



VOLVERE PLC

Annual report and financial statements

Year ended 31 December 2022

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Country of incorporation

England and Wales

Company secretary

Nick Lander

Company number

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Volvere plc

Directors and professional advisers

Directors

David Buchler, Non-Executive Chairman, aged 71

David is a Chartered Accountant and has over 39 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 55

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 56

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. He is a former Council member of the Institute of Chartered Accountants of Scotland and serves as a member of the Regulation Board and Business Policy Committee.

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Strategic report – Chief Executive's statement

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 2022.

The Group's performance in 2022 was satisfactory given that we closed one of our two subsidiaries in the second half of the year. The decision to close Indulgence Patisserie, whilst regrettable, was necessary to curtail increasing losses. Our other subsidiary, Shire Foods, performed well in a highly inflationary environment.

Group revenue from continuing operations was £38.03 million (2021 as restated: £30.70 million) and the profit before tax from continuing operations was £2.33 million (2021 as restated: £1.07 million).

Following share buy-backs in the year, the Group's total net assets were £35.75 million (2021: £37.05 million), with net assets per share* increasing to £13.90 (2021: £13.49). This places the Group in a strong position to capitalise on opportunities as they arise.

David Buchler
Chairman

24 May 2023

*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 21.

Chief Executive's statement

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 activity of the Group's continuing trading subsidiary, Shire Foods Limited ("Shire"), during the year was food manufacturing.

Operating review

The closure of Indulgence Patisserie Limited ("Indulgence") was the first unsuccessful turnaround in Volvere's 20+ year history. The decision was difficult but we think correct due to Indulgence's specific challenges as well as the wider economic environment. In line with most businesses in the UK, Indulgence faced significant volatility and upward pressure in raw material costs and overheads, as well as having to recruit within a challenging labour market. Indulgence's less efficient operating scale meant that its business was, on balance, no longer viable. Indulgence has been classified as discontinued operations for reporting purposes and comparative results for 2021 have been restated accordingly.

Shire's performance on the other hand was very good.

Group revenue from continuing operations (all of which relates to Shire) was £38.03 million (2021 as restated: £30.70 million). The Group's profit before tax from continuing operations for the year was £2.33 million (2021 as restated: £1.07 million). The Group's overall loss (including discontinued operations) for the year was £0.06 million (2021: profit £0.06 million). Further information is contained in the Financial review.

Shire Foods - continuing

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 from its factory in Royal Leamington Spa. Shire continued to grow in 2022, with revenues increasing by approximately 24.2% to a new record of £38.03 million (2021: £30.61 million). Profit before tax, intra-group interest and management charges* was approximately £2.78 million (2021: £2.14 million). Profit before tax was £2.43 million (2021: £1.89 million) – with the difference being intra-group interest and management charges.

Shire continued its strategy of developing new products and increasing factory capacity to meet customer growth, which has been across both retail and food service. Whilst energy and raw material prices increased rapidly in 2022, Shire was able to implement new pricing with its customers to mitigate some of the effect on margins. Whilst labour costs are expected to increase further in 2023, there are signs that raw material price increases and energy prices are abating. Other significant costs, particularly transport and logistics, have been stable so far in 2023. We continue to monitor and discuss pricing with customers to ensure Shire remains competitive yet financially robust and able to invest in further growth of site capacity.

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

Indulgence Patisserie Limited – discontinued

Manufacturing was suspended in August 2022 and did not recommence given the outlook for the business. All roles were, regrettably, made redundant. The result for Indulgence reflects the trading losses in the year along with the inevitable write-downs of stock, plant and equipment whose value was impaired following the decision to cease trading. The overall loss for the year was £2.39 million. Further information relating to Indulgence is given in the Financial review and Note 6.

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

Whilst 2022 was, by any measure, a challenging year, we have ensured the continued success of Shire and maintained the Group's robust financial position. In the wider economy, we are seeing an increasing number of investment opportunities across multiple sectors as businesses grapple with higher interest rates, energy, raw material, and staff costs at a time of flat or reduced demand. Our strong balance sheet will enable us to capitalise on these opportunities as they arise.

Jonathan Lander
Chief Executive

24 May 2023

* profit before intra-group interest and management charges is considered to be a relevant, useful interpretation of the trading results of the business such that its performance can be understood on a basis which is independent of its ownership by the Group.

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 decision to close Indulgence Patisserie during 2022 means the results of that business have been classified as discontinued operations and the comparative results for 2021 have been restated for comparability. Group revenue from continuing operations (all of which relates to Shire Foods) was £38.03 million (2021 as restated: £30.70 million), an increase of almost 24%.

The Group's profit before tax from continuing operations for the year was £2.33 million (2021 as restated: £1.07 million). The Group's overall loss (including discontinued operations) for the year was £0.06 million (2021: profit £0.06 million).

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

Food manufacturing

Following the decision to close Indulgence Patisserie, this segment now includes only the trading of Shire Foods, which manufactures savoury pastry products.

Shire Foods

Partly driven by price inflation and partly by increased volumes, revenue for the year was £38.03 million (2021: £30.61 million), with a profit before tax, intra-group interest and management charges of approximately £2.78 million (2021: £2.14 million)*. Profit before tax was £2.43 million (2021: £1.89 million) – with the difference being intra-group interest and management charges.

With raw materials pricing increasing significantly across the board, Shire's materials margin percentage for the year as a whole was lower than 2021. However, the efforts made to implement price increases with customers during the year saw the materials margin percentage recover in the second half of the year. This, in spite of other increasing costs – particularly those relating to labour – along with the effects of increased volume resulted in overall increased profitability.

