



# **VOLVERE PLC**

Annual report and financial statements

Year ended 31 December 2014

## **Volvere plc**

### **Annual report and financial statements for the year ended 31 December 2014**

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#### **Country of incorporation**

England and Wales

#### **Company secretary**

Nick Lander

#### **Company number**

04478674

#### **Registered office**

Abacus House  
33 Gutter Lane  
London  
EC2V 8AS

Tel: 020 7634 9707

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

**Directors and professional advisers**

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**Directors**

*David Buchler, Non-Executive Chairman, aged 63*

With a career spanning 35 years, David is recognised as one of the country's leading practitioners in the field of corporate turnaround and restructuring. His work has included appointments on behalf of major banks, lawyers, accountants, the Courts and Government. A former Arthur Andersen Partner, he was the Founding Partner of Buchler Phillips, which was acquired in 1999 by Kroll Inc, the world's leading risk mitigation firm. He was appointed Chairman of Kroll Inc for Europe and Africa in 2000. Kroll Inc was sold in 2004 in a \$1.9bn transaction. He was President of his professional body, R3 (the Association of Business Recovery and Turnaround Professionals) and has acted as CEO and Vice Chairman of Tottenham Hotspur Football Club as well as being Chairman/Director of a number of public and private companies in the United Kingdom, including the merchant bank, Templewood, Puma VCT VII and London Asia Capital Plc. He has been a producer of the London International Opera Festival and is currently a Board Member and Director of the English National Opera.

*Jonathan Lander, Chief Executive Officer, aged 47*

Jonathan is a founder and Chief Executive Officer of Volvere. He has over 20 years' experience in the financial services industry, including 17 years as CEO of D2L Capital Limited (formerly Dawnay, Day Lander 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 48*

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.

**Directors and professional advisers (*continued*)**

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**Bankers**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

Royal Bank of Scotland plc  
2<sup>nd</sup> Floor, The Gemini Building  
24/25 St Andrew Square  
Edinburgh  
EH2 1AF

**Solicitors**

Squire Patton Boggs (UK) LLP  
7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH

Marriott Harrison LLP  
11 Staple Inn  
London  
WC1V 7QH

**Broker and nominated adviser**

N+1 Singer  
1 Bartholomew Lane  
London  
EC2N 2AX

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
1020 Eskdale Road  
Winnersh  
Wokingham  
Berks  
RG41 5TS

**Strategic report**

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

**Chairman's statement**

I am pleased to report on the results for the year ended 31 December 2014.

All our businesses performed well in 2014 and this has contributed to the growth in net assets per share, achieving a new record of £4.31\*. Our net assets per share have grown on average by approximately 14% per annum since the company's inception in 2002, which is a testament to the validity of our strategy, and of its execution.

We are looking forward to continuing progress in 2015.

**David Buchler**  
**Chairman**

28 May 2015

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

**Chief Executive's statement**

**Introduction**

2014 was the best operating result for the Group to date, albeit flattered by an exceptional gain in Shire Foods. In addition, all three of our principal subsidiaries made a positive contribution this year, which is especially pleasing.

**Principal activities**

The Company is a holding company that identifies and invests in undervalued and 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 transport planning & engineering, food manufacturing and security solutions and each of these is reported as a separate segment.

**Operating review**

The financial performance of each segment is summarised below and in the financial review on pages 6 to 8 and further detailed in note 5 to the financial statements.

*Transport planning & engineering*

The Group acquired the JMP transport planning & engineering business in May 2013. JMP is a consultancy that supports the transport planning aspects of property and land development, as well as providing a range of design, engineering and travel behaviour services. In January 2014, JMP issued shares to certain members of its management team such that the Group’s holding is now 76%.

The second half of 2014 was more profitable than the first as investments in people and systems started to show dividends. JMP was appointed to a number of important new framework agreements as well as winning a good share of project work. Of particular note was the re-appointment of the company in March by Transport Scotland as lead provider for development planning and management advisory and auditor services. Further national successes were achieved through framework team appointments to the Homes and Communities Agency (HCA) multi-disciplinary framework and on Highways England’s Collaborative Delivery Framework (CDF), the mechanism for the delivery of the multi-billion pounds investment in strategic road network improvements announced by the Government in Q4 of 2014.

Revenue for the year was £11.76 million (period from acquisition to 31 December 2013: £7.41 million) with a profit before tax and Group interest charges of £0.45 million (2013: £1.11 million including ‘one-off’ profits of £0.54 million relating to the acquisition). Post year-end the company made further loan repayments totalling £0.40 million, which means we have now recovered our cost plus a further £0.23 million since the investment two years ago.

JMP is a business which is wholly dependent on hiring and retaining good people. We are delighted with the progress made in 2014, and are impressed by, and grateful to, the staff – who have made it happen.

*Food manufacturing*

Shire, in which the Group has an 80% stake, was acquired in 2011. Shire manufactures frozen pies, pasties and other pastry products for retailers and food service customers. This year was Shire’s third full year of trading within the Group and its performance has continued to improve with a significant increase in revenue and profitability.

Shire’s revenue for the year was £12.13 million (2013: £8.53 million) and it achieved a profit before tax of £1.65 million (2013: £0.12 million) including exceptional income of £0.85 million, as explained in the financial review below.

Revenue in 2014 was significantly higher than 2013 mainly because of some key account wins. This was the principal driver of the excellent financial result. There were also continued improvements in the quality and efficiency of our production and logistics.

As part of our turnaround strategy, the company entered an arrangement with its creditors (a “CVA”) in 2012. In January 2014 Shire made the last of the payments due under the CVA, which means that it is no longer subject to a company voluntary arrangement. This is another milestone in the company’s track back to normal trading.

The Shire team has done an outstanding job building on the work of last year, producing a very creditable financial performance. Quality of product has remained high and the Shire factory once again received the British Retail Consortium Grade A status in 2015. Competition between supermarket clients for customers remains intense, however, and this undoubtedly affects Shire. The company is responding with continued innovation and renewed determination to provide quality products at competitive prices on a sustainable basis.

*Security solutions*

Sira Defence & Security, the Group’s digital CCTV viewing software business, had a much improved year with revenue increasing from £0.18 million to £0.25 million and achieving profits of £0.08 million (2013: breakeven). The level of activity in SDS’s sector has continued into 2015 and we remain optimistic about SDS’s on-going contribution to the Group.

### **Recent developments**

On 25 March 2015, we announced the acquisition of Impetus Automotive Limited ("IAL"). IAL's principal activity is the provision of consulting services to the automotive sector, including vehicle manufacturers, dealerships and national sales companies. The company, which has UK offices in Warwick and Cranfield, employs approximately 200 people serving clients in the UK and a number of other international markets. Further information on the IAL's activities can be found at [www.impetusautomotive.com](http://www.impetusautomotive.com).

Volvere, through a wholly-owned subsidiary, settled certain debt obligations of IAL's parent company and acquired the entire share capital of IAL for a total cash consideration of £1.3 million, satisfied from Volvere's existing cash resources. Volvere has also made working capital facilities available to IAL. It is expected that Volvere's shareholding in IAL will reduce through the issue of new equity to key stakeholders in due course.

