Minoan Group Plc

Group Strategic Report, Report of the Directors and Consolidated Financial Statements

Year ended 31 October 2022

Company registration no: 03770602

Minoan Group Plc (Registered number: 03770602)

Group Strategic Report, Report of the Directors and Consolidated Financial Statements

Year ended 31 October 2022

Contents

Minoan Group Plc (Registered number: 03770602)

Directors and Advisers

Directors
C W Egleton (Chairman)
G D Cook MA, ACA
T R C Hill B.Arch
G Mergos

Company secretary
W C Cole

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Nominated adviser and broker
WH Ireland Limited, London

Registrars
Neville Registrars Limited, Halesowen, West Midlands

Independent auditor
Anstey Bond LLP
Statutory Auditors &
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Minoan Group Plc (Registered number: 03770602)

Chairman’s Statement

Introduction
During the year under review, which commenced in November 2021, as well as subsequently, your Company has been active in progressing the Itanos Gaia Project in Crete (the “Project”). In the period we completed the new Project Masterplan, revised Business Plans, made additions to the senior management team and appointed further experienced international consultants.

The continuing constructive discussions with the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani (the “Foundation”) are not impeding progress on the Project itself, as we are moving forward based on the existing contractual documentation. On this basis, Shareholders will be able to see from the report of George Mergos, Chairman of Loyalward, that the key numbers relating to the Project are very strong.

Financial Review
Operating costs for the year slightly increased to £541,000 compared to £511,000 for the year to 31 October 2022. The loss before taxation for the year was £1,065,000 compared to £749,000 recorded for the year to 31 October 2021 due to increased loan interest charges.

The Company’s net assets at 31 October 2022 increased to £42,689,000 from £42,406,000. Capitalised project costs, being costs associated with acquiring and developing the site in Crete, planning and other design costs, increased by £600,000 to £47,358,000.

Terms for the renewal of the DAGG loan have been received and subject to finalising final details, the Company expects to enter into a new agreement with DAGG in the next few days. A further announcement will be made in due course.

The Project and Greece
The good progress, as reported in the Statement of the Chairman of Loyalward Limited, which follows this report has enabled the management team to move forward with certainty and to undertake and later complete the Commercial and other negotiations that have been in progress for some time as evidenced by the signing of the first of a number of Non Disclosure Agreements with various interested parties. The Commercialisation of the Project for the benefit of shareholders is now the main focus.

During the year Savills, the Global Real Estate Advisors using both their British and Greek teams, were appointed to work alongside the Company’s Project Team and Deloitte Financial Consultants to review the real estate portion of the resorts at the Project and to ensure it is positioned correctly in the international market. The political and economic situation in Greece has remained stable during the period under review although a general election has been called for next month.

It is important to see Greece and the Project in the context of the Greek and International markets, where the market for top end resorts and villas remain buoyant with room rates having increased significantly above inflation. Further, there are various incentive and loan packages that are being offered by the Greek Government combined with the EU. We will be writing to shareholders on these and other financial matters as they affect the Project going forward.

Boards and Management
As previously noted, during the year under review the Board welcomed George Mergos to the board of Minoan Group Plc and as Chairman of Loyalward Limited, the Group’s wholly owned subsidiary and owner of the Project. In October we announced the team had been further strengthened with the appointment of Marco Nijhof to work alongside George. Marco has extensive board level experience within the international five-star luxury hotel and retail hospitality industry, developing, commercialising and operating world class tourism and other businesses.

We expect to make further appointments to both the Management and advisory teams as we progress.

Chairman's Statement (continued)

Outlook

I am pleased that the Company is able to move forward with more certainty. We will continue our discussions with the Foundation and will be focusing on the Project and its commercialisation. In this context both George Mergos and I expect to be able to report further progress shortly.

Christopher W Egleton
Chairman
28 April 2023

Statement of the Chairman of Loyalward Limited, the Project Owner

As Shareholders are aware I joined the Boards of Loyalward and Minoan something over a year ago. My aims were to help ensure that the Masterplan, the Business Plan, and the discussions with the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani (the "Foundation") were on a stable base and, in the case of the Foundation, in a position to move forward. I am pleased to be able to confirm that, as reported previously, those objectives have been achieved with the Masterplan and Business Plan having been submitted to the Foundation. In parallel, discussions with the Foundation are progressing well and are continuing both with their advisors as well as the Bishop of Irapetra and Sitia as Chairman of the Foundation with a view to achieving the optimum solution for both parties.

