

Minoan Group Plc
Report and Financial Statements
Year ended 31 October 2014

Company registration no: 3770602

Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2014

Contents

Directors and Advisers	1
Chairman's Statement	2-3
Strategic Report	4-5
Directors' Report	6-7
Independent Auditor's Report	8-9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Cash Flow Statement	15
Note to the Consolidated Cash Flow Statement	16
Company Cash Flow Statement	17
Note to the Company Cash Flow Statement	18
Notes to the Financial Statements	19-47

Minoan Group Plc

Directors and Advisers

Directors

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

Company secretary

W C Cole FCA

Registered office

5 Old Bailey
London
EC4M 7BA

Head office

3rd Floor
Sterling House
20 Renfield Street
Glasgow
G2 5AP

Administration office

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

Bankers

HSBC Bank plc, London
Barclays Bank Plc, Glasgow

Legal advisers

Pinsent Masons LLP, London

Nominated adviser and broker

WH Ireland Limited, London

Registrars

Neville Registrars Limited, Halesowen, West Midlands

Independent auditor

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Minoan Group Plc

Chairman's Statement

Introduction

Substantial progress has been made in both of the Group's divisions during the year under review, the major benefits of which will be felt in the current year.

In Greece, the focus has been on the preparatory work for the Presidential Decree in respect of the Group's project in Crete (the "Project"). This successfully resulted in the recent announcement that the Plenum of the Greek Council of State has unanimously approved its terms. It now only remains for the Presidential Decree to be signed by the relevant Ministers and, finally, the President of the Greek Republic.

In the Travel and Leisure business, the increase in trading margins during the year is a very good illustration of the benefits of synergies that are beginning to emerge following brand integration, which we anticipate will accelerate in the current year

The increase has been reflected in the Group's annual results, with the loss before taxation reducing from £1,182,000 to £1,036,000 despite an increase of £253,000 in the charge in respect of share-based payments.

Greece

Work on the Project has continued. Discussions with joint venture partners and other interested parties have been ongoing and, although necessarily complex, these are expected to accelerate following the issuance of the Presidential Decree.

The recent change of Government in Greece has, as shareholders will have expected, caused a delay in the timetable but the announcement of the favourable decision of the Council of State indicates that Government business is ongoing.

With regard to the macro economic situation in Greece, it is not entirely clear what the future holds. In this context it is worth repeating that the new Greek Government has stated that it wishes to support the tourism industry as a major part of the Greek economy.

In the meantime, notwithstanding the economic crisis, work has continued on Sitia International airport where building works and the baggage handling facilities for the new International Terminal are complete. The terminal will be open for the summer season when an increased number of flights is expected. The new airport will have a positive long-term impact on the local tourist industry.

Travel and Leisure ("T&L")

The T&L Division has had a good year although this is not immediately obvious from a comparison of gross revenue. In April 2013, for regulatory purposes, the Group commenced the settlement of its travel business through the Hays Independence Group, which has resulted in a change in the way total transaction value, revenue and cost of sales are reported. The Group has also continued its policy of reducing the sale of lower margin travel products. The combination of both these factors means that the year on year figures are not comparable. Given this, the best figure to focus on is gross profit, which remains comparable and has increased by approximately 10% from £5,196,000 to £5,680,000.

Minoan Group Plc

Chairman's Statement (continued)

Travel and Leisure ("T&L") (continued)

With regard to the current year, in a market generally reported in the trade as flat, Stewart Travel is enjoying the best start to the year in its history. All subdivisions are showing healthy rises in both revenue and gross profit. From the beginning of the new financial year total transaction value and gross profit are cumulatively ahead year-on-year in excess of 15%.

Finally, since the year end new travel bureaux have been opened in Nottingham and Belfast.

Outlook

The Board believes that the Group is now well-positioned to reap the benefits of the hard work of recent years.

In Greece we are awaiting the issuance of the Presidential Decree in respect of the Project and, as stated above, the Group's travel business is enjoying the best start to a trading year in its history.

Conclusion

The coming months promise to be very exciting for the Group, its shareholders, Directors and staff and I look forward to making further announcements in the near future.

Christopher W Egleton

Chairman

30 March 2015

Minoan Group Plc

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2014.

Review of business

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

The directors are of the opinion that analysis using key performance indicators for the Project is not necessary for an understanding of the development, performance or position of that operation.

The key performance indicators used in the travel businesses are total transaction value and gross profit. Whilst total transaction value has decreased slightly from £51,164,000 to £50,757,000, gross profit has increased to from £5,196,000 to £5,680,000. This reflects the successful implementation of the Group's strategy of changing its business mix to concentrate on more profitable products.

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

Principal risks and uncertainties

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

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

The risks relating to the travel businesses are primarily its reliance on supply from tour operators and airlines, and changes in general economic and other business conditions which may adversely affect demand for tourism products. There are no material risks related to currency.

Going concern

The Board is confident that the value of the Group's asset in Crete, combined with its capital raising ability and the future prospects for development in other areas of activity, justifies the conclusion that it is appropriate to prepare the financial statements on the going concern basis (as described in more detail in note 1).

Certain costs in respect of the Project, which were reallocated to non-current assets in a prior year, were transferred to inventories during the year ended 31 October 2013. Although its long term commitment to the Project remains unchanged, the directors re-assessed the treatment of this asset in the light of changes in the project financing market and their previously stated intention to develop the Project with joint venture partners and other interested parties. In order to provide flexibility in their future plans, and having taken relevant advice, it was decided that the costs referred to above, previously shown in non-current assets, should be reallocated to current assets as at 31 October 2013. The directors envisage that any joint venture or partnership arrangements will preserve the nature of the Group's long term commitment to the Project.

Minoan Group Plc

Strategic Report (continued)

Corporate social responsibility

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

In conducting its travel business the Group ensures that it is compliant with all appropriate regulations, including those applicable to the protection of clients' funds. In addition, the Group ensures, as far as possible, that only reputable providers of holiday products are dealt with.

Approved by the Board of Directors and signed by order of the Board.

C W Egleton

Director

30 March 2015

Minoan Group Plc

Directors' Report

The directors present their annual report for the year ended 31 October 2014.

Principal activities

The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury hotels and resorts and in the operation of independent travel businesses, through which the Group provides a broad range of services including, inter alia, transportation, hotel and other accommodation and leisure services.

