



# **VOLVERE PLC**

Annual report and financial statements

Year ended 31 December 2020



**Contents**

**Page**

1	Directors and professional advisers
2	Strategic report
11	Corporate governance report
17	Directors' report
20	Statement of Directors' responsibilities
21	Independent auditor's report
26	Consolidated income statement
27	Consolidated statement of comprehensive income
28	Consolidated statement of changes in equity
29	Consolidated statement of financial position
30	Consolidated statement of cash flows
31	Notes forming part of the consolidated financial statements
59	Parent Company balance sheet
60	Parent Company statement of changes in equity
61	Notes forming part of the Parent Company financial statements

---

**Country of incorporation**

England and Wales

**Company secretary**

Nick Lander

**Company number**

04478674

**Registered office**

Shire House  
Tachbrook Road  
Leamington Spa  
Warwickshire  
CV31 3SF

Tel: 020 7634 9700

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

## **Volvere plc**

### **Directors and professional advisers**

---

#### **Directors**

*David Buchler, Non-Executive Chairman, aged 69*

David is a Chartered Accountant and has over 37 years of experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, one of the UK's leading financial recovery and restructuring specialists, which was acquired by the Kroll Inc. Company in 1999, the world's leading risk mitigation firm. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, as well as a member of the Institute for Turnaround, Trustee of Syracuse University, former Vice-Chairman of Tottenham Hotspur Football Club and former Deputy Chairman of the English National Opera. He has been, and is, a Director of a number of public companies.

*Jonathan Lander, Chief Executive Officer, aged 53*

Jonathan is a founder and Chief Executive Officer of Volvere. He has over 30 years of experience in financial services, including ten years with Credit Suisse First Boston, SG Warburg and Nomura. In 1998 he founded D2L, a venture capital firm which ran one of the first technology start-up accelerators in London. 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 54*

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

#### **Bankers**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

#### **Solicitors**

Keystone Law  
48 Chancery Lane  
London  
WC2AV 1JF

Marriott Harrison LLP  
11 Staple Inn  
London  
WC1V 7QH

#### **Nominated adviser**

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

#### **Auditor**

James Cowper Kreston  
Reading Bridge House  
George Street  
Reading  
RG1 8LS

#### **Joint Broker**

Hobart Capital Markets LLP  
Dean Bradley House  
52 Horseferry Road  
London  
SW1 2AF

#### **Joint Broker**

Canaccord Genuity Limited  
88 Wood Street  
London  
EC2V 7QR

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 2020.

The Group’s performance in 2020 was encouraging, with a strong trading performance from Shire Foods and improving performance from Indulgence Patisserie, which was acquired during the year. The Group’s net assets per share\* reduced to £13.65 (2019: £13.85), reflecting the losses incurred at Indulgence offset partly by an increase in the value of Shire’s property.

In October 2020 we raised £9.70m net of expenses in an over-subscribed placing. I would like to take this opportunity to thank our existing shareholders for their support and welcome our new shareholders to the register.

The lifting of national and international trading restrictions related to the COVID-19 pandemic will influence the timing of improved trading performance in our existing portfolio. Opportunities to make further acquisitions are expected to increase as government support for businesses is reduced. We remain cautiously optimistic about the prospects for the Group as a whole.

**David Buchler**  
**Chairman**

27 May 2021

\*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 19.

### **Chief Executive’s statement**

#### **Introduction**

Most of 2020 was dominated by the tragic consequences of the COVID-19 pandemic. The human and economic costs have affected everybody, including the Group’s employees and businesses. Despite the troubling and uncertain environment, the Group’s companies have continued to operate. I am very grateful to all our staff who worked tirelessly to enable us to manufacture the products our customers needed in a very difficult time.

The results for 2020 reflect the trading performance of Shire Foods Limited (“Shire”) and those of Indulgence Patisserie Limited (“Indulgence”), which was acquired in February 2020. Shire’s trading was outstanding, with Indulgence showing encouraging signs of improvement in the second half of the year.

#### **Principal activities**

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

The sole trading subsidiaries’ activity during the year was food manufacturing. The financial performance of the Group’s segments is summarised below and set out in more detail in the financial review, as well as in note 5 to the consolidated financial statements.

The Group acquired the business and certain assets of Indulgence Patisserie Limited (“Indulgence”) in February 2020. Indulgence manufactures premium, frozen cakes and desserts and supplies customers in the United Kingdom and Europe from its base in Colchester.

## **Operating review**

### *Food manufacturing*

The food manufacturing segment now comprises two companies – Shire Foods and Indulgence Patisserie.

Shire, in which the Group has an 80% stake, was acquired in 2011 and manufactures frozen pies, pasties and other pastry products for food retailers and food service customers. Indulgence, which is wholly owned, was acquired in February 2020 and manufactures premium frozen cakes and desserts for food retailers and food service customers.

Revenues for the segment as a whole, which also represented total Group revenues, were £30.81 million, with profit before tax and intra-group management and interest charges\* of £0.79 million. Profit before tax was £0.59 million – with the difference being intra-group interest and management charges. Prior period comparatives (which were for Shire only) are shown in the Shire information below.

### Shire Foods

Revenues grew to a record £27.19 million (2019: £23.04 million) with a record profit before tax, intra-group interest and management charges\* of approximately £1.81 million (2019: £1.38 million). Profit before tax was £1.61 million (2019: £1.18 million) – with the difference being intra-group interest and management charges. Further commentary on the financial performance is set out in the financial review.

There was some contraction in sales to the foodservice channel in the earlier part of the year as restaurants and schools *et cetera* remained closed, however this was more than offset by growth in the retail sales channel as people ate at home more often for large parts of the year. Following the reopening of schools, foodservice sales largely recovered.

Particularly pleasing was the continuing development of our own vegan brand “Naughty Vegan”, which has been growing sales in both retail and foodservice. We have three savoury products in the range manufactured by Shire (and two from Indulgence), which will launch later this year.

An additional manufacturing line has been successfully commissioned which has eased capacity pressure and enabled us to offer a wider range of savoury products than would otherwise have been possible.

Further information about Shire can be found at [www.shirefoods.com](http://www.shirefoods.com).

### Indulgence Patisserie

The COVID-19 pandemic took hold shortly after the acquisition of Indulgence and resulted in the widespread curtailing or closure of foodservice channels – upon which the Indulgence business had traditionally been heavily dependent. Whilst this was frustrating, the strategic rationale for our acquisition remained intact – to increase Indulgence’s retail channel penetration and to grow the Group’s foodservice offering. With the advent of the pandemic, our efforts in the retail channel redoubled during the year, with some encouraging results.

Revenues for the period were £3.62 million and the loss before tax was approximately £1.02 million. There was no group interest and no management charges levied during the year on Indulgence given the level of losses. The financial performance in the second half of 2020 showed improvement compared to the first half, with higher retail volumes.

We have made many changes in the business during the period, including appointing new suppliers, increasing our product range, putting in place new information and reporting systems and encouraging a culture of autonomy and responsibility. We have also invested in new plant and equipment. The focus, however, has been primarily on product and sales channel development. We are confident that our strategy will generate growth in 2021 and beyond, building on Indulgence’s reputation for product quality.

Further information about Indulgence can be found at [www.indulgence.co.uk](http://www.indulgence.co.uk).

## **COVID – 19**

The safety of our staff and site visitors is important to us. Throughout the COVID-19 pandemic we have put in place measures to protect their well-being as much as we reasonably can. We are satisfied that we should be able to function through another pandemic scenario similar to that experienced this year. As noted above, the COVID-19 pandemic has affected both the Group’s trading businesses, but Indulgence more significantly. In Shire, foodservice represented about 12% of sales in 2020 (2019: 12.5%). In Indulgence, foodservice represented about 20% of sales for the period (no comparative data exists but the proportion is believed to have been much higher historically).

### *Investing and management services*

The Group’s investing and management services segment comprises central overheads, partially offset by management and interest charges to Group companies and returns from treasury management activities on current asset investments.

## **Outlook**

The economic effect (coupled with the fallout from Brexit) has not created the number of distressed opportunities that we expected in October 2020, when we raised capital.

We believe that this is because UK government support schemes have, to a large extent, enabled affected businesses to avoid closure and/or filing for insolvency. Evicting tenants for non-payment of rent has been all but banned and wage subsidy schemes and government-sponsored loans have been plentiful. As a result, some of the common triggers that generate deal flow for us are absent.