The discussions with the Foundation and its advisors cover the key legal, technical and economic aspects of the Project and have confirmed that the new law on Epifania (the equivalent of a ground lease in English law) best serves the interests of both parties. The current Project design relates to Complex Resorts and may be realised on the basis of the existing legal title documentation as well as on the basis of an amended contract with Epifania (the equivalent of a ground lease in English law). Shareholders will be pleased to learn that in both cases the Project produces very substantial returns to all parties and we can only expect them to improve further in the future.

All of those involved in the discussions have continually reiterated their wish to see the vision for the Itanos Gaia Project in Crete (the "Project") realised on the ground. In this context, in order to avoid or reduce any further unnecessary delays in delivery, the Company is progressing all the elements of the Project including the preparation of additional detailed Studies necessary for the Environmental Assessment ("EA") to ensure that everything remains in line with the Environmental rules set out in the Presidential Decree. We expect to lodge the EA later this year. In the meantime, we are now able to deal with the other elements of the Project from a position of certainty which, in turn, means that we can enter into the commercial and financing arrangements necessary for implementation.

The EA (together with the Masterplan upon which it is based) is the underlying document which encapsulates the vision for the Project as it moves forward. This vision is, in part, to create one of the most environmentally friendly resorts in the Mediterranean, set in an unrivalled location, famed in mythology as the place where Europa was born and where the Greek Gods went to celebrate their victories and regenerate their spirits, whilst at the same time allowing guests the sort of experience that is today expected of top end resorts.

The Project will be a very high quality hotel and villa tourism Project set in 25 square kilometres of the Cavo Sidero Peninsula in Eastern Crete, with 28 kilometres of coastline and permitted build space of 108,000 square metres. Current plans include four luxury hotel and villa complexes, three of which are adjacent to the coastline in spectacular locations with the fourth being set within the golf area in the centre of the site. All hotel rooms and villas will have a view of the Mediterranean and will, for the most part, provide privacy not usually available in such locations.

The key milestones and timeline that we expect are as follows:

Hotel Letters of Intent: 2023
Environmental Permitting: 2023/24
Financial Partnerships and Project Finance Agreements: 2023/24
Building Permits: 2024/25
Commencement of Construction: 2025
Commencement of first Hotel Operations: 2026
Overall construction period: 5-7 years.

Statement of the Chairman of Loyalward Limited, the Project Owner (continued)

Based on the timeline above and the Business Plan(s) prepared with Deloitte the key numbers are:

Turnover at maturity (excluding villa disposals): €160m
Expected Gross Operating Profit: in excess of 30%
Equity IRR: in excess of 20%.

Whilst these figures are themselves extremely good, they are not set in stone and we believe they will be seen to be conservative as the Project moves forward.

Management and Advisors
Shareholders will be aware that we have improved the Project's management team by the addition of Marco Nijhof to the Board of Loyalward and have appointed Savills to advise on the real estate components. We are also in the process of recruiting other members of both the advisory and management teams about which we will inform you in the next few months.

Conclusion
The period under review has seen the vision for the Project crystallise, allowed the results of the heavy workload to create a clear route forward so that Shareholders are able to have a much better idea of the very substantial value that is being established within the Group. I expect to be able to inform Shareholders of real progress in respect of both Hospitality and Financial partnerships in the near future.

George Mergos
Chairman, Loyalward Limited
28 April 2023

Minoan Group Plc (Registered number: 03770602)

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2022.

Review of business
A review of the Group's business is given in the Statements on page 2 to 5.

Total equity as at 31 October 2022 was £42,689,000 (2021: £42,406,000).

The Key Performance Indicator for the Group is the Monetisation of the Project and this is where the vast majority of management's time is focused. Monetisation means the extraction of value from the Project for the benefit of shareholders and other stakeholders.

Principal activities
The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury hotels and resorts.

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

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

The long term strategy of the Group is to monetise the Project. This may be achieved by managing and running the resort or by bringing in partners for some or all of the resort and managing the remainder, depending on which provides the best return for shareholders.

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

The directors envisage that any joint venture or partnership arrangements will preserve the nature of the Group's long term commitment to the Project.