Results and dividends

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

The Group made a loss for the year, after taxation, of £1,036,000 (31 October 2013: £1,150,000). The loss also includes a charge in respect of share-based payments (note 17) in the amount of £639,000 (31 October 2013: £386,000). This charge does not involve any cash payment.

No dividend is proposed for the year (31 October 2013: Nil).

A review of the Group's business appears in the Chairman's Statement on page 2 and the Strategic Report on page 4.

Statement of directors' responsibilities

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Minoan Group Plc

Directors' Report (continued)

Statement of directors' responsibilities (continued)

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

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

Insurance

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

Events after the balance sheet date

The directors draw attention to the events disclosed in note 20.

Auditor and disclosure of information to the auditor

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

A resolution to re-appoint Chantrey Vellacott DFK LLP as the auditor for the ensuing year will be proposed at the Annual General Meeting of the Company in accordance with section 489 of the Companies Act 2006.

Approved by the Board of Directors and signed by order of the Board.

C W Egleton

Director

30 March 2015

Minoan Group Plc

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

We have audited the financial statements of Minoan Group Plc for the year ended 31 October 2014 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and the auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2014 and of the Group's loss for the year then ended.

Minoan Group Plc

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

Opinion on financial statements (continued)

- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - project in Crete and going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Chairman's Statement, the Strategic Report and in note 1 to the financial statements concerning the uncertainty regarding the Group's ability to secure detailed planning consents and project finance in order to bring its project in Crete to fruition and to continue as a going concern. This is, in turn, dependent on the Group's ability to continue to raise capital to finance its working capital requirements to move forward, whether with the Project or with the travel and leisure business.

The financial statements do not include any adjustments that would result if the Group was unsuccessful in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following where under the Companies Act 2006 we are required to report to you if, in our opinion:

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

David James (Senior Statutory Auditor)

for and on behalf of **CHANTREY VELLACOTT DFK LLP**

Chartered Accountants and Statutory Auditor

LONDON

30 March 2015

Minoan Group Plc

Consolidated Statement of Comprehensive Income Year ended 31 October 2014

	Notes to the Financial Statements	2014 £'000	2013 £'000
Total transaction value		50,757	51,164
Revenue		5,932	9,217
Cost of sales		(252)	(4,021)
Gross profit		5,680	5,196
Operating expenses		(5,306)	(5,416)
Other operating expenses:			
Corporate development costs		(501)	(457)
Charge in respect of share-based payments	17	(639)	(386)
Operating loss		(766)	(1,063)
Finance costs		(270)	(119)
Loss before taxation	3	(1,036)	(1,182)
Taxation	5	-	32
Loss after taxation		(1,036)	(1,150)
Profit for year attributable to non-controlling interest		-	22
Loss for year attributable to equity holders of the Company		(1,036)	(1,172)
Loss per share attributable to equity holders of the Company: Basic and diluted	6	(0.61)p	(0.78)p

All of the activities of the Group are classed as continuing.

The Group had no recognised gains and losses other than the results for the year set out above.

The notes on pages 19 to 47 form part of these financial statements.

Minoan Group Plc

Statements of Changes in Equity Year ended 31 October 2014

Consolidated

Year ended 31 October 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 November 2013	14,693	28,781	9,349	(11,997)	919	41,745
Loss for the year	-	-	-	(1,036)	-	(1,036)
Issue of ordinary shares at a premium	150	1,480	-	-	-	1,630
Acquisition of non-controlling interest	-	-	-	-	(919)	(919)
Share-based payments:						
Current year charges	-	-	-	639	-	639
Settlement of liabilities	-	-	-	439	-	439
Balance at 31 October 2014	14,843	30,261	9,349	(11,955)	-	42,498

Year ended 31 October 2013

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 November 2012	14,541	28,349	9,349	(11,084)	-	41,155
(Loss)/profit for the year	-	-	-	(1,172)	22	(1,150)
Issue of ordinary shares at a premium	152	432	-	-	-	584
Disposal of non-controlling interest	-	-	-	(127)	897	770
Share-based payments	-	-	-	386	-	386
Balance at 31 October 2013	14,693	28,781	9,349	(11,997)	919	41,745

Minoan Group Plc

Statements of Changes in Equity (continued) Year ended 31 October 2014

Company

Year ended 31 October 2014

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2013	14,693	28,781	2,673	46,147
Loss for the year	-	-	(1,074)	(1,074)
Issue of ordinary shares at a premium	150	1,480	-	1,630
Share-based payments charge:				
Current year charges	-	-	639	639
Settlement of liabilities	-	-	439	439
Balance at 31 October 2014	14,843	30,261	2,677	47,781

Year ended 31 October 2013

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2012	14,541	28,349	3,060	45,950
Loss for the year	-	-	(773)	(773)
Issue of ordinary shares at a premium	152	432	-	584
Share-based payments	-	-	386	386
Balance at 31 October 2013	14,693	28,781	2,673	46,147

Minoan Group Plc

Consolidated Balance Sheet as at 31 October 2014

	Notes to the Financial Statements	2014 £'000	2013 £'000
Assets			
Non-current assets			
Intangible assets	7	9,414	8,678
Property, plant and equipment	8	717	719
Total non-current assets		10,131	9,397
Current assets			
Inventories	10	40,042	38,367
Receivables	11	1,592	896
Cash and cash equivalents		127	271
Total current assets		41,761	39,534
Total assets		51,892	48,931
Equity			
Share capital	14	14,843	14,693
Share premium account		30,261	28,781
Merger reserve account		9,349	9,349
Retained earnings		(11,955)	(11,997)
		42,498	40,826
Non-controlling interest		-	919
Total equity		42,498	41,745
Liabilities			
Non-current liabilities	12	3,500	1,159
Current liabilities	12	5,894	6,027
Total liabilities		9,394	7,186
Total equity and liabilities		51,892	48,931

The financial statements on pages 10 to 47 were approved and authorised for issue by the Board of Directors on 30 March 2015.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Company Balance Sheet as at 31 October 2014

