

Minoan Group Plc
Report and Financial Statements
Year ended 31 October 2019

Company registration no: 03770602

Minoan Group Plc (Registered number: 03770602)

Report and Financial Statements

Year ended 31 October 2019

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Minoan Group Plc (Registered number: 03770602)

Directors and Advisers

Directors

C W Egleton (Chairman)
B D Bartman BSc (Econ), FCA
G D Cook MA, ACA
T R C Hill B.Arch

Company secretary

W C Cole

Registered office

30 Crown Place
London
EC2A 4ES

Administration office

3rd Floor
AMP House
Dingwall Road
Croydon
Surrey
CR0 2LX

Bankers

HSBC Bank plc, London

Legal advisers

Pinsent Masons LLP, London

Nominated adviser and broker

WH Ireland Limited, London

Broker

Pello Capital Limited, London

Registrars

Neville Registrars Limited, Halesowen, West Midlands

Independent auditor

Anstey Bond LLP
Statutory Auditors &
Chartered Accountants
1-2 Charterhouse Mews
London
EC1M 6BB

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Chairman's Statement

Introduction

The year under review marked the first full year following the sale of Stewart Travel Limited in October 2018. During the year, the Group has devoted its efforts to the reorganisation of its finances, the reduction of its cost base and, most importantly, its Project in Crete.

I am pleased to inform shareholders that the steps taken both during the year and in subsequent months will lead to a further improvement in the results before the expected anchor joint ventures are agreed.

Meanwhile, although the unpredictable impact of Covid-19 has affected the current year and will affect the future in a number of ways, it should be remembered that the Project is a long term development and, as such, does not rely on short term factors to generate value.

Financial Review

The results for the year show an improvement over the previous year despite the impact of largely “one off” finance charges related to the Placing and Open Offer in May 2019, as well as to some residual effects of the sale of Stewart Travel Limited. Finance charges amounted to £1,278,000 compared to £648,000 in 2018 whilst the overall loss was reduced to £2,077,000 from £3,022,000.

Operating expenses in the year increased to £799,000 from £602,000. The increase of £197,000 was as result of a change in the accounting treatment of management salaries and related charges, with certain duties being more corporate than Project related, which increased Operating expenses by £264,000 but was then offset by a reduction of £67,000 in other costs.

The increase in Total equity of £1,661,000 during the year to £42,257,000 from £40,596,000 arose largely through the Placing and Open Offer, which included the conversion by directors of £640,000 of debt into shares issued at 3 pence per share.

The Project and Greece

The trends I mentioned last year in the increasing activity and interest in the Greek property market, aided by the new Governments' focus on tourism and development has led to a new dynamic in inward investment into Greece and, in particular, toward Crete, the largest of the Greek islands. Crete was recently voted 3rd best destination worldwide in the Trip Advisor travellers' choice awards 2020.

These trends continued throughout 2019 and into 2020 until the impact of Covid-19 and “Lockdown” in Greece, where the rules have been particularly strict. At present, however, it appears that these rules are being eased considerably.

Although Covid-19 has stopped the 2020 season in its tracks the Greek tourist industry is expecting 2021 to represent a major step towards a new normality.

One of the changes that Covid-19 has led to is a perceived change at the top end of the market, at which the Project is focused. Indeed there is a suggestion that going forward, space and the option and ability to maintain social distancing are attracting enhanced values and the Project is ideally suited to these changing requirements.

We have made significant progress during the year on a number of fronts. As I wrote last year, the Company, together with its architectural and design team, has continued to progress the Project, which has led to a number of new initiatives.

As discussions and negotiations with potential partners progress, the Company has tried to ensure that its aims and ambitions are matched, as far as possible, by those of these potential partners.

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Chairman's Statement (continued)

The Project and Greece (continued)

As I have stated in my Updates, the impact of Covid-19 has been to slow down the rate of progress in a number of the discussions but I believe this to be temporary.

The Public Welfare Ecclesiastical Foundation Panagia Akrotiriani ("the Foundation") is a key partner and I am delighted with the ongoing positive dialogue that has taken place during the year, to ensure we remain aligned in achieving our shared vision of a sustainable development that is sympathetic to the beauty and history of the Cavo Sidero peninsular and delivers long term certainty to all parties.

It is again worth reminding investors of the scope and scale of the Project:

- It has an un-appealable Presidential Decree granting outline planning consent
- It has been granted "strategic investment" status by the Greek government
- It is the largest private estate in the Eastern Mediterranean
- It is in a UNESCO designated geopark - an area of outstanding natural beauty and spectacular unending sea view

Post Balance Sheet Events

Since the year end, the Company, along with most others, has suffered from the effects of Covid-19 and the Lockdown. I have endeavoured to keep shareholders informed of progress through recent Updates and I am pleased to say that we have now reached "in principle" agreements with both existing and new lenders/investors to replace the current finance arrangements. I will keep shareholders informed thereon as we move forward.

Outlook

With the impending easing of Lockdown restrictions I expect to provide further updates in the next few months as all our efforts are focused on ensuring that the Group and its stakeholders reap the benefit of the years of hard work that have gone before.

Christopher W Egleton

Chairman
14 May 2020

Minoan Group Plc (Registered number: 03770602)

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2019.

Review of business

A review of the Group's business is given in the Chairman's Statement on page 2.

The sale of the travel business was completed on 9 October 2018 and the results for the year ended were presented in accordance with IFRS 5. The net profit of the travel business for the year ended 31 October 2018 was of £942,458, which was shown as profit from discontinued operations.

Total equity as at 31 October 2019 was £42,257,000 (2018: £40,596,000).

Since a major part of the Company's expenditure is in Euros the outcome of the ongoing negotiations regarding Brexit may have an effect on future foreign expenditure (see also note 1).

Although not having used key performance indicators for the Project in the past, the Board is of the opinion that the granting of un-appealable outline planning consent, as referred to in the Chairman's Statement may be regarded as an indicator in understanding the development, performance or position of that operation.

Principal risks and uncertainties

The Group's key risks currently remain centred around the Project. The Group has an ongoing requirement to raise capital to finance its working capital. As has been the case for the past several years, the Group is in continual discussions with a variety of individuals and commercial parties regarding the provision of funding to enable the Group's current and future obligations and requirements to be met. These discussions are at varying stages of development and the Board is confident that all necessary funding will be forthcoming within a timescale which will enable the Group to move forward and provide a return to shareholders (see also note 1).

As the Project now moves towards its implementation stage, the normal risks associated with a development of its size and nature will apply. These include, inter alia, detailed planning consents, availability of project finance, construction costs and market demand.

Going concern

The Board is confident that the value of the Group's asset in Crete, combined with its capital raising ability and the future prospects for development in other areas of activity, justifies the conclusion that it is appropriate to prepare the financial statements on the going concern basis (as described further in note 1). The Group has, in principle, agreed terms with current lenders to replace the current finance arrangements to support the Group moving forward.

The directors envisage that any joint venture or partnership arrangements will preserve the nature of the Group's long term commitment to the Project.

