46,420	35,836
Liabilities			
Current liabilities			
Loans and other borrowings	19	(708)	(783)
Finance leases	19	(314)	(192)
Trade and other payables	17	(2,776)	(6,023)
Tax payable		-	(433)
Total current liabilities		(3,798)	(7,431)
Non-current liabilities			
Loans and other borrowings	19	(1,254)	(1,353)
Finance leases	19	(816)	(315)
Total non-current liabilities		(2,070)	(1,668)
Total liabilities		(5,868)	(9,099)
Provisions – deferred tax	20	(135)	(514)
Provisions – lease incentive		-	(79)
Net assets		40,417	26,144
Equity			
Share capital	21	50	50
Share premium account	22	3,640	3,640
Revaluation reserves	22	100	177
Retained earnings		35,180	20,319
Capital and reserves attributable to equity holders of the Company		38,970	24,186
Non-controlling interests	27	1,447	1,958
Total equity		40,417	26,144

The financial statements on pages 24 to 57 were approved by the Board of Directors and authorised for issue on 21 May 2019 and were signed on its behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 29 to 57 form part of these financial statements.

Consolidated statement of cash flows

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000 (as restated)
Profit for the year			21,096		2,779
Adjustments for:					
Investment revenues	7	(115)		(93)	
Other gains and losses	7	(374)		-	
Finance expense	7	47		120	
Finance income	7	(106)		(38)	
Profit from discontinued operations	6	(23,126)		(2,954)	
Depreciation	12	460		616	
Amortisation of intangible assets	11	-		-	
Foreign exchange differences		6		-	
Loss on disposal of property, plant and equipment		-		7	
Income tax (credit)/expense	8	(402)		25	
			(23,610)		(2,317)
Operating cash flows before movements in working capital			(2,514)		462
Increase in trade and other receivables			(328)		(383)
Increase in trade and other payables			1,254		-
(Decrease)/increase in inventories			(308)		616
Tax paid			(100)		-
Cash (used by)/generated from continuing operations			(1,996)		695
Operating cash flows from discontinued operations			1,603		2,720
Net cash used by/generated from operating activities			(393)		3,415
Investing activities					
Proceeds from sale of discontinued operations net of cash sold		22,537		-	
Investing cashflows from discontinued operations		-		(499)	
Purchase of available for sale investments		-		(6,258)	
Proceeds from disposal of available for sale investments		6,632		-	
Purchase of property, plant and equipment		(429)		(158)	
Interest received	7	106		38	
Income from investments	7	115		93	
Net cash generated from/used by investing activities			28,961		(6,784)
Financing activities					
Interest paid	7	(47)		(120)	
Purchase of own shares (treasury shares)	21	(6,094)		(3,458)	
Net repayment of borrowings		(375)		(982)	
Dividend paid by subsidiary		(49)		-	
Net cash used by financing activities			(6,565)		(4,560)
Net increase/(decrease) in cash			22,003		(7,929)
Cash at beginning of year			12,119		20,063
Foreign exchange movement			15		(15)
Cash at end of year			34,137		12,119

The notes on pages 29 to 57 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 58 to 65.

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 18 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 (i.e. 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.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services net of discounts, VAT and other sales-related taxes. The group concludes that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Payment is typically due within 60 days. Contracts with customers do not contain a financing component or any element of variable consideration. The group does not offer an option to purchase a warranty.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, 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 or, where recoverable from clients, are included in work-in-progress.

Revenue from consulting services relating to fixed price contracts is recognised in relation to the delivery of the performance obligations specified in the contract. Penalties for non-performance against specific terms of the contract are provided for when there is a probable outflow of resources under the contract terms and the amount can be reliably estimated. Such adjustments are deducted from revenue.

Revenue from software licences is recognised either upfront (where the grant of the licence is at inception of a contract and where maintenance is provided as a separate service) or periodically in line with the time for which the licence is provided (where such provision is part of an ongoing managed service).

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 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 property, plant and equipment 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

Recognition and derecognition

Financial assets and financial instruments are recognised when the Group becomes a party to the contractual provisions of the financial asset.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all of the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial recognition of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial asset, other than those designated and effective as hedging instruments are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where its effect is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category. This category also includes investments in equity instruments.