	Note to the Financial Statements	2014 £'000	2013 £'000
Assets			
Non-current assets			
Investments	9	27,366	26,436
Total non-current assets		27,366	26,436
Current assets			
Receivables	11	26,763	23,416
Cash and cash equivalents		1	35
Total current assets		26,764	23,451
Total assets		54,130	49,887
Equity			
Share capital	14	14,843	14,693
Share premium account		30,261	28,781
Retained earnings		2,677	2,673
Total equity		47,781	46,147
Liabilities			
Non-current liabilities	12	3,500	1,100
Current liabilities	12	2,849	2,640
Total liabilities		6,349	3,740
Total equity and liabilities		54,130	49,887

Company registration number: 3770602

The financial statements on pages 10 to 47 were approved and authorised for issue by the Board of Directors on 31 March 2015.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Consolidated Cash Flow Statement Year ended 31 October 2014

	Note to the Consolidated Cash Flow Statement	2014 £'000	2013 £'000
Cash flows from operating activities			
Net cash outflow from continuing operations	1	(2,138)	(1,887)
Finance costs		(270)	(119)
Net cash used in operating activities		(2,408)	(2,006)
Cash flows from investing activities			
Purchase of property, plant and equipment		(122)	(371)
Purchase of intangible assets		(713)	(315)
Non cash movement in intangible assets		(153)	(179)
Acquisition of shares in subsidiary company		(430)	-
Net cash used in investing activities		(1,418)	(865)
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		667	-
Loans received		3,081	1,760
Net proceeds from sale of shares in subsidiary company		-	770
Payments of hire purchase liabilities		(66)	(45)
Net cash generated from financing activities		3,682	2,485
Net decrease in cash		(144)	(386)
Cash at beginning of year		271	657
Cash at end of year		127	271

Minoan Group Plc

Note to the Consolidated Cash Flow Statement Year ended 31 October 2014

1 Cash flows from operating activities

	2014 £'000	2013 £'000
Loss before taxation	(1,036)	(1,182)
Finance costs	270	119
Depreciation	102	124
Amortisation	130	45
Loss on disposal of property, plant and equipment	-	102
Exchange loss/(gain) relevant to property, plant and equipment	22	(11)
Increase in inventories	(1,675)	(1,291)
Share-based payments	1,078	386
(Increase)/decrease in receivables	(696)	175
Decrease in current liabilities	(126)	(278)
Non cash movement in non-current assets	-	20,313
Non cash movement in inventories	-	(20,313)
Non cash movement in equity	(207)	(76)
Net cash outflow from continuing operations	(2,138)	(1,887)

Minoan Group Plc

Company Cash Flow Statement Year ended 31 October 2014

	Note to the Company Cash Flow Statement	2014 £'000	2013 £'000
Cash flows from operating activities			
Net cash outflow from continuing operations	1	(3,130)	(1,611)
Finance costs		(222)	(119)
Net cash used in operating activities		(3,352)	(1,730)
Cash flows from investing activities			
Acquisition of shares in subsidiary company		(430)	-
Net cash used in investing activities		(430)	-
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		667	-
Loans received		3,081	1,760
Net cash generated from financing activities		3,748	1,760
Net (decrease)/increase in cash		(34)	30
Cash at beginning of year		35	5
Cash at end of year		1	35

Minoan Group Plc

Note to the Company Cash Flow Statement Year ended 31 October 2014

1 Cash flows from operating activities

	2014 £'000	2013 £'000
Loss before taxation	(1,074)	(773)
Finance costs	222	119
Share-based payments	1,078	386
Increase in receivables	(3,347)	(694)
Increase/(decrease) in current liabilities	209	(73)
Non cash movement in investments	-	(500)
Non cash movement in equity	(218)	(76)
Net cash outflow from continuing operations	(3,130)	(1,611)

Minoan Group Plc

Notes to the Financial Statements Year ended 31 October 2014

1 Accounting policies

These consolidated financial statements are prepared in accordance with EU adopted International Financial Reporting Standards (“IFRS”) and the International Financial Reporting Interpretations Committee (“IFRIC”) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of accounting

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

No statement of comprehensive income is presented by the Company as permitted by Section 408 of the Companies Act 2006. The Company’s loss before taxation for the year ended 31 October 2014 was £1,074,000 (31 October 2013: £773,000).

Adoption of new and revised Standards

The International Accounting Standards Board and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements and which have not been adopted early:

Standard/Interpretation	Title	Effective date
IFRS 9	Financial instruments	1 January 2018
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017

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

Going concern

The directors have considered the financial and commercial position of the Group in relation to its project in Crete (the “Project”) and also in respect of its travel and leisure business. In particular, the directors have reviewed the matters referred to below.

A Plenum of the Greek Council of State, the highest court in Greece, has unanimously approved the draft presidential decree in respect of the Project with no dissenting opinions. The draft presidential decree approves the development plan and the strategic environmental impact study. The presidential decree now goes to the relevant Ministers and the President of the Greek Republic for signing.

Accordingly, the directors consider it relevant that having completed financial joint venture agreements (see note 12) prior to the above, and any other consents, they will conclude further Project joint venture agreements in the near term. In addition, the directors are considering other options which would have a major beneficial impact on the Group’s resources.

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

1 Accounting policies (continued)

Going concern (continued)

In addition to specific Project related matters as noted above, and as has been the case in the past, the Group continues to raise capital in order to meet its existing working capital requirements and the directors consider that any necessary funds will be raised as required.

With a number of acquisitions in the planned expansion of its Travel and Leisure business having been completed over period of time, the Group is now generating profits and cash flow within this sector of its activities.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries as at 31 October 2014 using uniform accounting policies. The Group's policy is to consolidate the income of subsidiaries acquired in the year from the date of acquisition to the Group's next accounting reference date. The financial statements of Loyalward Hellas S.A., the Company's Greek subsidiary, are consolidated using the currency exchange rate ruling at the period end. Intra-group balances are eliminated on consolidation.

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

Critical accounting estimates and judgements

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

- in capitalising the costs directly attributable to the Project (see inventories below), and continuing to recognise goodwill relating to the Project, the directors are of the opinion that the Project will be brought to fruition and that the carrying value of inventories and goodwill is recoverable.

Goodwill

Goodwill arising on acquisitions represents the difference between the fair value of the net assets acquired and the consideration paid.

Goodwill is tested annually for impairment. In particular, the directors have considered the current value of the Group's overall interest in the Project and its progress and are of the opinion that the Project site has longer term value in excess of the carrying value of inventories.

