# VOLVERE PLC

Annual report and financial statements

Year ended 31 December 2015

**Volvere plc**

**Annual report and financial statements for the year ended 31 December 2015**

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**Contents**

**Page**



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**Country of incorporation**

England and Wales

**Company secretary**

Nick Lander

**Company number**

04478674

**Registered office**


Warnford Court
29 Throgmorton Street
London
EC2N 2AT

Tel: 020 7634 9707
Web: www.volvere.co.uk

## Directors and professional advisers

### Directors

*David Buchler, Non-Executive Chairman, aged 64*

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 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 48*

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

*Nick Lander, Chief Financial & Operating Officer and Company Secretary, aged 49*

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

### Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

### Solicitors

Marriott Harrison LLP
11 Staple Inn
London
WC1V 7QH

### Auditor

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

### Broker and nominated adviser

N+1 Singer
1 Bartholomew Lane
London
EC2N 2AX

## Strategic report

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

### Chairman's statement

I am pleased to report on the results for the year ended 31 December 2015.

In 2015 we saw a number of changes in the Group, notably the acquisition in March of Impetus Automotive and the disposal in December of JMP Consultants. Both Impetus and JMP, along with Shire Foods, performed well in the period.

The sale of JMP for well in excess of book value significantly boosted our net assets per share and added 1% per annum to the annual growth rate that we have achieved to date. At the year-end, our net assets per share had risen to £5.69 from £4.31, increasing the compound growth rate from 14% to 15% per annum since the company's inception in 2002.

We are looking forward to continued progress in 2016.

**David Buchler**
**Chairman**

26 May 2016

*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

2015 was an excellent year for the Group with good underlying profits generated by our ongoing businesses and a successful disposal.

Our transport planning and engineering consultancy, JMP Consultants Limited, was sold in December for total cash consideration of £8.5 million (of which the Group's share was £6.48 million before related costs). We are delighted to have restored JMP to growth and secured the future for the company and staff as part of a larger group. The sale also achieved an excellent financial outcome for our shareholders.

We were also very pleased to complete the acquisition in March of Impetus Automotive Limited which we believe is an excellent addition to the Group.

### Principal activities

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

The trading subsidiaries' activities during the year were food manufacturing, security solutions and automotive consulting, and each of these is reported as a separate segment. The transport planning & engineering segment activities ceased during the year following the disposal of JMP.

## Operating review

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

*Food manufacturing*

Shire Foods Limited ("Shire"), in which the Group has an 80% stake, was acquired in 2011 and manufactures frozen pies, pasties and other pastry products for retailers and food service customers. This year was Shire's fourth full year of trading within the Group. Its performance was exceptionally good, producing the highest underlying yearly profit of any company that we have owned to date.

Shire's revenue for the year increased to £15.48 million (2014: £12.13 million) and it achieved a profit before tax and intra-group management and interest charges of £1.59 million (2014: £1.65 million). Underlying profits improved significantly as 2014's result was flattered by an exceptional, non-recurring, credit of £0.85 million relating to the conclusion of the company voluntary arrangement entered into in 2012.

Shire has continued to develop the relationships it has within the UK retail market and has seen growth arise from both wider ranges and from key customers' market share growth. Although the business is performing well, since the end of the year, one customer (whose volumes have been on a declining trend in recent years) has brought some of its manufacturing in-house, which will result in lower revenue for that customer and is likely to reduce profitability as a whole for 2016. This reduction was expected by us for some time and we have been and are actively seeking additional opportunities to utilise our available capacity and are positive about being able to do so.

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

*Automotive consulting*

On 25 March 2015, we announced the acquisition of Impetus Automotive Limited ("Impetus"). Impetus'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 Impetus's activities can be found at www.impetusautomotive.com.

The Group paid a total, including costs, of £1.25 million for Impetus and related intellectual property assets. During the period from acquisition to the end of the year (just over nine months) Impetus had revenue of £12.1m and profit before tax and intra-group management and interest charges of £0.58 million.

We have spent time with both customers and staff to stabilise the business and prepare it for growth. We are part way through a programme to decentralise decision-making and the winning of work, improve our core back-office systems and processes whilst ensuring that the success of our client programmes remain the absolute focus of everyone at all levels in the business. Geographically, we are now operating in the UK, Australia, China, Japan and a number of European countries for a range of different clients.

The automotive sector undoubtedly faces many challenges, but there remains the need for manufacturers and their distribution networks to develop sustainable profit from long-term relationships with customers, whether-they are trade or end-user. The improvement of vehicle parts and accessories sales and distribution, after-sales service, and vehicle sales and profit margins, are all areas where Impetus's people have wide knowledge and expertise. As a result, we are optimistic about Impetus's prospects and look forward to its contribution to the Group.

*Security solutions*

Sira Defence & Security Limited ("Sira"), the Group's digital CCTV viewing software business, continued its progress with revenue increasing to £0.31 million (2014: £0.25 million) and achieving a profit of £0.12 million (2014: £0.08 million).

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

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

*Transport planning & engineering - discontinued*

The Group sold JMP Consultants Limited ("JMP"), its transport planning & engineering business, in December 2015. 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. The Group owned approximately 76% of JMP.

JMP's turnover grew from £11.76 million in 2014 (full year) to £12.82 million for the 11½ month period to sale, and generated profits before tax and intra-group management and interest charges of £1.1 million in the period to disposal compared to £0.45 million in the previous full year.

The Group's share of the disposal proceeds of £8.5 million amounted to £6.48 million. We were pleased with the outcome given that JMP had been acquired for £0.42m in 2013, had already repaid all working capital loans provided by the Group, and paid us a dividend of £0.45 million as well.

**Future strategy**

The Group's success to date reflects our consistent approach to value creation by sourcing businesses where we believe we can make operational and financial improvements. We are optimistic that our approach will give continued positive returns to shareholders.

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

26 May 2016

## 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*

In 2015 our Group revenue including the discontinued operations of JMP Consultants Limited ("JMP"), reached a record level of more than £40 million, with peak staff numbers in excess of 500 people. Total revenue from continuing operations increased from £12.4 million to £27.9 million, largely due to the acquisition of Impetus Automotive Limited ("Impetus"), but also reflecting strong growth in Shire Foods Limited ("Shire").

The total profit for the year was £6.68 million (2014: £1.47 million), stated after the profit arising (£5.67 million) on the sale of JMP. Profit before tax from continuing operations rose from £1.2m in 2014 to £1.34m despite 2014's figures being flattered by an exceptional credit in Shire of £0.85 million.