During 2022, Shire continued to provide operational and commercial support to Indulgence Patisserie and this again has resulted in some costs being recharged which would otherwise have been borne by Shire.

As highlighted last year, Shire has continued to invest in increasing factory capacity. Capital expenditure in 2022 was £1.01 million (2021: £0.27 million), of which £0.89 million (2021: £0.27 million) was funded from Shire's own resources, with the balance funded by way of debt.

Shire continued to be able to meet its own working capital needs throughout the year, using external borrowings where required. Following the year end, the company declared and paid a dividend of £2.50 million (2021: £nil), of which the Group's share was £2 million.

Strategic report (continued) – Financial review (continued)

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Revenue	38,027	30,605	27,189	23,036	18,344
Underlying profit before tax, intra-group management and interest charges	2,777	2,139	1,813	1,384	854
Intra-group management and interest charges	(348)	(252)	(200)	(200)	(200)
Profit before tax	<u>2,429</u>	<u>1,887</u>	<u>1,613</u>	<u>1,184</u>	<u>654</u>

* profit before intra-group interest and management charges is considered to be a relevant, useful interpretation of the trading results of the business such that its performance can be understood on a basis which is independent of its ownership by the Group.

Discontinued operations - Indulgence Patisserie

As noted above, the decision was made in 2022 to close the Indulgence Patisserie business, which manufactured frozen desserts and cakes. The decision followed a period of growing losses resulting from substantial raw material and energy increases which made the business unviable.

The business's principal sites were freehold and one of three has been sold since the year end at a modest premium to its book value. The remaining two sites are to be separated (they are currently connected) and will be marketed individually. Whilst there may be some limited costs associated with Indulgence in 2023, the Group does not expect these to be material.

For the year as a whole, Indulgence's losses were £2.39 million (2021: £1.08 million), stated after the costs associated with the closure. Inevitably, there were impairments in respect of the carrying value of plant and equipment and stock. There remain some unresolved third-party claims in relation to the closure which may result in the trading company, Indulgence Patisserie Limited, being placed into liquidation. This is not expected to impact the Group materially.

Financial information relating to Indulgence is set out in note 6 to the financial statements.

Throughout the period the Group continued to provide working capital loans to Indulgence. Following the decision to close the business, extensive efforts were made to realise value for the company's assets, particularly debtors and stocks. As a result, Indulgence indebtedness to the Group reduced in the second half of 2022 and, with the disposal of one of the freehold properties in 2023, has reduced further. The amounts outstanding as at 31 December 2022 were as follows:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Brought forward	5,555	4,240
Working capital loans provided during period	898	1,315
Group loans outstanding*	<u>6,453</u>	<u>5,555</u>

* excluding intra-Group trading balances

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

The Group adopted a more active treasury management strategy during the year and this resulted in improved yield on the Group's cash with gains realised on disposal of available for sale investments of £0.58 million (2021: £nil) and investment revenues excluding interest of £0.11 million (2021: £nil).

The Group's net finance expense was in line with the prior year at £0.13 million (2021: net £0.14 million). Individual Group trading companies continue to utilise leverage where appropriate, and without recourse to the remainder of the Group, which attracts some external interest expense.

Statement of financial position

Overall position

Year-end Group net assets were lower than the prior year at £35.75 million (2021: £37.05 million), a reduction of £1.30 million. This reduction is after treasury share purchases of £2.09 million; net assets per share increased to £13.90 (2021: £13.49).

Cash and available for sale investments

Year-end cash totalled £19.14 million (2021: £21.87 million), a reduction of £2.73 million.

Outside of the underlying trading results from operations and associated working capital movements, the principal outflows of cash during the year arose from the purchase of treasury shares (£2.09m), the purchase of plant and equipment in continuing businesses (£0.89 million) and the repayment of borrowings for continuing businesses (£0.58 million). The Group's cash flow is shown on page 29.

During the year the Group invested in equity securities pursuant to its treasury management policies. The investments held at year end are carried at fair value (£1.65 million, 2021: nil).

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 204,000 (2021: 3,500) of its own shares, which are held in treasury, at a cost of £2.09 million (2021: £0.04 million).

Earnings per share

Basic and diluted profit per ordinary share from continuing operations was 74.36p (2021: restated 30.36p). Basic and diluted loss per ordinary share from discontinued operations was (95.89)p (2021: restated (41.97)p). Total basic and diluted loss per ordinary share was (21.53)p (2021: (11.61)p).

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 complementary to an existing, or similar to a 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.

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.

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. Rising inflation, including increases in raw materials and overhead costs, may not be able to be passed on to customers through increased prices and this could result in reduced profitability. Any pandemic or other such similar event which could affect consumers, supplier, customers or staff may limit or inhibit the Group's operations.

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 18 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 2022.

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

24 May 2023

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 24 May 2023.

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 Nick 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.

Role and Responsibilities of Chairman	<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>
Roles and Responsibilities of CEO	<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>
Roles and Responsibilities of COO/CFO	<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>
Role of the Board	<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> <ul style="list-style-type: none"> - 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 - Actual or potential conflicts of interest relating to any Director are routinely identified at all Board discussions
Role of Audit Committee	<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>
Role of Remuneration Committee	<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 2022.