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

1 Accounting policies (continued)

Goodwill (continued)

The directors' opinion of the current value also takes into account the estimate dated 27 June 2011 of the development value of the Project site in the order of €100 million, which was included in the Company's AIM readmission document published on 30 September 2011 and which was reaffirmed in March 2012.

In addition, the directors are of the opinion that the projected value of the Travel and Leisure business, which is treated as one cash generating unit, is in excess of the value of the amount of goodwill attributable to it. This opinion is arrived at on the basis of the good names of the businesses acquired and the fact that the establishment of business clusters affords the Company the opportunity to realise certain economies of scale thus improving cash flow and profitability.

Goodwill arising from acquisitions has been recognised as an asset (see note 7).

Property, plant and equipment

In a prior year, certain costs in respect of the Project were reallocated to non-current assets. Although its long term commitment to the Project remains unchanged, the Group re-assessed the treatment of this asset in the year ended 31 October 2013 in the light of changes in the project financing market and its previously stated intention to develop the Project with joint venture partners and other interested parties. In order to provide flexibility in its future plans, and having taken relevant advice, the Group decided that the costs in respect of the Project previously shown in non-current assets should be shown as a current asset as at 31 October 2013. As a result, these costs were included in inventories. It is envisaged that any joint venture or partnership arrangements will preserve the nature of the Group's long term commitment to the Project.

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

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

Freehold land:	capital cost not depreciated
Leasehold improvements:	over the term of the lease
Acquisition costs of land:	3 years
Freehold property:	50 years
Plant and equipment:	3 to 5 years
Fixtures and fittings:	3 years
Motor vehicles:	3 to 5 years
IT projects:	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The directors consider that the book values of non-current assets do not differ materially from their market values.

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

1 Accounting policies (continued)

Research and development

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except that expenditure incurred on development projects (e.g. IT projects) is capitalised as an intangible asset to the extent that such expenditure is expected to generate future economic benefits. The expenditure is amortised over its useful economic life of five years.

Investments

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

Inventories

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

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Any translation differences arising are dealt with in the consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term deposits held with banks.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and shown less any provision for amounts considered irrecoverable.

Trade and other payables

Trade and other payables are recognised initially at fair value.

Leasing commitments

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Revenue

Depending upon the contractual arrangements with the customer the Group acts either as agent or principal. Where the Group acts as principal, revenue is stated at the contractual value of goods and services provided and is recognised typically when the customer pays the final balance due on the holiday purchased.

Where the Group acts as an agent between the service provider and the end customer, revenue is presented on a net basis as the difference between the sales to the customer and the cost of services purchased and not the total transaction value. When acting as an agent, revenue is recognised when it is notified by the principal as having been earned and due for payment.

Where the Group provides management or consultancy services, the value of such services is included in revenue and is recognised in the period in which these services are provided.

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

1 Accounting policies (continued)

Gross profit

Gross profit represents the aggregate amount earned on bookings where the Group acts as either agent or principal. In the case of the Group acting as principal, gross profit is the difference between the sales price to the customer (total transaction value) and the cost of services purchased.

Government grants

Government grants are recognised in the consolidated statement of comprehensive income when there is reasonable assurance that the conditions attached to them will be complied with and the grants will be received.

Share-based payments

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

The Company has also granted options and warrants to purchase Ordinary Shares of 1p each. A charge has been made in the consolidated statement of comprehensive income in respect of the LTIP, options and warrants using the Black-Scholes and Monte Carlo fair value pricing models as appropriate at the grant date and charged over the vesting periods. This charge does not involve any cash payment. A corresponding entry is recognised in equity.

Pensions

Loyalward Limited operates a stakeholder pension scheme for its employees.

Stewart Travel Limited operates a defined contribution pension scheme. Contributions payable to the pension scheme are charged to the consolidated statement of comprehensive income in the period to which they relate.

Taxation

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

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

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

1 Accounting policies (continued)

Taxation (continued)

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

2 Information regarding directors and employees

Directors’ and key management remuneration

	Costs taken to inventories £’000	Costs taken to the consolidated statement of comprehensive income £’000	Total £’000
Year ended 31 October 2014			
Fees	297	353	650
Sums charged by third parties for directors’ services	345	36	381
Share-based payments (note 17)	-	108	108
Salaries waived in lieu of grant of options - net of share based payment charge (see below)	-	(24)	(24)
	642	473	1,115
Year ended 31 October 2013			
Fees	241	460	701
Sums charged by third parties for directors’ services	362	60	422
Share-based payments (note 17)	-	378	378
	603	898	1,501

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2 Information regarding directors and employees (continued)

Directors' and key management remuneration (continued)

During the year outstanding fees of £236,000 due to the suppliers of directors' services, were settled by the issue of Ordinary Shares of 1p each in the Company issued at a price 10 pence per share. The outstanding fees settled in shares include £194,000 in respect of the services of the chairman. These amounts are in addition to the charge in respect of share-based payments.

In addition, during the year certain directors within the Group waived a total of £463,000 of outstanding fees due in exchange for the granting of options to purchase shares in the Company. The effect of this has been to reduce the remuneration appearing in the consolidated statement of comprehensive income for the year by £24,000 after adjusting for the share based payments charge in respect of these options.

The total directors' and key management remuneration shown above includes the following amounts in respect of the directors of the Company, adjusted for remuneration waived in exchange for the granting of options as referred to above:

	2014		2013	
	Fees/Sums charged by third parties	Share-based payments	Fees/Sums charged by third parties	Share-based payments
	£'000	£'000	£'000	£'000
C W Egleton (Chairman)	296	60	311	151
D C Wilson	250	31	250	161
B D Bartman	37	5	60	16
G D Cook	25	-	25	6
T R C Hill	99	6	36	20
	707	102	682	354

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

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2 Information regarding directors and employees (continued)

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

	Costs taken to inventories £'000	Costs taken to the consolidated statement of comprehensive income £'000	Total £'000
Year ended 31 October 2014			
Salaries and fees	343	3,109	3,452
Salaries waived in lieu of grant of options - net of share-based payment charge	-	(24)	(24)
Social security cost	75	305	380
Share-based payments (note 17)	-	108	108
	<u>418</u>	<u>3,498</u>	<u>3,916</u>
Year ended 31 October 2013			
Salaries and fees	285	2,966	3,251
Social security cost	41	253	294
Pension cost	-	3	3
Share-based payments (note 17)	-	378	378
	<u>326</u>	<u>3,600</u>	<u>3,926</u>

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

	2014 No.	2013 No.
Monthly average number of persons employed		
Directors	5	5
Sales and administration	<u>170</u>	<u>161</u>

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

3 Loss before taxation

The loss before taxation is stated after charging:

	2014	2013
	£'000	£'000
Depreciation	102	124
Amortisation	130	45
Loss on disposal of property, plant and equipment	-	102
Operating leases	49	69
Auditor's remuneration:		
Audit fees	58	55
Tax services	5	5

Audit fees in respect of the Company were £17,000 (31 October 2013: £15,000). Tax services fees in respect of the Company were £1,250 (31 October 2013: £1,250).