*Continuing businesses*

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

*Food manufacturing*

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

Shire's revenue for the year increased by 28% to £15.48 million (2014: £12.13 million). Profit before tax and intra-group management and interest charges was £1.59 million (2014: £1.65 million). The 2014 result included an exceptional credit of £0.85 million relating to the conclusion of the company voluntary arrangement entered into in 2012.

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

| | **Year ended 31 December 2015 £'000** | **Year ended 31 December 2014 £'000** | **Year ended 31 December 2013 £'000** | **Year ended 31 December 2012 £'000** | **29 July - 31 December 2011 £'000** |
|---|---|---|---|---|---|
| Revenue | 15,476 | 12,134 | 8,531 | 6,166 | 3,322 |
| Profit/(loss) before tax, intra-group management and interest charges | 1,588 | 1,651 | 117 | (441) | (668) |
| Exceptional credit | - | (852) | - | - | - |
| Underlying profit/(loss) before tax, intra-group management and interest charges | 1,588 | 799 | 117 | (441) | (668) |

*Automotive consulting*

This segment reflects the trading of Impetus, which was acquired in March 2015. For the 9 month period to 31 December Impetus's revenue was £12.1m and profit before tax and intra-group management and interest charges was £0.58 million.

The overall purchase consideration for Impetus and related intellectual property assets was approximately £1.25 million, of which £1.08 million was to repay bank debt at acquisition. The internal funding of this was principally by way of loan. Additionally, the Group supported Impetus with working capital loans throughout the period. During the period Impetus was charged interest by the Group on outstanding loans amounting to £0.1 million and the Group received management charges of £0.2 million.

The combination of trading profits and the working capital cycle following the year end has meant that the outstanding loan balance at the date of this report is £1.1 million. At the end of the period, Impetus had net assets before deducting Group loans (and excluding goodwill arising on consolidation) of £2.1 million.

*Discontinued operations – Transport planning & engineering*

As outlined in the Chief Executive's statement, the Group sold JMP in December 2015 for £8.5 million, of which the Group received £6.48 million. The total profit from discontinued activities was £5.67 million. This represents the Group's share of JMP's profit after tax for 2015 to the date of disposal, plus the Group's share of the sale consideration less the Group's share of the net assets sold. Further details are set out in note 6.

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

Whilst continuing to review and assess further investments in trading activities, the Group had significant cash on hand and has continued with active treasury management in response to prevailing low interest rates. This strategy achieved investment revenues and other gains and losses totalling £0.59 million (2014: £0.21 million).

The Group's net finance expense was £0.12 million (2014: £0.11 million). In spite of the Group's significant cash balances, individual Group trading companies utilise leverage where possible, and without recourse to the remaining Group.

**Statement of financial position**

*Cash*

Cash at the year end totalled £11.97 million (2014: £12.22 million). As noted below, the Group made purchases during the year of its own shares for treasury for a total consideration of £0.18 million (2014: £0.31 million).

*Available for sale investments*

At the year end the Group held available for sale investments with a market value of £4.31 million (2014: £0.92 million). The value of these investments was below their cost, resulting in an unrealised loss on valuation of £0.61 million.

*Overall position*

The Group balance sheet has strengthened substantially in the year as a result of the profits achieved not only from the sale of JMP, but also because of the underlying performance of the Group's continuing businesses. Total net assets increased from £19.0 million to £24.3 million at the end of 2015.

## 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 60,000 shares (2014: 114,000 shares) for total consideration of £0.18 million (2014: £0.31 million) representing an average price of £3 per share (2014: £2.69 per share). As of 31 December 2015, the Group's share repurchases total £5.94 million.

## Earnings per share

Basic and diluted earnings per ordinary share were 158.8p compared to 25.6p in the previous year.

## Key performance indicators (KPIs)

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

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

## Risk factors

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

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

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

**On behalf of the Board**

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

26 May 2016

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

## Dividends

The Directors do not recommend the payment of a dividend (2014: £nil).

## Capital structure

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

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

None of the Company's shares have a right to fixed income. The Ordinary shares carry the right to one vote each at general meetings of the Company. The Deferred shares carry no rights to participate in the profits or assets of the Company 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 29 June 2015 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

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. Nick Lander retires by rotation at the next annual general meeting and, being eligible, offers himself for re-election.

## Directors' interests

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

| | Number of Ordinary Shares 31 December 2015 | % of Total Voting Rights 31 December 2015 | Number of Ordinary Shares 31 December 2014 | % of Total Voting Rights 31 December 2014 |
|---|---|---|---|---|
| David Buchler | 129,893 | 3.18% | 129,893 | 3.13% |
| Jonathan Lander | 1,023,677 | 25.05% | 1,023,677 | 24.69% |
| Nick Lander | 548,277 | 13.42% | 548,277 | 13.22% |

No director held any share options at 31 December 2015 or 2014.

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 2014. However, the Company is relatively small and it is the opinion of the Directors that not all the provisions of the Code are relevant or desirable for a company of Volvere's size. On this basis we do not comply with the Code.

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

## 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.

## Substantial shareholdings

On 26 May 2016 the Company had been notified of the following voting rights (other than the Directors whose interests are disclosed earlier) as a shareholder of the Company:

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

## Auditor

Grant Thornton UK LLP were reappointed auditor at the annual general meeting on 29 June 2015. 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**

26 May 2016

Company number: 04478674

## Statement of Directors' responsibilities

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**

26 May 2016

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

We have audited the group financial statements of Volvere plc for the year ended 31 December 2015 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 11, 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.

### 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 2015 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 matters 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 2015.

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

26 May 2016

## Consolidated income statement

| | Note | 2015 £'000 | 2014 £'000 (re-presented) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 5 | 27,864 | 12,387 |
| Cost of sales | | (21,540) | (10,031) |
| **Gross profit** | | 6,324 | 2,356 |
| Distribution costs | | (893) | (713) |
| Administrative expenses: | | | |
| - Before amortisation and share based payments | | (4,469) | (1,398) |
| - Amortisation | 11 | (89) | - |
| - Share based payments | 24 | - | - |
| Administrative expenses | | (4,558) | (1,398) |
| **Operating profit** | 2 | 873 | 245 |
| Investment revenues | 7 | 163 | 65 |
| Other gains and losses | 7 | 429 | 142 |
| Finance expense | 7 | (172) | (156) |
| Finance income | 7 | 50 | 50 |
| Exceptional items | 16 | - | 852 |
| **Profit before tax** | | 1,343 | 1,198 |
| Income tax expense | 8 | (335) | - |
| **Profit for the year from continuing operations** | | 1,008 | 1,198 |
| **Discontinued operations** | | | |
| Profit for the year from discontinued operations after tax | 6 | 5,667 | 273 |
| **Profit for the year** | | 6,675 | 1,471 |
| Attributable to: | | | |
| - Equity holders of the parent | | 6,499 | 1,069 |
| - Non-controlling interests | | 176 | 402 |
| | | 6,675 | 1,471 |
| **Earnings per share** | 9 | | |
| **Continuing operations** | | | |
| - Basic | | 20.3p | 19.1p |
| - Diluted | | 20.3p | 19.1p |
| **Discontinued operations** | | | |
| - Basic | | 138.5p | 6.5p |
| - Diluted | | 138.5p | 6.5p |
| **Total** | | | |
| - Basic | | 158.8p | 25.6p |
| - Diluted | | 158.8p | 25.6p |

The notes on pages 18 to 41 form part of these financial statements.