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Strategic Report (continued)

Corporate Governance

As an Alternative Investment Market (“AIM”) company Minoan Group Plc is not required to comply with the UK Corporate Governance Code, which applies only to premium listed UK companies and adherence to which requires commitment of significant resources and cost. However, the Board of Minoan Group Plc has chosen to commit to the adoption of the Quoted Companies Alliance Corporate Governance Code.

Corporate social responsibility

The Group has demonstrated its social responsibilities through its iterative approach to the evolution of the Project, which has involved a transparent process and extensive consultation with stakeholders. The Project design embraces the principles of the five capitals of sustainable development (i.e. natural, human, social, manufactured and financial) to ensure that all related matters have been taken into account. Thus the more usual concerns related to the protection of the environment, flora, fauna, hydrogeology and the ecology generally have drawn in considerations of wider issues including social, cultural, human and economic matters as well as those related to the extensive use of renewable energy and many other items contributing to a healthy carbon footprint. The Project is strictly focused on the long term restoration and preservation of the environment as a whole and puts in place a sustainable management plan, involving local representatives and experts, to ensure a robust, pro-active management system is implemented aimed at protecting the area for future generations.

In conducting its business the Group ensured that it was compliant with all appropriate regulations, including those applicable to the protection of clients’ funds.

Approved by the Board of Directors and signed on behalf of the Board.

C W Egleton

Director

14 May 2020

Minoan Group Plc (Registered number: 03770602)

Directors' Report

The directors present their annual report for the year ended 31 October 2019.

Directors

The directors shown below have held office during the whole of the period from 1 November 2018 to the date of this report:

C W Egleton (Chairman)
B D Bartman BSc (Econ), FCA
G D Cook MA, ACA
T R C Hill B.Arch

Principal activities

The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury hotels and resorts.

Results and dividends

The financial statements are prepared in accordance with European Union adopted International Financial Reporting Standards ("IFRS") and the Companies Act 2006.

The Group made a loss for the year, after taxation, of £2,077,000 (31 October 2018: £3,022,000). The loss includes a charge in respect of share-based payments of £Nil (2018: £63,000) and non-cash finance cost in respect of warrants issued in association with the Hillside loan in the amount of £264,000 (31 October 2018: £500,000) (see note 17). These charges do not involve any cash payment.

The loss also includes a non-cash charge in relation to assets held for re-sale in the amount of £Nil (31 October 2018: £2,560,000).

The Group's loss per share was 0.61p (2018: 1.36p).

No dividend is proposed for the year (31 October 2018: Nil).

The Group's financial instruments and risk management are discussed in note 15.

Statement of directors' responsibilities

The directors are responsible for preparing and reporting the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with IFRS as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss of the Group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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Directors' Report (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group website, www.minoangroup.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each director as at the date of this report has confirmed that, to the best of his knowledge, the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union,

- give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- include in the Chairman's Statement, the Strategic Report and Directors' Report a fair review of the development, performance and position of the Group, together with a description of the principal risks and uncertainties it faces.

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 Company and the Group and of the profit or loss of the Group for that year.

The directors in office throughout the period and at the end thereof, as referred to on page 1, remain in office as at the date of signing of the Directors' Report.

Insurance

The Company had in place during the year, and remaining in place at the date of this report, Directors and Officers Liability Insurance covering the directors of all group companies.

Events after the statement of financial position date

The directors draw attention to the events disclosed in note 21.

Auditor and disclosure of information to the auditor

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

A resolution to appoint Anstey Bond LLP as the auditor for the ensuing year will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:

C W Egleton
Director
14 May 2020

Minoan Group Plc (Registered number: 03770602)

Independent Auditor's Report to the members of Minoan Group Plc

Our opinion

We have audited the financial statements of Minoan Group PLC ("the Group") for the year ended 31 October 2019 which comprise; the consolidated statement of profit or loss and other comprehensive income, the consolidated and parent company's statement of financial position, the consolidated and parent company's statement of changes in equity, the consolidated and company's statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- The financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2019 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- The financial statements 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 on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Material uncertainty relating to going concern

We draw attention to the disclosures made in the Strategic Report and in note 1 to the financial statements concerning the uncertainty regarding the group's need to secure project finance in order to bring its Crete project to fruition and to continue as a going concern. As stated in these disclosures, these events and conditions indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to note 21 of the financial statements, which describes the material uncertainties surrounding the going concern for the group, due to the impact of post balance sheet events. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report to the members of Minoan Group Plc (continued)

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">➤ Capitalisation and valuation of inventories, being the Crete project costs.➤ Going concern.
Materiality	<ul style="list-style-type: none">➤ Overall materiality is £400,000 (2018: £397,500) being the average of 10% of the result before tax and 1% of gross assets.➤ Overall materiality in the prior year was based on the average of 10% of the result before tax and 1% of gross assets.

An overview of the scope of our audit

The group consists of the parent company and its subsidiaries. It largely operates through two trading subsidiary undertakings which were considered to be significant components for the purposes of the group financial statements. The financial statements consolidate these entities together with other non-trading subsidiary undertakings. As part of designing our group audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each subsidiary or entity. This consisted of us carrying out a full audit of all significant components of the group.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We have designed our audit approach to identify possible fraud in relation to the associated fraud risk of the group. We consider the most likely areas where fraud might arise to be within the valuation of the project costs and in relation to incorrect revenue recognition. Our approach to these areas has been addressed within the Key audit matters section.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) that we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our opinion, the key audit matters considered were as follows

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Independent Auditor's Report to the members of Minoan Group Plc (continued)

Risk 1: Capitalisation and valuation of Crete Project costs

The group inventories, held in respect of the Crete project, represent the most significant asset on the statement of financial position totalling £45.8 million as at 31 October 2019 (2018: £45.4 million). There is a risk that inappropriate expenditure may be capitalised that is not in accordance with IAS 2. Furthermore, given that the Presidential Decree has been issued granting planning consent and that the Directors appear to be actively marketing the property, any lack of buyer interest in the property would be an indication of impairment. Therefore, there is a significant risk over the valuation of these inventories.

In this area, our audit procedures included:

- Testing a sample of capitalised costs in the year to ensure accuracy and appropriateness for capitalisation as project costs under IAS 2;
- Reviewing correspondence and other third party documentation in relation to the project to confirm that the expected value of the project is in excess of the costs to date;
- Reviewing and assessing the marketing activities for the site post grant of the Presidential Decree;

From the work performed, we did not identify any transactions which indicated that capitalised costs were incorrectly stated.

Risk 2 – Going concern of the Group

Several risks were identified surrounding the company's ability to continue as a going concern. Attention has been drawn to these matters in notes 1 and 21 of the financial statements.

In this area, our audit procedures included:

- We obtained post year end cash-flow forecasts, bank statements, and statutory documentation;
- We assessed the level of equity financing received during the six months after the balance sheet date, and whether this was sufficient to ensure the group's liquidity;
- We reviewed the Group's refinancing of debt taking place post year end
- We obtained the Board of Directors' assessment of the groups' going concern;
- We reviewed the disclosures included within these statements and confirmed that they were in line with regulatory reporting standards.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

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Independent Auditor's Report to the members of Minoan Group Plc (continued)

Our application of materiality

We set certain thresholds for materiality. These help us to establish transactions and misstatements that are significant to the financial statements as a whole, to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually on balances and on the financial statements as a whole.