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 (2021: £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 21. The Company has shares in issue in the following classes:

Class	Nominal value per share	% of voting rights	% of total capital
Ordinary shares	£0.0000001	100	-
Deferred shares	£0.0000001	-	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 28 June 2022 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 1,285,211 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:

	Number of Ordinary Shares 31 December 2022	% of Total Voting Rights 31 December 2022	Number of Ordinary Shares 31 December 2021	% of Total Voting Rights 31 December 2021
David Buchler	45,000	1.90%	45,000	1.79%
Jonathan Lander	240,037	10.15%	240,037	9.54%
Nick Lander	131,947	5.58%	131,947	5.24%

No director held any share options at 31 December 2022 or 2021. 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 2022 (2021: nil). Charitable donations in the year were £nil (2021: 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 23 May 2023 the Company had been notified of the following voting rights (other than the Directors whose interests are disclosed earlier) as a shareholder of the Company:

Name of shareholder	Number of Ordinary Shares	% of issued Ordinary Share Capital and Voting Rights	Nature of holding
Lombard Odier	281,480	11.9%	Direct
Canaccord Genuity Group Inc.	187,114	7.91%	Direct
Burgan Bank K.P.S.C.	178,500	7.55%	Direct
Crucible Clarity Fund plc	74,478	3.15%	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 47 days (2021: 25 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

24 May 2023

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 United Kingdom 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 United Kingdom;
- 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.

By order of the Board

Nick Lander
Company Secretary

24 May 2023

Opinion

We have audited the financial statements of Volvere plc (the 'Company') for the year ended 31 December 2022 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 United Kingdom. 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 2022 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 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 adequacy of the disclosures in the financial statements regarding revenue.

Key observations

The results of our testing were satisfactory.

Stock existence and valuation

Risk description

Shire Foods Limited and Indulgence Patisserie Limited hold material stock levels which are subject to inherent existence and valuation risks. Furthermore, Indulgence Patisserie Limited is in the process of being closed which creates additional impairment risk.

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

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, obtaining confirmation of stocks held at third party locations, 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.

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 £700,000 and for the parent company financial statements to be £400,000 based upon 2% of net assets.

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.

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

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 19 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 specific procedures which we designed and performed to detect material misstatements in respect of irregularities, including fraud are 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. 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 Audit
Statutory Auditors
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

24 May 2023

Volvere plc - Annual report and financial statements for the year ended 31 December 2022

Consolidated Income Statement

	Note	2022 £'000	As restated 2021 £'000
Continuing operations			
Revenue	5	38,027	30,701
Cost of sales		(31,921)	(25,388)
Gross profit		6,106	5,313
Distribution costs		(2,181)	(1,993)
Administrative expenses		(2,174)	(2,110)
Operating profit	2	1,751	1,210
Finance expense	7	(138)	(137)
Finance income	7	698	-
Profit on sale of tangible fixed assets		18	-
Profit before tax		2,329	1,073
Income tax credit	8	-	61
Profit for the year from continuing operations		2,329	1,134
Loss for the year from discontinued operations	6	(2,391)	(1,079)
(Loss)/profit for the year		(62)	55
Attributable to:			
- Equity holders of the parent		(537)	(299)
- Non-controlling interests		475	354
		(62)	55
Earnings/(loss) per share	9		
Basic and diluted			
- from continuing operations		74.36p	30.36p
- from discontinued operations		(95.89)p	(41.97)p
Total		(21.53)p	(11.61)p

The notes on pages 30 to 56 form part of these financial statements.

Volvere plc - Annual report and financial statements for the year ended 31 December 2022

Consolidated statement of comprehensive income

	2022 £'000	As restated 2021 £'000
(Loss)/profit for the year	(62)	55
Other comprehensive income		
Revaluation of freehold land and buildings	1,188	-
Revaluation of available for sale investments	(36)	-
Deferred tax recognised directly in equity	(297)	(140)
Total comprehensive income for the year	793	(85)
Attributable to:		
- Equity holders of the parent	318	(411)
- Non-controlling interests	475	326
	793	(85)

The notes on pages 30 to 56 part of these financial statements.

Volvere plc - Annual report and financial statements for the year ended 31 December 2022

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
2022							
Loss for the year	-	-	-	(537)	(537)	475	(62)
Revaluation of property	-	-	1,188	-	1,188	-	1,188
Revaluation of available for sale investments	-	-	-	(36)	(36)	-	(36)
Deferred tax recognised directly in equity	-	-	(297)	-	(297)	-	(297)
Total comprehensive income for the year			891	(573)	318	475	793
Balance at 1 January	50	7,885	827	25,886	34,648	2,402	37,050
Transactions with owners:							
Purchase of own treasury shares	-	-	-	(2,091)	(2,091)	-	(2,091)
Total transactions with owners	-	-	-	(2,091)	(2,091)	-	(2,091)
Balance at 31 December	50	7,885	1,718	23,222	32,875	2,877	35,752

	Share capital £'000	Share premium £'000	Revaluation reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total £'000
2021							
Loss for the year	-	-	-	(299)	(299)	354	55
Revaluation of property	-	-	(112)	-	(112)	(28)	(140)
Total comprehensive income for the year	-	-	(112)	(299)	(411)	326	(85)
Balance at 1 January	50	7,885	939	26,229	35,103	2,076	37,179
Transactions with owners:							
Purchase of own treasury shares	-	-	-	(44)	(44)	-	(44)
Total transactions with owners	-	-	-	(44)	(44)	-	(44)
Balance at 31 December	50	7,885	827	25,886	34,648	2,402	37,050

The notes on pages 30 to 56 form part of these financial statements.