4 Segmented information

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

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

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

4 Segmented information (continued)

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

	2014			
	Luxury Resorts £'000	Travel and Leisure £'000	Corporate Development £'000	Total £'000
Total transaction value	-	50,757	-	50,757
Revenue	-	5,932	-	5,932
Cost of sales	-	(252)	-	(252)
Gross profit	-	5,680	-	5,680
Operating expenses	(428)	(4,878)	(501)	(5,807)
	(428)	802	(501)	(127)
Charge in respect of share-based payments	(639)	-	-	(639)
Operating (loss)/profit	(1,067)	802	(501)	(766)
Contribution to central costs	300	(300)	-	-
Finance costs	(222)	(48)	-	(270)
(Loss)/profit before taxation	(989)	454	(501)	(1,036)
Taxation	-	-	-	-
(Loss)/profit after taxation	(989)	454	(501)	(1,036)
Operating expenses include:				
Depreciation and amortisation	1	231	-	232
Operating leases - plant and equipment	-	49	-	49
Assets/liabilities				
Goodwill	6,127	2,451	-	8,578
Other non-current assets	146	1,407	-	1,553
Current assets	40,457	1,304	-	41,761
Total assets	46,730	5,162	-	51,892
Non-current liabilities	3,500	-	-	3,500
Current liabilities	4,862	1,032	-	5,894
Total liabilities	8,362	1,032	-	9,394

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

4 Segmented information (continued)

	2013			Total £'000
	Luxury Resorts £'000	Travel and Leisure £'000	Corporate Development £'000	
Total transaction value	-	51,164	-	51,164
Revenue		9,217		9,217
Cost of sales	-	(4,021)	-	(4,021)
Gross profit	-	5,196	-	5,196
Operating expenses	(569)	(4,592)	(457)	(5,618)
Non-recurring expenses	-	(255)	-	(255)
Charge in respect of share-based payments	(386)	-	-	(386)
Operating (loss)/profit	(955)	349	(457)	(1,063)
Contribution to central costs	150	(150)	-	-
Finance costs	(119)	-	-	(119)
(Loss)/profit before taxation	(924)	199	(457)	(1,182)
Taxation	-	32	-	32
(Loss)/profit after taxation	(924)	231	(457)	(1,150)
Operating expenses include:				
Depreciation and amortisation	15	154	-	169
Operating leases - plant and equipment	-	69	-	69
Assets/liabilities				
Goodwill	6,127	2,048	-	8,175
Other non-current assets	165	1,057	-	1,222
Current assets	38,627	907	-	39,534
Total assets	44,919	4,012	-	48,931
Non-current liabilities	1,100	59	-	1,159
Current liabilities	5,739	288	-	6,027
Total liabilities	6,839	347	-	7,186

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

5 Taxation

Consolidated

(a) Analysis of taxation for the year

	2014 £'000	2013 £'000
UK corporation tax	-	(32)

(b) Factors affecting taxation for the year

	2014 £'000	2013 £'000
Loss before taxation	(1,036)	(1,182)
Tax on ordinary activities multiplied by the UK corporation tax rate of 21.83% (2013: 23.4%)	(226)	(277)
Effects of:		
Expenses not deductible for tax purposes	143	96
Other timing differences	(61)	(12)
Adjustment to tax charge in respect of previous periods	-	(23)
Decrease in tax losses	144	184
Taxation (credit)/charge for the year	-	(32)

Taxation losses carried forward appear in note 13.

6 Loss per share

Earnings per share are calculated by dividing the earnings attributable to the equity holders of a company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all dilutive potential ordinary shares. There are no dilutive instruments in issue, therefore, the basic loss per share and diluted loss per share are the same. The weighted average number of shares used in calculating basic and diluted loss per share for the year ended 31 October 2014 was 168,636,782 (31 October 2013: 150,942,792).

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

7 Intangible assets

Consolidated	2014			2013		
	Goodwill £'000	IT Projects £'000	Total £'000	Goodwill £'000	IT Projects £'000	Total £'000
Cost						
At beginning of year	8,175	548	8,723	7,996	233	8,229
Additions	403	463	866	179	315	494
At end of year	8,578	1,011	9,589	8,175	548	8,723
Accumulated amortisation						
At beginning of year	-	45	45	-	-	-
Provided in year	-	130	130	-	45	45
At end of year	-	175	175	-	45	45
Net book value						
At beginning of year	8,175	503	8,678	7,996	233	8,229
At end of year	8,578	836	9,414	8,175	503	8,678

The additions to Goodwill during the year mainly reflect the acquisition of the trade and assets of Martin Singer Travel.

The directors have assessed the recoverable amount of the Project as being greater than the combined carrying value of the goodwill and inventories of £43,615,000 at 31 October 2014 (see also note 1 above).