We determined the materiality for the group financial statements as a whole to be £400,000 (2018: £397,500), calculated with reference to a benchmark of the Crete project costs (£45.8 million) included within the gross assets, the overall materiality calculation was the average of 10% of the result before tax and 1% of gross assets. This is the threshold above which missing or incorrect information in the financial statements is considered to have an impact on the decision making of users. We determined the materiality for the company as a whole to be £200,000 (2018: £171,000), calculated with reference to a benchmark of total company expenses.

Other information

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

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

Opinion 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 is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with 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 which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our 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.

**Independent Auditor's Report to the members of Minoan Group Plc
(continued)**

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, set out on pages 6 and 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's 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 operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Colin Ellis FCCA CF (Senior Statutory Auditor)

For and on behalf of **ANSTEY BOND LLP**,

Statutory Auditors & Chartered Accountants

1-2 Charterhouse Mews

London

EC1M 6BB

14th May 2020

Minoan Group Plc (Registered number: 03770602)

Consolidated Statement of Profit and Loss and Other Comprehensive Income Year ended 31 October 2019

	Notes to the Financial Statements	2019 £'000	2018 £'000
Revenue	3	-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses		(799)	(602)
Other operating expenses:			
Corporate development costs		-	(92)
Charge related to assets held for sale		-	(2,560)
Charge in respect of share-based payments	17	-	(63)
Operating loss		(799)	(3,317)
Finance costs	17	(1,278)	(648)
Profit from discontinued operations	3	-	943
Loss before taxation	4	(2,077)	(3,022)
Taxation	5	-	-
Loss after taxation		(2,077)	(3,022)
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		(2,077)	(3,022)
Loss for year attributable to equity holders of the Company		(2,077)	(3,022)
Loss per share attributable to equity holders of the Company: Basic and diluted	6	(0.61)p	(1.36)p

The notes on pages 22 to 51 form part of these financial statements.

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Consolidated Statement of Changes in Equity Year ended 31 October 2019

Year ended 31 October 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2018	15,460	34,373	9,349	2,830	(21,416)	40,596
Loss for the year	-	-	-	-	(2,077)	(2,077)
Issue of ordinary shares at a premium	1,728	1,746	-	-	-	3,474
Share based payments	-	-	-	-	-	-
Extension of warrant expiry date (see note 17)	-	-	-	264	-	264
Balance at 31 October 2019	17,188	36,119	9,349	3,094	(23,493)	42,257

Year ended 31 October 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2017	15,297	33,659	9,349	2,441	(18,457)	42,289
Loss for the year	-	-	-	-	(3,022)	(3,022)
Issue of ordinary shares at a premium	163	714	-	-	-	877
Share based payments	-	-	-	-	63	63
Extension of warrant expiry date (see note 17)	-	-	-	389	-	389
Balance at 31 October 2018	15,460	34,373	9,349	2,830	(21,416)	40,596

Minoan Group Plc (Registered number: 03770602)

Company Statement of Changes in Equity Year ended 31 October 2019

Year ended 31 October 2019

	Share capital £'000	Share premium £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2018	15,460	34,373	2,830	(3,233)	49,430
Loss for the year	-	-	-	(1,748)	(1,748)
Issue of ordinary shares at a premium	1,728	1,746	-	-	3,474
Share-based payments	-	-	-	-	-
Extension of warrant expiry date (see note 17)	-	-	264	-	264
Balance at 31 October 2019	17,188	36,119	3,094	(4,981)	51,420

Year ended 31 October 2018

	Share capital £'000	Share premium £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2017	15,297	33,659	2,441	134	51,531
Loss for the year	-	-	-	(3,430)	(3,430)
Issue of ordinary shares at a premium	163	714	-	-	877
Share-based payments	-	-	-	63	63
Extension of warrant expiry date (see note 17)	-	-	389	-	389
Balance at 31 October 2018	15,460	34,373	2,830	(3,233)	49,430

Minoan Group Plc (Registered number: 03770602)

Consolidated Statement of Financial Position as at 31 October 2019

	Notes to the Financial Statements	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	7	3,583	3,583
Property, plant and equipment	8	157	161
Non-current assets held for sale	3	-	-
Total non-current assets		3,740	3,744
Current assets			
Inventories	10	45,848	45,381
Receivables	11	211	215
Cash and cash equivalents		24	20
Total current assets		46,083	45,616
Total assets		49,823	49,360
Equity			
Share capital	14	17,188	15,460
Share premium account		36,119	34,373
Merger reserve account		9,349	9,349
Warrant reserve		3,094	2,830
Retained earnings		(23,493)	(21,416)
Total equity		42,257	40,596
Liabilities			
Current liabilities	12	7,566	8,764
Total equity and liabilities		49,823	49,360

The financial statements on pages 13 to 51 were approved by the Board of Directors and authorised for issue on 14 May 2020.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc (Registered number: 03770602)

Company Statement of Financial Position as at 31 October 2019

	Note to the Financial Statements	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	9	21,736	21,736
Total non-current assets		21,736	21,736
Current assets			
Receivables	11	32,475	30,934
Cash and cash equivalents		1	1
Total current assets		32,476	30,935
Total assets		54,212	52,671
Equity			
Share capital	14	17,188	15,460
Share premium account		36,119	34,373
Warrant reserve		3,094	2,830
Retained earnings		(4,981)	(3,233)
Total equity		51,420	49,430
Liabilities			
Current liabilities	12	2,792	3,241
Total equity and liabilities		54,212	52,671

Company registration number: 3770602

As permitted by Section 408 of the Companies act 2006, the income statement is not presented as part of these financial statements, The Company's loss for the year ended 31 October 2019 was £1,748,000 (2018: £3,430,000).

The financial statements on pages 13 to 51 were approved by the Board of Directors and authorised for issue on 14 May 2020.

Signed on behalf of the Board of Directors

C W Egleton

Director

Minoan Group Plc (Registered number: 03770602)

Consolidated Cash Flow Statement Year ended 31 October 2019

	Note to the Consolidated Cash Flow Statement	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash (outflow) from continuing operations	1	(1,909)	(2,175)
Net cash inflow from discontinued operations		-	901
Finance costs for continuing operations		(1,278)	(1,508)
Finance costs for discontinued operations		-	-
Net cash generated from/(used) in operating activities		(3,187)	(2,782)
Cash flows from (investing) / divesting activities in discontinued operations			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets:			
Goodwill consideration		-	-
IT project		-	-
Proceeds from sale of discontinued business		-	6,075
Net cash used in investing activities in discontinued operations		-	6,075
Cash flows from financing activities in continuing operations			
Net proceeds from the issue of ordinary shares		3,738	550
Loans (repaid) / received		(547)	(3,844)
Net cash generated from financing activities in continuing operations		3,191	(3,294)
Net increase/(decrease) in cash		4	(1)
Cash transferred to non-current assets held for sale		-	-
Cash at beginning of year		20	21
Cash at end of year		24	20

Minoan Group Plc (Registered number: 03770602)