Financial assets which are designated as FVTPL are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined with reference to active market transactions or using a valuation technique where no active market exists.

1 Accounting policies *(continued)*

Financial assets *(continued)*

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables). The Group's AFS financial assets include listed equity securities.

All AFS financial assets were measured at fair value. Gains and losses were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

Impairment of financial assets

IFRS 9's impairment requirements use forward looking information to recognise expected credit losses – the 'expected credit loss (ECL) method'. Recognition of credit losses is no longer dependent on first identifying a credit loss event, but considers a broader range of information in assessing credit risk and credit losses including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('stage 2').

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12 month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.

Trade and other receivables and contract assets

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis, as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and measurement of financial liabilities

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.

1 Accounting policies *(continued)*

Financial assets *(continued)*

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.

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.

<u>Significant management judgements (other than estimates)</u>

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 IFRS 10 as the company 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.

Revenue recognition

Management makes judgements against the terms of fixed price contracts and whether they could result in penalties relating to non-performance against specific terms. This relates to £nil revenue in 2018 (2017: £4.7 million).

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.

1 Accounting policies *(continued)*

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

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.

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.

Revenue recognition

Management is required to determine any adjustments to revenue for non-performance against terms of fixed price contracts. There is sensitivity in this adjustment as the penalties are set at various percentages according to performance achieved or considered to have been achieved.

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.

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.

1 Accounting policies *(continued)*

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

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.

New and revised standards and interpretations applied

The following new and revised Standards and Interpretations have been issued and are effective for the current financial year of the Group:

IFRS 9 *Financial Instruments* took effect from 1 January 2018 and has been adopted for the year ended 31 December 2018. When adopting IFRS 9, the Group has applied transitional relief and opted not to re-state prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained earnings. This has not given rise to any changes except that financial assets previously classified as available for sale investments are now measured as Fair Value Through Profit or Loss and Loans and Receivables are now presented as Financial Assets at Amortised Cost in the financial statements.

Although there is a change in how impairment losses are calculated, which requires expected losses to be provided for, no adjustment to the provision has arisen and as such no opening statement of financial provision as at 1 January 2017 has been presented.

IFRS 15 *Revenue from Contracts with Customers* and the related *Clarifications to IFRS 15 Revenue from Contracts with Customers* (hereafter referred to as IFRS 15) has been applied retrospectively.

This has meant considering the impact of the standard on the comparative figures. The Group did not identify any contracts that would have been materially affected by the application of the standard.

The Automotive and Security solutions segments are affected by the adoption of the new standard. The effect of initially applying this standard has had no material effect on the Group's financial statements. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The application of the other revised Interpretations, Amendments and Annual Improvements (all of which are effective for annual periods commencing on/after 1 January 2018) have not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 2 (amendments) *Share-Based Payments*
IAS 40 (amendments*) Investment Property*
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
Annual Improvements to IFRSs: 2014 - 2016 cycle in respect of IFRS 1 and IAS 28

1 Accounting policies *(continued)*

New and revised standards and interpretations – in issue but not yet effective

IFRS 16 replaces existing leases guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, however, no significant impact is expected for the Group's finance leases.

As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to £nil (2017 - £2.1 million), on an undiscounted basis (see Note 23).

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2018 £'000	2017 £'000 (as restated)
Staff costs	5,770	2,604
Depreciation of property, plant and equipment	460	616
Amortisation of intangible assets	-	2
Operating lease expense	14	13
Exchange loss	6	-
Auditor's fees – audit services	32	41
Auditor's fees – tax advice	-	-
The analysis of audit fees is as follows:		
- for the audit of the Company's annual accounts	8	23
- for the audit of the Company's subsidiaries' accounts	24	18
	32	41

3 Staff costs

Staff costs comprise:

	2018 £'000	2017 £'000 (as restated)
Wages and salaries	5,183	2,348
Employer's National Insurance contributions	530	190
Defined contribution pension cost	57	66
	5,770	2,604

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

	2018 Number	2017 Number
Engineering, production and professional	106	90
Sales and marketing	6	5
Administration and management	25	23
	137	118

4 Directors' remuneration

The remuneration of the directors was as follows:

	Salaries & fees 2018 £'000	Other benefits 2018 £'000	Total 2018 £'000
David Buchler	45	-	45
Jonathan Lander	1,083	-	1,083
Nick Lander	1,083	1	1,084
	2,211	1	2,212

	Salaries & fees 2017 £'000	Other benefits 2017 £'000	Total 2017 £'000
David Buchler	30	-	30
Jonathan Lander	11	-	11
Nick Lander	11	1	12
	52	1	53

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 £861,000 (2017: £528,000). Amounts owed to D2L Partners LLP at the year end totalled £333,000 (2017: £nil).