Corporate governance
The Board supports the principles of good governance. The Group is committed to high standards of corporate governance and has adopted procedures from the Quoted Companies Alliance Corporate Governance Code to institute good governance insofar as they are practical and appropriate for a business of the size of Minoan Group Plc. The Board has a Remuneration and Audit Committee, in each case comprising a majority of Non-executive directors and chaired by a Non-executive director.

Strategic Report (continued)

Board effectiveness
The Group supports the concept of an effective Board leading and providing effective governance over the Group. The Board is responsible for approving Group policy and strategy. It meets regularly and has a schedule of matters

specifically reserved to it for decision. Management supplies the Board with appropriate and timely information and the directors are free to seek any further information that they consider necessary. All directors have access to advice from independent professionals at the Group's expense.

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

In conducting its business the Group ensures that it is compliant with all appropriate regulations.

Approved by the Board of Directors and signed on behalf of the Board.

C W Egleton
Director
28 April 2023

Minoan Group Plc (Registered number: 03770602)

Directors' Report

The directors present their annual report for the year ended 31 October 2022.

Directors
The directors shown below, unless otherwise stated, have held office during the whole of the period from 1 November 2021 to the date of this report:

C W Egleton (Chairman)	
B D Bartman BSc (Econ), FCA	Retired 15 February 2022
G D Cook MA, ACA	
T R C Hill B.Arch	
G Mergos	Appointed 15 February 2022

Principal activities
The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury hotels and resorts.

Results and dividends
The financial statements are prepared in accordance with United Kingdom adopted International Financial Reporting Standards ("IFRS") and the Companies Act 2006.

The Group made a loss for the year, after taxation, of £1,065,000 (31 October 2021: £749,000). The loss includes a non-cash finance cost in respect of warrants issued in the amount of £47,000 (31 October 2021: £44,000) (see note 17).

The Group's loss per share was 0.16p (31 October 2021: 0.14p).

No dividend is proposed for the year (31 October 2021: Nil).

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

Statement of directors' responsibilities
The directors are responsible for preparing and reporting the financial statements in accordance with applicable laws and regulations.

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

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

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

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

Directors' Report (continued)

Statement of directors' responsibilities (continued)
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

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

Insurance
The Group has maintained Directors and Officers Liability Insurance on behalf of the directors of all group companies indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Events after the statement of financial position date
The directors draw attention to the events disclosed in note 21.

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

A resolution to appoint Anstey Bond LLP as the auditor for the ensuing year will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:

C W Egleton
Director
28 April 2023

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

Our opinion

We have audited the financial statements of Minoan Group Plc ("the Group") for the year ended 31 October 2022 which comprise; the consolidated statement of profit or loss and other comprehensive income, the consolidated and parent company's statement of financial position, the consolidated and parent company's statement of changes in equity, the consolidated and company's statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion:

- The financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2022 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with IFRS as adopted by the United Kingdom;
- The parent company financial statements have been properly prepared in accordance with IFRS as adopted by the United Kingdom and as applied in accordance with the provisions of the Companies Act 2006;
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Material uncertainty relating to going concern

We draw attention to the disclosures made in the Strategic Report and in note 1 to the financial statements concerning the uncertainty regarding the group's need to secure project finance in order to bring its Crete project to fruition and to continue as a going concern. As stated in these disclosures, these events and conditions indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Overview of our audit approach

Key audit matters	➢ Capitalisation and valuation of inventories, being the Crete project costs. ➢ Going concern
Materiality	➢ Materiality is £325,000 which is based on the benchmark of < 1% net assets

An overview of the scope of our audit
The group consists of the parent company and its subsidiaries. It largely operates through two trading subsidiary undertakings which were considered to be significant components for the purposes of the group financial statements. The financial statements consolidate these entities together with other non-trading subsidiary undertakings. As part of designing our group audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each subsidiary or entity. This consisted of us carrying out a full audit of all significant components of the group.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We have designed our audit approach to identify possible fraud in relation to the associated fraud risk of the group. We consider the most likely areas where fraud might arise to be within the valuation of the project costs and in relation to incorrect revenue recognition. Our approach to these areas has been addressed within the Key audit matters section.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) that we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the 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. In arriving at our opinion, the key audit matters considered were as follows.