Note to the Consolidated Cash Flow Statement Year ended 31 October 2019

1 Cash flows from operating activities in continuing operations

	2019 £'000	2018 £'000
Loss before taxation	(2,077)	(3,022)
Finance costs	1,278	1,148
Depreciation	-	1
Exchange gain relevant to property, plant and equipment	4	-
Increase in inventories	(467)	(1,218)
Share-based payments	-	63
Decrease/(Increase) in receivables	4	111
Increase in current liabilities	(651)	415
Liabilities settled by the issue of ordinary shares	-	327
Net cash (outflow) from continuing operations	(1,909)	(2,175)

Minoan Group Plc (Registered number: 03770602)

Company Cash Flow Statement Year ended 31 October 2019

	Note to the Company Cash Flow Statement	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash inflow/(outflow) from continuing operations	1	(1,912)	(2,343)
Net cash inflow in relation to discontinued operations		-	943
Finance costs		(1,278)	(1,381)
Net cash used in operating activities		(3,190)	(2,781)
Cash flows from divesting activities			
Proceeds from disposal of discontinued business		-	6,075
Net cash generated in divesting activities		-	6,075
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		3,738	550
Loans (repaid) / received		(548)	(3,844)
Net cash generated from financing activities		3,190	(3,294)
Net (decrease)/increase in cash		-	(1)
Cash at beginning of year		1	1
Cash at end of year		1	1

Minoan Group Plc (Registered number: 03770602)

Note to the Company Cash Flow Statement Year ended 31 October 2019

1 Cash flows from operating activities

	2019 £'000	2018 £'000
Loss before taxation	(1,748)	(3,430)
Finance costs	1,278	648
Exchange gain relevant to property, plant and equipment	4	-
Share-based payments charge	-	63
Decrease / (Increase) in receivables	(1,541)	289
(Decrease) / Increase in current liabilities	95	(240)
Liabilities settled by the issue of ordinary shares	-	327
Net cash inflow/(outflow) from continuing operations	(1,912)	(2,343)

Notes to the Financial Statements

Year ended 31 October 2019

1 Accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations (collectively IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest thousand, unless stated otherwise.

Basis of preparation

The financial statements are prepared under the historical cost convention except for where financial instruments are stated at fair value.

Adoption of new and revised Standards

The International Accounting Standards Board and IFRIC have issued the following new and revised standards and interpretations with an effective date after the date of these financial statements, which have been endorsed and issued by the European Union at 31 October 2019:

Standard	Details of amendment	Effective date
IFRS 3 Business Combinations	Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.	1 January 2019
IFRS 3 Business Combinations	Amendments to clarify the definition of a business.	1 January 2020
IAS 12 Income Taxes	Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises.	1 January 2019
IAS 19 Employee Benefits	If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.	1 January 2019

The directors anticipate that the adoption of these standards in future periods will have no material impact on the financial statements of the Company.

Going concern

The directors have considered the financial and commercial position of the Group in relation to its project in Crete (the "Project"). In particular, the directors have reviewed the matters referred to below.

Following the unanimous approval of a Plenum of the Greek Council of State, the highest court in Greece, the Presidential Decree granting land use approval for the Project was issued on 11 March 2016 and was published in the Government Gazette. The planning rules for the Project are now enshrined in law. The appeals lodged against the Presidential Decree have been rejected by the Greek Supreme Court.

Notes to the Financial Statements (continued)
Year ended 31 October 2019

1 Accounting policies (continued)

Going concern (continued)

Accordingly, the directors consider that they will conclude further Project joint venture agreements in the near term. In addition, the directors are considering other options which would have a major beneficial impact on the Group's resources.

In addition to specific Project related matters as noted above, and as has been the case in the past, the Group continues to need to raise capital in order to meet its existing finance and working capital requirements. While the directors consider that any necessary funds will be raised as required, the ability of the Company to raise these funds is, by its nature, uncertain.

Having taken these matters into account, the directors consider that the going concern basis of preparation of the financial statements is appropriate.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries as at 31 October 2019 using uniform accounting policies. The Group's policy is to consolidate the result of subsidiaries acquired in the year from the date of acquisition to the Group's next accounting reference date. Intra-group balances are eliminated on consolidation.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of the assets given, liabilities incurred and equity instruments issued by the Group in exchange for control of the acquired business. Acquisition related costs are recognised in the consolidated statement of comprehensive income as incurred.

Critical accounting estimates and judgements

The preparation of the financial statements in accordance with generally accepted financial accounting principles requires the directors to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are discussed below:

- in capitalising the costs directly attributable to the Project (see inventories below), and continuing to recognise goodwill relating to the Project, the directors are of the opinion that the Project will be brought to fruition and that the carrying value of inventories and goodwill is recoverable; and
- as set out above, the directors have exercised judgement in concluding that the company and group is a going concern.

Goodwill

Goodwill arising on acquisitions represents the difference between the fair value of the net assets acquired and the consideration paid and is recognised as an asset (see note 7).

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued) Year ended 31 October 2019

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided in order to write off the cost of each asset, less its estimated residual value, over its estimated useful life on a straight line basis as follows:

Plant and equipment:	3 to 5 years
Fixtures and fittings:	3 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Investments

Investments in subsidiaries are stated at cost less any impairment deemed necessary.

Inventories

Inventories represent the actual costs of goods and services directly attributable to the acquisition and development of the Project and are stated at the lower of cost and net realisable value.

Notes to the Financial Statements (continued)

Year ended 31 October 2019

1 Accounting policies (continued)

Foreign currency

A foreign currency transaction is recorded, on initial recognition in Sterling, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Sterling, by applying to the foreign currency amount to the exchange rate between the Sterling and the foreign currency at the date of the cash flow.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term deposits, with a maturity of less than three months, held with banks.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and shown less any provision for amounts considered irrecoverable. They are subsequently measured at an amortised cost using the effective interest rate method, less irrecoverable provision for receivables.

Trade and other payables

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

Notes to the Financial Statements (continued)
Year ended 31 October 2019

1 Accounting policies (continued)

Loans

Loan borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a borrowing cost over the period of the borrowings using the effective interest method.

Non-current assets held for sale and discontinued operations

Where an asset, or disposal group (an asset together with related liabilities), is to be recovered principally through a sale transaction and not through continuing use, and an active plan has been entered into to dispose of the asset or disposal group, it is reclassified as held for sale. On reclassification, the asset is measured at the lower of its carrying amount or fair value less costs to sell. Any losses on re-measurement are recognised in profit or loss.

Share-based payments

The Group has a Long Term Incentive Plan (“LTIP”) in which any director or employee selected by the remuneration committee may participate. Awards under the LTIP have been granted on the basis that certain performance conditions will be met. The LTIP expired on 31 December 2019.

The Company has also granted options and warrants to purchase Ordinary Shares. The fair values of the LTIP awards, options and warrants are calculated using the Black-Scholes and Binomial option pricing models as appropriate at the grant date. The fair value of LTIP awards and options are charged to profit or loss over their vesting periods, with a corresponding entry recognised in equity. This charge does not involve any cash payment by the Group.

Where warrants are issued in conjunction with a loan instrument, the fair value of the warrants forms part of the total finance cost associated with that instrument and is released to profit or loss through finance costs over the term of that instrument using the effective interest method.