These support schemes are however now being wound down, and some businesses will have to face debt burdens that may prove to be unserviceable. This, coupled with any further unanticipated disruption, should increase the Group’s investment opportunities.

Whilst we continue to look at potential investments in all sectors, in the meantime we remain committed to the growth and development of our food businesses and to building on them both organically and by acquisition.

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

27 May 2021

## Financial performance

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

### Overview

The Group's acquisition on 7 February 2020 of the business and certain assets of Indulgence Patisserie Limited means that these are the maiden results including that business. Group revenue from continuing operations increased by approximately 33.7% to £30.81 million (2019: £23.04 million), all of which arose in Shire and Indulgence.

The overall loss before tax for the year was £0.55 million (2019: profit £3.2 million, including a profit arising from discontinued operations of £3.1 million). The underlying continuing operations' performance in 2020 was affected by the losses in Indulgence, which more than offset the improved trading in Shire.

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

### Food manufacturing

This segment reflects the trading of Shire Foods, owned since July 2011 and Indulgence Patisserie, owned since February 2020. The segment consists of savoury pastry and cakes and desserts manufacturing.

#### Shire Foods

Revenues were £27.19 million for the year (2019: £23.04 million), with a profit before tax, intra-group interest and management charges\* of approximately £1.81 million (2019: £1.38 million). Profit before tax was £1.61 million (2019: £1.18 million) – with the difference being intra-group interest and management charges.

The materials margin percentage improved slightly compared to 2019, but direct labour and distribution costs both increased, the latter of which were notably higher, even allowing for the growth in volumes.

Perhaps not surprisingly, we have started to see raw material price inflation across several key spend areas in 2021 and these are likely to impact margins during the year. We are working with customers wherever possible to try to implement price rises or agree other mitigating steps.

During 2020 the company invested a further £0.86 million (2019: £1.9 million) in new plant. All this year's investment was funded from Shire's own resources. The Group provided £0.46 million in working capital loans in the second half of 2020 to meet seasonal working capital requirements, all of which were repaid prior to the year end. Shire's land and buildings, which are freehold, were revalued subsequent to the year end at £3.75 million (compared to a carrying value of £2.43 million) and the increase of £1.31 million (before deferred tax) has been reflected in the year end statement of financial position.

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Revenue	27,189	23,036	18,344	15,869	15,190
Underlying profit before tax, intra-group management and interest charges	1,813	1,384	854	635	1,149
Intra-group management and interest charges	(200)	(200)	(200)	(200)	(240)
Profit before tax	<u>1,613</u>	<u>1,184</u>	<u>654</u>	<u>435</u>	<u>909</u>



## Volvare plc - Annual report and financial statements for the year ended 31 December 2020

### Strategic report (continued) – Financial review (continued)

#### Indulgence Patisserie

The business and assets of Indulgence are held in two wholly owned Group companies, one consisting of the properties owned and occupied by Indulgence and the other comprising the trading business. For the purposes of these financial statements the results have been presented as though they were one entity since that is the way in which the Indulgence business is operated and managed.

The results for the 11-month period following the acquisition were significantly affected by the closure of the foodservice sector in the United Kingdom and Europe for much of 2020. Revenues for the period were £3.62 million and the loss before tax was approximately £1.02 million. There was no group interest and no management charges levied during the year on Indulgence given the level of losses.

As there is no reliable historical financial information available, we present below the financial performance split between the first and second halves of 2020 to show progress achieved.

	7 February – 30 June Unaudited 2020 £'000	1 July – 31 December Unaudited 2020 £'000	Year ended 31 December Audited 2020 £'000
Revenue	923	2,697	3,620
Underlying loss before tax, intra-group management and interest charges	(601)	(417)	(1,018)
Intra-group management and interest charges	-	-	-
Loss before tax	<u>(601)</u>	<u>(417)</u>	<u>(1,018)</u>

Throughout the period the Group has provided working capital loans to Indulgence. The amounts provided as at 31 December 2020 were as follows:

	As 31 December 2020 £'000
Acquisition of business and assets	1,307
Working capital loans provided during period	2,933
Group loans outstanding	<u>4,240</u>

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

Whilst continuing to review and assess further investments in trading activities, the Group continued to hold significant cash. All cash has been held on deposit at UK banks but prevailing low interest rates have meant continuing low investment revenues, amounting to £0.08 million (2019: £nil million).

The Group's net finance expense was £0.07 million (2019: net income £0.06 million). In line with prior periods, individual Group trading companies utilise leverage where appropriate, and without recourse to the remainder of the Group, which attracts some external interest expense.

#### Profit from discontinued business

In the prior year the Group sold Sira Defence and Security for a total consideration of £3 million.

## **Statement of financial position**

### *Overall position*

Group net assets were £37.18 million at the year end (2019: £26.99 million), an increase of £10.19 million. The increase reflects the consideration from the share placing in October 2020 (which raised £9.70 million net of expenses) and the effects of the revaluation of Shire's land and buildings, offset by the trading losses in the year.

### *Cash and current investments*

Year-end cash totalled £23.71 million (2019: £19.3 million).

The principal outflows of cash during the year arose from the acquisition of Indulgence and the follow-on investment in the supply chain, purchases of plant and machinery and debt repayments, offset by the placing proceeds.

The funds held in escrow of £2.39 million and £0.24m from the disposals of Impetus Automotive and Sira respectively were received in full during the year.

## **Dividends**

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

## **Purchase of own shares**

During the year the Company purchased 3,000 (2019: 1,283,927) of its own shares, which are held in treasury, at a cost of £0.04 million (2019: £16.6 million).

## **Earnings per share**

Basic and diluted loss per ordinary share from continuing operations was (40.4)p (2019: (5.7)p). The basic and diluted profit per ordinary share from discontinued operations was Nil (2019: 127.9p). Total basic and diluted loss per ordinary share were (40.4)p (2019: profit 122.2p).

## **Investing strategy**

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

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

The Company may invest in any company (or similar structure) or third-party fund on a short or long-term basis, where the Directors have experience of investing, especially where such investment is similar or complementary to an existing or past investment of the Company.

The Company may also create and invest in fund vehicles owned, managed or controlled by the Company, including where there is the possibility of raising third party investment; and invest in third party funds where the investment strategy of those funds is in the Directors' opinion similar to that of the Company, and specifically including funds that invest in distressed debt and equity, or that invest in derivative securities of distressed debt or equity.

**Strategic report (continued) – Financial review (continued)**

---

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

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

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

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

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

**Key performance indicators (KPIs)**

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

Internally, management uses a variety of non-financial KPIs as follows: in respect of the food manufacturing sector order intake, manufacturing output and sales are monitored weekly and reported monthly and order intake is monitored monthly in respect of the security solutions segment.

**Principal risk factors**

The Company and Group face a number of specific business risks that could affect the Company's or Group's success. The Company and Group invests in distressed businesses and securities, which by their nature often carry a higher degree of risk than those that are not distressed. The Group's businesses are principally engaged in the provision of goods and services that are dependent on the continued employment of the Group's employees and availability of suitable, profitable workload. In the food manufacturing segment, there is a dependency on a small number of customers and a reduction in the volume or range of products supplied to those customers or the loss of any one of them could impact the Group materially. The current COVID-19 pandemic could impact on the Group's employees, customers and suppliers but has not had a material effect to date.

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 16 to the consolidated financial statements.

**Energy and carbon reporting**

As neither Volvere plc nor any qualifying subsidiaries have consumed more than 40,000 kWh of energy in this reporting period, they qualify as low energy users under the regulations and are not required to report on any emissions, energy consumption or energy efficient activities.

**Statement by the Directors relating to their statutory duties under s172(1) Companies Act 2006**

The Board of Directors considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

The Company is a holding company for which the investing strategy is approved by members annually at the Company's Annual General Meeting. The Company's success in following this investing strategy is measurable in terms of the value arising over time from the Company's investments.

The Board of Directors had regard, amongst other matters, to the:

- likely consequences of any decision on the long term;
- interests of the Group's employees;
- need to foster relationships with customers, suppliers and others;
- impact of the Group's operations on the communities in which the Group's businesses operate;
- impact of the Group's operations on the environment;
- desirability of maintaining a reputation for high standards of business conduct;
- need to act fairly between the members of the Company.