The amount paid to David Buchler in the year was paid to DB Consultants Limited (which is controlled by him and is therefore a related party) and the amount outstanding at the year end was £11,250 (2017: £nil). None of the directors were members of the Group's defined contribution pension plan in the year (2017: none).

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.

During the year, the automotive consulting segment was sold and therefore the results of this segment are now included within Profit in the year from discontinued operations and have been excluded from the following analysis:

	Security solutions 2018 £'000	Food manufacturing 2018 £'000	Investing and management services 2018 £'000	Total 2018 £'000
Revenue	296	18,344	-	18,640
Profit/(loss) before tax(1)	60	854	(3,346)	(2,432)

	Security solutions 2017 £'000	Food manufacturing 2017 £'000	Investing and management services 2017 £'000	Total 2017 £'000
Revenue	284	15,869	-	16,153
Profit/(loss) before tax(1)	47	635	(832)	(150)

	Automotive consulting 2018 £'000	Security solutions 2018 £'000	Food manufacturing 2018 £'000	Investing and management services 2018 £'000	Total 2018 £'000
Assets	-	419	12,311	33,690	46,420
Liabilities/provisions	-	(359)	(5,427)	(217)	(6,003)
Net assets(2)	-	60	6,884	33,473	40,417

	Automotive consulting 2017 £'000	Security solutions 2017 £'000	Food manufacturing 2017 £'000	Investing and management services 2017 £'000	Total 2017 £'000
Assets	8,305	247	10,819	16,465	35,836
Liabilities/provisions	(4,593)	(215)	(4,640)	(244)	(9,692)
Net assets(2)	3,712	32	6,179	16,221	26,144

(1) stated before intra-group management and interest charges
(2) assets and liabilities stated excluding intra-group balances

5 Operating segments (continued)

	Automotive consulting 2018 £'000	Security solutions 2018 £'000	Food manufacturing 2018 £'000	Investing and management services 2018 £'000	Total 2018 £'000
Capital spend	-	-	1,253	-	1,253
Depreciation	-	2	458	-	460
Amortisation/impairment	-	-	-	-	-
Interest income (non-Group)	-	-	-	106	106
Interest expense (non-Group)	-	-	47	-	47
Tax credit	-	(32)	(52)	(318)	(402)

	Automotive consulting 2017 £'000	Security solutions 2017 £'000	Food manufacturing 2017 £'000	Investing and management services 2017 £'000	Total 2017 (as restated) £'000
Capital spend	34	6	223	-	263
Depreciation	48	3	613	-	664
Amortisation/impairment	30	-	1	-	31
Interest income (non-Group)	-	-	-	38	38
Interest expense (non-Group)	-	-	120	-	120
Tax expense	-	-	25	-	25

Geographical analysis:

	External revenue by location of customers		Non-current assets by location of assets	
	2018 £'000	2017 (as restated) £'000	2018 £'000	2017 £'000
UK	18,006	11,285	6,062	5,812
Rest of Europe	599	3,403	-	-
Other	35	1,465	-	-
	18,640	16,153	6,062	5,812

The Group had 4 (2017: 2) customers (all in the food manufacturing segment) that individually accounted for in excess of 10% of the Group's continuing revenues as follows:

	2018 £'000	2017 (as restated) £'000
First customer	7,207	6,671
Second customer	4,901	3,534
Third customer	2,763	2,940
Fourth customer	2,437	2,322

There is minimal uncertainty over the timing and amount of revenue recognition in respect of continuing operations. The Group has no material balances which arise from contracts with customers save for trade receivables as set out in note 15.