Pensions

Loyalward Limited operates a stakeholder pension scheme for its employees. Contributions payable to the pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements (continued)
Year ended 31 October 2019

1 Accounting policies (continued)

Taxation

Current taxes, where applicable, are based on the results shown in the financial statements and are calculated according to local tax rules using tax rates enacted, or substantially enacted, by the statement of financial position date and taking into account deferred taxation. Deferred tax is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted rates and laws that will be in effect when the differences are expected to reverse. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise against which the temporary differences will be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities arising in the same tax jurisdiction are offset.

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options. As explained under “Share-based payments” above, a compensation expense is recorded in the Group’s statement of comprehensive income over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company’s share price at the statement of financial position date) with the cumulative amount of the compensation expense recorded in the statement of comprehensive income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued) Year ended 31 October 2019

2 Information regarding directors and employees

Directors' and key management remuneration

	Costs taken to inventories £'000	Costs taken to profit or loss £'000	Total £'000
Year ended 31 October 2019			
Fees	(85)	274	189
Sums charged by third parties for directors' and key management services	111	70	181
Share-based payments (note 17)	-	-	-
	26	344	370
Year ended 31 October 2018			
Fees	93	280	373
Sums charged by third parties for directors' and key management services	331	70	401
Share-based payments (note 17)	-	63	63
	424	413	837

The total directors' and key management remuneration shown above includes the following amounts in respect of the directors of the Company.

	2019		2018	
	Fees/Sums charged by third parties £'000	Share-based payments £'000	Fees/Sums charged by third parties £'000	Share-based payments £'000
C W Egleton (Chairman)	162	-	297	32
D C Wilson	-	-	-	23
B D Bartman	35	-	35	3
G D Cook	35	-	35	2
T R C Hill	48	-	53	3
	280	-	420	63

Directors' interests in the Company's LTIP and share options are shown in note 17.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

2 Information regarding directors and employees (continued)

Staff costs during the period (including directors and key management)

	Costs taken to inventories £'000	Costs taken to profit or loss £'000	Total £'000
Year ended 31 October 2019			
Salaries and fees	-	250	250
Social security cost	-	30	30
Share-based payments (note 17)	-	-	-
	-	280	280
Year ended 31 October 2018			
Salaries and fees	347	124	471
Social security cost	53	33	86
Share-based payments (note 17)	-	63	63
	400	220	620

Note: Staff costs exclude sums charged by third parties for directors' services.

	2019 No.	2018 No.
Group monthly average number of persons employed		
Directors	7	8
Management, administration and sales	2	4

Notes to the Financial Statements (continued)
Year ended 31 October 2019

3. Segmental information

The Group strategy and growth objectives necessitate the building of an associated infrastructure. The Group considers it appropriate to identify separately the corporate development division together with costs related to acquisitions. Accordingly, the Group is organised into two divisions (2018: three divisions), both by business segment and geographical location:

- the luxury resorts division, currently being the development of a luxury resort in Crete, which includes the central administration costs of the Group and which is a continuing operation;
- the corporate development division (UK) as described above, which is a continuing operation.

The information presented below is consistent with how information is presented to the Board, with the Group's accounting policies and with the geographical location of the relevant divisions.

	2019		
	Luxury Resorts	Corporate Development	Total
	£'000	£'000	£'000
Operating expenses	(799)	-	(799)
	(799)	-	(799)
Charge in respect of share-based payments	-	-	-
Charge related to assets held for sale	-	-	-
Operating (loss)/profit	(799)	-	(799)
Finance costs	(1,278)	-	(1,278)
(Loss)/profit before taxation	(2,077)	-	(2,077)
Taxation	-	-	-
(Loss)/profit after taxation	(2,077)	-	(2,077)
Operating expenses include:			
Depreciation and amortisation	-	-	-
Assets/liabilities			
Goodwill	3,583	-	3,583
Other non-current assets	157	-	157
Current assets	46,083	-	46,083
Total assets	49,823	-	49,823
Total and current liabilities	7,566	-	7,566

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued) Year ended 31 October 2019

3 Segmental information (continued)

	2018			Total £'000
	Luxury Resorts £'000	Travel and Leisure £'000	Corporate Development £'000	
Total transaction value	-	-	-	-
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses	(602)	-	(92)	(694)
Charge in respect of share-based payments	(63)	-	-	(63)
Charge related to assets held for sale	(2,560)	-	-	(2,560)
Operating (loss)/profit	(3,225)	-	(92)	(3,317)
Finance costs	(648)	-	-	(648)
(Loss)/Profit from Discontinued Operation	-	943	-	943
(Loss)/profit before taxation	(3,873)	943	(92)	(3,022)
Taxation	-	-	-	-
(Loss)/profit after taxation	(3,873)	943	(92)	(3,022)
Operating expenses include:				
Depreciation and amortisation	1	-	-	1
Assets/liabilities				
Goodwill	3,583	-	-	3,583
Other non-current assets	161	-	-	161
Current assets	45,616	-	-	45,616
Total assets	49,360	-	-	49,360
Total and current liabilities	8,764	-	-	8,764

The Group completed the sale of its travel business on 9 October 2018 and the results for the year ended 31 October 2018 have been presented in accordance with IFRS 5. As a consequence, the Profit after taxation of the Travel and Leisure business in the amount of £943,000, and appears in the Consolidated Statement of Comprehensive Income for the year ended 31 October 2018 as Profit from discontinued operation.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

4 Loss before taxation

The loss before taxation is stated after charging:

	2019	2018
	£'000	£'000
Depreciation	-	1
Operating leases	-	-
Auditor's remuneration	21	20

5 Taxation

Consolidated

(a) Analysis of taxation for the year

	2019	2018
	£'000	£'000
UK corporation tax	-	-

(b) Factors affecting taxation for the year

	2019	2018
	£'000	£'000
Loss before taxation	(2,077)	(3,022)
Tax on ordinary activities multiplied by the UK corporation tax rate of 19% (2018: 19%)	(395)	(574)
Effects of:		
Expenses not deductible for tax purposes	-	73
Other timing differences	-	14
Increase in tax losses	395	487
Taxation (credit)/charge for the year	-	-

Taxation losses carried forward appear in note 13.

Notes to the Financial Statements (continued)

Year ended 31 October 2019

6 Loss per share

Earnings per share are calculated by dividing the earnings attributable to the equity holders of a company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all potential dilutive ordinary shares. As the Group is loss making, there are no dilutive instruments in issue, and therefore the basic loss per share and diluted loss per share are the same. The weighted average number of shares used in calculating basic and diluted loss per share for the year ended 31 October 2019 was 338,627,016 (31 October 2018: 222,467,332).