The broad range of stakeholders and their interests means that it may not be possible to deliver outcomes that meet all individual interests. Whilst there is an inherent and probable interdependency between the success of the Company's underlying investments and the Company itself over time, there may be occasions where actions in relation to those investments taken, or not taken, in the interests of the Company's stakeholders' by the Board could be perceived as, or be, in conflict with stakeholder interests in the investments themselves.

The Board engages with the Group's stakeholders both directly and indirectly at an operational level through the Group's management responsibility structure. Direct engagement includes members of the Board communicating with stakeholders personally in appropriate circumstances. In addition, the Board reviews and challenges the strategies and financial and operational performances of its individual trading businesses, including risk management, legal and regulatory compliance, through periodic reporting processes and management review meetings. The Company makes Stock Market announcements whenever required or considered necessary.

The Board:

- ensures that any recommendations from relevant regulators are properly considered;
- assesses risk in the application of capital when making investment decisions and in making follow-on investments, whether by way of equity or debt;
- through its own and its subsidiaries' employment practices seeks to reward employees fairly and to create a safe and secure environment;
- encourages its subsidiaries to maintain regular, open and honest contact with their customers and suppliers, working collaboratively;
- encourages subsidiaries to support charitable activities in their local communities and to consider the impact of their operations on the local community;
- seeks to minimise negative effects of the Company's operations on the environment by minimising travel and encouraging its subsidiaries to minimise waste and recycle materials wherever practicable.

These activities give the Board an overview of stakeholder engagement and effectiveness, including opportunities to improve further, and enables the Directors to comply with their legal duty under s172 of the Companies Act 2006.

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

27 May 2021

**Corporate governance report**

---

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

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

The QCA Code is constructed around ten broad principles and a set of disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. Except as set out below, the Board considers that it does not depart from any of the principles of the QCA Code. The information below was last updated on 11 May 2020.

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

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

**Explanation**

The Company's strategy is to identify and invest in undervalued and/or distressed businesses and securities as well as businesses that are complementary to existing Group companies. The Company provides management services to those businesses.

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

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

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

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

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

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

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

**Compliance Departure and Reason** – None.

## **2. Seek to understand and meet shareholder needs and expectations**

### **Explanation**

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

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

**Compliance Departure and Reason** – None.

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

### **Explanation**

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

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

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

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

**Compliance Departure and Reason** – None.

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

### **Explanation**

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

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

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

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

**Compliance Departure and Reason** – None.

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

**Explanation**

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

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

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

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

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

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

**Explanation**

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

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

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

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

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

**Explanation**

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

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



Corporate governance report (*continued*)

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

**Explanation**

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

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

**Compliance Departure and Reason** – None.

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

**Explanation**

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

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

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

Corporate governance report (*continued*)

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

**Corporate governance report (continued)**

---

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

**Compliance Departure and Reason** – None.

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

**Explanation**

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

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

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

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

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

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

## **Directors' report**

---

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

### **Business review and indication of likely future developments**

The business review and indication of likely future developments are included within the Strategic Report.

### **Dividends**

The Directors do not recommend the payment of a dividend (2019: £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 19. The Company has shares in issue in the following classes:

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

None of the Company's shares have a right to fixed income. The Ordinary shares carry the right to one vote each at general meetings of the Company. The Deferred shares carry no rights to participate in the profits or assets of the Company (until a threshold return of assets of £10 billion has been reached) and carry no voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. Only the Ordinary shares are admitted to trading on AIM.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

At the Company's annual general meeting on 29 June 2020 a number of resolutions were passed in relation to the Company's capital structure. Those remaining in force are summarised below:

- The Directors may allot, grant options over, offer or otherwise deal with or dispose of any equity securities in the capital of the Company up to a maximum aggregate nominal amount of £2.00, such authority to expire fifteen months after the passing of the resolution or if earlier, on the conclusion of the next annual general meeting.
- The Directors may allot equity securities wholly for cash and/or to sell or transfer shares held by the Company in treasury. This authority shall be limited to the allotment (or sale or transfer of shares held in treasury) when in connection with an offer by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange or otherwise. In addition, other than pursuant to an offer by way of rights, the Directors may exercise such authority in respect of Ordinary shares having up to an aggregate nominal amount of £2.00. The authority expires fifteen months after the date the resolution was passed or if earlier, on the conclusion of the next annual general meeting.
- The Company may make one or more market purchases of Ordinary shares of the Company provided that the maximum aggregate number of shares authorised to purchase is 917,091 and the minimum price paid per share is £0.0000001. In addition unless the Company makes market purchases of its own Ordinary shares by way of tender or partial offer made to all holders of Ordinary shares on the same terms, the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than 20 per cent above the average of the closing offer prices for an Ordinary share as derived from the AIM Appendix to the London Stock Exchange Official List for the five business days immediately preceding the date on which the Ordinary share is purchased. The authority expires fifteen months after the date the resolution was passed or if earlier, on the conclusion of the next annual general meeting.

**Directors' report (continued)**

---

**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. Additionally, David Buchler offers himself for re-election, having served more than 10 years as a Director.

**Directors' interests**

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

	<b>Number of Ordinary Shares 31 December 2020</b>	<b>% of Total Voting Rights 31 December 2020</b>	<b>Number of Ordinary Shares 31 December 2019</b>	<b>% of Total Voting Rights 31 December 2019</b>
David Buchler	45,000	1.74%	45,000	2.45%
Jonathan Lander	240,037	9.33%	240,037	13.09%
Nick Lander	131,947	5.13%	131,947	7.19%

No director held any share options at 31 December 2020 or 2019. No material changes in directors' shareholdings (or options) occurred between 31 December and the date of this report.

**Political and charitable donations**

The Group made no donations to political organisations in 2020 (2019: nil). Charitable donations in the year were £nil (2019: nil).

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee involvement**

The Group places considerable value on the involvement of its employees and has continued to keep them appropriately informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees at a local level.

**Directors' report (continued)**

---

**Substantial shareholdings**

On 25 May 2021 the Company had been notified of the following voting rights (other than the Directors whose interests are disclosed earlier) as a shareholder of the Company:

<b>Name of shareholder</b>	<b>Number of Ordinary Shares</b>	<b>% of issued Ordinary Share Capital and Voting Rights</b>	<b>Nature of holding</b>
Lombard Odier	281,480	10.94%	Direct
Canaccord Genuity Group	187,114	7.27%	Direct
Burgan Bank K.P.S.C.	178,500	6.94%	Direct
Premier Miton	100,380	3.90%	Direct

**Supplier payment policy**

The Group's policy is to agree payment terms with its suppliers and to abide by those agreed terms. At the year end the Group had an average of 36 days (2019: 29 days) of purchases outstanding.

**Auditor**

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint James Cowper Kreston as auditor will be proposed at the forthcoming annual general meeting.

**Disclosure of information to the auditor**

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Signed by order of the Board**

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

27 May 2021

Company number: 04478674

**Statement of Directors' responsibilities**

---

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**On behalf of the Board**

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

27 May 2021

## **Opinion**

We have audited the financial statements of Volvere plc (the 'Company') for the year ended 31 December 2020 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the parent company balance sheet and related notes, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- Have been properly prepared in accordance with the financial reporting frameworks as outlined above; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for Opinion**

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

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **An overview of the scope of our audit**

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



**Independent auditor's report to the members of Volvere plc (*continued*)**

---

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

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

**Key audit matters**

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

Revenue recognition

*Risk description*

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

*How the scope of our audit responded to the risk*

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

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

*Key observations*

The results of our testing were satisfactory.

Completeness of liabilities

*Risk description*

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

*How the scope of our audit responded to the risk*

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

*Key observations*

The results of our testing were satisfactory.

Stock existence and valuation

*Risk description*

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

*How the scope of our audit responded to the risk*

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

*Key observations*

The results of our testing were satisfactory.

Business combination

*Risk description*

The Group acquired the trade and assets of Indulgence Foods Limited and Indulgence Patisserie Limited in the year. Acquisition accounting is inherently complex and subject to management judgement.

*How the scope of our audit responded to the risk*

We performed appropriate audit procedures to gain reasonable assurance that the business combination was accounted for in accordance with the commercial arrangements for the purchase, and in accordance with relevant accounting standards. Our procedures included agreeing material elements of the acquisition to the sale and purchase agreement and considering the appropriateness and completeness of fair value adjustments. We also reviewed the relevant disclosures.