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

8 Property, plant and equipment

Year ended 31 October 2014

Consolidated	Freehold property, land and acquisition costs £'000	Furniture, fittings, plant and equipment £'000	Motor vehicles £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 November 2013	196	1,040	16	143	1,395
Exchange adjustments	(16)	(5)	(1)	-	(22)
Disposals	-	(6)	(15)	-	(21)
Additions	-	38	-	84	122
At 31 October 2014	180	1,067	-	227	1,474
Accumulated depreciation					
At 1 November 2013	49	611	16	-	676
Disposals	-	(5)	(16)	-	(21)
Provided in year	(2)	89	-	15	102
At 31 October 2014	47	695	-	15	757
Net book value					
At 31 October 2014	133	372	-	212	717

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

8 Property, plant and equipment (continued)

Year ended 31 October 2013

Consolidated	The Project £'000	Freehold property, land and acquisition costs £'000	Furniture, fittings, plant and equipment £'000	Motor vehicles £'000	Leasehold improvements £'000	Total £'000
Cost						
At 1 November 2012	20,313	185	800	28	-	21,326
Exchange adjustments	-	7	3	1	-	11
Transfer to inventories	(20,313)	-	-	-	-	(20,313)
Disposals	-	-	(157)	(13)	-	(170)
Additions	-	4	394	-	143	541
At 31 October 2013	-	196	1,040	16	143	1,395
Accumulated depreciation						
At 1 November 2012	-	46	548	26	-	620
Disposals	-	-	(58)	(10)	-	(68)
Provided in year	-	3	121	-	-	124
At 31 October 2013	-	49	611	16	-	676
Net book value						
At 31 October 2013	-	147	429	-	143	719

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

9 Investments

Company Year ended 31 October 2014

	Shares in subsidiaries £'000
Cost	
At 1 November 2013	26,436
Additions	930
At 31 October 2014	27,366
Impairment	
At 31 October 2014	-
	-
Net book value at 31 October 2014	27,366

Year ended 31 October 2013

	Shares in subsidiaries £'000
Cost	
At 1 November 2012	25,936
Additions	500
At 31 October 2013	26,436
Impairment	
At 31 October 2013	-
	-
Net book value at 31 October 2013	26,436

Interests in subsidiaries

Loyalward Limited (100%) - A company incorporated in England involved in resort design, creation, services and management.

Loyalward Leisure Plc (100%) - A non-trading company incorporated in England.

Loyalward Hellas S.A. (5.61% owned by Minoan Group Plc and 94.39% owned by Loyalward Limited) - A company incorporated in Greece engaged in corporate, resort and renewable energy business management in Greece.

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

9 Investments (continued)

Interests in subsidiaries (continued)

Stewart Travel Limited - A company incorporated in Scotland operating as a multi-faceted travel distributor.

During the year ended 31 October 2013 Minoan Group Plc entered into an agreement by which an investor subscribed for 20% of the enlarged issued share capital of Stewart Travel Limited for an initial subscription price of £770,000. The excess of the value of net assets over the initial consideration was charged against equity. During the current year the 20% shareholding in Stewart Travel Limited was re-acquired by Minoan Group Plc for a consideration of £930,000.

As a consequence the ownership of Stewart Travel Limited is as follows:

	2014	2013
	%	%
Minoan Group Plc	84.5	64.5
King World Travel Limited	6.4	6.4
John Semple Travel Limited	9.1	9.1
Non-controlling interest	-	20.0
	100.0	100.0

King World Travel Limited (100%) - A company incorporated in Scotland operating as a retail travel agent. During the year ended 31 October 2013 the trade and assets of King World Travel Limited were acquired by Stewart Travel Limited in exchange for shares in that company.

John Semple Travel Limited (100%) - A company incorporated in Scotland operating as a multi-faceted retail and online travel agent. During the year ended 31 October 2013 the trade and assets of John Semple Travel Limited were acquired by Stewart Travel Limited partly in exchange for shares in that company.

10 Inventories

Consolidated

Inventories at 31 October 2014 amounted to £40,042,000 (31 October 2013: £38,367,000), comprising costs associated with acquiring and developing the site in Crete, planning and other design costs.

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

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

11 Receivables

	2014 £'000	2013 £'000
Consolidated		
Trade receivables	420	266
Other receivables and prepayments	1,106	559
Value added tax recoverable	66	71
	<u>1,592</u>	<u>896</u>

Trade receivables are due in 30 days. Of the above £71,000 (31 October 2013: £36,000) was outstanding for more than 30 days. No provision is considered necessary in respect of irrecoverable amounts.

	2014 £'000	2013 £'000
Company		
Amounts owed by subsidiary companies (see note 16)	26,749	23,399
Value added tax recoverable	14	17
	<u>26,763</u>	<u>23,416</u>

Amounts owed by subsidiary companies are repayable on demand.

12 Liabilities

Non-current liabilities (see note 15)

	2014 £'000	2013 £'000
Consolidated		
Loans repayable after one year	3,500	1,100
Hire purchase	-	59
	<u>3,500</u>	<u>1,159</u>

Non-current liabilities

	2014 £'000	2013 £'000
Company		
Loans repayable after one year	3,500	1,100

£3,500,000 has been drawn down under the terms of the loan facility agreement with Hillside International Holdings Limited ("Hillside") (31 October 2013: £1,000,000). The loan is repayable on or before 16 October 2016 and is subject to interest at 8% per annum. Under the terms of the loan facility agreement Hillside has a fixed and floating charge on the Company's assets and a floating charge on the assets of Stewart Travel Limited, John Semple Travel Limited and King World Travel Limited.

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

12 Liabilities (continued)

Current liabilities

	2014	2013
Consolidated	£'000	£'000
Trade and other payables	1,564	2,131
Deferred revenue	1,000	670
Social security and other taxes	687	399
Loans (see note 15)	269	225
Hire purchase	59	66
Accruals and deferred charges	2,315	2,536
	5,894	6,027

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

In accordance with the terms of the joint venture agreements, options to subscribe for up to 4 million Ordinary Shares at an exercise price of 8p per share were granted during the year. The options are exercisable until 30 September 2015 (see note 17).

Current liabilities

	2014	2013
Company	£'000	£'000
Trade and other payables	431	582
Amounts owed to subsidiary companies (see note 16)	1,840	1,531
Loans (see note 15)	269	225
Accruals and deferred charges	309	302
	2,849	2,640

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

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

13 Deferred taxation

Consolidated

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

	Total potential asset		Amount recognised	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Tax effect of timing differences because of:				
Accelerated capital allowances	(45)	(28)	-	-
Other short term timing differences	604	784	-	-
Losses	2,018	1,873	-	-
	2,577	2,629	-	-

The above potential deferred tax asset is based on a corporation tax rate of 20% (2013: 20%).

Company

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

	Total potential asset		Amount recognised	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Tax effect of timing differences because of:				
Other short term timing differences	393	615	-	-
Losses	328	243	-	-
	721	858	-	-

The above potential deferred tax asset is based on a corporation tax rate of 20% (2013: 20%).

