1 Accounting policies *(continued)*

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

IFRS 16 ‘Leases’

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

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

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

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group’s borrowing rate at 1 January 2019, the composition of the Group’s lease portfolio at that date, the Group’s latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of plant and machinery (principally in respect of vehicles) and one property. As at 31 December 2017, the Group’s future minimum lease payments under non-cancellable operating leases amounted to £2.06 million, on an undiscounted basis (see Note 22).

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for the Group’s finance leases.

2 Operating profit

Operating profit is stated after charging/(crediting):

	2017 £'000	**2016 £'000**
Staff costs	18,494	13,451
Depreciation of property, plant and equipment	664	436
Amortisation of intangible assets	31	32
Operating lease expense	975	309
Auditor’s fees – audit services	62	58
Auditor’s fees – tax advice	-	14
The analysis of audit fees is as follows:		
- for the audit of the Company’s annual accounts	23	16
- for the audit of the Company’s subsidiaries’ accounts	43	42
	66	58

3 Staff costs

Staff costs comprise:

	2017 £'000	2016 £'000
Wages and salaries	16,001	11,811
Employer's National Insurance contributions	1,869	1,218
Defined contribution pension cost	622	415
Share based payment expense	2	7
	18,494	13,451

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

	2017 Number	2016 Number
Engineering, production and professional	413	284
Sales and marketing	7	8
Administration and management	44	43
	464	335

4 Directors' remuneration

The remuneration of the directors was as follows:

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

	Salaries & fees 2016 £'000	Other benefits 2016 £'000	Total 2016 £'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 (which is controlled by them and is therefore a related party). The amount due under these agreements, which is in addition to the amounts disclosed above, for the year amounted to £528,000 (2016: £615,000). Amounts owed to D2L Partners LLP at the year end totalled £nil (2016: £nil).

4 Directors' remuneration *(continued)*

The amount paid to David Buchler in the year was paid to DB Consultants Limited (which is controlled by him and is therefore a related party) and no amounts were outstanding at the year end (2016: £nil). None of the directors were members of the Group's defined contribution pension plan in the year (2016: none).

5 Operating segments

Analysis by business segment:

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

2017	**Automotive consulting 2017 £'000**	**Security solutions 2017 £'000**	**Food manufacturing 2017 £'000**	**Investing and management services 2017 £'000**	**Total 2017 £'000**
Revenue	27,265	284	15,869	-	43,418
Profit/(loss) before tax(1)	3,604	47	635	(832)	3,454

2016	**Automotive consulting 2016 £'000**	**Security solutions 2016 £'000**	**Food manufacturing 2016 £'000**	**Investing and management services 2016 £'000**	**Total 2016 £'000**
Revenue	17,372	382	15,190	20	32,964
Profit/(loss) before tax(1)	1,485	163	1,149	(813)	1,984

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

2016	**Automotive consulting 2016 £'000**	**Security solutions 2016 £'000**	**Food manufacturing 2016 £'000**	**Investing and management services 2016 £'000**	**Total 2016 £'000**
Assets	4,834	207	11,136	19,190	35,367
Liabilities/provisions	(2,895)	(209)	(5,412)	(226)	(8,742)
Net assets(2)	1,939	(2)	5,724	18,964	26,625

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

5 Operating segments *(continued)*

2017	Automotive consulting 2017 £'000	Security solutions 2017 £'000	Food manufacturing 2017 £'000	Investing and management services 2017 £'000	Total 2017 £'000
Capital spend	34	6	223	-	263
Depreciation	48	3	613	-	664
Amortisation/impairment	30	-	1	-	31
Interest income (non-Group)	-	-	-	38	38
Interest expense (non-Group)	44	-	120	-	164
Tax expense	650	-	25	-	675

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

Geographical analysis:

	External revenue by location of customers		Non-current assets by location of assets	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
UK	38,550	29,064	5,812	5,991
Rest of Europe	3,403	2,612	-	-
Other	1,465	1,288	-	-
	43,418	32,964	5,812	5,991

The Group had 2 (2016: 3) customers that individually accounted for in excess of 10% of the Group's continuing revenues as follows:

	2017 £'000	2016 £'000
First customer (automotive solutions segment)	11,621	3,697
Second customer (food manufacturing segment)	6,671	6,713

6 Discontinued operations

Cash received in 2016 in respect of discontinued activities consisted of the final payment in respect of the disposal of the Group's stake in JMP Consultants Limited ("JMP") which was sold on 18 December 2015 for cash consideration of £8,506,000, of which the Group's share was £6,477,000.