*Key observations*

The results of our testing were satisfactory.

**Our application of materiality**

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

Based on our professional judgements we determined materiality for the consolidated financial statements as a whole to be £725,000 and for the parent company financial statements to be £575,000 based upon 2% of net assets.

**Independent auditor's report to the members of Volvere plc (*continued*)**

---

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

**Other information included in the annual report**

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

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with the applicable legal requirements.

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

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

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

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

**Responsibilities of directors**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

### **Use of our report**

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

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

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

Date: 27 May 2021

# Volvere plc - Annual report and financial statements for the year ended 31 December 2020

## Consolidated income statement

	Note	2020 £'000	2019 £'000
<b>Continuing operations</b>			
Revenue	5	30,809	23,036
Cost of sales		(25,803)	(19,454)
<b>Gross profit</b>		<b>5,006</b>	<b>3,582</b>
Distribution costs		(1,857)	(1,225)
Administrative expenses		(3,624)	(2,281)
<b>Operating (loss)/profit</b>	2	<b>(475)</b>	<b>76</b>
Finance expense	7	(152)	(118)
Finance income	7	80	179
<b>(Loss)/profit before tax</b>		<b>(547)</b>	<b>137</b>
Income tax credit/(expense)	8	29	(31)
<b>(Loss)/profit for the year from continuing operations</b>		<b>(518)</b>	<b>106</b>
Profit for the year from discontinued operations		-	3,078
<b>(Loss)/profit for the year</b>		<b>(518)</b>	<b>3,184</b>
Attributable to:			
- Equity holders of the parent		(792)	2,942
- Non-controlling interests		274	242
		<b>(518)</b>	<b>3,184</b>
<b>Earnings per share</b>			
9			
Basic			
- from continuing operations		(40.4)p	(5.7)p
- from discontinued operations		-	127.9p
Total		(40.4)p	122.2p
Diluted			
- from continuing operations		(40.4)p	(5.7)p
- from discontinued operations		-	127.9p
Total		(40.4)p	122.2p

The notes on pages 31 to 57 form part of these financial statements.

## Volvere plc - Annual report and financial statements for the year ended 31 December 2020

### Consolidated statement of comprehensive income

---

	2020 £'000	2019 £'000
<b>(Loss)/profit for the year</b>	(518)	3,184
<b>Other comprehensive income</b>		
Revaluation of freehold land and buildings	1,065	-
<b>Total comprehensive income for the year</b>	547	3,184
Attributable to:		
- Equity holders of the parent	60	2,942
- Non-controlling interests	487	242
	547	3,184

The notes on pages 31 to 57 part of these financial statements.

## Volvere plc - Annual report and financial statements for the year ended 31 December 2020

### Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total £'000
<b>2020</b>							
Loss for the year	-	-	(13)	(779)	(792)	274	(518)
Revaluation of property	-	-	852	-	852	213	1,065
<b>Total comprehensive income for the year</b>	-	-	839	(779)	60	487	547
<b>Balance at 1 January</b>	50	3,640	100	21,610	25,400	1,589	26,989
Transactions with owners:							
Sale of own treasury shares	-	4,245	-	5,437	9,682	-	9,682
Purchase of own treasury shares	-	-	-	(39)	(39)	-	(39)
<b>Total transactions with owners</b>	-	4,245	-	5,398	9,643	-	9,643
<b>Balance at 31 December</b>	50	7,885	939	26,229	35,103	2,076	37,179

	Share capital £'000	Share premium £'000	Revaluation reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total £'000
<b>2019</b>							
Profit for the year	-	-	-	2,942	2,942	242	3,184
<b>Total comprehensive income for the year</b>	-	-	-	2,942	2,942	242	3,184
<b>Balance at 1 January</b>	50	3,640	100	35,180	38,970	1,447	40,417
Transactions with owners:							
Purchase of own treasury shares	-	-	-	(16,512)	(16,512)	-	(16,512)
Dividend paid to non-controlling interests	-	-	-	-	-	(100)	(100)
<b>Total transactions with owners</b>	-	-	-	(16,512)	(16,512)	(100)	(16,612)
<b>Balance at 31 December</b>	50	3,640	100	21,610	25,400	1,589	26,989

The notes on pages 31 to 57 form part of these financial statements.

# Volvare plc - Annual report and financial statements for the year ended 31 December 2020

## Consolidated statement of financial position

Company number 04478674

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	9,956	7,331
Total non-current assets		9,956	7,331
<b>Current assets</b>			
Inventories	12	4,020	2,204
Trade and other receivables	13	7,185	4,816
Cash and cash equivalents	14	23,711	19,317
Total current assets		34,916	26,337
<b>Total assets</b>		<b>44,872</b>	<b>33,668</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans and other borrowings	17	(1,452)	(1,154)
Leases	17	(388)	(466)
Trade and other payables	15	(3,333)	(2,408)
Total current liabilities		(5,173)	(4,028)
<b>Non-current liabilities</b>			
Loans and other borrowings	17	(1,044)	(1,151)
Leases	17	(1,087)	(1,334)
Total non-current liabilities		(2,131)	(2,485)
<b>Total liabilities</b>		<b>(7,304)</b>	<b>(6,513)</b>
<b>Provisions – deferred tax</b>	18	(389)	(166)
<b>Net assets</b>		<b>37,179</b>	<b>26,989</b>
<b>Equity</b>			
Share capital	19	50	50
Share premium account	20	7,885	3,640
Revaluation reserves	20	939	100
Retained earnings		26,229	21,610
<b>Capital and reserves attributable to equity holders of the Company</b>		<b>35,103</b>	<b>25,400</b>
<b>Non-controlling interests</b>	23	2,076	1,589
<b>Total equity</b>		<b>37,179</b>	<b>26,989</b>

The financial statements on pages 26 to 57 were approved by the Board of Directors and authorised for issue on 27 May 2021 and were signed on its behalf by:

Nick Lander  
Director

Jonathan Lander  
Director

The notes on pages 31 to 57 form part of these financial statements.



## Volvere plc - Annual report and financial statements for the year ended 31 December 2020

### Consolidated statement of cash flows

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>(Loss)/profit for the year</b>			(518)		3,184
Adjustments for:					
Finance expense	7	152		118	
Finance income	7	(80)		(179)	
Profit from discontinued operations	6	-		(3,078)	
Depreciation	11	979		633	
Operating lease rentals		(59)		-	
Income tax (credit)/expense	8	(29)		31	
			963		(2,475)
<b>Operating cash flows before movements in working capital</b>			445		709
Increase in trade and other receivables			(2,369)		(349)
Increase/(decrease) in trade and other payables			928		(18)
Decrease in inventories			(1,723)		(430)
Tax paid			-		(50)
<b>Cash used by continuing operations</b>			(2,719)		(138)
Operating cash flows from discontinued operations			-		(315)
<b>Net cash used by operating activities</b>			(2,719)		(453)
<b>Investing activities</b>					
Proceeds from sale of discontinued operations net of cash sold			-	3,138	
Purchase of property, plant and equipment			(957)	(916)	
Interest received	7	80		179	
Acquisition of business	10	(1,234)		-	
<b>Net cash (used by)/generated from investing activities</b>			(2,111)		2,401
<b>Financing activities</b>					
Interest paid	7	(144)		(118)	
Purchase of own shares (treasury shares)	19	(39)		(16,575)	
Sale of own shares (treasury shares)	19	9,682		-	
Net (repayment)/increase of borrowings		(275)		25	
Dividend paid by subsidiary to external shareholders		-		(100)	
<b>Net cash generated from/(used by) financing activities</b>			9,224		(16,768)
<b>Net increase/(decrease) in cash</b>			4,394		(14,820)
<b>Cash at beginning of year</b>			19,317		34,137
<b>Cash at end of year</b>			23,711		19,317

The notes on pages 31 to 57 form part of these financial statements.

## **1 Accounting policies**

### **Basis of accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"); these are presented on pages 58 to 64.

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

### **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 16 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, 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 enable it 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.

### **Basis of consolidation**

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

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

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

The results and net assets of subsidiaries whose accounts are denominated in foreign currencies are retranslated into Sterling at average and year-end rates respectively.

### **Business combinations**

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

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

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

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

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

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

### **Goodwill**

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

### **Revenue recognition**

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

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally when the customer has taken undisputed delivery of the goods. There are no service obligations attached to the sale of goods. Customer rebates are deducted from revenue.