IAL has been in the Group for approximately two months. We have spent most of that time engaging with the company's management, staff and clients to understand what we can do better and help IAL grow. Once again, I am grateful to everyone at IAL for their support during the inevitable uncertainty caused by a change of ownership.

### **Future strategy**

There remain plenty of opportunities for us and I remain confident that we have the resources and skills to analyse and respond to them appropriately for the benefit of all our shareholders.

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

28 May 2015

## **Financial performance**

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

### *Overview*

Total revenue from continuing operations increased from £16.14 million to £24.15 million, reflecting growth in the Group's food manufacturing business, Shire Foods Limited, and the inclusion of a first full year of trading of the Group's transport planning & engineering business, JMP Consultants Limited.

Profit after tax from continuing operations (stated after a one-off share-based payment charge of £0.16 million and an exceptional credit of £0.85 million) was £1.65 million (2013: £0.51 million), the improvement in profits mainly being the result of continued growth and improved profitability at Shire Foods Limited.

### *Transport planning & engineering*

The Group's transport planning & engineering segment consists of JMP Consultants Limited ("JMP") which was acquired in May 2013. Revenues for the year ended 31 December 2014 were £11.76 million compared with £7.41 million for the 7 months from the date of acquisition to the end of 2013. Profits for the year were £0.45 million stated after a share-based payment charge of £0.16 million, representing an underlying profit of £0.6 million (2013: £0.54 million (after adjustment for one off items related to the acquisition) for the period from acquisition to 31 December).

There was a share-based payment charge of £0.16 million (2013: £nil) relating to the issue of equity to certain management and staff during the year. This has resulted in the Group's shareholding in JMP being reduced to 76%.

### *Food manufacturing*

Shire Foods' financial performance improved significantly during the year with revenue in 2014 up by 42% to £12.13 million (2013: £8.53 million). The growth reflects the effects of new customer contracts, which had been won but where supply only commenced in the second quarter of the year. The continuing focus on quality with efficiency is now beginning to show through improved profitability with Shire achieving profits (before intra-group interest) of £1.65 million (including exceptional income of £0.85 million), compared to £0.1 million in 2013.

Exceptional income consists of the release of certain liabilities which are no longer payable in accordance with the terms of a Company Voluntary Agreement ("CVA") which Shire entered into in 2011. The CVA has now ended and Shire's net assets have increased by £0.85 million as a result.

### *Security solutions*

Sira Defence & Security achieved revenue growth in 2014 with revenues up from £0.18 million to £0.25 million. Costs remained tightly controlled resulting in the achievement of a modest profit of £0.08 million, following a break-even result last year. The adoption of SiraView, the CCTV viewing software, by the police, has continued to be encouraging. We are forging relationships with the wider supply chain to ensure SiraView's 'gateway' to accessing, viewing and managing video footage remains a robust customer proposition.

## **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, other gains and losses and net finance income totalling £0.10 million (2013: £0.46 million).



### **Exceptional items**

The consolidated income statement includes exceptional income of £0.85 million as explained above and in note 16 to the financial statements.

### **Statement of financial position**

#### *Cash and cash equivalents*

Cash at the year end totalled £12.22 million (2013: £11.28 million). As noted below, the Group made purchases during the year of its own shares for treasury for a total consideration of £0.31 million (2013: £1.62 million).

#### *Available for sale investments*

At the year end the Group's available for sale investments had a market value of £0.92 million (2013: £0.96 million); the base cost of these investments was £0.6 million (2013: £0.7 million).

In line with the Group's treasury management policies and pending investment in other acquisitions, the Group continues to seek short term investments where there is the opportunity for attractive returns.

### **Dividends**

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

### **Purchase of own shares**

The Group purchased for treasury a total of 114,000 shares (2013: 559,028 shares) for total consideration of £307,000 (2013: £1,616,000) representing an average price of £2.69 per share (2013: £2.89 per share). As of 31 December 2014, the Group's share repurchases total £5.75 million.

### **Earnings per share**

Basic and diluted earnings per ordinary share were 25.60p (2013: basic 15.14p, diluted 15.11p).

### **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 and disclosed in note 5.

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

**Risk factors**

The Company and Group face a number of specific business risks that could affect the Company's or Group's success. The Company and Group invests in distressed businesses and securities, which by their nature, often carry a higher degree of risk than those that are not distressed. The Group's businesses are principally engaged in the provision of services that are dependent on the continued employment of the Group's employees and availability of suitable, profitable workload. Also, in the 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 17 to the consolidated financial statements.

**On behalf of the Board**

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

28 May 2015

## **Directors' report**

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The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### **Dividends**

The Directors do not recommend the payment of a dividend (2013: £Nil).

### **Capital structure**

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

<b>Class</b>	<b>Nominal value per share</b>	<b>% of voting rights</b>	<b>% of total capital</b>
Ordinary shares	£0.0000001	100	-
Deferred shares	£0.0000001	-	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 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.

The Company operates an EMI share scheme in which employees of certain Group companies may participate subject to the rules of the scheme and certain other conditions and has granted unapproved options outside of this scheme. Further details relating to these schemes are set out in note 24.

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 26 June 2014 a number of resolutions were passed in relation to the Company's capital structure. Those remaining in force are summarised below:

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

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

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**Directors**

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

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

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

**Directors' interests**

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

	<b>Number of Ordinary Shares 31 December 2014</b>	<b>Number of Ordinary Shares 31 December 2013</b>
David Buchler	129,893	129,893
Jonathan Lander	1,023,677	1,023,677
Nick Lander	548,277	548,277

No director held any share options at 31 December 2014 (2013: David Buchler held 31,000 options).

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

**Corporate governance**

The Board gives careful consideration to the principles of corporate governance as set out in the UK Corporate Governance Code ("the Code") updated by the Financial Reporting Council in September 2012. However, the Company is relatively small and it is the opinion of the Directors that not all the provisions of the Code are relevant or desirable for a company of Volvere's size. On this basis we do not comply with the Code.

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

**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 informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees at a local level.

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

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**Substantial shareholdings**

On 26 May 2015 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:

<b>Name of shareholder</b>	<b>Number of Ordinary Shares</b>	<b>% of issued Ordinary Share Capital and Voting Rights</b>	<b>Nature of holding</b>
Andrew Lynton Cohen	439,833	10.8%	Direct
State Street Nominees Limited	282,000	6.9%	Direct
FG Nominees Limited	182,114	4.5%	Direct
Michael Marks	180,000	4.4%	Indirect
Stephen Zimmerman	180,000	4.4%	Indirect

**Auditor**

Grant Thornton UK LLP were reappointed auditor at the annual general meeting on 26 June 2014. They have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

**On behalf of the board**

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

28 May 2015

Company number: 04478674

**Statement of Directors' responsibilities**

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The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Accounting Standards and applicable laws (UK GAAP). 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 the Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards/IFRSs 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, in so far as each Director is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

28 May 2015

## **Volvere plc - Annual report and financial statements for the year ended 31 December 2014**

### **Independent auditor's report to the members of Volvere plc (consolidated financial statements)**

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We have audited the group financial statements of Volvere plc for the year ended 31 December 2014 which comprise 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 and the related notes. 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.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

#### **Opinion on financial statements**

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- 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.