Volvere plc - Annual report and financial statements for the year ended 31 December 2022

Consolidated statement of financial position

Company number 04478674

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	8,142	9,306
Total non-current assets		8,142	9,306
Current assets			
Inventories	12	3,777	4,384
Trade and other receivables	13	9,315	8,874
Cash and cash equivalents	14	19,136	21,871
Assets held for sale	15	2,103	-
Available for sale investments	16	1,649	-
Total current assets		35,980	35,129
Total assets		44,122	44,435
Liabilities			
Current liabilities			
Loans and other borrowings	19	(1,258)	(1,452)
Leases	19	(372)	(392)
Trade and other payables	17	(4,807)	(3,379)
Total current liabilities		(6,437)	(5,223)
Non-current liabilities			
Loans and other borrowings	19	(818)	(933)
Leases	19	(452)	(691)
Total non-current liabilities		(1,270)	(1,624)
Total liabilities		(7,707)	(6,847)
Provisions – deferred tax	20	(663)	(538)
Net assets		35,752	37,050
Equity			
Share capital	21	50	50
Share premium account	22	7,885	7,885
Revaluation reserves	22	1,718	827
Retained earnings	22	23,222	25,886
Capital and reserves attributable to equity holders of the Company		32,875	34,648
Non-controlling interests	25	2,877	2,402
Total equity		35,752	37,050

The financial statements on pages 25 to 56 were approved by the Board of Directors and authorised for issue on 24 May 2023 and were signed on its behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 30 to 56 form part of these financial statements.

Volvere plc - Annual report and financial statements for the year ended 31 December 2022

Consolidated statement of cash flows

	Note	2022 £'000	2022 £'000	As restated 2021 £'000	As restated 2021 £'000
Profit/(loss) for the year			(62)		55
Adjustments for:					
Finance expense	7	138		137	
Finance income	7	(698)		-	
Depreciation	11	933		922	
Operating lease rentals		(14)		(13)	
Income tax expense/(credit)	8	-		(61)	
(Gain)/loss on disposal of fixed assets		(18)		-	
Loss from discontinued operations		2,391		1,079	
			2,732		2,064
Operating cash flows before movements in working capital			2,670		2,119
Increase in trade and other receivables			(1,116)		(1,498)
Increase in trade and other payables			1,126		(53)
Increase in inventories			291		(372)
Operating cash generated from continuing operations			2,971		196
Operating cash flows used by discontinued operations			(1,051)		(955)
Net cash generated from/(used by) operations			1,920		(759)
Investing activities					
Interest received	7	8		-	
Income from investments		109		-	
Purchase of property, plant and equipment	11	(889)		(270)	
Sale of property, plant, equipment		42		-	
Purchase of available for sale investments		(6,886)		-	
Disposal of available for sale investments		5,782		-	
Cash used by continuing investing activities			(1,834)		(270)
Cash generated from/(used by) discontinued investing activities			29		(197)
Net cash used by investing activities			(1,805)		(467)
Financing activities					
Interest paid	7	(132)		(130)	
Purchase of own shares (treasury shares)	21	(2,090)		(44)	
Net (repayment) of borrowings		(577)		(391)	
Cash used by continuing financing activities			(2,799)		(565)
Cash used by discontinued financing activities			(51)		(49)
Net cash used by financing activities			(2,850)		(614)
Net (decrease)/increase in cash			(2,735)		(1,840)
Cash at beginning of year			21,871		23,711
Cash at end of year			19,136		21,871

The notes on pages 30 to 56 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 United Kingdom ("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 63.

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 18 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 is 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.

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

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.

1 Accounting policies (*continued*)

Operating segments

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

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

Where one company within a segment incurs costs which relate wholly or partly to, or shares resources with, another company within that or another segment, a proportion of such costs are recharged to that other company. The effect is to reduce the costs of the incurring company and to increase the costs of the benefitting company.

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.

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.

1 Accounting policies (*continued*)

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 or valuation 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

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.

1 Accounting policies (*continued*)

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.

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.

1 Accounting policies (*continued*)

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 asset, 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.

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.

1 Accounting policies (*continued*)

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.

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.

1 Accounting policies (*continued*)

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

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 has 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.

New and revised standards and interpretations applied

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

None of these had an impact on the Group.

1 Accounting policies (*continued*)

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective and have not been adopted early by the Group.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

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.

2 Operating profit

Operating profit is stated after charging:

	2022 £'000	2021 £'000 (as restated)
Staff costs	6,038	5,420
Depreciation of property, plant and equipment	933	922
Auditor's fees – audit services	42	38
	<hr/>	<hr/>
The analysis of audit fees is as follows:		
- for the audit of the Company's annual accounts	10	9
- for the audit of the Company's subsidiaries' accounts	32	29
	<hr/>	<hr/>
	42	38
	<hr/>	<hr/>

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

3 Staff costs

Staff costs comprise:

	2022 £'000	2021 £'000 (as restated)
Wages and salaries	5,443	4,885
Employer's National Insurance contributions	448	394
Defined contribution pension cost	147	141
	<u>6,038</u>	<u>5,420</u>

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

	2022 Number	2021 Number (as restated)
Engineering, production and professional	181	166
Sales and marketing	11	10
Administration and management	34	33
	<u>226</u>	<u>209</u>

4 Directors' remuneration

The remuneration of the Directors was as follows:

	Salaries & fees 2022 £'000	Other benefits 2022 £'000	Total 2022 £'000
David Buchler	45	-	45
Jonathan Lander	10	-	10
Nick Lander	9	1	10
	<u>64</u>	<u>1</u>	<u>65</u>

	Salaries & fees 2021 £'000	Other benefits 2021 £'000	Total 2021 £'000
David Buchler	45	-	45
Jonathan Lander	11	-	11
Nick Lander	11	1	12
	<u>67</u>	<u>1</u>	<u>68</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 (2021: £650,000). Amounts owed to D2L Partners LLP at the year end totalled £nil (2021: £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 £nil (2021: £nil).