## Consolidated statement of comprehensive income

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Profit for the year** | 6,675 | 1,471 |
| **Other comprehensive income (items that will be reclassified to profit or loss)** | | |
| Fair value gains and losses on available for sale financial assets | | |
| - current period gains/(losses) | (611) | 89 |
| - reclassified to profit and loss | (318) | (34) |
| Other comprehensive income | (929) | 55 |
| **Total comprehensive income for the year** | 5,746 | 1,526 |
| Attributable to: | | |
| - Equity holders of the parent | 5,570 | 1,124 |
| - Non-controlling interests | 176 | 402 |
| | 5,746 | 1,526 |

The notes on pages 18 to 41 form part of these financial statements.

## Consolidated statement of changes in equity

| | Share capital £'000 | Share premium £'000 | Revaluation reserve £'000 | Retained earnings £'000 | Total £'000 | Non-controlling interests £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | |
| 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 |
| **Total comprehensive income for the year** | - | - | 55 | 1,069 | 1,124 | 402 | 1,526 |
| **Balance at 1 January** | 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) |
| **Total transactions with owners** | - | - | - | (307) | (307) | 197 | (110) |
| Balance at 31 December | 50 | 3,640 | 312 | 13,856 | 17,858 | 1,141 | 18,999 |
| **2015** | | | | | | | |
| Other comprehensive income | - | - | (611) | - | (611) | - | (611) |
| Transfer to profit and loss on disposal | - | - | (318) | - | (318) | - | (318) |
| Profit for the year | - | - | - | 6,499 | 6,499 | 176 | 6,675 |
| **Total comprehensive income for the year** | - | - | (929) | 6,499 | 5,570 | 176 | 5,746 |
| **Balance at 1 January** | 50 | 3,640 | 312 | 13,856 | 17,858 | 1,141 | 18,999 |
| Transactions with owners: | | | | | | | |
| Decrease in non-controlling interest | - | - | - | - | - | (271) | (271) |
| Purchase of own shares | - | - | - | (180) | (180) | - | (180) |
| **Total transactions with owners** | - | - | - | (180) | (180) | (271) | (451) |
| Balance at 31 December | 50 | 3,640 | (617) | 20,175 | 23,248 | 1,046 | 24,294 |

The notes on pages 18 to 41 form part of these financial statements.

## Consolidated statement of financial position

| | Note | 2015 £'000 | 2014 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 11 | 380 | - |
| Other intangible assets | 11 | 71 | - |
| Property, plant and equipment | 12 | 5,773 | 5,361 |
| Deferred tax asset | 19 | - | - |
| Total non-current assets | | 6,224 | 5,361 |
| **Current assets** | | | |
| Inventories | 13 | 1,106 | 937 |
| Trade and other receivables | 15 | 8,073 | 6,610 |
| Cash and cash equivalents | | 11,967 | 12,215 |
| Available for sale investments | 14 | 4,313 | 921 |
| Total current assets | | 25,459 | 20,683 |
| **Total assets** | | 31,683 | 26,044 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Loans and other borrowings | 18 | (787) | (1,999) |
| Finance leases | 18 | (104) | (159) |
| Trade and other payables | 16 | (4,058) | (4,066) |
| Total current liabilities | | (4,949) | (6,224) |
| **Non-current liabilities** | | | |
| Loans and other borrowings | 18 | (1,541) | (821) |
| Finance leases | 18 | (450) | - |
| Trade and other payables | 16 | - | - |
| Total non-current liabilities | | (1,991) | (821) |
| **Total liabilities** | | (6,940) | (7,045) |
| **Provisions –** deferred tax | 19 | (335) | - |
| **Provisions –** lease incentive | | (114) | - |
| **Net assets** | | 24,294 | 18,999 |
| **Equity** | | | |
| Share capital | 20 | 50 | 50 |
| Share premium account | 21 | 3,640 | 3,640 |
| Revaluation reserve | 21 | (617) | 312 |
| Retained earnings | | 20,175 | 13,856 |
| **Capital and reserves attributable to equity holders of the Company** | | 23,248 | 17,858 |
| **Non-controlling interests** | 27 | 1,046 | 1,141 |
| **Total equity** | | 24,294 | 18,999 |

The financial statements on pages 13 to 41 were approved by the Board of Directors and authorised for issue on 26 May 2016 and were signed on its behalf by:

Nick Lander
**Director**

Jonathan Lander
**Director**

The notes on pages 18 to 41 form part of these financial statements.