#### **Other matter**

We have reported separately on the parent company financial statements of Volvere plc for the year ended 31 December 2014.

Tracey James  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading

28 May 2015

# Volvere plc - Annual report and financial statements for the year ended 31 December 2014

## Consolidated income statement

	Note	2014 £'000	2013 £'000
<b>Continuing operations</b>			
Revenue	5	24,148	16,137
Cost of sales		(16,418)	(11,497)
<b>Gross profit</b>		<b>7,730</b>	<b>4,640</b>
Distribution costs		(713)	(523)
Administrative expenses:			
- Before gain on bargain acquisition and share based payments		(6,164)	(4,486)
- Gain on bargain acquisition	22	-	417
- Share based payments	24	(158)	-
Administrative expenses		(6,322)	(4,069)
<b>Operating profit</b>	2	<b>695</b>	<b>48</b>
Investment revenues	7	65	261
Other gains and losses	7	142	304
Finance expense	7	(156)	(139)
Finance income	7	50	34
Exceptional items	16	852	-
<b>Profit before tax</b>		<b>1,648</b>	<b>508</b>
Income tax expense	8	-	-
<b>Profit for the year from continuing operations</b>		<b>1,648</b>	<b>508</b>
<b>Discontinued operations</b>			
(Loss)/profit for the year from discontinued operations after tax	6	(177)	203
<b>Profit for the year</b>		<b>1,471</b>	<b>711</b>
Attributable to:			
- Equity holders of the parent		1,069	689
- Non-controlling interests		402	22
		<b>1,471</b>	<b>711</b>
<b>Earnings/(loss) per share</b>	9		
<b>Continuing operations</b>			
- Basic		29.84p	10.68p
- Diluted		29.84p	10.66p
<b>Discontinued operations</b>			
- Basic		(4.24)p	4.46p
- Diluted		(4.24)p	4.45p
<b>Total</b>			
- Basic		25.60p	15.14p
- Diluted		25.60p	15.11p

The notes on pages 19 to 43 form part of these financial statements.



## Volvere plc - Annual report and financial statements for the year ended 31 December 2014

### Consolidated statement of comprehensive income

	2014 £'000	2013 £'000
<b>Profit for the year</b>	1,471	711
<b>Other comprehensive income (items that will be reclassified to profit or loss)</b>		
Fair value gains and losses on available for sale financial assets		
- current period gains/(losses)	89	(27)
- reclassified to profit and loss	(34)	-
Other comprehensive income	55	(27)
<b>Total comprehensive income for the year</b>	1,526	684
Attributable to:		
- Equity holders of the parent	1,124	662
- Non-controlling interests	402	22
	1,526	684

The notes on pages 19 to 43 form part of these financial statements.

## Volvere plc - Annual report and financial statements for the year ended 31 December 2014

### 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
<b>2013</b>							
Other comprehensive income	-	-	(27)	-	(27)	-	(27)
Profit for the year			-	689	689	22	711
<b>Total comprehensive income for the year</b>	-	-	(27)	689	662	22	684
<b>Balance at 1 January</b>	50	3,636	284	14,021	17,991	1,477	19,468
Transactions with owners:							
Dividends paid to non-controlling interest	-	-	-	-	-	(120)	(120)
Issue of shares	-	4	-	-	4	-	4
Purchase of own shares	-	-	-	(1,616)	(1,616)	-	(1,616)
Disposal of discontinued operations	-	-	-	-	-	(837)	(837)
<b>Total transactions with owners</b>	-	4	-	(1,616)	(1,612)	(957)	(2,569)
Balance at 31 December	50	3,640	257	13,094	17,041	542	17,583
<b>2014</b>							
Other comprehensive income	-	-	89	-	89	-	89
Transfer to profit and loss on disposal	-	-	(34)	-	(34)	-	(34)
Profit for the year	-	-	-	1,069	1,069	402	1,471
<b>Total comprehensive income for the year</b>	-	-	55	1,069	1,124	402	1,526
<b>Balance at 1 January</b>	50	3,640	257	13,094	17,041	542	17,583
Transactions with owners:							
Increase in non-controlling interest	-	-	-	-	-	197	197
Purchase of own shares	-	-	-	(307)	(307)	-	(307)
<b>Total transactions with owners</b>	-	-	-	(307)	(307)	197	(110)
Balance at 31 December	50	3,640	312	13,856	17,858	1,141	18,999

The notes on pages 19 to 43 form part of these financial statements.

# Volvare plc - Annual report and financial statements for the year ended 31 December 2014

## Consolidated statement of financial position

	Note	2014 £'000	2013 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	11	-	-
Other intangible assets	11	-	-
Property, plant and equipment	12	5,361	5,531
Deferred tax asset	19	-	-
Total non-current assets		5,361	5,531
<b>Current assets</b>			
Inventories	13	937	688
Trade and other receivables	15	6,610	4,823
Cash and cash equivalents		12,215	11,280
Available for sale investments	14	921	955
Total current assets		20,683	17,746
<b>Total assets</b>		26,044	23,277
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans and other borrowings	18	(1,999)	(817)
Finance leases	18	(159)	(121)
Trade and other payables	16	(4,066)	(2,893)
Total current liabilities		(6,224)	(3,831)
<b>Non-current liabilities</b>			
Loans and other borrowings	18	(821)	(946)
Finance leases	18	-	(57)
Trade and other payables	16	-	(860)
Total non-current liabilities		(821)	(1,863)
<b>Total liabilities</b>		(7,045)	(5,694)
<b>Net assets</b>		18,999	17,583
<b>Equity</b>			
Share capital	20	50	50
Share premium account	21	3,640	3,640
Revaluation reserve	21	312	257
Retained earnings		13,856	13,094
<b>Capital and reserves attributable to equity holders of the Company</b>		17,858	17,041
<b>Non-controlling interests</b>	27	1,141	542
<b>Total equity</b>		18,999	17,583

The financial statements on pages 14 to 43 were approved by the Board of Directors and authorised for issue on 28 May 2015 and were signed on its behalf by:

Nick Lander  
Director

Jonathan Lander  
Director

The notes on pages 19 to 43 form part of these financial statements.