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

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

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

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

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

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

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

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

### **Discontinued operations**

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

### **Operating segments**

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

Volvare 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 and Europe.

Financial information (including revenue and profit before tax and intra-group charges) is reported to the board on a segmental basis. Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before tax and intra-group charges. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned.

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

### **Leasing**

The company applies IFRS 16 Leases. Accordingly leases are all accounted for in the same manner:

- A right of use asset and lease liability is recognised on the statement of financial position, initially measured at the present value of future lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities are recognised in the statement of comprehensive income;
- The total amount of cash paid is recognised in the statement of cash flows, split between payments of principal (within financing activities) and interest (also within financing activities)

**The** initial measurement of the right of use asset and lease liability takes into account the value of lease incentives such as rent free periods.

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

**Leasing (*continued*)**

The costs of leases of low value items and those with a short term at inception are recognised as incurred.

**Foreign currencies**

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

**Retirement benefit costs**

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

**Taxation**

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

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

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

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

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

**Property, plant and equipment**

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

Freehold property	-	1.5% per annum
Plant and machinery	-	4%-33% per annum

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

### **Investments**

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

### **Investment income**

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

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

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

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

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

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

### **Share-based payments**

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

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

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Raw materials are valued at purchase price and the costs of ordinarily interchangeable items are assigned using a weighted average cost formula. The cost of finished goods comprises raw materials directly attributable to manufacturing processes based on product specification and packaging cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

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

### **Cash and cash equivalents**

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

### **Financial assets**

#### ***Recognition and derecognition***

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

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

#### ***Classification and initial recognition of financial assets***

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

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

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

The classification is determined by both:

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

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

#### ***Subsequent measurement of financial assets***

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

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

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

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

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

### **Financial assets (*continued*)**

#### ***Impairment of financial assets***

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

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

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

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

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

#### ***Trade and other receivables and contract assets***

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

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

#### ***Classification and measurement of financial liabilities***

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

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

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.



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

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

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

#### **Invoice discounting**

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

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

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

#### Significant management judgements (other than estimates)

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

##### *Consolidation*

Management have concluded that it is not appropriate to utilise the exemption from consolidation available to investment entities under IFRS 10 as the company is not considered to meet all of the essential elements of the definition of an investment entity as performance is not measured or evaluated on a fair value basis. Accordingly the consolidation includes all entities which the Company controls.

##### *Deferred tax asset*

The Group recognises a deferred tax asset in respect of temporary differences relating to capital allowances, revenue losses and other short term temporary differences when it considers there is sufficient evidence that the asset will be recovered against future taxable profits.

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

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

This requires management to make decisions on such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there is a change in the tax rates or to the period over which temporary timing differences might be recognised, the value of the deferred tax asset will need to be revised in a future period.

The most sensitive area of estimation risk is with respect to losses. The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, recognition of the benefit of these losses may result in a reduced tax charge in a future period.

#### Significant estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *Useful lives of depreciable assets*

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated income statement.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology or regulations.

#### *Inventories*

In determining the cost of inventories management have to make estimates to arrive at cost and net realisable value.

Furthermore, determining the net realisable value of the wider range of products held requires judgement to be applied to determine the saleability of the product and estimations of the potential price that can be achieved. In arriving at any provisions for net realisable value management take into account the age, condition and quality of the product stocked and the recent sales trend. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

#### *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.

#### *Recognition and calculation of right of use assets*

Management assesses the discount rate to be applied to the leases held on an annual basis. They ensure the discount rate is in line with market rate.

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

**New and revised standards and interpretations applied**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

In the current year, the Group has applied a number of amendments to Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. These have not had any material impact on the amounts reported for the current and prior years:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Covid-19 Related Rent Concessions (Amendment to IFRS 16).

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements, all of which are effective for the accounting period commencing 1 January 2022. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Narrow scope amendments to IFRS 3, IAS 16 and IAS 27
- Annual improvements to IFRS Standards 2018 – 2020
- Amendments to IAS 1: Classification of Liabilities as Current or non Current

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.

From 1 January 2021 the company will apply UK-adopted IAS. At the date of application, both UK-adopted IAS and EU-adopted IFRS will be the same.

**2 Operating (loss)/profit**

Operating (loss)/profit is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs	6,393	4,646
Depreciation of property, plant and equipment	979	633
Exchange loss	-	2
Auditor's fees – audit services	44	31
	<u>          </u>	<u>          </u>
The analysis of audit fees is as follows:		
- for the audit of the Company's annual accounts	8	8
- for the audit of the Company's subsidiaries' accounts	34	23
	<u>          </u>	<u>          </u>
	<u>42</u>	<u>31</u>

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

**3 Staff costs**

Staff costs comprise:

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Wages and salaries	5,811	4,229
Employer's National Insurance contributions	433	315
Defined contribution pension cost	149	102
	<u>6,393</u>	<u>4,646</u>

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

	<b>2020</b> <b>Number</b>	<b>2019</b> <b>Number</b>
Engineering, production and professional	201	146
Sales and marketing	8	7
Administration and management	39	31
	<u>248</u>	<u>184</u>

**4 Directors' remuneration**

The remuneration of the directors was as follows:

	<b>Salaries &amp; fees</b> <b>2020</b> <b>£'000</b>	<b>Other benefits</b> <b>2020</b> <b>£'000</b>	<b>Total</b> <b>2020</b> <b>£'000</b>
David Buchler	45	-	45
Jonathan Lander	147	-	147
Nick Lander	147	1	148
	<u>339</u>	<u>1</u>	<u>340</u>

  

	<b>Salaries &amp; fees</b> <b>2019</b> <b>£'000</b>	<b>Other benefits</b> <b>2019</b> <b>£'000</b>	<b>Total</b> <b>2019</b> <b>£'000</b>
David Buchler	45	-	45
Jonathan Lander	143	-	143
Nick Lander	143	1	144
	<u>331</u>	<u>1</u>	<u>332</u>

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement with D2L Partners LLP. The amount due under these agreements, which is in addition to the amounts disclosed above, for the year amounted to £650,000 (2019: £528,000). Amounts owed to D2L Partners LLP at the year end totalled £nil (2019: £nil).

The amount paid to David Buchler in the year was paid to DB Consultants Limited (which is controlled by him and is therefore a related party) and the amount outstanding at the year end was £11,250 (2019: £11,250).

None of the directors were members of the Group's defined contribution pension plan in the year (2019: none).

## 5 Operating segments

### Analysis by business segment:

An analysis of key financial data by business segment is provided below. The group's food manufacturing segment, which is an aggregation of the separate segments of savoury pastry and cake and desserts manufacturing, 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.

	<b>Food manufacturing 2020 £'000</b>	<b>Investing and management services 2020 £'000</b>	<b>Total 2020 £'000</b>
<b>Revenue</b>	30,809	-	30,809
<b>Profit/(loss) before tax<sup>(1)</sup></b>	794	(1,341)	(547)

	<b>Food manufacturing 2019 £'000</b>	<b>Investing and management services 2019 £'000</b>	<b>Total 2019 £'000</b>
<b>Revenue</b>	23,036	-	23,036
<b>Profit/(loss) before tax<sup>(1)</sup></b>	1,384	(1,247)	137

	<b>Food manufacturing 2020 £'000</b>	<b>Investing and management services 2020 £'000</b>	<b>Total 2020 £'000</b>
Assets	21,320	23,552	44,872
Liabilities/provisions	(7,963)	270	(7,693)
<b>Net assets<sup>(2)</sup></b>	13,357	23,822	37,179

	<b>Food manufacturing 2019 £'000</b>	<b>Investing and management services 2019 £'000</b>	<b>Total 2019 £'000</b>
Assets	14,336	19,332	33,668
Liabilities/provisions	(6,732)	51	(6,681)
<b>Net assets<sup>(2)</sup></b>	7,604	19,383	26,987

(1) stated before intra-group management and interest charges

(2) assets and liabilities stated excluding intra-group balances

5 Operating segments (continued)

	Food manufacturing 2020 £'000	Investing and management services 2020 £'000	Total 2020 £'000
Capital spend	1,147	2	1,149
Depreciation	978	1	979
Interest income (non-Group)	-	80	80
Interest expense (non-Group)	152	-	152
Tax expense	207	(236)	(29)

	Food manufacturing 2019 £'000	Investing and management services 2019 £'000	Total 2019 £'000
Capital spend	1,904	-	1,904
Depreciation	632	1	633
Interest income (non-Group)	-	179	179
Interest expense (non-Group)	118	-	118
Tax expense	38	(69)	(31)

Geographical analysis:

	External revenue by location of customers		Non-current assets by location of assets	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
UK	29,355	22,522	8,641	7,331
Rest of Europe	1,454	514	-	-
	<u>30,809</u>	<u>23,036</u>	<u>8,641</u>	<u>7,331</u>

The Group had 2 (2019: 3) customers (all in the food manufacturing segment) that individually accounted for in excess of 10% of the Group's continuing revenues as follows:

	2020 £'000	2019 £'000
First customer	11,858	8,761
Second customer	8,068	8,119
Third customer	-	3,037

There is minimal uncertainty over the timing and amount of revenue recognition in respect of continuing operations. The Group has no material balances which arise from contracts with customers save for trade receivables as set out in note 13.