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

Risk 1: *Capitalisation and valuation of Crete Project costs*
The group inventories, held in respect of the Crete project, represent the most significant asset on the statement of financial position totalling £47.4 million as at 31 October 2022 (2021: £46.8 million). There is a risk that inappropriate expenditure may be capitalised that is not in accordance with IAS 2 Inventories, and a risk of impairment not being recognised correctly to accurately represent the value held. Furthermore, given that the Presidential Decree has been issued granting planning consent and that the Directors appear to be actively marketing the property, any lack of buyer interest in the property would be an indication of impairment. Therefore, there is a significant risk over the valuation of these inventories.
In this area, our audit procedures included:

- Testing a sample of capitalised costs in the year to ensure accuracy and appropriateness for capitalisation as project costs under IAS 2;
- Reviewing correspondence and other third party documentation from management experts having considered their expertise and instructions in relation to the project to confirm that the expected value of the project is in excess of the costs to date, including meeting, reviewing and testing assumptions of the Group's appointed financial advisory and specialist hospitality partner and a qualified member of the Royal Institution of Chartered Surveyors to assist with the valuation.
- Reviewing and assessing the marketing activities for the site post grant of the Presidential Decree;
- Inspecting management's impairment review and recalculation in line with support from other sources to confirm the value and assess the need for any impairment.

From the work performed, we did not identify any transactions which indicated that capitalised costs were incorrectly stated, the expected value of the project is in excess of the costs held within the group as at the balance sheet date and no impairment was therefore required.

Risk 2 – *Going concern of the Group*
Several risks were identified surrounding the company's ability to continue as a going concern. Attention has been drawn to these matters in notes 1 and 21 of the financial statements.

In this area, our audit procedures included:

- We obtained and reviewed the post year end cash-flow forecasts, bank statements and statutory documentation;
- We assessed the level of equity financing received during the six months after the balance sheet date, and whether this was sufficient to ensure the group's liquidity;
- We reviewed the Group's refinancing of debt taking place post year end;
- We obtained the Board of Directors' assessment of the groups' going concern;
- We reviewed the disclosures included within these statements and confirmed that they were in line with regulatory reporting standards.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

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

Our application of materiality

We set certain thresholds for materiality. These help us to establish transactions and misstatements that are significant to the financial statements as a whole, to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually on balances and on the financial statements as a whole.

We determined the materiality for the group financial statements to be £325,000, calculated with reference to a benchmark of the Crete project costs included within the gross assets, the overall materiality calculation was <1% of net assets. This is the threshold above which missing or incorrect information in the financial statements is considered to have an impact on the decision making of users. We determined the materiality for the company as a whole to be £105,000, calculated with reference to a benchmark of results before tax <5%.

Other information

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 in this report, 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 inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our 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.

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, set out on pages 6 and 7, 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group'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 operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

Detecting irregularities

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

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from Companies Act 2006, international accounting standards, London Stock Exchange Rules and the Disclosure and Transparency Rules.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group with those laws and regulations. These procedures included but were not limited to enquiries of management, review of legal and professional fees and review of Board minutes.
- We also identified the risks of material misstatements of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to revenue recognition. This was addressed through updating our understanding of the internal control environment, analysing and reviewing the agreements for the year, substantive testing of revenue and expenses recognised and a review of post year end receipts and payments.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing bank payments and receipts in the year; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Ellis FCCA CF (Senior Statutory Auditor)
For and on behalf of **ANSTEY BOND LLP,**
Statutory Auditors & Chartered Accountants
1-2 Charterhouse Mews
London
EC1M 6BB
28 April 2023

Minoan Group Plc (Registered number: 03770602)

Consolidated Statement of Comprehensive Income
Year ended 31 October 2022

	Note	**2022** **£'000**	2021 £'000
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
		-	-
Operating expenses		**(541)**	(511)
Other operating expenses:			
Corporate development costs		**-**	-
Operating loss		**(541)**	(511)
Finance costs	17	**(524)**	(238)
Loss before taxation	4	**(1,065)**	(749)
Taxation	5	**-**	-
Loss after taxation		**(1,065)**	(749)
Other Comprehensive income for the year		**-**	-
Total Comprehensive income for the year		**(1,065)**	(749)
Loss for year attributable to equity holders of the Company		**(1,065)**	(749)
Loss per share attributable to equity holders of the Company: Basic and diluted	6	**(0.16)p**	(0.14)p

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

The notes on pages 23 to 40 form part of these financial statements.