# Volvare plc - Annual report and financial statements for the year ended 31 December 2014

## Consolidated statement of cash flows

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>Profit for the year from continuing operations</b>			1,648		508
Adjustments for:					
Investment revenues	7	(65)		(261)	
Other gains and losses	7	(142)		(304)	
Finance expense	7	156		139	
Finance income	7	(50)		(34)	
Depreciation	12	416		344	
Amortisation/impairment of intangible assets	11	-		429	
Gain on bargain acquisition	22	-		(417)	
Share based payments	24	158		-	
			473		(104)
<b>Operating cash flows before movements in working capital</b>			2,121		404
Increase in trade and other receivables			(1,787)		(1,858)
Increase in trade and other payables			418		1,157
Increase in inventories			(249)		(317)
<b>Cash generated from/(used by) continuing operations</b>			503		(614)
<b>Net cash used by discontinued operations</b>			(177)		(335)
<b>Net cash generated from/(used by) operations</b>			326		(949)
<b>Investing activities</b>					
Proceeds from sale of discontinued operations net of cash sold	6	-		769	
Acquisition of business	22	-		(415)	
Purchase of available for sale investments		(3,732)		(11,631)	
Income from available for sale investments		65		261	
Disposal of available for sale investments		3,997		11,934	
Purchase of property, plant and equipment	12	(245)		(333)	
Interest received	7	50		34	
<b>Net cash generated from investing activities</b>			135		619
<b>Financing activities</b>					
Interest paid		(156)		(139)	
Purchase of own shares (treasury shares)	20	(307)		(1,616)	
Net increase in/(repayment of) borrowings		937		(149)	
Dividend paid to non-controlling interest		-		(120)	
Issue of shares		-		4	
<b>Net cash generated from/(used by) financing activities</b>			474		(2,020)
<b>Net increase/(decrease) in cash and cash equivalents</b>			935		(2,350)
<b>Cash and cash equivalents at beginning of year</b>			11,280		13,630
<b>Cash and cash equivalents at end of year</b>			12,215		11,280

The notes on pages 19 to 43 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 UK Generally Accepted Accounting Practice ("UK GAAP"); these are presented on pages 44 to 49.

#### *Going concern*

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

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

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

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

### **Basis of consolidation**

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

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

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

### **Business combinations**

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

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

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

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

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

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

### **Goodwill**

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

### **Other intangible assets**

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

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

### **Revenue recognition**

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

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

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

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

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

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

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

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

### **Discontinued operations**

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

### **Operating segments**

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

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

Financial information (including revenue and operating profits) 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. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned.

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

### **Leasing**

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

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

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

**Foreign currencies**

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

**Retirement benefit costs**

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

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

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

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

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

**Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. 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	-	20%-33% per annum



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

### **Investments**

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

### **Investment income**

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

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

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

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

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

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

### **Share-based payments**

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

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

In determining the Group's share-based payment charge arising in respect of the shares issued to non-controlling interests (as set out in note 24), the Group has evaluated the enterprise value of JMP. This evaluation has considered the range of possible earnings multiples that could apply on an exit to a business such as JMP, the rights attaching to the shares issued, the proportion of the resulting equity participation and the existence of a single large shareholder with significant influence.

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

### **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.

### **Cash and cash equivalents**

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

### **Financial assets**

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

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

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

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

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

### **Financial liabilities**

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

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

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

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

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

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

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

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

### **Invoice discounting**

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

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

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

#### Significant management judgements

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

##### *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.

##### *Current asset investments*

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

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

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

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*

Due to the nature of some services provided by certain of the Group's businesses the recoverability of receivables can be subject to management estimates. Whilst the Group has a thorough process for reviewing the requirement for receivables and credit note provisions, this area is inherently subjective.

*Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment used in the production of food.

*Inventories*

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

*Consolidation*

Management have concluded that is not appropriate to utilise the exemption from consolidation available to investment entities under IFRS10. Accordingly the consolidation includes all entities which the Company controls.

*Business combinations*

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see note 22).

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

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

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

**New standards and interpretations – in issue but not yet effective (*continued*)**

**IFRS 9 ‘Financial Instruments’ (2014)**

The IASB recently released IFRS 9 ‘Financial Instruments’ (2014), representing the completion of its project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Group’s management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

**IFRS 15 ‘Revenue from Contracts with Customers’**

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

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The Group’s management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

**2 Operating profit**

Operating profit is stated after charging/(crediting):

	<b>2014</b>	<b>2013</b>
	<b>£’000</b>	<b>£’000</b>
Staff costs	9,091	5,773
Depreciation of property, plant and equipment:		
- owned assets	394	321
- leased assets	22	23
Amortisation and impairment of intangible assets	-	429
Gain on bargain acquisition	-	(417)
Operating lease expense	177	436
Audit fees	50	48
	<u>50</u>	<u>48</u>
The analysis of audit fees is as follows:		
- for the audit of the Company’s annual accounts	15	12
- for the audit of the Company’s subsidiaries’ accounts	35	36
	<u>50</u>	<u>48</u>

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

**3 Staff costs**

Staff costs comprise:

	2014 £'000	2013 £'000
Wages and salaries	7,955	5,096
Employer's National Insurance contributions	767	467
Defined contribution pension cost	369	210
	<u>9,091</u>	<u>5,773</u>

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

	2014 Number	2013 Number
Engineering and production	220	193
Sales and marketing	9	9
Administration and management	31	30
	<u>260</u>	<u>232</u>

**4 Directors' remuneration**

The remuneration of the directors was as follows:

	Salaries & fees 2014 £'000	Bonus 2014 £'000	Other benefits 2014 £'000	Total 2014 £'000
David Buchler	30	-	-	30
Jonathan Lander	11	-	-	11
Nick Lander	11	-	1	12
	<u>52</u>	<u>-</u>	<u>1</u>	<u>53</u>

	Salaries & fees 2013 £'000	Bonus 2013 £'000	Other benefits 2013 £'000	Total 2013 £'000
David Buchler	30	-	-	30
Jonathan Lander	11	-	-	11
Nick Lander	11	-	1	12
	<u>52</u>	<u>-</u>	<u>1</u>	<u>53</u>

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement with D2L Partners LLP. The amount due under these agreements, which is in addition to the amounts disclosed above, for the year amounted to £551,000 (2013: £396,000). The amount paid to David Buchler in the year was paid to a third party on an invoice basis. None of the directors were members of the Group's defined contribution pension plan in the year (2013: none).

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

5 Operating segments

Analysis by business segment:

	Transport planning and engineering 2014 £'000	Security solutions 2014 £'000	Investing and management services 2014 £'000	Food manufacturing 2014 £'000	Total continuing 2014 £'000	Discontinued 2014 £'000	Total 2014 £'000
Revenue	11,761	253	-	12,134	24,148	-	24,148
Profit/(loss) before tax*	450	81	(534)	1,651	1,648	(177)	1,471

	Transport planning and engineering 2013 £'000	Security solutions 2013 £'000	Investing and management services 2013 £'000	Food manufacturing 2013 £'000	Total continuing 2013 £'000	Discontinued 2013 £'000	Total 2013 £'000
Revenue	7,413	176	17	8,531	16,137	7,252	23,389
Profit/(loss) before tax*	1,114	1	(724)	117	508	203	711

\*stated before intra-group management and interest charges

	Transport planning and engineering 2014 £'000	Security solutions 2014 £'000	Investing and management services 2014 £'000	Food manufacturing 2014 £'000	Total continuing 2014 £'000	Discontinued 2014 £'000	Total 2014 £'000
Assets	4,526	33	11,932	9,553	26,044	-	26,044
Liabilities	(2,817)	(166)	(256)	(3,806)	(7,045)	-	(7,045)
Net assets	1,709	(133)	11,676	5,747	18,999	-	18,999