6 Discontinued operations

On 4 October 2018 the group disposed of its subsidiary undertaking, Impetus Automotive Limited. The group's share of the company was sold for a total of £26.1 million in cash, resulting in a gain of £21.4 million before tax.

6 Discontinued operations (continued)

Operating profit of Impetus Automotive Limited until the date of disposal and the profit from disposal are summarised as follows:

	2018 £'000	2017 £'000
Revenue	22,164	27,265
Cost of sales	(16,654)	(20,124)
Gross profit	5,510	7,141
Administrative expenses	(2,901)	(3,493)
Operating profit	2,609	3,648
Finance expense	(36)	(44)
Profit from discontinued operations before tax	2,573	3,604
Income tax expense	(538)	(650)
Profit for the period	2,035	2,954
Total gain on disposal	21,091	-
Profit for the year from discontinued operations	23,126	2,954

All of the assets and liabilities have been disposed of in this transaction.

Cash flows generated by Impetus Automotive Limited for the reporting periods under review until its disposal were as follows:

	2018 £'000	2017 £'000
Operating activities	1,603	2,720
Investing activities	22,537	(499)
Cash flows from discontinued operations	24,140	2,221

Cash flows from investing activities relate solely to the proceeds from the sale of Impetus Automotive Limited which was received in cash in 2018, of which £2,387,000 was held on escrow. At the date of disposal, the carrying amounts of Impetus Automotive Limited's net assets were as follows:

	£'000
Assets	
Non-current assets	
Goodwill	380
Property, plant and equipment	146
Total non-current assets	526
Current assets	
Trade and other receivables	6,579
Cash and cash equivalents	2,846
Total current assets	9,425
Liabilities	
Current liabilities	
Trade and other payables	(4,348)
Total liabilities	(4,348)
Provisions – lease incentive	(71)
Net assets	5,532
Less: net assets attributable to minority interest	(565)
	4,967

6 Discontinued operations (continued)

Net assets disposed	4,967
Total consideration received in cash	26,058
Net cash received	26,058
Gain on disposal	21,091

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

	2018 £'000	2017 (as restated) £'000
Investment revenues	115	93
Other gains and losses	374	-
Finance income		
Bank interest receivable	106	38
Finance expense		
Bank interest	21	(58)
Finance lease interest	(22)	(23)
Other interest and finance charges	(46)	(39)
	(47)	(120)

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.

8 Income tax

	2018 £'000	2017 (as restated) £'000
Current tax expense – current year	-	59
Current tax credit – adjustments in respect of prior years	(23)	(35)
Deferred tax (credit)/expense recognised in income statement – current year	(375)	22
Deferred tax credit recognised in income statement – adjustments in respect of prior years	(4)	(21)
Total tax (credit)/expense recognised in income statement	(402)	25
Tax recognised directly in equity	-	135
Total tax recognised	(402)	160

8 Income tax (continued)

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:

	2018 £'000	2017 £'000
Profit before tax	(2,432)	(150)
Expected tax charge based on the prevailing rate of corporation tax in the UK of 19% (2017: 19.25%)	(462)	(29)
Effects of:		
Expenses not deductible for tax purposes	26	115
Income/gains not subject to tax	(93)	(18)
Deferred tax not recognised	84	(8)
Other adjustments	26	-
Effect of changes in rate of tax	44	-
Adjustments in respect of prior years	(27)	(35)
Total tax recognised in income statement	(402)	25

Deferred tax assets and liabilities are recognised at rates of tax substantively enacted as at the balance sheet date. Deferred tax assets are recognised to the extent that they are considered recoverable. See also note 20.

Reductions in the UK corporation tax rate to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

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:	2018 £'000	2017 £'000
Profit attributable to equity holders of the parent company:		
From continuing operations	(2,170)	(256)
From discontinued operations	23,126	2,507

Weighted average number of shares for the purposes of earnings per share:	2018 No.	2017 No.
Weighted average number of ordinary shares in issue	3,574,895	3,987,670
Dilutive effect of potential ordinary shares	-	-
Weighted average number of ordinary shares for diluted EPS	3,574,895	3,987,670

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 at 31 December 2018**
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 7
Impetus Automotive Consulting Services (Beijing) Co., Ltd	Note 5	Automotive consulting	Note 7
Impetus Automotive Pty Limited	Note 6	Automotive consulting	Note 7
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 Bismarckstraβe 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 owned 100% of the A ordinary shares and none of the B ordinary shares of Impetus Automotive Limited, which gave an economic interest in the total equity of approximately 83% at 1 January 2018. Impetus Automotive Limited owns 100% of Impetus Automotive GmbH, Impetus Automotive Consulting Services (Beijing) Co., Ltd and Impetus Automotive Pty Limited. On 4th October 2018, the Group sold the entirety of its shareholding in Impetus Automotive Limited.