## Consolidated statement of cash flows

| | Note | 2015 £'000 | 2015 £'000 | 2014 £'000 | 2014 £'000 |
|---|---|---|---|---|---|
| **Profit for the year from continuing operations** | | | 1,008 | | 1,198 |
| Adjustments for: | | | | | |
| Investment revenues | 7 | (163) | | (65) | |
| Other gains and losses | 7 | (429) | | (142) | |
| Finance expense | 7 | 172 | | 156 | |
| Finance income | 7 | (50) | | (50) | |
| Depreciation | 12 | 370 | | 334 | |
| Amortisation of intangible assets | 11 | 89 | | - | |
| Foreign exchange differences | | 14 | | - | |
| Loss on disposal of property, plant and equipment | | 12 | | - | |
| Income tax expense | | 335 | | - | |
| | | | 350 | | 233 |
| **Operating cash flows before movements in working capital** | | | 1,358 | | 1,431 |
| Increase in trade and other receivables | | | (1,015) | | (1,128) |
| Increase/(decrease) in trade and other payables | | | 166 | | (608) |
| Increase in inventories | | | (169) | | (249) |
| **Cash generated from continuing operations** | | | 340 | | (554) |
| **Net cash generated from discontinued operations** | | | 652 | | 880 |
| **Net cash generated from operations** | | | 992 | | 326 |
| **Investing activities** | | | | | |
| Proceeds from sale of discontinued operations net of cash sold | 6 | 4,860 | | - | |
| Acquisition of business | 22 | (1,013) | | - | |
| Purchase of available for sale investments | | (8,733) | | (3,732) | |
| Income from available for sale investments | | 163 | | 65 | |
| Disposal of available for sale investments | | 4,840 | | 3,997 | |
| Purchase of property, plant and equipment | 12 | (955) | | (245) | |
| Disposal of property, plant and equipment | | 4 | | - | |
| Interest received | 7 | 50 | | 50 | |
| **Net cash (used by)/generated from investing activities** | | | (784) | | 135 |
| **Financing activities** | | | | | |
| Interest paid | | (172) | | (156) | |
| Purchase of own shares (treasury shares) | 20 | (180) | | (307) | |
| Net (repayment of)/increase in borrowings | | (104) | | 937 | |
| **Net cash (used by)/generated from financing activities** | | | (456) | | 474 |
| **Net (decrease)/increase in cash** | | | (248) | | 935 |
| **Cash at beginning of year** | | | 12,215 | | 11,280 |
| **Cash at end of year** | | | 11,967 | | 12,215 |

The notes on pages 18 to 41 form part of these financial statements.

## 1 Accounting policies

### Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"); these are presented on pages 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 as set out below over their estimated useful lives, which are considered finite. Registered design rights are amortised over the life of the registration. Residual values and useful lives are reviewed at each reporting date and they are subject to impairment testing where indicators of impairment are present.

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

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

### Revenue recognition

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

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

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. Freehold property is revalued on a periodic basis. Depreciation is charged so as to write off the cost or valuation of assets, less their residual values, over their estimated useful lives, using the straight line method, on the following bases:

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

## 1 Accounting policies *(continued)*

### Investments

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

### Investment income

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

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

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

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

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

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

### Share-based payments

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

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

In determining the Group's share-based payment charge in 2014 arising in respect of the shares issued to non-controlling interests (as set out in note 24), the Group evaluated the enterprise value of JMP (in 2015 treated as a discontinued business). This evaluation 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.

<u>Significant management judgements</u>

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.

## 1 Accounting policies *(continued)*

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

IFRS 9 ‘Financial Instruments’ (2015)

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

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

IFRS 15 ‘Revenue from Contracts with Customers’

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

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

## 2 Operating profit

Operating profit is stated after charging/(crediting):

| | 2015 £'000 | 2014 £'000 (re-presented) |
|---|---|---|
| Staff costs | 10,321 | 2,106 |
| Depreciation of property, plant and equipment: | | |
| - owned assets | 370 | 334 |
| Amortisation of intangible assets | 89 | - |
| Operating lease expense | 207 | 7 |
| Audit fees | 65 | 38 |
| The analysis of audit fees is as follows: | | |
| - for the audit of the Company’s annual accounts | 19 | 15 |
| - for the audit of the Company’s subsidiaries’ accounts | 46 | 23 |
| | 65 | 38 |

## 3 Staff costs

Staff costs comprise:

| | 2015 £'000 | 2014 £'000 (re-presented) |
|---|---|---|
| Wages and salaries | 9,036 | 1,919 |
| Employer's National Insurance contributions | 905 | 151 |
| Defined contribution pension cost | 380 | 36 |
| | 10,321 | 2,106 |

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

| | 2015 Number | 2014 Number (re-presented) |
|---|---|---|
| Engineering and production | 266 | 76 |
| Sales and marketing | 11 | 8 |
| Administration and management | 40 | 18 |
| | 317 | 102 |

## 4 Directors' remuneration

The remuneration of the directors was as follows:

| | Salaries & fees 2015 £'000 | Other benefits 2015 £'000 | Total 2015 £'000 |
|---|---|---|---|
| David Buchler | 58 | - | 58 |
| Jonathan Lander | 11 | - | 11 |
| Nick Lander | 11 | 1 | 12 |
| | 80 | 1 | 81 |

| | Salaries & fees 2014 £'000 | Other benefits 2014 £'000 | Total 2014 £'000 |
|---|---|---|---|
| David Buchler | 30 | - | 30 |
| Jonathan Lander | 11 | - | 11 |
| Nick Lander | 11 | 1 | 12 |
| | 52 | 1 | 53 |

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement with D2L Partners LLP. The amount due under these agreements, which is in addition to the amounts disclosed above, for the year amounted to £1,128,000 (2014: £551,000). The amount paid to David Buchler in the year was paid to a third party on an invoice basis. The increase in directors' remuneration reflects the performance of the Group for the year. None of the directors were members of the Group's defined contribution pension plan in the year (2014: none).

## 5 Operating segments

Analysis by business segment:

| | Automotive consulting 2015 £'000 | Security solutions 2015 £'000 | Investing and management services 2015 £'000 | Food manufacturing 2015 £'000 | Total continuing 2015 £'000 | Discontinued 2015 £'000 | Total 2015 £'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | 12,077 | 311 | - | 15,476 | 27,864 | 12,823 | 40,687 |
| **Profit/(loss) before tax(1)** | 583 | 118 | (946) | 1,588 | 1,343 | 5,667(2) | 7,010 |

| | Automotive consulting 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** | - | 253 | - | 12,134 | 12,387 | 11,761 | 24,148 |
| **Profit/(loss) before tax(1)** | - | 81 | (534) | 1,651(3) | 1,198 | 273 | 1,471 |

| | Automotive consulting 2015 £'000 | Security solutions 2015 £'000 | Investing and management services 2015 £'000 | Food manufacturing 2015 £'000 | Total continuing 2015 £'000 | Discontinued 2015 £'000 | Total 2015 £'000 |
|---|---|---|---|---|---|---|---|
| Assets | 5,095 | 148 | 16,277 | 10,163 | 31,683 | - | 31,683 |
| Liabilities/provisions | (2,600) | (163) | (339) | (4,287) | (7,389) | - | (7,389) |
| **Net assets(4)** | 2,495 | (15) | 15,938 | 5,876 | 24,294 | - | 24,294 |

| | Automotive consulting 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 | - | 33 | 11,932 | 9,553 | 21,518 | 4,526 | 26,044 |
| Liabilities/provisions | - | (166) | (256) | (3,806) | (4,228) | (2,817) | (7,045) |
| **Net assets(4)** | - | (133) | 11,676 | 5,747 | 17,290 | 1,709 | 18,999 |