	Transport planning and engineering 2013 £'000	Security solutions 2013 £'000	Investing and management services 2013 £'000	Food manufacturing 2013 £'000	Total continuing 2013 £'000	Discontinued 2013 £'000	Total 2013 £'000
Assets	3,378	80	11,562	8,257	23,277	-	23,277
Liabilities	(1,791)	(105)	(295)	(3,503)	(5,694)	-	(5,694)
Net assets	1,587	(25)	11,267	4,754	17,583	-	17,583

	Transport planning and engineering 2014 £'000	Security solutions 2014 £'000	Investing and management services 2014 £'000	Food manufacturing 2014 £'000	Total continuing 2014 £'000	Discontinued 2014 £'000	Total 2014 £'000
Capital spend	163	-	-	82	245	-	245
Depreciation	82	1	7	326	416	-	416
Amortisation/ impairment	-	-	-	-	-	-	-

	Transport planning and engineering 2013 £'000	Security solutions 2013 £'000	Investing and management services 2013 £'000	Food manufacturing 2013 £'000	Total continuing 2013 £'000	Discontinued 2013 £'000	Total 2013 £'000
Capital spend	167	1	2	96	266	67	333
Depreciation	18	2	4	320	344	107	451
Amortisation/ impairment	-	-	-	429	429	-	429

## 5 Operating segments (*continued*)

Geographical analysis:

	External revenue by location of customers		Non-current assets (excluding deferred tax) by location of assets	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
UK	22,795	15,226	5,361	5,531
Rest of Europe	478	399	-	-
Other	875	512	-	-
	<u>24,148</u>	<u>16,137</u>	<u>5,361</u>	<u>5,531</u>

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

	2014 £'000	2013 £'000
First customer	3,210	3,109
Second customer	2,775	1,910
Third customer	2,659	-
	<u>2,659</u>	<u>-</u>

## 6 Discontinued operations

The Group's stake in Interactive Prospect Targeting Limited (IPT) was sold on 13 December 2013 for cash consideration amounting to £900,000. In accordance with IFRS 5 the total profits relating to discontinued activities for the year ended 31 December 2013 are presented on a single line on the income statement, and are analysed below. Discontinued operations in 2014 comprise further costs incurred during 2014 in respect of the disposal of IPT.

	2014 £'000	2013 £'000
Revenue	-	7,252
Cost of sales	-	(3,486)
Administrative expenses	(177)	(4,325)
Loss before tax	(177)	(559)
Finance income	-	-
Income tax expense	-	(850)
Loss for the year	(177)	(1,409)
Non-controlling interests' share of losses in period to disposal	-	767
Group share of losses	(177)	(642)
Profit on disposal (see below)	-	845
<b>(Loss)/profit from discontinued operations</b>	<u>(177)</u>	<u>203</u>



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

**6 Discontinued operations (*continued*)**

At the date of disposal the carrying amount of IPTs net assets were as follows:

	<b>2013</b> <b>£'000</b>
Goodwill	305
Property plant and equipment	98
Receivables	1,032
Cash and cash equivalents	131
Payables (current)	(1,445)
	<hr/>
Net assets	121
Non-controlling interests' share of net assets	(66)
	<hr/>
Group share of net assets	55
Profit on disposal	845
	<hr/>
Consideration	900
	<hr/> <hr/>

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

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Investment revenues</b>	65	261
	<hr/>	<hr/>
<b>Other gains and losses</b>	142	304
	<hr/>	<hr/>
<b>Finance income</b>		
Bank interest receivable	50	34
	<hr/>	<hr/>
<b>Finance expense</b>		
Bank interest	(64)	(70)
Finance lease interest	(15)	(18)
Other interest and finance charges	(77)	(51)
	<hr/>	<hr/>
	(156)	(139)
	<hr/>	<hr/>

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**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Current tax expense	-	-
Deferred tax expense recognised in income statement	-	-
	<hr/>	<hr/>
<b>Total tax expense recognised in income statement</b>	-	-
Tax recognised directly in equity	-	-
	<hr/>	<hr/>
<b>Total tax recognised (continuing operations)</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

**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:

	2014 £'000	2013 £'000
Profit before tax	1,471	508
Expected tax charge based on the prevailing rate of corporation tax in the UK of 21.49% (2013: 23.25%)	316	118
<u>Effects of:</u>		
Expenses not deductible for tax purposes	75	9
Discontinued activities	-	47
Income/gains not subject to tax	(197)	(342)
Depreciation for period (less than)/in excess of capital allowances	(16)	43
Short term timing differences	12	-
Losses not utilised	4	118
Utilisation of previously unrecognised losses	(194)	-
Other differences	-	7
Total tax recognised	-	-

**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:	<b>2014</b> £'000	<b>2013</b> £'000
From continuing operations	1,246	486
From discontinued operations	(177)	203
Total	1,069	689
Weighted average number of shares for the purposes of earnings per share:	<b>2014</b> No.	<b>2013</b> No.
Weighted average number of ordinary shares in issue	4,175,676	4,548,805
Dilutive effect of potential ordinary shares	-	9,899
Weighted average number of ordinary shares for diluted EPS	4,175,676	4,558,704

**10 Subsidiaries**

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

Name	Country of Incorporation	Proportion of ownership interest
Volvere Central Services Limited	England and Wales	100%
NMT Group Limited	Scotland	98.6%
Sira Defence & Security Limited	England and Wales	100%
Shire Foods Limited	England and Wales	80%
JMP Consultants Limited	England and Wales	76%

**11 Goodwill and other intangible assets**

	Goodwill £'000	Registered designs £'000	Total £'000
<b>Cost</b>			
At 1 January 2013	305	441	746
Disposed in the year	(305)	-	(305)
At 31 December 2013	-	441	441
At 31 December 2014	-	441	441
<b>Amortisation and impairment charges</b>			
At 1 January 2013	-	12	12
Amortisation charge for the year	-	24	24
Impairment	-	405	405
At 31 December 2013	-	441	441
At 31 December 2014	-	441	441
<b>Net book value</b>			
At 31 December 2014	-	-	-
At 31 December 2013	-	-	-

Goodwill represented that arising from the acquisition of Interactive Prospect Targeting Limited's business and assets on 29 September 2008, being the difference between the fair value of the consideration paid and the fair value of the net assets acquired. IPT was sold on 13 December 2013.

In 2013, a review of the benefits accruing from products relating the registered design rights resulted in an impairment charge in the year and a corresponding reduction in their carrying value in the statement of financial position.