11 Goodwill and other intangible assets

	Goodwill £'000	**Other intangible assets £'000**	**Total £'000**
Cost			
At 1 January 2017 and 1 January 2018	380	601	981
Disposals	(380)	(601)	(981)
At 31 December 2018	-	-	-
Amortisation			
At 1 January 2017	-	562	562
Charge for 2017	-	31	31
Charge for 2018	-	-	-
Eliminated on disposal in 2018	-	(593)	(593)
At 31 December 2018	-	-	-
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	380	8	388

Goodwill was that arising on the acquisition of Impetus Automotive Limited in 2015.

11 Goodwill and other intangible assets (continued)

As required by IAS 38 goodwill is not amortised and is instead tested annually for impairment. The business unit to which the goodwill attaches was disposed of on 4th October 2018.

Other intangible assets comprise a mix of intellectual property rights and software. The net book value of internally-generated intangible assets was £nil (2017: £8,000).

12 Property, plant and equipment

	Short Leasehold Property £'000	Freehold Property £'000	Plant & Machinery £'000	Total £'000
Cost or valuation				
At 1 January 2017	180	2,430	4,640	7,250
Additions	-	-	263	263
Revaluations	-	120	-	120
Disposals	-	-	(14)	(14)
At 31 December 2017 and 1 January 2018	180	2,550	4,889	7,619
Additions	-	-	1,253	1,253
Revaluation	-	-	-	-
Disposals	(180)	-	(281)	(461)
At 31 December 2018	-	2,550	5,861	8,411
Accumulated depreciation				
At 1 January 2017	75	117	1,486	1,678
Disposals	-	-	(7)	(7)
Reversed on revaluation	-	(140)	-	(140)
Charge for the year	12	23	629	664
At 31 December 2017 and 1 January 2018	87	-	2,108	2,195
Disposals	(87)	-	(219)	(306)
Charge for the year	-	38	422	460
At 31 December 2018	-	38	2,311	2,349
Net book value				
At 31 December 2018	-	2,512	3,550	6,062
At 31 December 2017	93	2,550	2,781	5,424

Freehold property was revalued by an independent valuation specialist to £2,550,000 as at 5 December 2017, resulting in an unrealised revaluation gain of £260,000 which has been recognised in other comprehensive income in the previous year. Under the cost model, the carrying value of freehold property would be £2,290,000. All other property, plant and equipment is carried at cost less accumulated depreciation.

The net book value of property, plant and equipment held on finance leases was £1,532,000 (2017: £748,000).

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 £6.06 million is pledged as collateral for Group borrowings (all of which are within subsidiaries).

13 Inventories

	2018 £'000	2017 £'000
Raw materials	603	472
Finished products	1,171	994
	1,774	1,466

The total amount of inventories consumed in the year and charged to cost of sales was £11.86 million (2017 restated: £10.32 million).

14 Financial assets (current)

	2018 £'000	2017 £'000
Equity funds	-	6,335

During the previous year the Group invested in equity funds pursuant to its treasury management policies. The investments are carried at fair value as stated above. The historic cost of investments held at the balance sheet date was £nil (2017: £6,258,000)

15 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	4,024	9,108
Less: provision for impairment of trade receivables	-	-
Net trade receivables	4,024	9,108
Other receivables	170	301
Amounts recoverable on contracts	-	395
Prepayments and accrued income	253	300
	4,447	10,104

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 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:

	2018 £'000	2017 £'000
Trade receivables	3,952	3,676
Borrowings	(609)	(687)
	3,343	2,989

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.