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

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

14 Share capital

	2014 £'000	2013 £'000
Called up, allotted and fully paid		
31 October 2014 - 174,994,836 Ordinary Shares of 1p each	1,749	-
54,148,031 Deferred Shares of 24p each	12,996	-
31 October 2013 - 161,465,704 Ordinary Shares of 1p each	-	1,615
54,148,031 Deferred Shares of 24p each	-	12,996
	14,745	14,611
Debt to be settled by the issue of shares (see note 15)		
9,785,580 Ordinary Shares of 1p each (2013: 8,250,000 Ordinary Shares of 1p each)	98	82
	14,843	14,693

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

During the year, 5,725,000 Ordinary Shares of 1p each were placed at 12 pence per share. Also during the year, 3,245,132 Ordinary Shares of 1p each were issued at 8.5 pence per share under the terms of loan agreements and 3,809,000 Ordinary Shares of 1p each were issued at 10 pence per share to settle liabilities. In addition, 750,000 Ordinary Shares of 1p each were issued at 7.5 pence per share to settle part of the Convertible Loan Note issued under the terms of the acquisition of Stewart Travel Centre.

15 Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and liquid resources and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

15 Financial instruments and risk management (continued)

Liquidity risk

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

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

Foreign currency risk

The Group has one overseas trading subsidiary, Loyalward Hellas S.A., which operates in Greece and whose revenues and expenses are denominated almost exclusively in Euros. The Group finances Loyalward Hellas S.A. via Euro transfers from Loyalward Limited as required. The amount transferred ensures that the Euro balance held by Loyalward Hellas S.A. at each period end is not material. No Group company holds cash in currencies other than their functional currency. The Sterling and Euro cash balances attract interest at floating rates.

Short-term receivables and payables

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

Interest rate risk

The Group finances its operations through a mixture of equity and borrowings. The Group has historically borrowed in Sterling only. At 31 October 2014 the Group had non-current liabilities of £3,500,000 (31 October 2013: £1,159,000).

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

	2014	2013
	£'000	£'000
Loans to be settled by the issue of shares	1,035	660
Loans repayable in less than one year	269	225
Loans repayable after one year	3,500	1,100
Hire purchase due after one year	-	59

The loans to be settled by the issue of shares, of which £585,000 are to be settled by the issue of shares at 8.5 pence per share and £450,000 are to be settled by the issue of shares at 15.5 pence per share, have been classified as equity in accordance with IAS 32 (note 14).

During the year a total of £207,000 of loans was settled by the issue of shares at 8.5 pence per share (31 October 2013: £841,000 at prices between 8 pence per share and 10 pence per share) (note 14).

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

15 Financial instruments and risk management (continued)

The Group has no derivatives or financial instruments other than those disclosed above. There is no material difference between the book value and the fair value of the Group's financial assets and liabilities at 31 October 2014 and at 31 October 2013.

16 Related party transactions

The following are related parties and provided services to the Group:

Simmons International Limited, a company in which C W Egleton is a minority shareholder.

Bizwatch Limited, a company in which J C Watts, a director of Loyalward Limited, owns 50% of the issued share capital and M A Fitch, a director of Loyalward Hellas S.A. owns 50% of the issued share capital.

I.H.M. Industry & Hotel Management Limited, a company in which C Valassakis, a director of Loyalward Limited, is a controlling shareholder.

B D Bartman & Co, a firm in which B D Bartman is a partner.

Transactions undertaken with these related parties in relation to directors' services, all of which were effected on an arm's length basis, are shown below.

	Services of the above persons supplied in year ended		Payable as at	
	31.10.14 £'000	31.10.13 £'000	31.10.14 £'000	31.10.13 £'000
Simmons International Limited	296	311	98	262
Bizwatch Limited	36	53	64	86
I.H.M. Industry & Hotel Management Limited	13	(2)	92	79
B D Bartman & Co	37	60	60	119

During the year Morgan Rossiter Limited, a company of which G D Cook is a director, supplied public relations services to the Company in the amount of £36,000 (31 October 2013: £25,000). The amount payable to Morgan Rossiter Limited as at 31 October 2014 is £14,000 (31 October 2013: £10,000).

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

	Receivable/(Payable) as at 31.10.14 £'000	Receivable/(Payable) as at 31.10.13 £'000
Loyalward Limited	26,749	23,399
Stewart Travel Limited	(1,803)	(1,494)
Loyalward Leisure Plc	(37)	(37)

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

17 Long term incentive plan, share options and warrants

Share-based payments charge

	<u>£'000</u>
Year ended 31 October 2014	
Share-based payments - directors	108
Share-based payments - other	531
	<u>639</u>
Year ended 31 October 2013	
Share-based payments - directors	354
Share-based payments - other	32
	<u>386</u>

Note:

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

The performance conditions are as follows:

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

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2013

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

Share-based payments charge (continued)

The following awards have been granted with an expiry date of 26 April 2017:

	Performance condition A	Performance condition B	Performance condition C
	Maximum number of Ordinary Shares exercisable at 15 pence	Maximum number of Ordinary Shares exercisable at 15 pence	Maximum number of Ordinary Shares exercisable at 15 pence
C W Egleton	1,400,000	1,400,000	1,400,000
D C Wilson	1,000,000	1,000,000	1,000,000
B D Bartman	130,000	130,000	130,000
T R C Hill	150,000	150,000	150,000
W C Cole (director Loyalward Limited)	120,000	120,000	120,000
	2,800,000	2,800,000	2,800,000

The charge made for the value of the LTIP and options has been calculated using the Black-Scholes and Monte Carlo pricing models as appropriate. As stated previously, the charge does not involve any cash payment.