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

**12 Property, plant and equipment**

	Short Leasehold Property £'000	Freehold Property £'000	Plant & Machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2013	9	2,430	4,719	7,158
Additions	76	-	167	243
Acquired through business combinations	-	-	21	21
Disposed with discontinued operations	-	-	(1,261)	(1,261)
	<u>85</u>	<u>2,430</u>	<u>3,646</u>	<u>6,161</u>
At 31 December 2013 and 1 January 2014				
Additions	54	-	191	245
Disposals	(9)	-	(8)	(17)
	<u>130</u>	<u>2,430</u>	<u>3,829</u>	<u>6,389</u>
At 31 December 2014				
<b>Accumulated depreciation</b>				
At 1 January 2013	4	31	1,370	1,405
Disposed with discontinued operations	-	-	(1,119)	(1,119)
Charge for the year	7	22	315	344
	<u>11</u>	<u>53</u>	<u>566</u>	<u>630</u>
At 31 December 2013 and 1 January 2014				
Disposals	(9)	-	(9)	(18)
Charge for the year	24	22	370	416
	<u>26</u>	<u>75</u>	<u>927</u>	<u>1,028</u>
At 31 December 2014				
Net book value				
At 31 December 2014	<u>104</u>	<u>2,355</u>	<u>2,902</u>	<u>5,361</u>
At 31 December 2013	<u>74</u>	<u>2,377</u>	<u>3,080</u>	<u>5,531</u>

The net book value of property, plant and equipment held on finance leases was £501,000 (2013: £882,000).

**13 Inventories**

	2014 £'000	2013 £'000
Raw materials	378	266
Finished products	559	422
	<u>937</u>	<u>688</u>

**14 Financial assets (current)**

	2014 £'000	2013 £'000
Available-for-sale investments	<u>921</u>	<u>955</u>

During the year the Group invested in a mixture of equity funds and sub-investment grade securities of a UK banks. At the year end the cost of these investments was £603,000 (2013: £692,000).

## 15 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	5,151	3,366
Less: provision for impairment of trade receivables	(75)	(23)
Net trade receivables	5,076	3,343
Other receivables	119	195
Amounts recoverable on contracts	1,078	1,022
Prepayments and accrued income	337	263
	<u>6,610</u>	<u>4,823</u>

The fair value of trade receivables approximates to carrying value at 31 December 2014 and 2013.

The Group is exposed to credit risk with respect to trade receivables due from its customers, primarily in the transport planning & engineering 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, particularly in the food manufacturing segment. 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:

	2014 £'000	2013 £'000
Up to 3 months	5,057	3,177
3 to 6 months	64	178
6 to 12 months	27	11
Over 12 months	3	-
	<u>5,151</u>	<u>3,366</u>

## 16 Trade and other payables

	2014 £'000	2013 £'000
Current:		
Trade payables	997	813
Other tax and social security	755	671
Other payables	655	473
Accruals	1,169	721
Deferred income	490	215
	<u>4,066</u>	<u>2,893</u>
Non-current: Trade and other payables subject to CVA (see below)	-	860

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

One of the Group's subsidiaries, Shire Foods Limited ("Shire"), entered into a company voluntary arrangement ("CVA") in January 2012. Under the terms of the CVA Shire were to pay £350,000 over a maximum 3 year period in satisfaction of unsecured liabilities of approximately £1,200,000.

During 2014 Shire made the final payments due under the CVA and, in so doing, was released from all remaining liabilities that were subject to the CVA. The balances released totalled £852,000 and the associated credit is shown separately in the income statement, under the caption "exceptional income".

The fair value of all other trade and other payables approximates to book value at 31 December 2014.

**17 Financial instruments – risk management**

The Group's principal financial instruments are:

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

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

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

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

*Interest rate risk*

Due to the relatively low level of borrowings, the Directors do not have an explicit policy for managing cash flow interest rate risk. All current and recent borrowing has been on variable terms, with interest rates of between 3% and 4% above base rate, and the Group has cash reserves sufficient to repay all borrowings promptly in the event of a significant increase in market interest rates. All cash is managed centrally and subsidiary operations are not permitted to arrange borrowing independently.

The Group's investments may attract interest at fixed or variable rates, or none at all. The market price of such investments may be impacted positively or negatively by changes in underlying interest rates. It is not considered relevant to provide a sensitivity analysis on the effect of changing interest rates since at the year end, the Group's investments had the following interest profiles which contained no variable rates:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
No interest	-	-
Fixed interest	921	955
	<u>921</u>	<u>955</u>
	<u>921</u>	<u>955</u>

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

*Foreign currency risk*

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

*Liquidity risk*

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

*Credit risk*

The Group is mainly exposed to credit risk from credit sales. The Group's policy for managing and exposure to credit risk is disclosed in note 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 have been held in 2014 in a mixture of equity funds and sub-investment grade securities of a UK bank, which have been made having regard to the Group's need to access capital. Market price movements of these investments could materially affect the value of the Group's assets. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

*Capital management*

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

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

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

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Total debt	2,979	1,941
Less cash and cash equivalents	(12,215)	(11,280)
Net debt/(funds)	<u>(9,236)</u>	<u>(9,339)</u>
Total equity (capital)	18,999	17,583
Net debt/(funds) to capital ratio	<u>(48.6)%</u>	<u>(53.1)%</u>

## 18 Financial assets and liabilities – numerical disclosures

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

	2014 £'000	2013 £'000
Available for sale investments	921	955
Loans and receivables	6,273	3,538
Cash and cash equivalents	12,215	11,280
	<u>19,409</u>	<u>15,773</u>

### *Fair values*

The Directors consider the carrying values of all financial assets and liabilities to be a reasonable approximation of their fair values. Investments held at fair value are all listed on a recognised market and hence their valuation is not subject to significant judgement or uncertainty. Such investments are therefore considered to fall under Level 1 in the IFRS 7 fair value hierarchy.

### *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:

	2014 £'000	2013 £'000
Sterling		
No fixed maturity	921	955
	<u>921</u>	<u>955</u>

### *Maturity of financial liabilities*

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

	2014 £'000	2013 £'000
Less than six months	2,072	819
Six months to one year	85	119
One to two years	103	175
Two to five years	164	204
More than five years	555	624
	<u>2,979</u>	<u>1,941</u>

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

Loans and other borrowings (current)	1,999	817
Finance leases (current)Loans and other borrowings (non-current)	159	121
Finance leases (non-current)	821	946
	-	57
	<u>2,979</u>	<u>1,941</u>

Borrowings are secured on certain assets of the Group, and interest was charged at rates of between 2.5% and 3.2% during the year.

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

	2014 £'000	2013 £'000
Less than six months	2,407	1,957
Six months to one year	-	-
One to two years	-	860
	<u>2,407</u>	<u>2,817</u>



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

**19 Deferred tax**

Movements in deferred tax assets are outlined below:

	Accelerated tax depreciation £'000	Other timing differences £'000	Losses £'000	Total £'000
At 1 January 2013	58	20	773	851
Derecognised on disposal of discontinued operations in 2013	(58)	(20)	(773)	(851)
At 31 December 2013 and 31 December 2014	-	-	-	-

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

	2014 £'000	2013 £'000
Tax losses carried forward	600	1,179
Excess of depreciation over capital allowances	7	(321)
Short term temporary differences	11	22
Net unrecognised deferred tax asset	618	880

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 element of the deferred tax assets have not been recognised because there is insufficient evidence that they will be recovered.