15 Trade and other receivables (continued)

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:

	2018 £'000	2017 £'000
Up to 3 months	3,985	8,936
3 to 6 months	39	172
6 to 12 months	-	-
Over 12 months	-	-
	4,024	9,108

16 Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	34,137	12,119

Included within cash at bank and in hand is an amount of £2,387,000 held in an escrow account. This is held to satisfy, in the first instance, any warranty or similar claims arising following the sale of Impetus Automotive Limited. The escrow retention period is 18 months from the date of sale.

17 Trade and other payables (current)

	2018 £'000	2017 £'000
Trade payables	1,335	1,964
Other tax and social security	111	1,337
Other payables	43	101
Accruals	1,040	1,991
Deferred income	247	630
	2,776	6,023

The fair value of all trade and other payables approximates to book value at 31 December 2018 and at 31 December 2017.

18 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

18 Financial instruments – risk management (continued)

The Group is exposed through its operations to 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, none of the Group's investments were interest bearing.

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. Until the disposal of Impetus Automotive Limited on 4th October 2018, the Directors were of the opinion that the Group's trading exposure was limited to transactions with a small number of customers and suppliers and therefore it was not appropriate to actively hedge that element of its foreign currency exposure. Since 4th October 2018, the number of transactions denominated in a currency other than sterling has reduced and the Directors are of the opinion that the exposure to foreign currency risk is not 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 15.

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 2017, which continued to be held for some of 2018, in equity funds, which reflected the Group's need to access capital. The presence of these investments exposed the Group to market price risk. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances, as they seek to balance the competing priorities of risk management and return maximisation.

18 Financial instruments – risk management (continued)

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:

	2018 £'000	2017 £'000
Total debt	(3,092)	(2,643)
Cash and cash equivalents	34,137	12,119
Net funds	31,045	9,476
Total equity (capital)	40,417	26,144
Net funds to capital ratio	76.8%	36.2%

Reconciliation of movement in net cash

	Net cash at 1 January 2018 £'000	Cash flow £'000	Repayment of borrowings £'000	Other non cash items £'000	Net cash at 31 December 2018 £'000
Cash at bank and in hand	12,119	22,018	-	-	34,137
Borrowings	(2,643)	-	375	(824)	(3,092)
Total financial liabilities	9,476	22,018	375	(824)	31,045

Non-cash items of £824,000 relate to the increase in lease finance arising on the purchase of fixed asset additions.

19 Financial assets and liabilities – numerical disclosures

Analysis of financial assets by category:

31 December 2018	**Amortised cost £'000**	**FVTPL £'000**	**Total £'000**
Financial assets			
Trade and other receivables	4,447	-	4,447
Cash and cash equivalents	34,137	-	34,137
Total assets	38,584	-	38,584
Financial liabilities			
Non current borrowings	2,483	-	2,483
Current borrowings	609	-	609
Trade and other payables	2,776	-	2,776
Total liabilities	5,868	-	5,868

The financial instrument classifications in the prior year in accordance with IAS 39 were as follows:

	2017 £'000
Non-financial items carried at fair value	
Freehold property	2,550
Financial instruments carried at fair value	
Available for sale investments	6,335
Assets carried at amortised cost	
Loans and receivables	10,105
Cash and cash equivalents	12,119
Total financial assets and non-financial assets carried at fair value	31,109
Liabilities carried at amortised cost	
Trade and other payables	3,402
Borrowings	2,643
Total financial liabilities	6,045

Fair values

Assets held at fair value fall into three categories, depending on the valuation techniques used, 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.

Available for sale investments fall under Level 1 in the IFRS 7 fair value hierarchy.

All other assets, and all liabilities are carried at amortised cost.

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

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:

	2018 £'000	2017 £'000
Sterling		
No fixed maturity	-	6,335

Maturity of financial liabilities

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

	2018 £'000	2017 £'000
Less than six months	818	831
Six months to one year	204	144
One to two years	368	283
Two to five years	720	456
More than five years	982	929
	3,092	2,643

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

	2018 £'000	2017 £'000
Loans and other borrowings (current)	708	783
Finance leases (current)	314	192
Loans and other borrowings (non-current)	1,254	1,353
Finance leases (non-current)	816	315
	3,092	2,643

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:

	2018 £'000	2017 £'000
Less than six months	863	870
Six months to one year	244	181
One to two years	435	348
Two to five years	888	586
More than five years	1,110	1,064
	3,540	3,049