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

	2017 £'000	2016 £'000
Investment revenues	93	186
Other gains and losses	-	(22)
Finance income		
Bank interest receivable	38	49
Finance expense		
Bank interest	(58)	(64)
Finance lease interest	(23)	(19)
Other interest and finance charges	(83)	(79)
	(164)	(162)

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

	2017 £'000	2016 £'000
Current tax expense – current year	707	271
Current tax expense – adjustments in respect of prior years	(35)	-
Deferred tax expense recognised in income statement – current year	(25)	105
Deferred tax expense recognised in income statement – adjustments in respect of prior years	28	(65)
Total tax expense recognised in income statement	675	311
Tax recognised directly in equity	135	-
Total tax recognised	810	311

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:

	2017 £'000	2016 £'000
Profit before tax	3,454	1,984
Expected tax charge based on the prevailing rate of corporation tax in the UK of 19.25% (2016: 20%)	665	397
Effects of:		
Expenses not deductible for tax purposes	41	51
Income/gains not subject to tax	(18)	(37)
Deferred tax not recognised	(8)	1
Effect of changes in rate of tax	3	(36)
Adjustments in respect of prior years	(8)	(65)
Total tax recognised in income statement	675	311

8 Income tax *(continued)*

Deferred tax assets and liabilities are recognised at rates of tax substantively enacted as at the balance sheet date. Deferred tax assets are recognised to the extent that they are considered recoverable. See also note 19.

Factors that may affect the future tax charge

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

9 Earnings per share

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

Earnings for the purposes of earnings per share:	**2017 £'000**	**2016 £'000**
Profit attributable to equity holders of the parent company:	2,251	1,334

Weighted average number of shares for the purposes of earnings per share:	**2017 No.**	**2016 No.**
Weighted average number of ordinary shares in issue	3,987,670	4,085,958
Dilutive effect of potential ordinary shares	-	-
Weighted average number of ordinary shares for diluted EPS	3,987,670	4,085,958

There were no share options (or other dilutive instruments) in issue during the year or the previous year in respect of the parent company's shares.

10 Subsidiaries

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

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

Note 1 – Registered at Shire House, Tachbrook Road, Leamington Spa, Warwickshire, CV31 3SF, England.
Note 2 – Registered at c/o Wright, Johnston & Mackenzie LLP, 302 St Vincent St, Glasgow, G2 5RZ, Scotland.
Note 3 – Registered at Tournament Court, Edgehill Drive, Warwick, CV34 6LG, England.
Note 4 – Registered at Bismarckstraβe 30, 64668 Rimbach, Germany.
Note 5 – Registered at Office No 1562 NCI Tower, 12a Jianguomenwai Avenue, 100022 Beijing,China.
Note 6 – Registered at 75 Wensleydale Drive, Mornington, Victoria 3931, Australia.
Note 7 – The Group owns 100% of the A ordinary shares and none of the B ordinary shares of Impetus Automotive Limited, which at the date of these financial statements gives an economic interest in the total equity of approximately 83%. Impetus Automotive Limited owns 100% of Impetus Automotive GmbH, Impetus Automotive Consulting Services (Beijing) Co., Ltd and Impetus Automotive Pty Limited.

11 Goodwill and other intangible assets

	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost			
At 1 January 2016, 1 January 2017 and 31 December 2017	380	601	981
Amortisation			
At 1 January 2016	-	530	530
Charge for 2016	-	32	32
Charge for 2017	-	31	31
At 31 December 2017	-	593	593
Net book value			
At 31 December 2017	380	8	388
At 31 December 2016	380	39	419

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

As required by IAS 38 goodwill is not amortised and is instead tested annually for impairment. The business unit to which the goodwill attaches generated profits (before tax and intra-group management and interest charges) of over £3m and the carrying value of the goodwill is £380,000. Impairment testing therefore readily indicates that there is no impairment in the carrying value of goodwill, even if extremely conservative assumptions are used.

Other intangible assets comprise a mix of intellectual property rights and software. The net book value of internally-generated intangible assets was £8,000 (2016: £39,000).