**20 Share capital**

	2014 Number	Authorised 2014 £'000	2013 Number	2013 £'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

	2014 Number	Issued and fully paid 2014 £'000	2013 Number	2013 £'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

*Shares issued in the year*

No shares were issued in the current year.

During 2013, the last remaining 455 A shares and 455 B shares were converted to 3,708 ordinary shares and 45,499,958,388 deferred shares, in accordance with the right attaching to the A and B shares.

In addition, 3,000 ordinary shares were issued for cash consideration of £4,125 on exercise of share options.

**20 Share capital (*continued*)**

*Treasury shares*

During the year the Company acquired 114,000 (2013: 559,028) of its own Ordinary shares for total consideration of £307,000 (2013: £1,616,000). This brings the total number of Ordinary shares held in treasury to 2,121,116 (2013: 1,947,116) with an aggregate nominal value of less than £1.

*Rights attaching to deferred shares*

The Deferred shares carry no rights to participate in the profits or assets of the Company and carry no voting rights.

**21 Reserves**

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

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

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

**22 Business combinations (2013)**

The Group acquired the business and certain assets of JMP Consultants Limited (a transport planning and consultancy business) on 15 May 2013 for total cash consideration of £415,000. The fair values of assets and liabilities acquired, and resulting gain on bargain acquisition (credited to the income statement), are set out below:

	<b>Book value £'000</b>	<b>Fair value adjustments £'000</b>	<b>Fair values £'000</b>
Property, plant and equipment	28	(7)	21
Trade and other receivables	1,191	386	1,577
Trade and other payables	(638)	(128)	(766)
	<hr/>	<hr/>	<hr/>
Net assets acquired	581	251	832
	<hr/>	<hr/>	<hr/>
Gain on bargain acquisition			(417)
			<hr/>
Consideration (settled in cash)			415
			<hr/>

A gain on bargain acquisition arose because the business was in financial distress at the time of the acquisition and because of limited visibility of its financial performance. As the acquisition was of a business and not of a separate legal entity it is not possible to reliably disclose the results of the acquired business in the period before the acquisition. The results of the acquired business after the acquisition form the results of the transport planning and engineering segment as disclosed in note 5.

## **23 Leases**

### *Operating leases - lessee*

The Group leases most of its properties. The terms of property leases vary, although they all tend to be tenant repairing with rent reviews every 2 to 5 years; some have break clauses. The total future values of minimum lease payments are due as follows:

	<b>Land and buildings 2014 £'000</b>	<b>Other 2014 £'000</b>	<b>Land and buildings 2013 £'000</b>	<b>Other 2013 £'000</b>
Not later than one year	127	-	66	-
Later than one year and not later than five years	670	-	699	-
Later than five years	14	-	-	-
	<u>811</u>	<u>-</u>	<u>765</u>	<u>-</u>

## **24 Share-based payments**

The Company has operated two share-based payment schemes, an approved EMI equity-settled share-based remuneration scheme for certain employees and an unapproved equity-settled share scheme for certain management. Under the EMI scheme, the options vested on achievement of employee-specific targets subject to a compulsory 2.5 or 3 year vesting period and can be exercised for a further 7.5 or 7 years after vesting. All options issued have now either lapsed or been exercised, such that there are no options in issue as at 31 December 2014 (2013: 31,000).

Options in issue during the year are summarised below:

	<b>Weighted average exercise price 2014</b>	<b>Number 2014</b>	<b>Weighted average exercise price 2013</b>	<b>Number 2013</b>
Outstanding at beginning of the year	187.5p	31,000	183.1p	34,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	137.5p	(3,000)
Lapsed during the year	(187.5)p	(31,000)	-	-
Outstanding at the end of the year	<u>N/A</u>	<u>-</u>	<u>187.5p</u>	<u>31,000</u>

All options in issue were fully vested prior to 1 January 2013, hence there is no share based payment charge in 2014 or 2013, in respect of share options.

The share based payment charge of £158,000 in the income statement for 2014 is in respect of shares issued in JMP Consultants Limited to certain management of that business. In determining the Group's share-based payment charge arising in respect of the shares issued to non-controlling interests (as set out in note 24), the Group has evaluated the enterprise value of JMP. This evaluation has considered the range of possible earnings multiples that could apply on an exit to a business such as JMP, the rights attaching to the shares issued, the proportion of the resulting equity participation and the existence of a single large shareholder with significant influence.

## **25 Related party transactions**

Details of amounts payable to Directors are disclosed in note 4. Other than their remuneration and participation in the Group's share option schemes (note 24), there are no transactions with key members of management.

There were no other material 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 £1,141,000 (2013: £542,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2014 in the following subsidiary undertakings:

Name of subsidiary undertaking	2014 £'000	2013 £'000
NMT Group Limited	75	76
JMP Consultants Limited	271	-
Shire Foods Limited	795	466
	<u>1,141</u>	<u>542</u>

Summarised financial information (before intra-group eliminations) in respect of those subsidiaries with material non-controlling interests is presented below. Comparative figures for JMP Consultants Limited are not disclosed as there was no non-controlling interest at any point during 2013.

	JMP Consultants Limited		Shire Foods Limited	
	2014 £'000		2014 £'000	2013 £'000
Property, plant and equipment	231		5,129	5,373
Current assets	4,295		4,424	2,884
Non-current liabilities	-		(822)	(1,864)
Current liabilities	(3,444)		(4,748)	(4,061)
<b>Net assets (equity)</b>	<u>1,082</u>		<u>3,983</u>	<u>2,332</u>
Attributable to:				
Group	811		3,188	1,866
Non-controlling interests	271		795	466
	<u>1,082</u>		<u>3,983</u>	<u>2,332</u>
<b>Revenue</b>	<u>11,761</u>		<u>12,133</u>	<u>8,531</u>
<b>Profit for the year (stated after intra-group management and interest charges)</b>	<u>293</u>		<u>1,651</u>	<u>117</u>
<b>Profit for the year attributable to non-controlling interests</b>	<u>73</u>		<u>330</u>	<u>23</u>

**28 Events after the balance sheet date**

On 25 March 2015, the Group announced the acquisition of Impetus Automotive Limited ("IAL"). IAL's principal activity is the provision of consulting services to the automotive sector, including vehicle manufacturers, dealerships and national sales companies. The company, which has UK offices in Warwick and Cranfield, employs approximately 200 people serving clients in the UK and a number of other international markets. Further information on the IAL's activities can be found at [www.impetusautomotive.com](http://www.impetusautomotive.com).

Volvere, through a wholly-owned subsidiary, settled certain debt obligations of IAL's parent company and acquired the entire share capital of IAL for a total cash consideration of £1.26 million, satisfied from Volvere's existing cash resources. It is expected that Volvere's shareholding in IAL will reduce through the issue of new equity to key stakeholders in due course.