## 6 Discontinued operations

On 23 May 2019 the group disposed of its subsidiary undertaking, Sira Defence and Security Limited. The group's share of the company was sold for a total of £3.0 million in cash, resulting in a gain of £3.1 million before tax.

Operating profit of Sira Defence and Security Limited until the date of disposal and the profit from disposal are summarised as follows:

	<b>2019</b> <b>£'000</b>
Revenue	154
Cost of sales	45
<b>Gross profit</b>	<b>199</b>
Administrative expenses	(578)
<b>Operating loss</b>	<b>(379)</b>
Finance expense	-
Loss from discontinued operations before tax	(379)
Income tax expense	27
<b>(Loss)/Profit for the period</b>	<b>(352)</b>
<b>Total gain on disposal</b>	<b>3,430</b>
<b>Profit for the year from discontinued operations</b>	<b>3,078</b>

All of the assets and liabilities were disposed of in this transaction.

Cash flows generated by Sira Defence and Security Limited for the reporting periods under review until its disposal were as follows:

	<b>2019</b> <b>£'000</b>
Operating activities	(315)
Investing activities	3,138
<b>Cash flows from discontinued operations</b>	<b>2,823</b>

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

**6 Discontinued operations (continued)**

Cash flows from investing activities relate solely to the proceeds from the sale of Sira Defence and Security Limited which was received in cash in 2019, of which £240,000 was held on escrow. At the date of disposal, the carrying amounts of Sira Defence and Security Limited's net assets were as follows:

	<b>2019</b>
	<b>£'000</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment	2
Total non-current assets	2
<b>Current assets</b>	
Trade and other receivables	112
Cash and cash equivalents	26
Total current assets	138
<b>Liabilities</b>	
<b>Current liabilities</b>	
Trade and other payables	(432)
<b>Total liabilities</b>	(432)
<b>Net liabilities</b>	(292)
Net liabilities disposed	(292)
Intra group charges	(134)
Total net consideration received in cash	3,004
<b>Gain on disposal</b>	3,430

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance income</b>		
Bank interest receivable	80	179
<b>Finance expense</b>		
Bank interest	(9)	14
Lease interest	(99)	(86)
Other interest and finance charges	(44)	(46)
	(152)	(118)



## Volvere plc - Annual report and financial statements for the year ended 31 December 2020

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

#### 8 Income tax

	2020 £'000	2019 £'000
Deferred tax (credit)/expense recognised in income statement – current year	(29)	31
<b>Total tax (credit)/expense recognised in income statement</b>	<b>(29)</b>	<b>31</b>
Deferred tax expense recognised in equity	252	-
<b>Total deferred tax recognised</b>	<b>223</b>	<b>31</b>

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

	2020 £'000	2019 £'000
Profit/(loss) before tax	(547)	137
Expected tax charge based on the prevailing rate of corporation tax in the UK of 19%	(104)	26
<u>Effects of:</u>		
Expenses not deductible for tax purposes	39	24
Income/gains not subject to tax	-	(3)
Deferred tax not recognised	-	(37)
Other adjustments	-	23
Effect of changes in rate of tax	7	(2)
Adjustments relating to prior periods	29	-
Total tax recognised in income statement	<b>(29)</b>	<b>31</b>

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 18.

#### 9 Earnings per share

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

Earnings for the purposes of earnings per share:	<b>2020 £'000</b>	<b>2019 £'000</b>
Profit attributable to equity holders of the parent company:		
From continuing operations	(792)	(136)
From discontinued operations	-	3,078
	<b>_____</b>	<b>_____</b>
Weighted average number of shares for the purposes of earnings per share:	<b>2020 No.</b>	<b>2019 No.</b>
Weighted average number of ordinary shares in issue	1,959,290	2,405,768
Dilutive effect of potential ordinary shares	-	-
	<b>_____</b>	<b>_____</b>
Weighted average number of ordinary shares for diluted EPS	<b>1,959,290</b>	<b>2,405,768</b>
	<b>_____</b>	<b>_____</b>

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

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

**10 Subsidiaries**

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

Name	Registered address	Principal Activity	Proportion of ownership interest in ordinary shares at 31 December 2020
Volvere Central Services Limited	Note 1	Group support services	100%
NMT Group Limited	Note 2	Investment	98.6%
Shire Foods Limited	Note 1	Food manufacturing	80%
Impetus Automotive Solutions Limited	Note 1	Dormant	100%
New Medical Technology Limited	Note 2	Dormant	98.6%
Zero-Stik Limited	Note 2	Dormant	98.6%
Indulgence Foods Limited (formerly Naughty Vegan Limited)	Note 1	Property holding company (Note 3)	100%
Indulgence Patisserie Limited (formerly Volvere Asset Management Limited)	Note 1	Food Manufacturing	100%
Naughty Vegan Limited	Note 1	Dormant	100%
Volvere Asset Management Limited	Note 1	Dormant	100%

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 – The property owned by this company relates solely to the activities undertaken by Indulgence Patisserie Limited.

**Acquisitions**

On 7 February 2020, the trade and certain assets of Indulgence Patisserie Limited were acquired by Volvere Asset Management Limited and Naughty Vegan Limited. Volvere Asset Management Limited and Naughty Vegan Limited were dormant subsidiaries of the group and they subsequently changed their names to Indulgence Patisserie Limited and Indulgence Foods Limited respectively. Both these companies operate in the food manufacturing industry (with the business and most plant and equipment owned by the former and the property assets owned by the latter). The acquisitions were made to enable the Group to grow and strengthen its position in the industry. The details of the business combination were as follows:

	Cost £'000	Fair value adjustment £'000	Fair value £'000
Fair value of property acquired	950	-	950
Fair value of plant and machinery	250	(60)	190
Inventories	-	86	86
Prepaid expenses	34	(26)	8
Net assets acquired	1,234	-	1,234
Consideration – cash			1,234
Goodwill arising			-

Acquisition costs amounting to £107,000 were expensed to the profit and loss account.

Of the Group's revenue for the year, £3,620,000 is attributable to the newly acquired businesses. They have also contributed £1,019,000 of loss to the Group's loss before tax.

**11 Property, plant and equipment**

	Freehold Property £'000	Plant & Machinery £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2019	2,550	5,861	8,411
Additions	-	1,906	1,906
Disposals	-	(16)	(16)
	<hr/>	<hr/>	<hr/>
At 31 December 2019 and 1 January 2020	2,550	7,751	10,301
Additions	-	1,149	1,149
Business Combination (see note 10)	950	190	1,140
Revaluation	1,200	-	1,200
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>4,700</u>	<u>9,090</u>	<u>13,790</u>
<b>Accumulated depreciation</b>			
At 1 January 2019	38	2,311	2,349
Disposals	-	(12)	(12)
Charge for the year	38	595	633
	<hr/>	<hr/>	<hr/>
At 31 December 2019 and 1 January 2020	76	2,894	2,970
Charge for the year	52	927	979
Revaluation	(115)	-	(115)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>13</u>	<u>3,821</u>	<u>3,834</u>
<b>Net book value</b>			
At 31 December 2020	<u>4,687</u>	<u>5,269</u>	<u>9,956</u>
At 31 December 2019	<u>2,474</u>	<u>4,857</u>	<u>7,331</u>

The freehold property owned by Shire Foods Limited was revalued by an independent valuation specialist to £3,750,000 in May 2021 and this valuation has been included as at 31 December 2020. During the year, the company acquired a freehold property as part of the Indulgence business combination. The property was purchased for £950,000. Under the historical cost model, the carrying value of freehold property would be £3,240,000. All other property, plant and equipment is carried at cost less accumulated depreciation. At the year end, the directors consider that the fair value of the properties is not materially different from their carrying values.