The inputs into the pricing model are as follows:

	LTIP	Options/Warrants
Grant date	4 November 2013	17 October 2013 to 7 August 2014
Share price at grant date	7.38p	6.25p to 12.25p
Exercise price	9p	8p to 13p
Vesting periods	In accordance with performance conditions	Immediately
Expected volatility	46.30%	46.30%
LTIP/Option/Warrant life	3.5 years	1.5 to 4 years
Expected life	2.5 years	n/a
Risk free rate	0.81%	0.46% to 1.00%
Expected dividends expressed as dividend yield	nil	nil
Fair value of options	1.87p	1.82p to 4.26p

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

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

Share-based payments charge (continued)

Expected volatility for the LTIP is determined by calculating the historic volatility of the Group's share price over the previous 2 years. Expected volatility for the options is determined by calculating the historic volatility of the Group's share price over the previous one and a half years. The expected life of the LTIP is the average expected period to exercise. The risk free rate is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

Directors' interests in share options

	31 October 2014			31 October 2013		
	Exercise price	Ordinary Shares	Expiry date	Exercise price	Ordinary Shares	Expiry date
Options						
B D Bartman	7p	200,000	31/12/16	7p	200,000	31/12/16
B D Bartman (see note 2 below)	1p	1,000,000	31/12/15	1p	1,000,000	31/12/15
B D Bartman (see note 2 below)	1p	850,000	31/12/16	-	-	-
W C Cole (director Loyalward Limited)	7p	500,000	31/12/16	7p	500,000	31/12/16
W C Cole (director Loyalward Limited)	7p	100,000	31/12/16	7p	100,000	31/12/16
W C Cole (director Loyalward Limited) (see note 2 below)	1p	1,000,000	31/12/15	1p	1,000,000	31/12/15
W C Cole (director Loyalward Limited) (see note 2 below)	1p	1,711,111	31/12/16	-	-	-
G D Cook	7p	250,000	31/12/16	7p	250,000	31/12/16
G D Cook (see note 2 below)	1p	384,615	31/12/15	1p	384,615	31/12/15
G D Cook (see note 2 below)	1p	377,778	31/12/16	-	-	-
Simmons International Limited	7p	500,000	31/12/16	7p	500,000	31/12/16
Simmons International Limited	7p	400,000	31/12/16	7p	400,000	31/12/16
Carried forward		7,273,504			4,334,615	

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

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

Directors' interests in share options (continued)

	31 October 2014			31 October 2013		
	Exercise price	Ordinary Shares	Expiry date	Exercise price	Ordinary Shares	Expiry date
Options						
Brought forward		7,273,504			4,334,615	
T R C Hill	7p	300,000	31/12/16	7p	300,000	31/12/16
T R C Hill (see note 2 below)	1p	1,233,333	31/12/16	-	-	-
D C Wilson (see note 2 below)	1p	1,000,000	31/12/15	1p	1,000,000	31/12/15
D C Wilson (see note 2 below)	1p	2,500,000	31/12/16	1p	2,500,000	31/12/16
D C Wilson (see note 2 below)	1p	850,000	31/12/16	-	-	-
B Cassidy (director of John Semple Travel Limited) (see note 2 below)	1p	122,222	31/12/16	-	-	-
		13,279,059			8,134,615	

Other share options

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

	Ordinary Shares		Expiry date
	31.10.14	31.10.13	
Exercisable at 60 pence per share	3,318,000	3,318,000	See note 1
Exercisable at 15 pence per share	-	200,000	09/03/14
Exercisable at 5.5 pence per share (see note 5 below)	201,550	201,550	16/02/15
Exercisable at 15 pence per share (see note 3 below)	1,000,000	1,000,000	30/06/15
Exercisable at 8 pence per share	741,875	741,875	17/08/15
Exercisable at 1 pence per share (see note 2 below)	223,077	223,077	31/12/15
Exercisable at 7 pence per share	325,000	325,000	31/12/16
Exercisable at 8 pence per share	2,500,000	-	31/12/16
Exercisable at 10 pence per share	250,000	-	31/12/16
Exercisable at 8 pence per share (see note 4 below)	4,000,000	-	30/09/15
	12,559,502	6,009,502	

Minoan Group Plc

Notes to the Financial Statements (continued)

Year ended 31 October 2014

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

Notes re share options:

1. The expiry date of these options is 90 days after certain valid building licences and permits have been granted.
2. Granted in exchange for the waiver of fees etc. by current directors and a former director.
3. Granted as part of the consideration for the acquisition of the assets and business of Stewart Travel Centre.
4. Granted to The Candia Investment Corporation, and third parties syndicated to it, in respect of the financial joint venture agreements to acquire an economic interest in the Project (see note 12 above).
5. See also note 20.

Warrants

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

	Ordinary Shares		Expiry date
	31.10.14	31.10.13	
Exercisable at 8 pence per share	10,000,000	10,000,000	17/10/17
Exercisable at 8 pence per share	5,000,000	-	27/11/17
Exercisable at 8 pence per share	10,000,000	-	05/02/18
Exercisable at 13 pence per share	10,000,000	-	07/08/18
	35,000,000	10,000,000	

18 Contingent liabilities and commitments

Other than as stated in notes 10 and 19, the Group has no other capital or operating commitments.

Minoan Group Plc

Notes to the Financial Statements (continued) Year ended 31 October 2014

19 Operating lease commitments

The Group has the following total lease commitments in respect of non-cancellable operating leases:

Year ended 31 October 2014

	Leases expiring in			Total £'000
	Up to 1 year £'000	2 to 5 years £'000	Over 5 years £'000	
Leasehold property	9	208	788	1,005
Equipment	4	77	-	81
Motor vehicles	4	10	-	14
	17	295	788	1,100

Year ended 31 October 2013

	Leases expiring in			Total £'000
	Up to 1 year £'000	2 to 5 years £'000	Over 5 years £'000	
Leasehold property	-	298	905	1,203
Equipment	-	30	-	30
Motor vehicles	1	15	-	16
	1	343	905	1,249

20 Events after the balance sheet date

1. On 6 November 2014, subsequently updated on 26 November 2014, the Company announced that it had agreed to issue three-year unsecured convertible loan notes up to a maximum amount of £1.5 million with a coupon of 10% per annum. A conversion price of 15.5 pence per share applies to £650,000 of the above with the balance of £850,000 being converted at 18.0 pence per share.
2. On the 26 November 2014 the Company announced the issue of 100,775 new Ordinary Shares at 5.5 pence per share in respect of the exercise of Options and a further 101,053 new Ordinary Shares at 14.25 pence per share to settle certain existing liabilities.
3. On 24 March 2015 the Company announced the issue of 11,011,765 new Ordinary Shares at 8.5 pence per share to settle loans and a further 100,775 new Ordinary Shares at 5.5 pence per share in respect of the exercise of Options.