Volvere has made working capital facilities available to IAL. For the 10 month period ended 31 January 2015, IAL's unaudited net revenue was £9.7 million with an adjusted loss before tax of £0.1 million. For the 12 month period ended 31 March 2014, being the period representing the last audited annual financial information, IAL reported £15.6 million of revenue and profit before tax of £1.5 million. The reported profit figure excludes any allocation of certain central overhead costs which were previously borne by IAL's parent company.

The provisional fair values of the net assets acquired are as follows:

	<b>Book value £'000</b>	<b>Fair value adjustments £'000</b>	<b>Fair values £'000</b>
Property, plant and equipment	182	-	182
Trade and other receivables	2,590	-	2,590
Trade and other payables (Note (a))	(1,702)	-	(1,702)
	<hr/>	<hr/>	<hr/>
Net assets acquired	1,070	-	1,070
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Goodwill			190
			<hr/>
Consideration (settled in cash)			1,260
			<hr/> <hr/>

Note (a): the creditors of IAL noted above do not include debt obligations held in another Impetus group company, which Volvere settled as part of the acquisition. The consideration of £1.26 million includes a debt settlement of £1.06 million.

**Volvere plc**

Parent Company financial statements

Year ended 31 December 2014

We have audited the parent company financial statements of Volvere plc for the year ended 31 December 2014 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

### **Other matter**

We have reported separately on the group financial statements of Volvere plc for the year ended 31 December 2014.

Tracey James  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading

28 May 2015

**Volvere plc - Annual report and financial statements for the year ended 31 December 2014**

**Parent Company balance sheet**

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>Fixed assets</b>					
Tangible fixed assets	3	-		7	
Investments	4	5,811		5,811	
			5,811		5,818
<b>Current assets</b>					
Debtors	5	2,490		4,044	
Cash at bank and in hand		10,278		9,968	
Investments	6	921		955	
		13,689		14,967	
<b>Creditors: amounts falling due within one year</b>	7	(4,946)		(5,381)	
<b>Net current assets</b>			8,743		9,586
<b>Total assets less current liabilities</b>			14,554		15,404
<b>Net assets</b>			14,554		15,404
<b>Capital and reserves</b>					
Called up share capital	9		50		50
Share premium account	10		3,640		3,640
Revaluation reserve	10		312		257
Profit and loss account	10		10,552		11,457
<b>Shareholders' funds</b>			14,554		15,404

The financial statements were approved by the Board of Directors and authorised for issue on 28 May 2015 and were signed on their behalf by:

Nick Lander  
**Director**

Jonathan Lander  
**Director**

The notes on pages 47 to 51 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 applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP). The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its own profit and loss account.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

### *Cash flow statement*

The Company has not provided a cash flow statement on the grounds that a consolidated cash flow statement has been prepared for the Group.

### *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 diminution 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.

### *Current asset investments*

Current asset investments comprise holdings of sub-investment grade securities of a UK bank and equity funds. These are revalued to market value at the reporting date with unrealised gains recognised in a revaluation reserve. Any provision for impairment is dealt with in the profit and loss account.

### *Taxation*

The charge for taxation is based on the profit for the year and taking into account deferred taxation. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

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

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

*Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

*Share-based payments*

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

**2 Profit for the financial year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a loss after tax of £632,000 (2013: profit of £617,000) 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
<b>Cost</b>			
At 1 January 2014	9	18	27
Additions	-	-	-
At 31 December 2014	9	18	27
<b>Accumulated depreciation</b>			
At 1 January 2014	5	15	20
Charge for the year	4	3	7
At 31 December 2014	9	18	27
<b>Net book value</b>			
At 31 December 2014	-	-	-
At 31 December 2013	4	3	7

**4 Fixed asset investments**

	Shares in group undertaking s 2014 £'000	Shares in group undertakings 2013 £'000
<b>Cost</b>		
At 1 January	5,811	6,057
Additions	-	415
Disposals	-	(661)
At 31 December	5,811	5,811

#### 4 Fixed asset investments (*continued*)

The principal subsidiaries of Volvere plc as at 31 December 2014 were as follows:

Name	Country of Incorporation	Proportion of ownership interest
Volvere Central Services Limited	England and Wales	100%
NMT Group Limited	Scotland	98.6%
Sira Defence & Security Limited	England and Wales	100%
Shire Foods Limited	England and Wales	80%
JMP Consultants Limited	England and Wales	76%

#### 5 Debtors

	2014 £'000	2013 £'000
Trade debtors	-	5
Amounts owed by group undertakings	2,466	3,984
Other debtors	17	35
Prepayments and accrued income	7	20
	<u>2,490</u>	<u>4,044</u>

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

#### 6 Current asset investments

	2014 £'000	2013 £'000
Current asset investments	<u>921</u>	<u>955</u>

During the year the Company invested in a mixture of equity funds and sub-investment grade securities of a UK bank.

At the year end the cost of these investments was £603,000 (2013: £692,000).

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

	2014 £'000	2013 £'000
Trade creditors	24	26
Amounts due to Group companies	4,759	5,200
Social security and other taxes	-	1
Other creditors	34	34
Accruals and deferred income	129	120
	<u>4,946</u>	<u>5,381</u>

#### 8 Share-based payments

##### *Equity settled share option schemes*

See note 24 of the consolidated financial statements for details.

# Volvare plc - Annual report and financial statements for the year ended 31 December 2014

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

### 9 Share capital

	2014 Number	Authorised 2014 £'000	2013 Number	2013 £'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
		<u>100</u>		<u>100</u>
		Issued and fully paid 2014 £'000	2013 Number	2013 £'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
		<u>50</u>		<u>50</u>

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

### 10 Reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2013	50	3,636	284	12,456
Revaluation of current asset investments (net of related deferred tax)	-	-	(27)	-
Issue of shares	-	4	-	-
Purchase of own shares	-	-	-	(1,616)
Profit for the year	-	-	-	617
At 31 December 2013	<u>50</u>	<u>3,640</u>	<u>257</u>	<u>11,457</u>
At 1 January 2014	50	3,640	257	11,457
Revaluation of current asset investments (net of related deferred tax)	-	-	89	-
Transfer to profit and loss account on disposal	-	-	(34)	34
Purchase of own shares	-	-	-	(307)
Profit for the year	-	-	-	(632)
At 31 December 2014	<u>50</u>	<u>3,640</u>	<u>312</u>	<u>10,552</u>

## **11 Related party transactions**

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" relating to transactions and balances with subsidiaries that are 100% owned.

During the year amounts receivable by the Company from NMT Group Limited ("NMT") for management services amounted to £167,000 (2013: £162,000).

At 31 December 2014, amounts due from NMT were £nil (2013: £419,000) and amounts due to NMT were £4,759,000 (2013: £5,200,000); interest charged to the Company by NMT amounted to £72,000 (2013: £77,000).

Also, at 31 December 2014 an amount of £1,763,000 (2013: £2,368,000) was owed by Shire Foods Limited and an amount of £627,000 (2013: £959,000) was owed by JMP Consultants Limited. No interest was charged by the Company to Shire during 2014 (2013: £nil); JMP was charged £43,000 (2013: £33,000).