None of the Directors were members of the Group's defined contribution pension plan in the year (2021: none).

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

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 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.

	Food manufacturing 2022 £'000	Investing and management services 2022 £'000	Total 2022 £'000
Revenue	38,027	-	38,027
Profit/(loss) before tax⁽¹⁾	2,777	(448)	2,329

	Food manufacturing 2021 £'000 (as restated)	Investing and management services 2021 £'000	Total 2021 £'000 (as restated)
Revenue	30,701	-	30,701
Profit/(loss) before tax⁽¹⁾	2,139	(1,066)	1,073

	Food manufacturing 2022 £'000	Investing and management services 2022 £'000	Total 2022 £'000
Assets	25,692	18,430	44,122
Liabilities and provisions	(8,874)	504	(8,370)
Net assets⁽²⁾	16,818	18,934	35,752

	Food manufacturing 2021 £'000	Investing and management services 2021 £'000	Total 2021 £'000
Assets	22,929	21,506	44,435
Liabilities and provisions	(7,850)	465	(7,385)
Net assets⁽²⁾	15,079	21,971	37,050

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

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

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

5 Operating segments (continued)

Continuing operations

	Food manufacturing 2022 £'000	Investing and management services 2022 £'000	Total 2022 £'000
Capital spend	1,014	-	1,014
Depreciation	932	1	933
Interest income (non-Group)	(8)	-	(8)
Interest expense (non-Group)	138	-	138
Tax credit/(expense)	(50)	50	-

Continuing operations

	Food manufacturing 2021 £'000 (as restated)	Investing and management services 2021 £'000 (as restated)	Total 2021 £'000 (as restated)
Capital spend	270	-	270
Depreciation	921	1	922
Interest income (non-Group)	-	-	-
Interest expense (non-Group)	137	-	137
Tax credit/(expense)	(114)	175	61

Geographical analysis:

	External revenue by location of customers		Non-current assets by location of assets	
	2022 £'000	2021 £'000 (as restated)	2022 £'000	2021 £'000
UK	36,830	29,612	8,142	9,306
Rest of Europe	1,197	954	-	-
USA	-	135	-	-
	<u>38,027</u>	<u>30,701</u>	<u>8,142</u>	<u>9,306</u>

The Group had 4 (2021: 4) customers (all in the food manufacturing segment) that individually accounted for in excess of 10% of the Group's revenues as follows:

	2022 £'000	2021 £'000 (as restated)
First customer	17,860	12,122
Second customer	6,252	6,783
Third customer	5,530	3,732
Fourth customer	<u>4,547</u>	<u>3,672</u>

Revenue is recognised when goods are delivered and there is minimal uncertainty over the timing and amount of revenue recognition. The Group has no material balances which arise from contracts with customers save for trade receivables as set out in note 13.

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

6 Discontinued operations

On 8 November 2022, two subsidiary undertakings in the Group, Indulgence Patisserie Limited and Indulgence Foods Limited, ceased operations and have been classified as assets held for sale.

The loss relating to these subsidiaries (before intra-Group management charges) in the year was as follows:

	2022	2021
	£'000	£'000
Revenue	3,532	4,878
Cost of sales	(4,300)	(4,294)
Gross (loss)/profit	(768)	584
Administrative expenses	(1,363)	(1,360)
Distribution expenses	(237)	(230)
Operating loss	(2,368)	(1,006)
Loss on sale of tangible fixed asset investments	(199)	-
Loss before tax	(2,567)	(1,006)
Income tax credit/(expense)	176	(73)
Loss from discontinued operations	(2,391)	(1,079)

Cash flows generated by Indulgence Patisserie Limited and Indulgence Foods Limited for the reporting periods under review was as follows:

	2022	2021
	£'000	£'000
Operating activities	(1,051)	(955)
Investing activities	29	(197)
Financing activities	(51)	(49)
Cash flows from discontinued operations	(1,073)	(1,201)

At 31 December 2022, the assets and liabilities of Indulgence Patisserie Limited and Indulgence Foods Limited (stated net of intra-Group balances), were as follows:

	2022
	£'000
Non-current assets	
Assets held for sale	2,103
Property, plant and equipment	6
Total non-current assets	2,109
Current assets	
Inventories	414
Trade and other receivables	826
Cash and cash equivalents	72
Total current assets	1,312
Total assets	3,421
Current liabilities	
Loans and other borrowings	(6,519)
Leases	(5)
Trade and other payables	(486)
Total liabilities	(7,010)
Provisions – deferred tax	(169)
Net liabilities	(3,758)

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

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

	2022 £'000	2021 £'000
Finance income		
Bank interest receivable	8	-
Investment revenues	109	-
Other gains & losses	581	-
	<u>698</u>	<u>-</u>
Finance expense		
Bank interest	(41)	(42)
Lease interest	(44)	(47)
Other interest and finance charges	(53)	(48)
	<u>(138)</u>	<u>(137)</u>

8 Income tax

	2022 £'000	2021 £'000 (as restated)
Deferred tax credit recognised in income statement – current year	-	(61)
Total tax credit recognised in income statement	<u>-</u>	<u>(61)</u>
Deferred tax expense recognised in equity	297	140
Total deferred tax recognised	<u>297</u>	<u>79</u>

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:

	2022 £'000	2021 £'000 (as restated)
Profit before tax	2,329	1,073
Expected tax charge based on the prevailing rate of corporation tax in the UK of 19%	443	204
<u>Effects of:</u>		
Income not taxed	(21)	-
Super deduction and capital allowance adjustments	(27)	15
Other adjustments	19	18
Losses utilised	(8)	-
Effect of changes in rate of tax	5	(9)
Group relief from discontinued operations	(386)	(233)
Adjustments relating to prior periods	(25)	(56)
Total tax recognised in income statement	<u>-</u>	<u>(61)</u>

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 20.