(1) stated before intra-group management and interest charges
(2) discontinued segment result stated after tax
(3) stated after an exceptional credit of £852,000
(4) assets and liabilities stated excluding intra-group balances

## 5 Operating segments *(continued)*

| | Automotive consulting 2015 £'000 | Security solutions 2015 £'000 | Investing and management services 2015 £'000 | Food manufacturing 2015 £'000 | Total continuing 2015 £'000 | Discontinued 2015 £'000 | Total 2015 £'000 |
|---|---|---|---|---|---|---|---|
| Capital spend | 25 | 1 | 1 | 821 | 848 | 108 | 956 |
| Depreciation | 26 | - | 1 | 343 | 370 | 91 | 461 |
| Amortisation/ impairment | 89 | - | - | - | 89 | - | 89 |
| Interest income (non-Group) | - | - | 50 | - | 50 | - | 50 |
| Interest expense (non-Group) | 38 | - | - | 134 | 172 | - | 172 |
| Tax expense | 58 | - | - | 277 | 335 | 250(5) | 585 |

| | Automotive consulting 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 | - | - | - | 82 | 82 | 163 | 245 |
| Depreciation | - | 1 | 7 | 326 | 334 | 82 | 416 |
| Amortisation/ impairment | - | - | - | - | - | - | - |
| Interest income (non-Group) | - | - | 50 | - | 50 | - | 50 |
| Interest expense (non-Group) | - | - | - | 156 | 156 | - | 156 |
| Tax expense | - | - | - | - | - | - | - |

(5) included in profit from discontinued operations after tax

Geographical analysis:

| | External revenue by location of customers 2015 £'000 | External revenue by location of customers 2014 £'000 (re-presented) | Non-current assets by location of assets 2015 £'000 | Non-current assets by location of assets 2014 £'000 |
|---|---|---|---|---|
| UK | 25,039 | 11,937 | 6,224 | 5,361 |
| Rest of Europe | 1,761 | 446 | - | - |
| Other | 1,064 | 4 | - | - |
| | 27,864 | 12,387 | 6,224 | 5,361 |

The Group had 2 (2014: 3) customers that individually accounted for in excess of 10% of the Group's continuing revenues as follows:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| First customer | 5,501 | 3,210 |
| Second customer | 3,672 | 2,775 |
| Third customer | - | 2,659 |

## 6 Discontinued operations

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

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

| | 2015<br>£'000 | 2014<br>£'000 |
|---|---|---|
| Revenue | 12,823 | 11,761 |
| Cost of sales | (6,817) | (6,387) |
| Administrative expenses | (4,898) | (4,924) |
| Interest | (11) | - |
| Income tax expense | (250) | - |
| Profits for the period to disposal/year | 847 | 450 |
| Non-controlling interests' share of losses in period to disposal | (190) | - |
| Group share of profits | 657 | 450 |
| Profit on disposal (see below) | 5,010 | - |
| Profit on discontinued operations – JMP Consultants Limited | 5,667 | 450 |
| Loss on discontinued operations – Interactive Prospect Management Limited[(1)] | - | (177) |
| **Total profit on discontinued operations** | 5,667 | 273 |

Note 1:additional costs recognised in 2014 in respect of disposal in 2013.

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

| | 2015<br>£'000 |
|---|---|
| Property, plant and equipment | 248 |
| Work in progress | 1,698 |
| Receivables | 2,404 |
| Cash and cash equivalents | 833 |
| Income tax expense | (3,256) |
| Net assets at date of disposal | 1,927 |
| Non-controlling interests' share of net assets at date of disposal | (460) |
| Group share of net assets at date of disposal | 1,467 |
| Profit on disposal | 5,010 |
| **Consideration** | 6,477 |

The consideration receivable is analysed as follows:

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

The cash flows associated with the disposal are as follows:

| | |
|---|---|
| Cash received on date of disposal | 5,693 |
| Cash disposed | (833) |
| **Net cash flows on disposal** | 4,860 |

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

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Investment revenues** | 163 | 65 |
| **Other gains and losses** | 429 | 142 |
| **Finance income** | | |
| Bank interest receivable | 50 | 50 |
| **Finance expense** | | |
| Bank interest | (86) | (64) |
| Finance lease interest | 7 | (15) |
| Other interest and finance charges | (93) | (77) |
| | (172) | (156) |

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

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Current tax expense | - | - |
| Deferred tax expense recognised in income statement | 335 | - |
| **Total tax expense recognised in income statement** | 335 | - |
| Tax recognised directly in equity | - | - |
| **Total tax recognised (continuing operations)** | 335 | - |

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

| | 2015 £'000 | 2014 £'000 (re-presented) |
|---|---|---|
| Profit before tax | 1,343 | 1,471 |
| Expected tax charge based on the prevailing rate of corporation tax in the UK of 20.25% (2014: 21.5%) | 272 | 316 |
| <u>Effects of:</u> | | |
| Expenses not deductible for tax purposes | 49 | 75 |
| Income/gains not subject to tax | (33) | (197) |
| Depreciation for period (less than)/in excess of capital allowances | - | (16) |
| Short term timing differences | - | 12 |
| Unrecognised deferred tax assets | 33 | 4 |
| Utilisation of previously unrecognised losses | - | (194) |
| Effect of changes in rate of tax | (33) | - |
| Adjustments in respect of prior years | 47 | - |
| Total tax recognised (continuing operations) | 335 | - |

## 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: | 2015 £'000 | 2014 £'000 |
|---|---|---|
| From continuing operations | 832 | 796 |
| From discontinued operations | 5,667 | 273 |
| Total | 6,499 | 1,069 |

| Weighted average number of shares for the purposes of earnings per share: | 2015 No. | 2014 No. |
|---|---|---|
| Weighted average number of ordinary shares in issue | 4,091,547 | 4,175,676 |
| Dilutive effect of potential ordinary shares | - | - |
| Weighted average number of ordinary shares for diluted EPS | 4,091,547 | 4,175,676 |

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

## 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 | Principal Activity | Proportion of ownership interest in ordinary shares |
|---|---|---|---|
| Volvere Central Services Limited | England and Wales | Group support services | 100% |
| NMT Group Limited | Scotland | Investment | 98.6% |
| Sira Defence & Security Limited | England and Wales | Software publishing | 100% |
| Shire Foods Limited | England and Wales | Food manufacturing | 80% |
| Impetus Automotive Limited | England and Wales | Automotive consulting | 100%* |
| Impetus Automotive Solutions Limited | England and Wales | Investment | 100% |

*as a subsidiary of Impetus Automotive Solutions Limited

## 11 Goodwill and other intangible assets

| | Goodwill £'000 | Other intangible assets £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2014 and at 1 January 2015 | - | 441 | 441 |
| Acquisitions | 380 | 95 | 475 |
| Additions | - | 65 | 65 |
| At 31 December 2015 | 380 | 601 | 981 |
| **Amortisation and impairment charges** | | | |
| At 1 January 2014 and at 1 January 2015 | - | 441 | 441 |
| Amortisation and impairment charge for the year | - | 89 | 89 |
| At 31 December 2015 | - | 530 | 530 |
| **Net book value** | | | |
| At 31 December 2015 | 380 | 71 | 451 |
| At 31 December 2014 | - | - | - |

## 11 Goodwill and other intangible assets *(continued)*

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

As required by IAS 38 goodwill is not amortised and is instead tested annually for impairment in the year following acquisition.