	Earnings	2019 Weighted average number of shares	Per-share amount (pence)
Basic EPS			
Earnings attributable to ordinary shareholders	(2,076,902)	338,627,016	(0.61)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(2,076,902)	338,627,016	(0.61)
	(2,076,902)	338,627,016	(0.61)
<hr/>			
	Earnings	2018 Weighted average number of shares	Per-share amount (pence)
Basic EPS			
Earnings attributable to ordinary shareholders	(3,022,331)	222,467,332	(1.36)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(3,022,331)	222,467,332	(1.36)
	(3,022,331)	222,467,332	(1.36)

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

7 Intangible assets

Consolidated	2019			2018		
	Goodwill	IT Projects	Total	Goodwill	IT Projects	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At beginning of year	3,583	-	3,583	3,583	1,720	5,303
Additions	-	-	-	-	4	4
Transfer to held for sale asset	-	-	-	-	(1,724)	(1,724)
At end of year	3,583	-	3,583	3,583	-	3,583
Accumulated amortisation						
At beginning of year	-	-	-	-	717	717
Provided in year	-	-	-	-	345	345
Transfer to held for sale asset	-	-	-	-	(1,062)	(1,062)
At end of year	-	-	-	-	-	-
Net book value						
At beginning of year	3,583	-	3,583	3,583	1,720	5,303
At end of year	3,583	-	3,583	3,583	-	3,583

The Project is assessed using fair value less costs to sell. The directors have assessed the recoverable amount of the Project as being greater than the combined carrying value of the goodwill and inventories of £49,431,000 at 31 October 2019 (31 October 2018: £48,964,000) on the basis of valuations previously carried out and the positive progress made in the period since (see also note 10).

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

8 Property, plant and equipment

Year ended 31 October 2019

Consolidated	Freehold land	Furniture, fittings, plant and equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 November 2018	202	92	-	294
Exchange adjustments	1	-	-	1
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 October 2019	203	92	-	295
Accumulated depreciation				
At 1 November 2018	53	80	-	133
Exchange Adjustments	-	4	-	4
Provided in year	-	1	-	1
At 31 October 2019	53	85	-	138
Net book value				
At 31 October 2019	150	7	-	157

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

8 Property, plant and equipment (continued)

Year ended 31 October 2018

Consolidated	Freehold land £'000	Furniture, fittings, plant and equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 November 2017	201	92	-	293
Exchange adjustments	1	-	-	1
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 October 2018	202	92	-	294
Accumulated depreciation				
At 1 November 2017	53	79	-	132
Adjustment re disposals	-	-	-	-
Provided in year	-	1	-	1
At 31 October 2018	53	80	-	133
Net book value				
At 31 October 2018	149	12	-	161

As stated previously the Group sold the Travel and Leisure business prior to 31 October 2018 and the results for the year ended 31 October 2018 have been presented in accordance with IFRS 5.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued) Year ended 31 October 2019

9 Investments

Company

Year ended 31 October 2019

	Shares in subsidiaries £'000
Cost	
At 1 November 2018	21,736
Disposals	-
At 31 October 2019	21,736
Impairment	
At 31 October 2019	-
	-
Net book value at 31 October 2019	21,736

Year ended 31 October 2018

	Shares in subsidiaries £'000
Cost	
At 1 November 2017	28,286
Disposals	6,550
At 31 October 2018	21,736
Impairment	
At 31 October 2018	-
	-
Net book value at 31 October 2018	21,736

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

9 Investments (continued)

Interests in subsidiaries

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 October 2019
Loyalward Limited	United Kingdom	100%
Loyalward Leisure PLC	United Kingdom	100%
Loyalward Hellas S.A.	Greece	100%

10 Inventories

Consolidated

Inventories at 31 October 2019 amounted to £45,848,000 (31 October 2018: £45,381,000), comprising costs associated with acquiring and developing the site in Crete, planning and other design costs.

The development site of the Project is to be leased from the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani (“the Foundation”) for an initial 40 year period following contract activation which will follow the relevant authorities approving the land planning and land uses for the Project. The Group has an option over a further 40 years. An amount of £3.9 million is payable to the Foundation on contract activation, plus ongoing royalties earned on revenue generated by the development (see also note 18).

In particular, the directors have considered the current value of the Group’s overall interest in the Project and its progress and are of the opinion that the Project site has longer term value in excess of the carrying value of inventories.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

11 Receivables

Consolidated	2019	2018
	£'000	£'000
Other receivables and prepayments	124	126
Value added tax recoverable	87	89
	211	215

No provision is considered necessary in respect of irrecoverable amounts.

Company	2019	2018
	£'000	£'000
Amounts owed by subsidiary companies (see note 16)	29,929	30,874
Other receivables and prepayments	2,538	50
Value added tax recoverable	8	10
	32,475	30,934

Amounts owed by subsidiary companies are repayable on demand, but are not expected to be received until the realisation of the project.

12 Liabilities

Current liabilities

Consolidated	2019	2018
	£'000	£'000
Trade and other payables	965	1,065
Other creditor (see below)	1,000	1,000
Social security and other taxes	45	66
Loans (see note 15)	1,838	2,385
Accruals and deferred charges	3,718	4,248
	7,566	8,764

The other creditor arises from amounts received under the terms of financial joint venture agreements between the Company and certain third parties by which these third parties will receive an initial 5% economic interest in the Project for a total consideration of £1 million.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

12 Liabilities (continued)

Current liabilities

	2019 £'000	2018 £'000
Company		
Trade and other payables	481	497
Amounts owed to subsidiary companies (see note 16)	38	38
Loans (see note 15)	1,837	2,385
Accruals and deferred charges	436	321
	2,792	3,241

Amounts owed to subsidiary companies are interest free and repayable on demand.

Loans include £942,000 (2018: £942,000) in respect of the balance of the revised loan facility agreement with Hillside International Holdings Limited (“Hillside”) originally drawn down as £5,000,000. The loan is subject to interest at 10% per annum. Hillside has also received Warrants to subscribe for ordinary shares in Minoan Group Plc. The total finance cost of the loan is comprised of the cash interest at 10% per annum and the fair value of the Warrants issued in association with loan and has been recognised as a finance cost spread over the life of the loan using the effective interest method. All other remaining loans are repayable on demand.

Under the terms of the loan facility agreement Hillside has a fixed and floating charge on the Company’s assets.

13 Deferred taxation

Consolidated

No deferred taxation asset has been recognised in the financial statements due to the uncertainty of its recoverability. The total potential asset is as follows:

	Total potential asset		Amount recognised	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Tax effect of timing differences because of:				
Accelerated capital allowances	-	-	-	-
Other short term timing differences	(189)	215	-	-
Losses	3,624	3,014	-	-
	3,453	3,229	-	-

The above potential deferred tax asset is based on a corporation tax rate of 19% (2018: 19%).

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

13 Deferred taxation (continued)

Company

No deferred taxation asset has been recognised in the financial statements. The total potential asset is as follows:

	Total potential asset		Amount recognised	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Tax effect of timing differences because of:				
Other short term timing differences	(92)	-	-	-
Losses	1,505	1,173	-	-
	1,413	1,173	-	-

The above potential deferred tax asset is based on a corporation tax rate of 19% (2018: 19%).

Following due consideration of the availability of tax losses in relation to future anticipated taxable profits, and in accordance with IAS 12, the deferred tax asset has not been recognised. The deferred tax asset not recognised will be recoverable should there be appropriate future taxable profit.