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

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:

	2022 £'000	2021 £'000 (as restated)
Profit/(loss) attributable to equity holders of the parent company:		
From continuing operations	1,854	780
From discontinued operations	(2,391)	(1,079)

Weighted average number of shares for the purposes of earnings per share:

	2022 No.	2021 No.
Weighted average number of ordinary shares in issue	2,493,592	2,571,132
Dilutive effect of potential ordinary shares	-	-
Weighted average number of ordinary shares for diluted EPS	2,493,592	2,571,132

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

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 2022
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 3	Dissolved on 01/03/2022	98.6%
Zero-Stik Limited	Note 3	Dissolved on 01/03/2022	98.6%
Indulgence Foods Limited	Note 1	Property holding company (Note 4)	100%
Indulgence Patisserie Limited	Note 1	Food Manufacturing, now ceased trading	100%
Naughty Vegan Limited	Note 1	Branded food supplier	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 4th Floor 115 George Street, Edinburgh, EH2 4JN, Scotland.

Note 3 – Formerly registered at c/o Wright, Johnston & Mackenzie LLP, 302 St Vincent St, Glasgow, G2 5RZ, Scotland.

Note 4 – The property owned by this company related solely to the activities undertaken by Indulgence Patisserie Limited.

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

11 Property, plant and equipment

	Freehold Property £'000	Plant & Machinery £'000	Total £'000
Cost or valuation			
At 1 January 2021	4,700	9,090	13,790
Additions	-	467	467
Disposals	-	18	18
Revaluation	-	(8)	(8)
At 31 December 2021 and 1 January 2022	4,700	9,567	14,267
Additions	-	1,082	1,082
Disposals	-	(799)	(799)
Revaluation	1,188	-	1,188
Reclassified to asset held for sale	(2,138)	-	(2,138)
At 31 December 2022	3,750	9,850	13,600
Accumulated depreciation			
At 1 January 2021	13	3,821	3,834
Charge for the year	72	1,059	1,131
Eliminated on disposal	-	(4)	(4)
At 31 December 2021 and 1 January 2022	85	4,876	4,961
Charge for the year	65	987	1,052
Disposals	-	(520)	(520)
Reclassified to asset held for sale	(35)	-	(35)
At 31 December 2022	115	5,343	5,458
Net book value			
At 31 December 2022	3,635	4,507	8,142
At 31 December 2021	4,615	4,691	9,306

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 was included as at 31 December 2020. During 2020, the company acquired freehold properties as part of the Indulgence business combination. The properties were purchased for £950,000.

In the 2022 financial year, the properties owned by Indulgence Foods Limited were revalued to £2,138,000. Following Indulgence Patisserie Limited ceasing to trade, these properties were subsequently reclassified as assets held for sale.

Under the historical cost model, the carrying value of freehold property would be £2,173,700. 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 Shire Foods Limited) with a net book value of £8.14 million is pledged as collateral for Group borrowings (all of which are within Shire Foods Limited).

11 Property, plant and equipment (continued)

Right of use assets

The Group leases certain plant and equipment. The average remaining lease term across all leases is 1.5 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

Group	2022 £'000	2021 £'000
Net book values	1,770	1,883

Amounts recognised in the statement of comprehensive income

Group	2022 £'000	2021 £'000
Interest expense on lease liabilities	44	47
Expense relating to short-term leases	-	-
Depreciation charge for the year	329	365

The aggregate undiscounted commitments for short-term and low value leases at the year-end was £nil (2021 - £nil).

12 Inventories

	2022 £'000	2021 £'000
Raw materials	1,961	1,515
Finished products	1,816	2,869
	<u>3,777</u>	<u>4,384</u>

The total amount of inventories consumed in the year and charged to cost of sales was £24.62 million (2021: £18.73 million).

13 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	8,466	8,195
Less: provision for impairment of trade receivables	-	-
Net trade receivables	<u>8,466</u>	<u>8,195</u>
Other receivables	283	228
Prepayments and accrued income	566	451
	<u>9,315</u>	<u>8,874</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:

	2022 £'000	2021 £'000
Trade receivables	8,466	8,195
Borrowings	(1,143)	(1,452)
	<u>7,323</u>	<u>6,743</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.

During the year, several customers were invoiced in foreign currency. The Group does not hedge its exposure to foreign exchange risk but monitors product margins and foreign exchange gains and losses each month. In the event of a permanent and unfavourable movement in exchange rates, the Group would review foreign currency-based selling prices. At the balance sheet date, trade receivables consisted of customers invoiced in Euros and sterling as follows:

	2022 £'000	2021 £'000
Trade receivables		
Denominated in sterling	8,118	7,933
Denominated in Euros	348	262
	<u>8,466</u>	<u>8,195</u>

The ageing analysis of trade receivables is disclosed below:

	2022 £'000	2021 £'000
Up to 3 months	8,088	7,382
3 to 6 months	104	446
6 to 12 months	274	347
Over 12 months	-	20
	<u>8,466</u>	<u>8,195</u>

14 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	<u>19,136</u>	<u>21,871</u>

15 Assets held for sale

Assets held for sale relate to the land and buildings owned by Indulgence Foods Limited, a subsidiary in the food manufacturing segment, which are no longer in use as the company has discontinued operations. The Group expects that these will be sold within 12 months.