Management considers 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 £8.74 million is pledged as collateral for Group borrowings (all of which are within subsidiaries).

## 11 Property, plant and equipment (continued)

### Right of use asset

The Group leases certain plant and equipment. The average remaining lease term across all leases is 3.8 years. In all cases, the lease obligations are secured by the lessor's title to the leased assets. The right-of-use assets included in the statement of financial position are as follows:

#### Amounts recognised in the statement of financial position

<b>Group</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net book values	2,661	2,388

#### Amounts recognised in the statement of comprehensive income

<b>Group</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest expense on lease liabilities	99	86
Expense relating to short-term leases	9	12
Depreciation charge for the year	147	231

The aggregate undiscounted commitments for short-term and low value leases at the year-end was £Nil (2019: - £7,000).

## 12 Inventories

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials	1,503	782
Finished products	2,517	1,422
	<u>4,020</u>	<u>2,204</u>

The total amount of inventories consumed in the year and charged to cost of sales was £16.28 million (2019: £14.31 million).

## 13 Trade and other receivables

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	6,498	4,349
Less: provision for impairment of trade receivables	-	-
Net trade receivables	6,498	4,349
Other receivables	290	153
Prepayments and accrued income	397	314
	<u>7,185</u>	<u>4,816</u>

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.

### 13 Trade and other receivables (continued)

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

	2020 £'000	2019 £'000
Trade receivables	6,498	4,349
Borrowings	(1,452)	(1,051)
	<u>5,046</u>	<u>3,298</u>

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 food manufacturing segment. This segment has 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 all are denominated in Sterling.

The ageing analysis of trade receivables is disclosed below:

	2020 £'000	2019 £'000
Up to 3 months	6,102	4,097
3 to 6 months	311	252
6 to 12 months	85	-
Over 12 months	-	-
	<u>6,498</u>	<u>4,349</u>

### 14 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	23,711	19,317

Included within the 2019 cash at bank and in hand figure is an amount of £2,627,000 held in escrow. This was held to satisfy, in the first instance, any warranty or similar claims arising following the sale of Impetus Automotive Limited ("Impetus") and Sira Defence and Security Limited ("Sira"). The escrow retention periods were 18 months from the dates of sale. During the 2020 financial year, the full amounts relating to Impetus of £2,387,000 and Sira of £240,000 were released from escrow.

### 15 Trade and other payables (current)

	2020 £'000	2019 £'000
Trade payables	1,846	1,250
Other tax and social security	160	107
Other payables	34	34
Accruals	1,293	1,017
	<u>3,333</u>	<u>2,408</u>

The fair value of all trade and other payables approximates to book value at 31 December 2020 and at 31 December 2019.

## **16 Financial instruments – risk management**

The Group's principal financial instruments are:

- Trade receivables
- Cash at bank
- Loans and right of use leases
- Trade and other payables

The Group is exposed through its operations to the following financial risks:

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

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

### *Interest rate risk*

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

The Group's investments may attract interest at fixed or variable rates, or none at all. The market price of such investments may be impacted positively or negatively by changes in underlying interest rates. It is not considered relevant to provide a sensitivity analysis on the effect of changing interest rates since, at the year end, none of the Group's investments were interest bearing.

### *Foreign currency risk*

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency (sterling). The Directors monitor and review their foreign currency exposure on a regular basis. The Directors are of the opinion that the exposure to foreign currency risk is not significant.

### *Liquidity risk*

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

### *Credit risk*

The Group is mainly exposed to credit risk from credit sales. The Group's policy for managing and exposure to credit risk is disclosed in note 13.

## 16 Financial instruments – risk management (continued)

### *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.

### *Capital management*

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

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

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

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Total debt	(3,971)	(4,105)
Cash and cash equivalents	23,711	19,317
Net funds	19,740	15,212
Total equity (capital)	37,179	26,989
Net funds to capital ratio	53.1%	56.4%

### ***Reconciliation of movement in net cash***

	<b>Net cash</b> <b>at 1</b> <b>January</b> <b>2020</b> <b>£'000</b>	<b>Cash</b> <b>flow</b> <b>£'000</b>	<b>Repayment</b> <b>of</b> <b>borrowings</b> <b>£'000</b>	<b>Other</b> <b>non-</b> <b>cash</b> <b>items</b> <b>£'000</b>	<b>Net cash</b> <b>at 31</b> <b>December</b> <b>2020</b> <b>£'000</b>
Cash at bank and in hand	19,317	4,394	-	-	23,711
Borrowings	(4,105)	-	275	(141)	(3,971)
<b>Total financial liabilities</b>	<b>15,212</b>	<b>4,394</b>	<b>275</b>	<b>(141)</b>	<b>19,740</b>

Non-cash items of £141,000 relate to the increase in lease finance arising on the purchase of property, plant and equipment.

**17 Financial assets and liabilities – numerical disclosures**

*Analysis of financial assets by category:*

31 December 2020	Amortised cost £'000	FVTPL £'000	Total £'000
<b>Financial assets</b>			
Trade and other receivables	7,185	-	7,185
Cash and cash equivalents	23,711	-	23,711
<b>Total assets</b>	<b>30,896</b>	<b>-</b>	<b>30,896</b>
<b>Financial liabilities</b>			
Non-current borrowings	2,131	-	2,131
Current borrowings	1,840	-	1,840
Trade and other payables	3,333	-	3,333
<b>Total liabilities</b>	<b>7,304</b>	<b>-</b>	<b>7,304</b>
<b>31 December 2019</b>			
	Amortised cost £'000	FVTPL £'000	Total £'000
<b>Financial assets</b>			
Trade and other receivables	4,816	-	4,816
Cash and cash equivalents	19,317	-	19,317
<b>Total assets</b>	<b>24,133</b>	<b>-</b>	<b>24,133</b>
<b>Financial liabilities</b>			
Non-current borrowings	3,054	-	3,054
Current borrowings	1,051	-	1,051
Trade and other payables	2,408	-	2,408
<b>Total liabilities</b>	<b>6,513</b>	<b>-</b>	<b>6,513</b>

*Fair values*

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

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

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

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

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

*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 13 above) are as follows:

	2020 £'000	2019 £'000
Sterling		
No fixed maturity	-	-



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

*Maturity of financial liabilities*

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Less than six months	1,592	1,339
Six months to one year	248	281
One to two years	508	438
Two to five years	1,050	1,273
More than five years	573	774
	<u>3,971</u>	<u>4,105</u>

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Loans and other borrowings (current)	1,452	1,154
Leases (current)	388	466
Loans and other borrowings (non-current)	1,044	1,151
Leases (non-current)	1,087	1,334
	<u>3,971</u>	<u>4,105</u>

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Less than six months	1,639	1,387
Six months to one year	292	326
One to two years	590	522
Two to five years	1,229	1,492
More than five years	621	858
	<u>4,371</u>	<u>4,585</u>

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Loans and other borrowings (current)	1,495	1,202
Leases (current)	436	511
Loans and other borrowings (non-current)	1,219	1,367
Leases (non-current)	1,221	1,505
	<u>4,371</u>	<u>4,585</u>

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Less than six months	<u>1,378</u>	<u>1,357</u>

## 18 Deferred tax

Movements in deferred tax provisions are outlined below:

	Accelerated tax depreciation £'000	Other timing differences £'000	Re- valuations £'000	Losses £'000	Total £'000
At 1 January 2020	(315)	44	(135)	240	(166)
Recognised in P&L during the year	(170)	(34)	-	233	29
Recognised in equity - property revaluation	-	-	(252)	-	(252)
	<u>(485)</u>	<u>10</u>	<u>(387)</u>	<u>473</u>	<u>(389)</u>

Previous year movements were as follows:

	Accelerated tax depreciation £'000	Other timing differences £'000	Re- valuations £'000	Losses £'000	Total £'000
At 1 January 2019	(319)	-	(135)	319	(135)
Recognised in P&L during the year	4	44	-	(79)	(31)
At 31 December 2019	<u>(315)</u>	<u>44</u>	<u>(135)</u>	<u>240</u>	<u>(166)</u>