14 Share capital

	2019 £'000	2018 £'000
Called up, allotted and fully paid		
31 October 2019 - 419,280,447 Ordinary Shares of 1p each	4,192	-
54,148,031 Deferred Shares of 24p each	12,996	-
31 October 2018 - 228,903,442 Ordinary Shares of 1p each	-	2,289
54,148,031 Deferred Shares of 24p each	-	12,996
	17,188	15,285
Debt to be settled by the issue of shares (see note 15)		
Nil Ordinary Shares of 1p each (2018: 17,493,201 Ordinary Shares of 1p each)	-	175
	17,188	15,460

Holders of Ordinary Shares have the right to vote and the right to receive dividends. Holders of Deferred Shares have no right to vote and no right to receive dividends.

During the year 21,000,000 Ordinary Shares of 1p each were subscribed for at 2.50 pence per share and 71,524,314 Ordinary Shares of 1p each were subscribed for at 2.75p per share. In addition, and to settle certain existing liabilities, the following numbers of Ordinary Shares of 1p each were issued: 22,756,000 at 2.50 pence per share, 47,036,358 at 2.75p per share, 21,333,333 at 3p per share and 6,727,000 at 9p per share.

Notes to the Financial Statements (continued)

Year ended 31 October 2019

15 Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and various items such as trade receivables and trade payables that arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. There have been no substantive changes in the group exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure from previous periods.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

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

The Group maintains sufficient funds in local currency for operational liquidity. The Board considers liquidity risk at Board meetings through the monitoring of cash levels and detailed cash forecasts. Funding to date has been obtained principally through the issue of equity shares as required, either for cash or in settlement of liabilities. The Group has also issued loan agreements which may be settled by the issue of shares. See note 1 for further information relating to current liquidity and funding risk.

All financial liabilities are non-derivative and fall due within one year (see note 12).

In order to complete the development of the Project, the Group will require substantial additional financing. It is the directors' current intention to develop the Project in such a way as to minimise or eliminate the need for further equity financing. It is intended that this will be achieved through utilising joint venture arrangements and debt project finance.

Foreign currency risk

Foreign currency risks arise when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group has one overseas trading subsidiary, Loyalward Hellas S.A., which operates in Greece and whose revenues and expenses are denominated almost exclusively in Euros. The Group finances Loyalward Hellas S.A. via Euro transfers from Loyalward Limited as required. The amount transferred ensures that the Euro balance held by Loyalward Hellas S.A. at each period end is not material. All UK companies hold cash in UK pounds Sterling only. The Sterling and Euro cash balances attract interest at floating rates.

Of the Group's current assets, excluding the project costs capitalised, less than 1% is held in Euros, the remainder being held in Sterling. Of the Group's current liabilities, less than 2% is held in Euros, with the remainder held in Sterling.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

15 Financial instruments and risk management (continued)

Short-term receivables and payables

Short-term receivables and payables have been excluded from the following disclosures.

Interest rate risk

The Group finances its operations through a mixture of equity and borrowings. The Group has historically borrowed in Sterling only.

The Group's liabilities, which are all denominated in sterling, are as follows:

	2019	2018
	£'000	£'000
Loans to be settled by the issue of shares (see note 14)	-	2,125
Loans repayable in less than one year	1,838	1,443
Loans repayable in more than one year	-	942

The Board has determined that realistic fluctuations in interest rates will not have a significant impact on financial liabilities.

The Group has no derivatives or financial instruments other than those disclosed above. There is no material difference between the book value and the fair value of the Group's financial assets and liabilities at 31 October 2019 and at 31 October 2018.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

16 Related party transactions

During the year the Group companies entered into the following transactions with related parties who are not members of the Group:

	Services of the above persons supplied in year ended		Payable as at	
	31.10.19 £'000	31.10.18 £'000	31.10.19 £'000	31.10.18 £'000
Simmons International Limited	162	297	47	328
Bizwatch Limited	8	16	11	118
I.H.M. Industry & Hotel Management Limited	-	18	70	129
B D Bartman & Co	35	35	29	194
Keith Day & Partners Ltd	35	35	60	125

The nature of the related parties is as follows:

- Simmons International Limited, a company in which C W Egleton is a minority shareholder.
- Bizwatch Limited, a company in which J C Watts, a director of Loyalward Limited, owns 50% of the issued share capital and M A Fitch, a director of Loyalward Hellas S.A. owns 50% of the issued share capital.
- I.H.M. Industry & Hotel Management Limited, a company in which C Valassakis, a director of Loyalward Limited, is a controlling shareholder.
- B D Bartman & Co, a firm in which B D Bartman is a partner.
- Keith Day & Partners Ltd, a company in which N J Day, a director of Loyalward Limited, is a director and shareholder.

There have been no purchases or sales between companies within the Group. The Company's balances outstanding with other Group companies arising from financing transactions are shown below.

	Receivable/(Payable) as at 31.10.19 £'000	Receivable/(Payable) as at 31.10.18 £'000
Loyalward Limited	29,929	28,386
Loyalward Leisure Plc	(38)	(38)

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

17 Long term incentive plan, share options and warrants

Share-based payments charge

	<u>£'000</u>
Year ended 31 October 2019	
Share-based payments - directors	-
Share-based payments - other	-
	<u>-</u>
Year ended 31 October 2018	
Share-based payments - directors	40
Share-based payments - other	23
	<u>63</u>

Long term incentive plan

Under the terms of the Long Term Incentive Plan ("LTIP") any director or employee selected by the remuneration committee may participate. Awards under the LTIP have been granted on the basis that certain performance conditions will be met.

The performance conditions are as follows:

Performance condition A	Fulfilled during year ended 31 October 2012.
Performance condition B	The Group achieves a certain level of consolidated profit at EBITDA level (ignoring any charge in respect of share-based payments) for a six month accounting period.
Performance condition C	The price of an ordinary share of Minoan Group Plc remains at an average price of 50 pence or above for ten consecutive trading days on AIM or a recognised stock exchange.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2018

17 Long term incentive plan, share options and warrants (continued)

Share-based payments charge (continued)

	Performance condition A	Performance condition B	Performance condition C
	Maximum number of Ordinary Shares exercisable at 9 pence	Maximum number of Ordinary Shares exercisable at 9 pence	Maximum number of Ordinary Shares exercisable at 9 pence
C W Egleton	1,400,000	1,400,000	1,400,000
D C Wilson (left 9 October 2018)	1,000,000	1,000,000	1,000,000
B D Bartman	130,000	130,000	130,000
T R C Hill	150,000	150,000	150,000
W C Cole (director Loyalward Limited)	120,000	120,000	120,000
	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,800,000</u>

The charge made for the value of the LTIP and options has been calculated using the Black-Scholes and Binomial option pricing models as appropriate. As stated previously, the charge does not involve any cash payment. The average weighted price of LTIP share options outstanding at the beginning and end of the period is 9 pence.