Minoan Group Plc (Registered number: 03770602)

Consolidated Statement of Changes in Equity
Year ended 31 October 2022

Year ended 31 October 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2021	**19,021**	**36,583**	**9,349**	**2,571**	**(25,118)**	**42,406**
Loss for the year	**-**	**-**	**-**	**-**	**(1,065)**	**(1,065)**
Issue of ordinary shares at a premium	**1,300**	**-**	**-**	**-**	**-**	**1,300**
Increase in Warrant Reserve (note 17)	**-**	**-**	**-**	**48**	**-**	**48**
Balance at 31 October 2022	**20,321**	**36,583**	**9,349**	**2,619**	**(26,183)**	**42,689**

Year ended 31 October 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2020	17,959	36,476	9,349	2,527	(24,369)	41,942
Loss for the year	-	-	-	-	(749)	(749)
Issue of ordinary shares at a premium	1,062	107	-	-	-	1,169
Reduction in Warrant Reserve (note 17)	-	-	-	44	-	44
Balance at 31 October 2021	19,021	36,583	9,349	2,571	(25,118)	42,406

Minoan Group Plc (Registered number: 03770602)

Company Statement of Changes in Equity
Year ended 31 October 2022

Year ended 31 October 2022

	Share capital £'000	Share premium £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2021	**19,021**	**36,583**	**2,571**	**(6,260)**	**51,915**
Loss for the year	**-**	**-**	**-**	**(857)**	**(857)**
Issue of ordinary shares at a premium	**1,300**	**-**	**-**	**-**	**1,300**
Increase in Warrant Reserve (note 17)	**-**	**-**	**48**	**-**	**48**
Balance at 31 October 2022	**20,321**	**36,583**	**2,619**	**(7,117)**	**52,406**

Year ended 31 October 2021

	Share capital £'000	Share premium £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2020	17,959	36,476	2,527	(5,709)	51,253
Loss for the year	-	-	-	(551)	(551)
Issue of ordinary shares at a premium	1,062	107	-	-	1,169
Reduction in Warrant Reserve (note 17)	-	-	44	-	44
Balance at 31 October 2021	19,021	36,583	2,571	(6,260)	51,915

Minoan Group Plc (Registered number: 03770602)

Consolidated Statement of Financial Position as at 31 October 2022

	Note	**2022** **£'000**	2021 £'000
Assets			
Non-current assets			
Intangible assets	7	**3,583**	3,583
Property, plant and equipment	8	**157**	157
Total non-current assets		**3,740**	3,740
Current assets			
Inventories	10	**47,388**	46,758
Receivables	11	**167**	162
Cash and cash equivalents		**130**	20
Total current assets		**47,685**	46,940
Total assets		**51,425**	50,680
Equity			
Share capital	14	**20,321**	19,021
Share premium account		**36,583**	36,583
Merger reserve account		**9,349**	9,349
Warrant reserve		**2,619**	2,571
Retained earnings		**(26,183)**	(25,118)
Total equity		**42,689**	42,406
Liabilities			
Current liabilities	12	**8,736**	8,274
Total equity and liabilities		**51,425**	50,680

The financial statements on pages 16 to 40 were approved by the Board of Directors and authorised for issue on 28 April 2023.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc (Registered number: 03770602)

Company Statement of Financial Position as at 31 October 2022

	Note	**2022 £'000**	2021 £'000
Assets			
Non-current assets			
Investments	9	**31,736**	31,736
Total non-current assets		**31,736**	31,736
Current assets			
Receivables	11	**23,935**	23,326
Cash and cash equivalents		**113**	2
Total current assets		**24,048**	23,328
Total assets		**55,784**	55,064
Equity			
Share capital	14	**20,321**	19,021
Share premium account		**36,583**	36,583
Warrant reserve		**2,619**	2,571
Retained earnings		**(7,117)**	(6,260)
Total equity		**52,406**	51,915
Liabilities			
Current liabilities	12	**3,378**	3,149
Total equity and liabilities		**55,784**	55,064

Company registration number: 3770602

As permitted by Section 408 of the Companies act 2006, the income statement is not presented as part of these financial statements, The Company's loss for the year ended 31 October 2022 was £857,000 (2021: £551,000).