12 Property, plant and equipment

	Short Leasehold Property £'000	Freehold Property £'000	Plant & Machinery £'000	Total £'000
Cost or valuation				
At 1 January 2016	180	2,430	4,640	7,250
Additions	-	-	322	322
Disposals	-	-	(322)	(322)
At 31 December 2016 and 1 January 2017	180	2,430	4,640	7,250
Additions	-	-	263	263
Revaluation	-	120	-	120
Disposals	-	-	(14)	(14)
At 31 December 2017	180	2,550	4,889	7,619
Accumulated depreciation				
At 1 January 2016	63	95	1,319	1,477
Disposals	-	-	(235)	(235)
Charge for the year	12	22	402	436
At 31 December 2016 and 1 January 2017	75	117	1,486	1,678
Disposals	-	-	(7)	(7)
Reversed on revaluation	-	(140)	-	(140)
Charge for the year	12	23	629	664
At 31 December 2017	87	-	2,108	2,195
Net book value				
At 31 December 2017	93	2,550	2,781	5,424
At 31 December 2016	105	2,313	3,154	5,572

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

The net book value of property, plant and equipment held on finance leases was £748,000 (2016: £779,000).

Management consider there to be no indicators to suggest that any items of property, plant and equipment are impaired. Property, plant and equipment (which is all held within subsidiaries) with a net book value of £5.42 million is pledged as collateral for Group borrowings (all of which are within subsidiaries).

13 Inventories

	2017 £'000	2016 £'000
Raw materials	472	754
Finished products	994	1,328
	1,466	2,082

The total amount of inventories consumed in the year and charged to cost of sales was £12.35 million (2016: £9.21 million).

14 Financial assets (current)

	2017 £'000	2016 £'000
Available-for-sale investments	6,335	-

During the year the Group invested in equity securities pursuant to its treasury management policies. The investments are carried at fair value as stated above. The historic cost of investments held at the balance sheet date was £6,258,000 (2016: £nil).

15 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	9,108	6,512
Less: provision for impairment of trade receivables	-	(1)
Net trade receivables	9,108	6,511
Other receivables	301	271
Amounts recoverable on contracts	395	218
Prepayments and accrued income	300	231
	10,104	7,231

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

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

	2017 £'000	2016 £'000
Trade receivables	3,676	6,431
Borrowings	(687)	(1,521)
	2,989	4,910

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

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

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

The ageing analysis of trade receivables is disclosed below:

	2017 £'000	2016 £'000
Up to 3 months	8,936	6,431
3 to 6 months	172	80
6 to 12 months	-	-
Over 12 months	-	1
	9,108	6,512

16 Trade and other payables (current)

	2017 £'000	2016 £'000
Trade payables	1,964	1,723
Other tax and social security	1,337	759
Other payables	101	108
Accruals	1,991	1,214
Deferred income	630	627
	6,023	4,431

The fair value of all trade and other payables approximates to book value at 31 December 2017 and at 31 December 2016.

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, none of the Group's investments were interest bearing.

Foreign currency risk

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency (sterling). The Directors monitor and review their foreign currency exposure on a regular basis; 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.

17 Financial instruments – risk management *(continued)*

Liquidity risk

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

Credit risk

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

Other market price risk

The Group has generated a significant amount of cash and this has been held partly as cash deposits and partly invested pursuant to the Group's investing strategy. Investments were made in 2017 in equity funds, which reflect the Group's need to access capital. The presence of these investments expose the Group to market price risk. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances, as they seek to balance the competing priorities of risk management and return maximisation.

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:

	2017 £'000	**2016 £'000**
Total debt	(2,643)	(3,662)
Add cash and cash equivalents	12,119	20,063
Net funds	9,476	16,401
Total equity (capital)	26,144	26,625
Net funds to capital ratio	36.2%	61.6%

Reconciliation of Movement in Net Cash

	Net cash at 1 January 2017 £'000	**Cash flow £'000**	**Repayment of borrowings £'000**	**Other non-cash items £'000**	**Net cash at 31 December 2017 £'000**
Cash at bank and in hand	20,063	(7,944)	-	-	12,119
Borrowings	(3,662)	-	1,093	(74)	(2,643)
	16,401	(7,944)	1,093	(74)	9,476

18 Financial assets and liabilities – numerical disclosures

Analysis of financial assets by category:

	2017 £'000	2016 £'000
Non-financial items carried at fair value		
Freehold property	2,550	2,430
Financial instruments carried at fair value		
Available for sale investments	6,335	-
Assets carried at amortised cost		
Loans and receivables	10,105	7,000
Cash and cash equivalents	12,119	20,063
Total financial assets and non-financial assets carried at fair value	31,109	29,493
Liabilities carried at amortised cost		
Trade and other payables	3,402	2,590
Borrowings	2,643	3,662
Total financial liabilities	6,045	6,252

Fair values

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

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

The Directors consider the carrying values of all financial assets and liabilities to be a reasonable approximation of their fair values.