Other intangible assets comprise a mix of intellectual property rights and software. The net book value of internally-generated intangible assets was £71,000 (2014: nil).

## 12 Property, plant and equipment

| | Short Leasehold Property £'000 | Freehold Property £'000 | Plant & Machinery £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2014 | 85 | 2,430 | 3,646 | 6,161 |
| Additions | 54 | - | 191 | 245 |
| Disposals | (9) | - | (8) | (17) |
| At 31 December 2014 and 1 January 2015 | 130 | 2,430 | 3,829 | 6,389 |
| Acquisitions | 180 | - | 188 | 368 |
| Additions | 92 | - | 863 | 955 |
| Disposals | - | - | (24) | (24) |
| Disposals – discontinued operations | (222) | - | (216) | (438) |
| At 31 December 2015 | 180 | 2,430 | 4,640 | 7,250 |
| **Accumulated depreciation** | | | | |
| At 1 January 2014 | 11 | 53 | 566 | 630 |
| Disposals | (9) | - | (9) | (18) |
| Charge for the year | 24 | 22 | 370 | 416 |
| At 31 December 2014 and 1 January 2015 | 26 | 75 | 927 | 1,028 |
| Acquisitions | 54 | - | 131 | 185 |
| Disposals | - | - | (8) | (8) |
| Disposals – discontinued operations | (52) | - | (138) | (190) |
| Charge for the year – including discontinued operations | 35 | 20 | 407 | 462 |
| At 31 December 2015 | 63 | 95 | 1,319 | 1,477 |
| Net book value | | | | |
| At 31 December 2015 | 117 | 2,335 | 3,321 | 5,773 |
| At 31 December 2014 | 104 | 2,355 | 2,902 | 5,361 |

The net book value of property, plant and equipment held on finance leases was £695,000 (2014: £501,000). Freehold property was subjected to an independent valuation on 15 April 2014. The valuation was £2,450,000. The net book value of the revalued property is £2,335,000 (2014: £2,355,000) and its historical cost was £1,964,200.

## 13 Inventories

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Raw materials | 360 | 378 |
| Finished products | 746 | 559 |
| | 1,106 | 937 |

## 14 Financial assets (current)

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Available-for-sale investments | 4,313 | 921 |

During the year the Group invested in equity funds pursuant to its treasury management policies. At the year end the cost of these investments was £4,930,000 (2014: £603,000).

## 15 Trade and other receivables

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Trade receivables | 6,400 | 5,151 |
| Less: provision for impairment of trade receivables | (1) | (75) |
| Net trade receivables | 6,399 | 5,076 |
| Other receivables | 1,166 | 119 |
| Amounts recoverable on contracts | 260 | 1,078 |
| Prepayments and accrued income | 248 | 337 |
| | 8,073 | 6,610 |

The fair value of trade receivables approximates to carrying value at 31 December 2015 and 2014.

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

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

The ageing analysis of trade receivables is disclosed below:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Up to 3 months | 6,206 | 5,057 |
| 3 to 6 months | 190 | 64 |
| 6 to 12 months | 4 | 27 |
| Over 12 months | - | 3 |
| | 6,400 | 5,151 |

## 16 Trade and other payables

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Current: | | |
| Trade payables | 1,200 | 997 |
| Other tax and social security | 729 | 755 |
| Other payables | 84 | 655 |
| Accruals | 1,479 | 1,169 |
| Deferred income | 566 | 490 |
| | 4,058 | 4,066 |

## 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 items".

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

| | **2015 £'000** | **2014 £'000** |
|---|---|---|
| No interest | 4,313 | - |
| Fixed interest | - | 921 |
| | 4,313 | 921 |

## 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 made in 2015 in equity funds, which reflect 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:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Total debt | 2,882 | 2,979 |
| Less cash and cash equivalents | (11,967) | (12,215) |
| Net debt/(funds) | (9,085) | (9,236) |
| Total equity (capital) | 24,294 | 18,999 |
| Net debt/(funds) to capital ratio | (37.4)% | (48.6)% |

## 18 Financial assets and liabilities – numerical disclosures

*Analysis of financial assets by category:*

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Available for sale investments | 4,313 | 921 |
| Loans and receivables | 7,825 | 6,273 |
| Cash and cash equivalents | 11,967 | 12,215 |
| Total financial assets | 24,105 | 19,409 |

*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:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Sterling | | |
| No fixed maturity | 4,313 | 921 |

*Maturity of financial liabilities*

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

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Less than six months | 770 | 2,072 |
| Six months to one year | 121 | 85 |
| One to two years | 198 | 103 |
| Two to five years | 641 | 164 |
| More than five years | 1,152 | 555 |
| | 2,882 | 2,979 |

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

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Loans and other borrowings (current) | 787 | 1,999 |
| Finance leases (current) | 104 | 159 |
| Loans and other borrowings (non-current) | 1,541 | 821 |
| Finance leases (non-current) | 450 | - |
| | 2,882 | 2,979 |

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:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Less than six months | 2,013 | 2,407 |

## 19 Deferred tax

Movements in deferred tax provisions are outlined below:

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

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

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Tax losses carried forward | 619 | 600 |
| Excess of depreciation over capital allowances | 5 | 7 |
| Short term temporary differences | 9 | 11 |
| Net unrecognised deferred tax asset | 633 | 618 |