The financial statements on pages 16 to 40 were approved by the Board of Directors and authorised for issue on 28 April 2023.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc (Registered number: 03770602)

Consolidated Cash Flow Statement
Year ended 31 October 2022

	2022 **£'000**	2021 £'000
Cash flows from operating activities		
Loss before taxation	**(1,065)**	(749)
Finance costs	**524**	238
Depreciation	**-**	-
Increase in inventories	**(630)**	(327)
(Increase) / decrease in receivables	**(5)**	63
Increase / (decrease) in current liabilities	**370**	(514)
Net cash (outflow) from operations	**(806)**	(1,289)
Finance costs	**(476)**	(194)
Net cash used in operating activities	**(1,282)**	(1,483)
Cash flows from investing activities		
Purchase of property, plant and equipment	**-**	-
Net cash used in investing activities	**-**	-
Cash flows from financing activities		
Net proceeds from the issue of ordinary shares	**1,300**	1,169
Loans received	**92**	328
Net cash generated from financing activities	**1,392**	1,497
Net increase in cash	**110**	14
Cash at beginning of year	**20**	6
Cash at end of year	**130**	20

Minoan Group Plc (Registered number: 03770602)

Company Cash Flow Statement
Year ended 31 October 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss before taxation	**(857)**	(551)
Finance costs	**524**	238
Depreciation	**-**	-
Increase in receivables	**(609)**	(640)
Increase in current liabilities	**81**	8
Net cash outflow from continuing operations	**(861)**	(945)
Finance costs	**(476)**	(194)
Net cash used in operating activities	**(1,337)**	(1,139)
Cash flows from investing activities		
Purchase of property, plant and equipment	**-**	-
Net cash used in investing activities	**-**	-
Cash flows from financing activities		
Net proceeds from the issue of ordinary shares	**1,300**	1,169
Loans received / (repaid)	**148**	(29)
Net cash generated from financing activities	**1,448**	1,140
Net increase in cash	**111**	1
Cash at beginning of year	**2**	1
Cash at end of year	**113**	2

Notes to the Financial Statements
Year ended 31 October 2022

1 Accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations (collectively IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, as adopted by the United Kingdom. The financial statements have been prepared under the historical cost convention.
The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest thousand, unless stated otherwise.

Basis of preparation
The financial statements are prepared under the historical cost convention except for where financial instruments are stated at fair value.

Adoption of new and revised Standards
The International Accounting Standards Board and IFRIC have issued the following new and revised standards and interpretations with an effective date after the date of these financial statements, which have been endorsed and issued by the United Kingdom at 31 October 2022:

Standard		**Details of amendment**	**Effective date**
IAS 1	Presentation of Financial statements	IASB defers effective date of *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* to 1 January 2023	1 January 2023
IAS1	Presentation of Financial statements	Amended by Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
IAS 12	Income Taxes	Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

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

Notes to the Financial Statements (continued)
Year ended 31 October 2022

1 Accounting policies (continued)

Going concern (continued)

Following the unanimous approval of a Plenum of the Greek Council of State, the highest court in Greece, the Presidential Decree granting land use approval for the Project was issued on 11 March 2016 and was published in the Government Gazette. The planning rules for the Project are now enshrined in law. The appeals lodged against the Presidential Decree have been rejected by the Greek Supreme Court. Accordingly, the directors consider that they will conclude further Project joint venture agreements in the near term.

In addition to specific Project related matters as noted above, and as has been the case in the past, the Group continues to need to raise capital in order to meet its existing finance and working capital requirements. While the directors consider that any necessary funds will be raised as required, the ability of the Company to raise these funds is, by its nature, uncertain.

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

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries as at 31 October 2022 using uniform accounting policies. The Group's policy is to consolidate the result of subsidiaries acquired in the year from the date of acquisition to the Group's next accounting reference date. Intra-group balances are eliminated on consolidation.

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

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

- in capitalising the costs directly attributable to the Project (see inventories below), and continuing to recognise goodwill relating to the Project, the directors are of the opinion that the Project will be brought to fruition and that the carrying value of inventories and goodwill is recoverable; and
- as set out above, the directors have exercised judgement in concluding that the Company and Group is a going concern.

Goodwill
Goodwill arising on acquisitions represents the difference between the fair value of the net assets acquired and the consideration paid and is recognised as an asset (see note 7).