15 Assets held for sale (continued)

In the 2022 financial year, the properties owned by Indulgence Foods Limited were revalued to £2,138,000. Following Indulgence Patisserie Limited ceasing to trade, these properties were subsequently reclassified as assets held for sale.

16 Available for sale investments

During the year the Group invested in equity securities pursuant to its treasury management policies. The investments held at year end are carried at fair value (£1.65 million, 2021: nil) and been classified as available for sale. The cost of the securities was £1.69 million (2021: nil).

	2022 £'000	2021 £'000
Available for sale investments	1,649	-

17 Trade and other payables (current)

	2022 £'000	2021 £'000
Trade payables	2,638	1,630
Other tax and social security	211	197
Other payables	54	34
Accruals	1,904	1,518
	<u>4,807</u>	<u>3,379</u>

The fair value of all trade and other payables approximates to book value at 31 December 2022 and at 31 December 2021.

18 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.

18 Financial instruments – risk management (*continued*)

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 (other than in respect of leasing) 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.

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.

18 Financial instruments – risk management (continued)

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

	2022 £'000	2021 £'000
Total debt	(2,900)	(3,468)
Cash and cash equivalents	19,136	21,871
Net funds	16,236	18,403
Total equity (capital)	35,752	37,050
Net funds to capital ratio	45.4%	49.7%

Reconciliation of movement in net cash

	Net cash at 1 January 2022 £'000	Cash flow £'000	Repayment of borrowings £'000	Other non- cash items £'000	Net cash at 31 December 2022 £'000
Cash at bank and in hand	21,871	(2,735)	-	-	19,136
Borrowings	(3,468)	-	628	(60)	(2,900)
Total financial liabilities	18,403	(2,735)	628	(60)	16,236

Non-cash items of £60,000 relate to the increase in lease finance arising on the purchase of property, plant and equipment.

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

19 Financial assets and liabilities – numerical disclosures

Analysis of financial assets by category:

31 December 2022	Amortised cost £'000	FVOCI £'000	Total £'000
Financial assets			
Trade and other receivables	9,315	-	9,315
Cash and cash equivalents	19,136	-	19,136
Assets held for sale	-	2,103	2,103
Available for sale investments	-	1,649	1,649
Total assets	28,451	3,752	32,203
Financial liabilities			
Non-current borrowings	1,270	-	1,270
Current borrowings	1,630	-	1,630
Trade and other payables	4,807	-	4,807
Total liabilities	7,707	-	7,707
31 December 2021	Amortised cost £'000	FVOCI £'000	Total £'000
Financial assets			
Trade and other receivables	8,874	-	8,874
Cash and cash equivalents	21,871	-	21,871
Total assets	30,745	-	30,745
Financial liabilities			
Non-current borrowings	1,624	-	1,624
Current borrowings	1,844	-	1,844
Trade and other payables	3,379	-	3,379
Total liabilities	6,847	-	6,847

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.

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

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

19 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:

	2022 £'000	2021 £'000
Less than six months	1,393	1,592
Six months to one year	237	252
One to two years	418	461
Two to five years	543	719
More than five years	309	444
	<u>2,900</u>	<u>3,468</u>

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

	2022 £'000	2021 £'000
Loans and other borrowings (current)	1,258	1,452
Leases (current)	372	392
Loans and other borrowings (non-current)	818	933
Leases (non-current)	452	691
	<u>2,900</u>	<u>3,468</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:

	2022 £'000	2021 £'000
Less than six months	1,435	1,637
Six months to one year	276	293
One to two years	486	536
Two to five years	624	839
More than five years	323	472
	<u>3,144</u>	<u>3,777</u>

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

	2022 £'000	2021 £'000
Loans and other borrowings (current)	1,294	1,493
Leases (current)	418	437
Loans and other borrowings (non-current)	919	1,068
Leases (non-current)	513	779
	<u>3,144</u>	<u>3,777</u>

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

	2022 £'000	2021 £'000
Less than six months	<u>2,849</u>	<u>1,827</u>

20 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 2022	(678)	17	(527)	650	(538)
Recognised in P&L during the year	16	(13)	-	169	172
Recognised in equity during the year	-	-	(297)	-	(297)
At 31 December 2022	<u>(662)</u>	<u>4</u>	<u>(824)</u>	<u>819</u>	<u>(663)</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 2021	(485)	10	(387)	473	(389)
Recognised in P&L during the year	(193)	7	-	177	(9)
Recognised in equity - property revaluation	-	-	(140)	-	(140)
At 31 December 2021	<u>(678)</u>	<u>17</u>	<u>(527)</u>	<u>650</u>	<u>(538)</u>

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

	2022 £'000	2021 £'000
Tax losses carried forward	832	843
Excess of depreciation over capital allowances	-	-
Short term temporary differences	-	-
Net unrecognised deferred tax asset	<u>832</u>	<u>843</u>

Deferred tax assets and liabilities have been calculated using the rate of corporation tax expected to apply when the relevant temporary differences reverse of 25% (2021 – 25%). 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. The losses cannot be used to offset against profits in other entities as the losses arose prior to 1 April 2017 and can therefore only be offset against any profits made by the entity that incurred the loss.