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

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

## 20 Share capital

| | Authorised | | | |
|---|---|---|---|---|
| | 2015 Number | 2015 £'000 | 2014 Number | 2014 £'000 |
| Ordinary shares of £0.0000001 each | 100,100,000 | - | 100,100,000 | - |
| A shares of £0.49999995 each | 50,000 | 25 | 50,000 | 25 |
| B shares of £0.49999995 each | 50,000 | 25 | 50,000 | 25 |
| Deferred shares of £0.00000001 each | 4,999,999,500,000 | 50 | 4,999,999,500,000 | 50 |
| | | 100 | | 100 |

| | Issued and fully paid | | | |
|---|---|---|---|---|
| | 2015 Number | 2015 £'000 | 2014 Number | 2014 £'000 |
| Ordinary shares of £0.0000001 each | 6,207,074 | - | 6,207,074 | - |
| Deferred shares of £0.00000001 each | 4,999,994,534,696 | 50 | 4,999,994,534,696 | 50 |
| | | 50 | | 50 |

*Treasury shares*

During the year the Company acquired 60,000 (2014: 114,000) of its own Ordinary shares for total consideration of £180,000 (2014: £307,000). This brings the total number of Ordinary shares held in treasury to 2,121,116 (2014: 2,061,116) 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:

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

## 22 Business combinations

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

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

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

Note (a): the creditors of IAL noted above include the debt obligations held in another former Impetus group company, which Volvere settled as part of the acquisition. The consideration of £1.18 million includes a debt settlement of £1.08 million. Costs of undertaking the transaction amounting to £0.07 million have been charged to the income statement as administrative expenses. It is not practicable, because of the changes in IAL's former group structure and management, to disclose the revenue and profit or loss for the Group as if IAL had been acquired on 1 January 2015.

The cash flows associated with the acquisition are as follows:

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

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

The acquired business' revenue and profit for the period from acquisition to the balance sheet date are disclosed in note 5 as the acquired business forms the entire Automotive Consulting segment.

## 23 Leases

*Operating leases - lessee*

The Group leases certain 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:

| | Land and buildings 2015 £'000 | Other 2015 £'000 | Land and buildings 2014 £'000 | Other 2014 £'000 |
|---|---|---|---|---|
| Not later than one year | 170 | 108 | 127 | - |
| Later than one year and not later than five years | 658 | 51 | 670 | - |
| Later than five years | 543 | - | 14 | - |
| | 1,371 | 159 | 811 | - |

## 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 2015 (2014: nil).

Options in issue during the year are summarised below:

| | Weighted average exercise price 2015 | Number 2015 | Weighted average exercise price 2014 | Number 2014 |
|---|---|---|---|---|
| Outstanding at beginning of the year | - | - | 187.5p | 31,000 |
| Granted during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Lapsed during the year | - | - | (187.5)p | (31,000) |
| Outstanding at the end of the year | N/A | - | N/A | - |

All options in issue were fully vested prior to 1 January 2014, hence there is no share based payment charge in 2015 or 2014, in respect of share options.

A share based payment charge of £158,000 was included in the income statement for 2014 (discontinued activities) 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 27), the Group evaluated the enterprise value of JMP. This evaluation 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. There were no other transactions with key members of management, and 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 £1,046,000 (2014: £1,141,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2015 in the following subsidiary undertakings:

| Name of subsidiary undertaking | 2015 £'000 | 2014 £'000 |
|---|---|---|
| NMT Group Limited | 74 | 75 |
| JMP Consultants Limited | - | 271 |
| Shire Foods Limited | 972 | 795 |
| | 1,046 | 1,141 |

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

| | JMP Consultants Limited | Shire Foods Limited | |
|---|---|---|---|
| | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Property, plant and equipment | 231 | 5,591 | 5,129 |
| Current assets | 4,295 | 4,569 | 4,424 |
| Non-current liabilities | - | (1,988) | (822) |
| Current liabilities | (3,444) | (3,023) | (4,748) |
| Provisions | - | (277) | - |
| **Net assets (equity)** | 1,082 | 4,872 | 3,983 |
| Attributable to: | | | |
| Group | 811 | 3,901 | 3,188 |
| Non-controlling interests | 271 | 971 | 795 |
| | 1,082 | 4,872 | 3,983 |
| **Revenue** | 11,761 | 15,476 | 12,133 |
| **Profit for the year (stated after intra-group management and interest charges)** | 293 | 888 | 1,651 |
| **Profit for the year attributable to non-controlling interests** | 73 | 177 | 330 |

## 28 Post balance sheet events

Following the end of the year, Impetus Automotive Limited ("IAL") issued shares to certain of its management, which are subject to vesting conditions. Upon full vesting, the Group's share of IAL is expected to reduce to approximately 79%. The financial effect will be to reduce the Group's participation in the results of IAL and its net assets.

**Volvere plc**

Parent Company financial statements

Year ended 31 December 2015

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

We have audited the parent company financial statements of Volvere plc for the year ended 31 December 2015 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 Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the 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.

### 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic Report and 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 2015.

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

26 May 2016

## Parent Company balance sheet

| | Note | 2015 £'000 | 2015 £'000 | 2014 £'000 | 2014 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible fixed assets | 3 | 1 | | - | |
| Investments | 4 | 5,611 | | 5,811 | |
| | | | 5,612 | | 5,811 |
| **Current assets** | | | | | |
| Debtors | 5 | 4,200 | | 2,490 | |
| Cash at bank and in hand | | 10,469 | | 10,278 | |
| Investments | 6 | 4,313 | | 921 | |
| | | 18,982 | | 13,689 | |
| **Creditors: amounts falling due within one year** | 7 | (4,988) | | (4,946) | |
| **Net current assets** | | | 13,994 | | 8,743 |
| **Total assets less current liabilities** | | | 19,606 | | 14,554 |
| **Net assets** | | | 19,606 | | 14,554 |
| **Capital and reserves** | | | | | |
| Called up share capital | 9 | | 50 | | 50 |
| Share premium account | 10 | | 3,640 | | 3,640 |
| Revaluation reserve | 10 | | (617) | | 312 |
| Profit and loss account | 10 | | 16,533 | | 10,552 |
| **Shareholders' funds** | | | 19,606 | | 14,554 |

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2016 and were signed on their behalf by:

Nick Lander
**Director**

Jonathan Lander
**Director**

The notes on pages 45 to 49 form part of these financial statements.

## 1 Accounting policies

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

The principal accounting policies are summarised below. The effect of first time adoption of FRS 101 is explained in note 12.

*Cash flow statement*

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

*Tangible fixed assets*

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

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

*Fixed asset investments*

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

*Taxation*

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

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

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.

## 1 Accounting policies *(continued)*

*Financial instruments*

<u>Current asset investments</u>

Current asset investments comprise holdings in an equity fund. These are carried at fair value at the reporting date with gains and losses recognised included in profit for the year, and cumulative unrealised gains and losses recorded in a revaluation reserve.