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

	2020 £'000	2019 £'000
Tax losses carried forward	641	573
Excess of depreciation over capital allowances	-	-
Short term temporary differences	-	-
Net unrecognised deferred tax asset	<u>641</u>	<u>573</u>

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

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

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

**19 Share capital**

	2020 Number	Authorised 2020 £'000	2019 Number	2019 £'000
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		<u>100</u>		<u>100</u>

  

	2020 Number	Issued and fully paid 2020 £'000	2019 Number	2019 £'000
Ordinary shares of £0.0000001 each	6,207,074	-	6,207,074	-
Deferred shares of £0.00000001 each	4,999,994,534,696	50	4,999,994,534,696	50
		<u>50</u>		<u>50</u>

*Treasury shares*

During the year the Company acquired 3,000 (2019: 1,283,927) of its own Ordinary shares for total consideration of £39,000 (2019: £16,512,000), and sold 740,740 (2019: Nil) of its own Ordinary shares for total consideration of £9,682,000. These transactions brought the total number of Ordinary shares held in treasury to 3,635,152 (2019: 4,372,892) with an aggregate nominal value of less than £1. At the year end the total number of Ordinary shares outstanding (excluding treasury shares) was 2,571,922 (2019: 1,834,182).

The sale of 740,740 treasury shares in the year resulted in an increase of £5,437,000 to retained earnings, being the weighted average cost of the shares sold, and an increase of £4,245,000 to share premium.

*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.

**20 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.

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

**21 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 other than in respect of out-of-pocket expenses properly incurred, and no other transactions with related parties.

**22 Contingent liabilities**

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

**23 Non-controlling interests**

The non-controlling interests of £2,076,000 (2019: £1,589,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2020 in the following subsidiaries:

Name of subsidiary	2020 £'000	2019 £'000
NMT Group Limited	69	70
Shire Foods Limited	2,007	1,519
	<u>2,076</u>	<u>1,589</u>

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

	<b>Shire Foods Limited</b>	
	2020 £'000	2019 £'000
Non-current assets	8,737	7,330
Current assets	8,955	7,006
Non-current liabilities	(2,075)	(2,485)
Current liabilities	(4,668)	(3,830)
Provisions	(898)	(416)
<b>Net assets (equity)</b>	<u>10,051</u>	<u>7,605</u>
Group	8,044	6,086
Non-controlling interests	2,007	1,519
	<u>10,051</u>	<u>7,605</u>
<b>Revenue</b>	<u>27,189</u>	<u>23,036</u>
<b>Profit for the year after tax (stated after intra-group management and interest charges)</b>	<u>1,382</u>	<u>1,221</u>
<b>Profit for the year attributable to non-controlling interests</b>	<u>274</u>	<u>244</u>

**Volvere plc**

Parent Company financial statements

Year ended 31 December 2020

**Volvere plc****Annual report and financial statements for the year ended 31 December 2020****Parent Company balance sheet****Company number 04478674**

	<b>Note</b>	<b>2020 £'000</b>	<b>2020 £'000</b>	<b>2019 £'000</b>	<b>2019 £'000</b>
<b>Fixed assets</b>					
Tangible fixed assets	3	-		-	
Investments	4	5,207		5,308	
			5,207		5,308
<b>Current assets</b>					
Debtors	5	4,838		2,676	
Cash at bank and in hand		23,371		16,784	
		28,209		19,460	
<b>Creditors: amounts falling due within one year</b>	6	(4,808)		(4,885)	
<b>Net current assets</b>			23,401		14,575
<b>Total assets less current liabilities</b>			28,608		19,883
<b>Net assets</b>			28,608		19,883
Called up share capital	7		50		50
Share premium account			7,885		3,640
Profit and loss account			20,673		16,193
<b>Shareholders' funds</b>			28,608		19,883

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2021 and were signed on their behalf by:

Nick Lander  
**Director**

Jonathan Lander  
**Director**

The notes on pages 61 to 64 form part of these financial statements.

**Volvere plc****Annual report and financial statements for the year ended 31 December 2020****Parent Company statement of changes in equity**

---

	Share capital £'000	Share premium £'000	Fair value reserve £'000	Retained earnings £'000	Total £'000
<b>2020</b>					
Loss for the year	-	-	-	(918)	(918)
Fair value gains	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	(918)	(918)
<b>Balance at 1 January</b>	50	3,640	-	16,193	19,883
Sale of own shares	-	4,245	-	5,437	9,682
Purchase of own shares	-	-	-	(39)	(39)
Balance at 31 December	<u>50</u>	<u>7,885</u>	<u>-</u>	<u>20,673</u>	<u>28,608</u>
<b>2019</b>					
Profit for the year	-	-	-	2,511	2,511
Fair value gains	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	2,511	2,511
<b>Balance at 1 January</b>	50	3,640	-	30,194	33,884
Purchase of own shares (treasury shares)	-	-	-	(16,512)	(16,512)
Balance at 31 December	<u>50</u>	<u>3,640</u>	<u>-</u>	<u>16,193</u>	<u>19,883</u>

The notes on pages 61 to 64 form part of these financial statements.

## **1 Accounting policies**

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

- disclosure requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
  - disclosure requirements of IFRS 7 Financial Instruments: Disclosures;
  - the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - disclosure requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements in respect of capital management;
  - disclosure about the effects of new but not yet effective IFRSs under IAS 8; and
  - disclosure requirements in respect of the compensation of Key Management Personnel under IAS 24 Related Party Disclosures.
- 
- the Company has not provided a cash flow statement as permitted by FRS 101

The principal accounting policies are summarised below.

### *Tangible fixed assets*

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

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*

#### Other financial assets

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

#### Financial liabilities and equity instruments

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

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

#### *Share-based payments*

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

## **2 Profit for the financial year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a loss after tax of £918,000 (2019: profit of £2,511,000) which is dealt with in the financial statements of the Parent Company.

### 3 Tangible fixed assets

	Plant & Machinery £'000	Total £'000
<b>Cost</b>		
At 1 January 2020	19	19
Additions	-	-
At 31 December 2020	<u>19</u>	<u>19</u>
<b>Accumulated depreciation</b>		
At 1 January 2020	19	19
Charge for the year	-	-
At 31 December 2020	<u>19</u>	<u>19</u>
<b>Net book value</b>		
At 31 December 2020	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>-</u>

### 4 Fixed asset investments

	Shares in group undertakings 2020 £'000	Shares in group undertakings 2019 £'000
<b>Net book value</b>		
Cost	5,308	5,811
Impairment	(101)	(503)
Net book value	<u>5,207</u>	<u>5,308</u>

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

### 5 Debtors

	2020 £'000	2019 £'000
Amounts owed by group undertakings	4,300	2,390
Deferred tax asset	480	245
Other debtors	47	36
Prepayments and accrued income	11	5
	<u>4,838</u>	<u>2,676</u>

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

## Volvere plc - Annual report and financial statements for the year ended 31 December 2020

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

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

	2020 £'000	2019 £'000
Trade creditors	24	3
Amounts due to Group companies	4,659	4,759
Other creditors	34	33
Accruals and deferred income	91	90
	<u>4,808</u>	<u>4,885</u>

#### 7 Share capital

	2020 Number	Authorised 2020 £'000	2019 Number	2019 £'000
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		<u>100</u>		<u>100</u>
		Issued and fully paid		
	2020 Number	2020 £'000	2019 Number	2019 £'000
Ordinary shares of £0.0000001 each	6,207,074	-	6,207,074	-
Deferred shares of £0.00000001 each	4,999,994,534,696	50	4,999,994,534,696	50
		<u>50</u>		<u>50</u>

Details of movements during the year, purchases of and sales of own shares and rights attaching to different classes of share capital are disclosed in note 19 to the consolidated financial statements.

#### 8 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 £145,000 (2019: £147,000), from Shire Foods Limited ("Shire") of £50,000 (2019: £50,000) and from Sira Defence and Security Limited ("SDS") of £nil (2019: £129,000). NMT and Shire are subsidiary undertakings. SDS was a subsidiary undertaking up to the 23<sup>rd</sup> May 2019.

At 31 December 2020, amounts due to NMT were £4,659,000 (2019: £4,759,000) and interest charged to the Company by NMT amounted to £59,000 (2019: £83,000).