Available for sale investments fall under Level 1 in the IFRS7 fair value hierarchy. Freehold property falls under Level 3. Freehold property was valued by an independent qualified person as at 5 December 2017 using RICS guidelines on an open market value basis.

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

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:

	2017 £'000	2016 £'000
Sterling		
No fixed maturity	6,335	-

18 Financial assets and liabilities – numerical disclosures (continued)

Maturity of financial liabilities

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

	2017 £'000	2016 £'000
Less than six months	831	1,647
Six months to one year	144	125
One to two years	283	259
Two to five years	456	588
More than five years	929	1,043
	2,643	3,662

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

	2017 £'000	2016 £'000
Loans and other borrowings (current)	783	1,613
Finance leases (current)	192	159
Loans and other borrowings (non-current)	1,353	1,448
Finance leases (non-current)	315	442
	2,643	3,662

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

	2017 £'000	2016 £'000
Less than six months	870	1,690
Six months to one year	181	165
One to two years	348	331
Two to five years	586	742
More than five years	1,064	1,218
	3,049	4,146

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

	2017 £'000	2016 £'000
Loans and other borrowings (current)	839	1,674
Finance leases (current)	212	182
Loans and other borrowings (non-current)	1,664	1,814
Finance leases (non-current)	334	476
	3,049	4,146

18 Financial assets and liabilities – numerical disclosures (continued)

Maturity of financial liabilities

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

	2017 £'000	2016 £'000
Less than six months	3,733	2,590

19 Deferred tax

Movements in deferred tax provisions are outlined below:

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

Previous year movements were as follows:

	Accelerated tax depreciation £'000	Other timing differences £'000	Losses £'000	Total £'000
At 1 January 2016	(432)	(36)	133	(335)
Recognised in P&L during the year	47	45	(133)	(41)
At 31 December 2016	(385)	9	-	(376)

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

	2017 £'000	2016 £'000
Tax losses carried forward	595	583
Excess of depreciation over capital allowances	4	3
Short term temporary differences	11	8
Net unrecognised deferred tax asset	610	594

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

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

20 Share capital

	Authorised			
	2017 Number	**2017 £'000**	**2016 Number**	**2016 £'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			
	2017 Number	**2017 £'000**	**2016 Number**	**2016 £'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 417,595 (2016: nil) of its own Ordinary shares for total consideration of £3,458,000 (2016: nil). This brought the total number of Ordinary shares held in treasury to 2,538,711 with an aggregate nominal value of less than £1.

Rights attaching to deferred shares & A and B shares

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

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

21 Reserves

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

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

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

22 Operating leases

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

	Land and buildings 2017 £'000	Other 2017 £'000	Land and buildings 2016 £'000	Other 2016 £'000
Not later than one year	144	891	144	269
Later than one year and not later than five years	552	114	552	166
Later than five years	363	-	499	-
	1,059	1,005	1,195	435

23 Share-based payments

The Company has previously operated two share-based payment schemes, an approved EMI equity-settled share-based remuneration scheme for certain employees and an unapproved equity-settled share scheme for certain management. All options issued have now either lapsed or been exercised, such that there are no options in issue as at 31 December 2017 (2016: nil). All options in issue were fully vested prior to 1 January 2016, hence there is no share based payment charge in 2017 or 2016, in respect of share options issued by the company.

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

This gave rise to a share-based payments charge in the income statement of £2,000 (2016: £7,000) based on an independent valuation exercise prepared for the company. Detailed disclosures regarding the share-based payments charge have not been included in the financial statements as the amounts involved are immaterial.

24 Related party transactions

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

25 Contingent liabilities

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

26 Non-controlling interests

The non-controlling interests of £1,958,000 (2016: £1,406,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2017 in the following subsidiaries:

Name of subsidiary	2017 £'000	2016 £'000
NMT Group Limited	72	74
Impetus Automotive Limited	652	205
Shire Foods Limited	1,234	1,127
	1,958	1,406

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

	Impetus Automotive Limited		Shire Foods Limited	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-current assets	163	209	5,264	5,401
Current assets	8,141	4,624	5,556	5,735
Non-current liabilities	-	-	(1,668)	(1,890)
Current liabilities	(4,586)	(3,726)	(2,458)	(3,221)
Provisions	(79)	(87)	(514)	(379)
Net assets (equity)	3,639	1,020	6,180	5,646
Attributable to:				
Group	2,988	815	4,946	4,519
Non-controlling interests	651	205	1,234	1,127
	3,639	1,020	6,180	5,646
Revenue	27,266	17,372	15,869	15,190
Profit for the year after tax (stated after intra-group management and interest charges)	2,620	942	410	773
Profit for the year attributable to non-controlling interests	447	184	82	155