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

	2018 £'000	2017 £'000
Loans and other borrowings (current)	760	839
Finance leases (current)	347	212
Loans and other borrowings (non-current)	1,516	1,664
Finance leases (non-current)	917	334
	3,540	3,049

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

Maturity of financial liabilities (continued)

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

	2018 £'000	2017 £'000
Less than six months	1,446	3,733

20 Deferred tax

Movements in deferred tax provisions are outlined below:

	Accelerated tax depreciation £'000	Other timing differences £'000	Re-valuations £'000	Losses £'000	Total £'000
At 1 January 2018	(386)	7	(135)	-	(514)
Recognised in P&L during the year	67	(7)	-	319	379
At 31 December 2018	(319)	-	(135)	319	(135)

Previous year movements were as follows:

	Accelerated tax depreciation £'000	Other timing differences £'000	Revaluations £'000	Total £'000
At 1 January 2017	(385)	9	-	(376)
Recognised in P&L during the year	(1)	(2)	-	(3)
Recognised in OCI during the year	-	-	(135)	(135)
At 31 December 2017	(386)	7	(135)	(514)

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

	2018 £'000	2017 £'000
Tax losses carried forward	675	595
Excess of depreciation over capital allowances	5	4
Short term temporary differences	15	11
Net unrecognised deferred tax asset	695	610

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 and cannot be used to offset against profits in other entities.

21 Share capital

	2018 Number	Authorised 2018 £'000	2017 Number	2017 £'000
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
		100		100

	2018 Number	Issued and fully paid 2018 £'000	2017 Number	2017 £'000
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
		50		50

Treasury shares

During the year the Company acquired 550,254 (2017: 417,595) of its own Ordinary shares for total consideration of £6,094,000 (2017: £3,458,000). This brought the total number of Ordinary shares held in treasury to 3,088,965 with an aggregate nominal value of less than £1. At the year end the total number of Ordinary shares outstanding (excluding treasury shares) was 3,118,109 (2017: 3,668,363).

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.

22 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:

Reserve	Nature and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Revaluation reserves	Cumulative net unrealised gains and short-term losses arising on the revaluation of the Group's available for sale investments and freehold property
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income, other than those included in revaluation reserves.

23 Operating leases

The Group had one lease for a property occupied by a subsidiary, and various leases in respect of plant and machinery. The subsidiary was disposed of during the year. The total future values of minimum lease payments are due as follows:

	Land and buildings 2018 £'000	Other 2018 £'000	Land and buildings 2017 £'000	Other 2017 £'000
Not later than one year	-	-	144	891
Later than one year and not later than five years	-	-	552	114
Later than five years	-	-	363	-
	-	-	1,059	1,005

24 Share-based payments

The Company has previously 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. All options issued have now either lapsed or been exercised, such that there are no options in issue as at 31 December 2018 (2017: nil). All options in issue were fully vested prior to 1 January 2017, hence there is no share based payment charge in 2018 or 2017, in respect of share options issued by the company.

During the 2016 financial 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 £nil (2017: £2,000) 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 £1,434,000 (2017: £1,958,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2018 in the following subsidiaries:

Name of subsidiary	2018 £'000	2017 £'000
NMT Group Limited	71	72
Impetus Automotive Limited	-	652
Shire Foods Limited	1,376	1,234
	1,447	1,958

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		Shire Foods Limited	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Non-current assets	-	163	6,060	5,264
Current assets	-	8,141	6,252	5,556
Non-current liabilities	-	-	(2,070)	(1,668)
Current liabilities	-	(4,586)	(2,903)	(2,458)
Provisions	-	(79)	(454)	(514)
Net assets (equity)	-	3,639	6,885	6,180
Attributable to:				
Group	-	2,988	5,509	4,946
Non-controlling interests	-	651	1,376	1,234
	-	3,639	6,885	6,180
Revenue	-	27,266	18,344	15,869
Profit for the year after tax (stated after intra-group management and interest charges)	2,035	2,620	854	410
Profit for the year attributable to non-controlling interests	342	447	141	82

28 Events after the balance sheet date

There have been no significant events warranting disclosure in these financial statements.