<u>Other financial assets</u>

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

<u>Financial liabilities and equity instruments</u>

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

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

*Share-based payments*

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

## 2 Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a profit after tax of £6,162,000 (2014: restated loss of £543,000) which is dealt with in the financial statements of the Parent Company.

## 3 Tangible fixed assets

| | Short Leasehold Property £'000 | Plant & Machinery £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2015 | 9 | 18 | 27 |
| Additions | - | 1 | 1 |
| At 31 December 2015 | 9 | 19 | 28 |
| **Accumulated depreciation** | | | |
| At 1 January 2015 | 9 | 18 | 27 |
| Charge for the year | - | - | - |
| At 31 December 2015 | 9 | 18 | 27 |
| **Net book value** | | | |
| At 31 December 2015 | - | 1 | 1 |
| At 31 December 2014 | - | - | - |

## 4 Fixed asset investments

| | Shares in group undertakings 2015 £'000 | Shares in group undertakings 2014 £'000 |
|---|---|---|
| **Cost** | | |
| At 1 January | 5,811 | 5,811 |
| Impairment | (200) | - |
| At 31 December | 5,611 | 5,811 |

The principal subsidiaries of Volvere plc as at 31 December 2015 were as follows:

| Name | Country of Incorporation | Principal Activity | Proportion of ownership interest in ordinary shares |
|---|---|---|---|
| Volvere Central Services Limited | England and Wales | Group support services | 100% |
| NMT Group Limited | Scotland | Investment | 98.6% |
| Sira Defence & Security Limited | England and Wales | Software publishing | 100% |
| Shire Foods Limited | England and Wales | Food manufacturing | 80% |
| Impetus Automotive Limited | England and Wales | Automotive consulting | 100%* |
| Impetus Automotive Solutions Limited | England and Wales | Investment | 100% |

*as a subsidiary of Impetus Automotive Solutions Limited

## 5 Debtors

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Amounts owed by group undertakings | 3,283 | 2,466 |
| Other debtors | 909 | 17 |
| Prepayments and accrued income | 8 | 7 |
| | 4,200 | 2,490 |

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

## 6 Current asset investments

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Current asset investments | 4,313 | 921 |

During the year the Company invested in equity funds pursuant to its treasury management policies.

At the year end the cost of these investments was £4,930,000 (2014: £603,000).

## 7 Creditors: amounts falling due within one year

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Trade creditors | 36 | 24 |
| Amounts due to Group companies | 4,759 | 4,759 |
| Other creditors | 34 | 34 |
| Accruals and deferred income | 159 | 129 |
| | 4,988 | 4,946 |

## 8 Share-based payments

*Equity settled share option schemes*

See note 24 of the consolidated financial statements for details.

## 9 Share capital

| | Authorised | | | |
|---|---|---|---|---|
| | **2015 Number** | **2015 £'000** | **2014 Number** | **2014 £'000** |
| Ordinary shares of £0.0000001 each | 100,100,000 | - | 100,100,000 | - |
| A shares of £0.49999995 each | 50,000 | 25 | 50,000 | 25 |
| B shares of £0.49999995 each | 50,000 | 25 | 50,000 | 25 |
| Deferred shares of £0.00000001 each | 4,999,999,500,000 | 50 | 4,999,999,500,000 | 50 |
| | | 100 | | 100 |

| | Issued and fully paid | | | |
|---|---|---|---|---|
| | **2015 Number** | **2015 £'000** | **2014 Number** | **2014 £'000** |
| Ordinary shares of £0.0000001 each | 6,207,074 | - | 6,207,074 | - |
| Deferred shares of £0.00000001 each | 4,999,994,534,696 | 50 | 4,999,994,534,696 | 50 |
| | | 50 | | 50 |

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

## 10 Reserves

| | **Share capital £'000** | **Share premium account £'000** | **Revaluation reserve £'000** | **Profit and loss account £'000** |
|---|---|---|---|---|
| At 1 January 2014 | 50 | 3,640 | 257 | 11,457 |
| Transfer to profit and loss on disposal | - | - | (34) | 34 |
| Purchase of own shares | - | - | - | (307) |
| Revaluation of current asset investments (net of related deferred tax) | - | - | 89 | - |
| Loss for the year | - | - | - | (632) |
| At 31 December 2014 | 50 | 3,640 | 312 | 10,552 |
| At 1 January 2015 | 50 | 3,640 | 312 | 10,552 |
| Transfer to profit and loss on disposal | - | - | (318) | 318 |
| Purchase of own shares | - | - | - | (180) |
| Unrealised losses | - | - | (611) | - |
| Profit for the year | - | - | - | 5,843 |
| At 31 December 2015 | 50 | 3,640 | (617) | 16,533 |

## 11 Related party transactions

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

During the year the company had management charges receivable from NMT Group Limited (“NMT”) of £155,000 (2014: £167,000) and from Shire Foods Limited (“Shire”) of £100,000 (2014: £nil).

At 31 December 2015, amounts due to NMT were £4,759,000 (2014: £4,759,000); interest charged to the Company by NMT amounted to £71,000 (2014: £72,000).

Also, at 31 December 2015 an amount of £1,003,000 (2014: £1,763,000) was owed by Shire and an amount of £nil (2014: £627,000) was owed by JMP Consultants Limited (“JMP”). Interest of £223,000 (2014: £nil) was charged to Shire. JMP was charged interest of £nil (2014: £43,000).

NMT and Shire are subsidiary undertakings. JMP was a subsidiary undertaking until it was sold during the year.

## 12 First time adoption of FRS 101

The only significant change in the Company’s accounting as a result of adopting FRS 101 is that current asset investments are now carried at fair value with all gains and losses reported in profits. Previously, such investments were carried at market value with unrealised gains and losses credited directly to equity. This change resulted in the previous year’s profits being increased by £89,000 compared to that reported under previous UK GAAP. There was no impact on net assets at 1 January 2014 or 31 December 2014.

In adopting FRS101 the company has taken advantage of the following disclosure exemptions:

- the requirements of IFRS 7 “Financial Instruments: Disclosures”
- the requirements of paragraphs 91-99 of IFRS 13 “Fair Value Measurement”
- the requirement in paragraph 38 of IAS 1 “Presentation of Financial Statements” to present comparative information in respect of
    - paragraph 79(a)(iv) of IAS 1
    - paragraph 73(e) of IAS 16 “Property, Plant and Equipment”
- the requirements of IAS 7 “Statements of Cash Flows”
- the requirements of paragraph 17 of IAS 24 “Related Party Disclosures”