The Long Term Incentive Plan expired on 31 December 2019.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

17 Long term incentive plan, share options and warrants (continued)

Share-based payments charge (continued)

Directors' and former directors' interests in share options

	31 October 2019			31 October 2018		
	Exercise price	Ordinary Shares	Expiry date	Exercise price	Ordinary Shares	Expiry date
Options						
B D Bartman	-	-	-	7p	200,000	31/12/18
B D Bartman (see note 2 below)	1p	1,000,000	31/12/19	1p	1,000,000	31/12/18
B D Bartman (see note 2 below)	1p	850,000	31/12/19	1p	850,000	31/12/18
W C Cole (director Loyalward Limited)	-	-	-	7p	500,000	31/12/18
W C Cole (director Loyalward Limited)	-	-	-	7p	100,000	31/12/18
W C Cole (director Loyalward Limited) (see note 2 below)	1p	1,000,000	31/12/19	1p	1,000,000	31/12/18
W C Cole (director Loyalward Limited) (see note 2 below)	1p	1,711,111	31/12/19	1p	1,711,111	31/12/18
G D Cook	-	-	-	7p	250,000	31/12/18
G D Cook (see note 2 below)	1p	384,615	31/12/19	1p	384,615	31/12/18
G D Cook (see note 2 below)	1p	377,778	31/12/19	1p	377,778	31/12/18
Simmons International Limited		-	-	7p	500,000	31/12/18
Simmons International Limited		-	-	7p	400,000	31/12/18
Carried forward		5,323,504			7,273,504	

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

17 Long term incentive plan, share options and warrants (continued)

Directors' and former directors' interests in share options (continued)

	31 October 2019			31 October 2018		
	Exercise price	Ordinary Shares	Expiry date	Exercise price	Ordinary Shares	Expiry date
Options						
Brought forward		5,323,504			7,273,504	
T R C Hill	-	-	-	7p	300,000	31/12/18
T R C Hill (see note 2 below)	1p	1,233,333	31/12/19	1p	1,233,333	31/12/18
D C Wilson (see note 2 below)	-	-	-	1p	1,000,000	31/12/18
D C Wilson (see note 2 below)	-	-	-	1p	2,500,000	31/12/18
D C Wilson (see note 2 below)	-	-	-	1p	850,000	31/12/18
B Cassidy (see note 2)	-	-	-	1p	122,222	31/12/18
B Cassidy	-	-	-	8p	1,000,000	9/01/20
		6,556,837			14,279,059	

During the year the expiry date of the above was extended to 31 December 2019.

Other share options

The following additional options to purchase ordinary shares in the Company have been granted:

	Ordinary Shares		Expiry date
	31.10.19	31.10.18	
Exercisable at 60 pence per share	3,318,000	3,318,000	See note 1
Exercisable at 1 pence per share (see note 2 below)	4,695,299	223,077	31/12/19
Exercisable at 7 pence per share	-	325,000	31/12/18
Exercisable at 8 pence per share	-	2,500,000	31/12/18
Exercisable at 8 pence per share	2,500,000	2,500,000	5/06/20
Exercisable at 8 pence per share	1,000,000	-	9/01/20
Exercisable at 10 pence per share	-	250,000	31/12/18
Exercisable at 10 pence per share	-	-	9/07/18
	11,513,299	9,116,077	

The weighted average exercise price of the other share options outstanding at the beginning of the period is 27 pence and outstanding at the end of the period is 20 pence.

Notes to the Financial Statements (continued)

Year ended 31 October 2019

17 Long term incentive plan, share options and warrants (continued)

Notes re share options:

1. These options were granted between 24 June 2005 and 31 December 2013. The expiry dates of these options are 90 days after certain valid building licences and permits have been granted. These building licences and permits have not yet been granted.
2. Options granted in exchange for the waiver of fees etc. by current directors and former directors. The expiry date was extended to 31 December 2019.

See also Note 20 for events after the statement of financial position date.

Warrants

The following warrants to subscribe for ordinary shares in the Company have been issued in accordance with the terms of the loan facility agreement with Hillside International Holdings Limited:

During the year the expiry date of the existing warrants was extended to 9 October 2023 and the exercise price of these warrants was amended from 8 pence per share to 3.5 pence per share following a Broker Offer. During the year following a Placing, Open Offer and shares issued to satisfy liabilities, the following warrants were issued: 7,438,520 with an exercise price of 2.5 pence per share and an expiry date of 9 October 2023, 2,522,182 with an exercise price of 2.75p per share and an expiry date of 9 October 2023, 17,633,132 with an exercise price of 2.75p per share and an expiry date of 12 October 2023, 3,636,667, 1,143,590 with an exercise price of 9p per share and an expiry date of 12 October 2023.

These modifications etc. resulted in an increase of £264,000 in the fair value of the warrants. This has been spread, along with the existing fair value, across the life of the loan on an amortised cost basis. The modification was valued using Black-Scholes method.

	Ordinary Shares		
	31.10.19	31.10.18	Expiry date
Exercisable at 2.5 pence per share	7,438,520	-	9/10/23
Exercisable at 2.75 pence per share	2,522,182	-	9/10/23
Exercisable at 2.75 pence per share	17,633,132	-	12/10/23
Exercisable at 3.0 pence per share	3,626,667	-	12/10/23
Exercisable at 3.5 pence per share	50,000,000	50,000,000	9/10/23
Exercisable at 3.5 pence per share	1,765,733	1,765,733	9/10/23
Exercisable at 6.0 pence per share	458,333	458,333	26/04/21
Exercisable at 9.0 pence per share	1,143,590	-	12/10/23
	84,588,157	52,224,066	

See also Note 20 for events after the statement of financial position date.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued)

Year ended 31 October 2019

17 Long term incentive plan, share options and warrants (continued)

Finance costs

	<u>£'000</u>
Year ended 31 October 2019	
Fair value of warrants issued	264
Loan interest	874
Other interest/fees	370
	<u>1,508</u>
Year ended 31 October 2018	
Fair value of warrants issued	500
Loan interest	103
Other interest	45
	<u>648</u>

18 Contingent liabilities and commitments

Other than as stated in note 10, the Group has no other capital or operating commitments.

19 Operating lease commitments

The Group has no future minimum lease commitments in respect of non-cancellable operating leases.

20 Shareholder Loyalty Scheme

The land on which the Group's Project in Crete will be constructed is held on a long lease and, as a result, any properties offered to purchasers will be on an equivalent title. Since inception, as part of the Group's financing arrangements and as a potential reward for loyalty for staff and others, notably through the Shareholder Loyalty Scheme which was placed under review in 2011, the Group offered discounts to potential purchasers of properties in the Project. The properties range from apartments with fractional/shared ownership and apartments and villas, which may or may not be part of a "serviced offering". The potential sums involved are not material in the context of the Project as a whole.

21 Events after the reporting date

Following share issues of 15,767,331 ordinary shares at 2.75p per share on 10 December 2019 and 2,745,455 ordinary shares at 2.75p on 3 April 2020, a total of 6,825,002 warrants were issued with an exercise price of 2.75p per share and an expiry date of 12 October 2023.

Post balance sheet, the Covid-19 pandemic has impacted the Group's operations. This may affect the timeline for the completion of the Cretan Project but the Project is, in any event, a long term development. The Group's ability to secure equity financing has also been affected in recent months, due to the global economy being largely impacted by the pandemic. But, as the pandemic abates, the Board of Directors is confident that the Group can continue on its path to the monetisation of its investment in Crete.

Minoan Group Plc (Registered number: 03770602)

Notes to the Financial Statements (continued) **Year ended 31 October 2019**

21 Events after the reporting date (continued)

The Group has, in principle, agreed terms with current lenders and investors to replace and amend finance arrangements to support the Group moving forward.