Volvere plc

Parent Company financial statements

Year ended 31 December 2018

Parent Company balance sheet

Company number 04478674

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	3	-		-	
Investments	4	5,358		5,433	
			5,358		5,433
Current assets					
Debtors	5	2,712		262	
Cash at bank and in hand		31,041		9,402	
Investments – available for sale	6	-		6,335	
		33,753		15,999	
Creditors: amounts falling due within one year	7	(5,227)		(4,907)	
Net current assets			28,526		11,092
Total assets less current liabilities			33,884		16,525
Net assets			33,884		16,525
Capital and reserves					
Called up share capital	9		50		50
Share premium account			3,640		3,640
Fair value reserve			-		77
Profit and loss account			30,194		12,758
Shareholders' funds			33,884		16,525

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2019 and were signed on their behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 61 to 65 form part of these financial statements.

Parent Company statement of changes in equity

	Share capital £'000	Share premium £'000	Fair value reserve £'000	Retained earnings £'000	Total £'000
2018					
Loss for the year	-	-	-	23,530	23,530
Fair value gains	-	-	(77)	-	(77)
Total comprehensive income for the year	-	-	(77)	23,530	23,453
Balance at 1 January	50	3,640	77	12,758	16,525
Purchase of own shares (treasury shares)	-	-	-	(6,094)	(6,094)
Balance at 31 December	50	3,640	-	30,194	33,884
2017					
Loss for the year	-	-	-	(293)	(293)
Fair value gains	-	-	77	-	77
Total comprehensive income for the year			77	(293)	(216)
Balance at 1 January	50	3,640	-	16,509	20,199
Purchase of own shares (treasury shares)	-	-	-	(3,458)	(3,458)
Balance at 31 December	50	3,640	77	12,758	16,525

The notes on pages 61 to 65 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 Company has not provided a cash flow statement as permitted by FRS 101

The principal accounting policies are summarised below.

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 profit after tax of £23,530,000 (2017: loss £293,000) which is dealt with in the financial statements of the Parent Company.

3 Tangible fixed assets

	Short Leasehold Property £'000	Plant & Machinery £'000	Total £'000
Cost			
At 1 January 2018	-	19	19
Additions	-	-	-
At 31 December 2018	-	19	19
Accumulated depreciation			
At 1 January 2018	-	19	19
Charge for the year	-	-	-
At 31 December 2018	-	19	19
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	-	-	-

4 Fixed asset investments

	Shares in group undertakings 2018 £'000	Shares in group undertakings 2017 £'000
Net book value		
Cost	5,811	5,811
Impairment	(453)	(378)
Net book value	5,358	5,433

On 4 October 2018 the group disposed of its subsidiary undertaking, Impetus Automotive Limited. Details of the disposal are disclosed in note 6 of the Group financial statements.

There was an impairment charge of £nil (2017: £90,000) 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

	2018 £'000	2017 £'000
Amounts owed by group undertakings	2,390	250
Deferred tax asset	305	-
Other debtors	11	6
Prepayments and accrued income	6	6
	2,712	262

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

6 Current asset investments

	2018 £'000	2017 £'000
Current asset investments	-	6,335

During the year the Company sold its investments in equity funds pursuant to its treasury management policies. More details are disclosed in the consolidated financial statements.

7 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	8	14
Amounts due to Group companies	4,759	4,759
Other creditors	25	44
Accruals and deferred income	435	90
	5,227	4,907

8 Share-based payments

Equity settled share option schemes

See note 23 of the consolidated financial statements for details.

9 Share capital

		Authorised		
	2018 Number	2018 £'000	2017 Number	2017 £'000
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
		100		100

		Issued and fully paid		
	2018 Number	2018 £'000	2017 Number	2017 £'000
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
		50		50

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 £149,000 (2017: £151,000), from Shire Foods Limited ("Shire") of £100,000 (2017: £100,000) and from Impetus Automotive Limited ("IAL") of £144,000 (2017: £192,000). NMT and Shire are subsidiary undertakings. IAL was a subsidiary undertaking up to the date of disposal of 4th October 2018.

At 31 December 2018, amounts due to NMT were £4,759,000 (2017: £4,759,000) and interest charged to the Company by NMT amounted to £76,000 (2017: £61,000).