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

21 Share capital

	2022 Number	Authorised 2022 £'000	2021 Number	2021 £'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>

	2022 Number	Issued and fully paid 2022 £'000	2021 Number	2021 £'000
Ordinary shares of £0.0000001 each	6,207,074	-	6,207,074	-
Deferred shares of £0.00000001 each	4,999,994,534,697	50	4,999,994,534,697	50
		<u>50</u>		<u>50</u>

Treasury shares

During the year the Company acquired 204,000 (2021: 3,500) of its own Ordinary shares for total consideration of £2,090,000 (2021: £44,000). This brought the total number of Ordinary shares held in treasury to 3,842,652 (2021: 3,638,652) with an aggregate nominal value of less than £1. At the year end the total number of Ordinary shares outstanding (excluding treasury shares) was 2,364,422 (2021: 2,568,422).

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.

22 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*)

23 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.

24 Contingent liabilities

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

25 Non-controlling interests

The non-controlling interests of £2,877,000 (2021: £2,402,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2022 in the following subsidiaries:

Name of subsidiary	2022 £'000	2021 £'000
NMT Group Limited	67	68
Shire Foods Limited	2,810	2,334
	<u>2,877</u>	<u>2,402</u>

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

	Shire Foods Limited	
	2022 £'000	2021 £'000
Non-current assets	8,137	8,081
Current assets	13,939	10,955
Non-current liabilities	(1,270)	(1,615)
Current liabilities	(5,532)	(4,581)
Provisions	(1,202)	(1,150)
Net assets (equity)	<u>14,072</u>	<u>11,690</u>
Group	11,262	9,356
Non-controlling interests	2,810	2,334
	<u>14,072</u>	<u>11,690</u>
Revenue	<u>38,175</u>	<u>30,775</u>
Profit for the year after tax (stated after intra-group management and interest charges)	<u>2,382</u>	<u>1,778</u>
Profit for the year attributable to non-controlling interests	<u>475</u>	<u>354</u>

Volvere plc

Parent Company financial statements

Year ended 31 December 2022

Volvere plc**Annual report and financial statements for the year ended 31 December 2022****Parent Company balance sheet****Company number 04478674**

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Tangible fixed assets	3	-		-	
Investments	4	5,105		5,114	
			5,105		5,114
Current assets					
Debtors	5	1,865		1,726	
Cash at bank and in hand		16,483		21,321	
Available for sale investments	6	1,649		-	
		19,997		23,047	
Creditors: amounts falling due within one year	7	(4,597)		(4,681)	
Net current assets			15,400		18,366
Total assets less current liabilities			20,505		23,480
Net assets			20,505		23,480
Called up share capital	8		50		50
Share premium account			7,885		7,885
Profit and loss account			12,570		15,545
Shareholders' funds			20,505		23,480

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2023 and were signed on their behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 60 to 63 form part of these financial statements.

Volvere plc**Annual report and financial statements for the year ended 31 December 2022****Parent Company statement of changes in equity**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
2022				
Loss for the year	-	-	(850)	(850)
Revaluation in the year	-	-	(35)	(35)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	(885)	(885)
Balance at 1 January	50	7,885	15,545	23,480
 Purchase of own shares	-	-	(2,090)	(2,090)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	50	7,885	12,570	20,505
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 2021				
Loss for the year	-	-	(5,084)	(5,084)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	(5,084)	(5,084)
Balance at 1 January	50	7,885	20,673	28,608
 Purchase of own shares (treasury shares)	-	-	(44)	(44)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	50	7,885	15,545	23,480
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 60 to 63 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%
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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 £850,000 (2021: loss of £5,084,000) which is dealt with in the financial statements of the Parent Company.

3 Tangible fixed assets

	Plant & Machinery £'000	Total £'000
Cost		
At 1 January 2022	19	19
Additions	-	-
	<hr/>	<hr/>
At 31 December 2022	19	19
	<hr/>	<hr/>
Accumulated depreciation		
At 1 January 2022	19	19
Charge for the year	-	-
	<hr/>	<hr/>
At 31 December 2022	19	19
	<hr/>	<hr/>
Net book value		
At 31 December 2022	-	-
	<hr/>	<hr/>
At 31 December 2021	-	-
	<hr/>	<hr/>

4 Fixed asset investments

	Shares in group undertakings 2022 £'000	Shares in group undertakings 2021 £'000
Cost	5,114	5,207
Impairment	(9)	(93)
	<hr/>	<hr/>
Net book value	5,105	5,114
	<hr/>	<hr/>

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

5 Debtors

	2022 £'000	2021 £'000
Amounts owed by group undertakings	1,147	1,064
Deferred tax asset	699	632
Other debtors	5	19
Prepayments and accrued income	14	11
	<hr/>	<hr/>
	1,865	1,726
	<hr/>	<hr/>

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

6 Available for sale investments

Available for sale investments relate to investments made for the purposes of treasury management. They have been revalued to market value at the year end.

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

7 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	24	9
Amounts due to Group companies	4,459	4,558
Other creditors	34	34
Accruals and deferred income	80	80
	<u>4,597</u>	<u>4,681</u>

8 Share capital

	2022 Number	Authorised 2022 £'000	2021 Number	2021 £'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>
	2022 Number	Issued and fully paid 2022 £'000	2021 Number	2021 £'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 21 to the consolidated financial statements.

9 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 £140,000 (2021: £142,000) and from Shire Foods Limited ("Shire") of £100,000 (2021: £50,000). All companies are subsidiary undertakings.

At 31 December 2022, amounts due to NMT were £4,459,000 (2021: £4,559,000) and interest charged to the Company by NMT amounted to £112,000 (2021: £52,000).