27 Events after the balance sheet date

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

Volvere plc

Parent Company financial statements

Year ended 31 December 2017

Parent Company balance sheet

Company number 04478674

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible fixed assets	3	-		1	
Investments	4	5,433		5,523	
			5,433		5,524
Current assets					
Debtors	5	262		1,428	
Cash at bank and in hand		9,402		18,151	
Investments	6	6,335		-	
		15,999		19,579	
Creditors: amounts falling due within one year	7	(4,907)		(4,904)	
Net current assets			11,092		14,675
Total assets less current liabilities			16,525		20,199
Net assets			16,525		20,199
Capital and reserves					
Called up share capital	9		50		50
Share premium account			3,640		3,640
Fair value reserve			77		-
Profit and loss account			12,758		16,509
Shareholders' funds			16,525		20,199

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2018 and were signed on their behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 51 to 55 form part of these financial statements.

Parent Company statement of changes in equity

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

2016	**Share capital** £'000	**Share premium** £'000	**Fair value reserve** £'000	**Retained earnings** £'000	**Total** £'000
Transfer to profit and loss on disposal	-	-	617	(617)	-
Profit for the year	-	-	-	593	593
Total comprehensive income for the year	-	-	617	(24)	593
Balance at 1 January	50	3,640	(617)	16,533	19,606
Balance at 31 December	50	3,640	-	16,509	20,199

The notes on pages 51 to 55 form part of these financial statements.

1 Accounting policies

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

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

The principal accounting policies are summarised below.

Cash flow statement

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

Tangible fixed assets

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

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

Fixed asset investments

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

Taxation

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

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

1 Accounting policies *(continued)*

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

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

Financial instruments

<u>Current asset investments</u>

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

<u>Other financial assets</u>

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

<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 loss after tax of £293,000 (2016: loss £24,000) 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 2017	9	19	28
Additions	-	-	-
At 31 December 2017	9	19	28
Accumulated depreciation			
At 1 January 2017	9	18	27
Charge for the year	-	1	1
At 31 December 2017	9	19	28
Net book value			
At 31 December 2017	-	-	-
At 31 December 2016	-	1	1

4 Fixed asset investments

	Shares in group undertakings 2017 £'000	Shares in group undertakings 2016 £'000
Net book value		
Cost	5,811	5,811
Impairment	(378)	(288)
Net book value	5,433	5,523

There was an impairment charge of £90,000 (2016: £88,000) to write down the carrying value of one of the company's investments to the company's share of the net assets of the relevant subsidiary.

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

5 Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	250	1,406
Other debtors	6	16
Prepayments and accrued income	6	6
	262	1,428

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

6 Current asset investments

	2017 £'000	2016 £'000
Current asset investments	6,335	-

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

7 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	14	14
Amounts due to Group companies	4,759	4,759
Other creditors	44	34
Accruals and deferred income	90	97
	4,907	4,904

8 Share-based payments

Equity settled share option schemes

See note 23 of the consolidated financial statements for details.

9 Share capital

	Authorised			
	2017 Number	2017 £'000	2016 Number	2016 £'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			
	2017 Number	2017 £'000	2016 Number	2016 £'000
Ordinary shares of £0.0000001 each	6,207,074	-	6,207,074	-
Deferred shares of £0.00000001 each	4,999,994,534,696	50	4,999,994,534,696	50
		50		50

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

10 Related party transactions

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

During the year the company had management charges receivable from NMT Group Limited (“NMT”) of £151,000 (2016: £154,000), from Shire Foods Limited (“Shire”) of £100,000 (2016: £100,000) and from Impetus Automotive Limited (“IAL”) of £192,000 (2016: £192,000). NMT, Shire and IAL are subsidiary undertakings.

At 31 December 2017, amounts due to NMT were £4,759,000 (2016: £4,759,000) and interest charged to the Company by NMT amounted to £61,000 (2016: £67,000).

Also, at 31 December 2017 an amount of £nil (2016: £66,000) was owed by Shire and an amount of £66,000 (2016: £23,000) was owed by IAL. Interest of £nil (2016: £40,000) was charged to Shire in the year.