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the Financial Statements (continued)
Year ended 31 October 2022

1 Accounting policies (continued)

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

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

Plant and equipment:	3 to 5 years
Fixtures and fittings:	3 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

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

Foreign currency
A foreign currency transaction is recorded, on initial recognition in Sterling, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Sterling, by applying to the foreign currency amount to the exchange rate between the Sterling and the foreign currency at the date of the cash flow.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and short-term deposits, with a maturity of less than three months, held with banks.

Notes to the Financial Statements (continued)
Year ended 31 October 2022

1 Accounting policies (continued)

Trade and other receivables
Trade and other receivables are recognised initially at fair value and shown less any provision for amounts considered irrecoverable. They are subsequently measured at an amortised cost using the effective interest rate method, less irrecoverable provision for receivables.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Loans
Loan borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a borrowing cost over the period of the borrowings using the effective interest method.

Share-based payments
The Company has granted options and warrants to purchase Ordinary Shares. The fair values of the options and warrants are calculated using the Black-Scholes and Binomial option pricing models as appropriate at the grant date. The fair value of the options is charged to profit or loss with a corresponding entry recognised in equity. This charge does not involve any cash payment by the Group.

Where warrants are issued in conjunction with a loan instrument, the fair value of the warrants forms part of the total finance cost associated with that instrument and is released to profit or loss through finance costs over the term of that instrument using the effective interest method.

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

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

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options. As explained under “Share-based payments” above, a compensation expense is recorded in the Group’s statement of comprehensive income over the period from the grant date to the vesting date of the relevant options.

Notes to the Financial Statements (continued)
Year ended 31 October 2022

1 Accounting policies (continued)

Taxation (continued)

As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the statement of financial position date) with the cumulative amount of the compensation expense recorded in the statement of comprehensive income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

2 Information regarding directors and employees

Directors' and key management remuneration

	Costs taken to inventories £'000	Costs taken to profit or loss £'000	Total £'000
Year ended 31 October 2022			
Fees	**65**	**90**	**155**
Sums charged by third parties for directors' and key management services	**-**	**85**	**85**
Share-based payments (note 17)	**-**	**-**	**-**
	65	**175**	**240**
Year ended 31 October 2021			
Fees	35	115	150
Sums charged by third parties for directors' and key management services	2	110	112
Share-based payments (note 17)	-	-	-
	37	225	262

The total directors' and key management remuneration shown above includes the following amounts in respect of the directors of the Company. No director has a service agreement with a notice period that exceeds twelve months.

	2022		2021	
	Fees/Sums charged by third parties £'000	**Share-based payments £'000**	Fees/Sums charged by third parties £'000	Share-based payments £'000
C W Egleton (Chairman)	**40**	**-**	40	-
B D Bartman (Retired 15/2/22)	**10**	**-**	35	-
G D Cook	**35**	**-**	35	-
T R C Hill	**35**	**-**	35	-
G Mergos	**30**	**-**	-	-
	150	**-**	145	-

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

Notes to the Financial Statements (continued)
Year ended 31 October 2022

2 Information regarding directors and employees (continued)

Highest paid director

The Companies Act 2006 requires certain disclosures about the remuneration of the highest paid director taking into account emoluments, gains on exercise of share options and amounts receivable under long-term incentive schemes. On this basis, the highest paid director in the year was C W Egleton and details of his remuneration are disclosed above.

The Group's policy on directors' remuneration is to:

1. attract and retain high quality executives by paying competitive remuneration packages relevant to each director's role, experience and the external market. The packages include contributions to private medical insurance; and
2. give incentives to directors to maximise shareholder value through a long-term reward approach, mainly through the award of share options, which are not exercisable immediately, against key performance indicators.

The Remuneration Committee has only needed to meet once during the year to confirm director pay and conditions. The Committee will reconsider remuneration for directors over the coming months.

	2022	2021
	No.	No.
Group monthly average number of persons employed		
Directors	**9**	7
Management, administration and sales	**-**	-

3 Segmental information

Since the sale of the travel agency business in 2019, the Group's activities have been focussed solely on the luxury resorts division, being the development of a luxury resort in Crete, which includes the central administration costs of the Group. As the Luxury Resorts segment accounts for more than 90% of the Group's activities, no segmental information is appropriate.

4 Loss before taxation

The loss before taxation is stated after charging:

	2022	2021
	£'000	£'000
Depreciation	**-**	-
Auditor's remuneration	**22**	17
Foreign exchange variances	**-**	-

Notes to the Financial Statements (continued)
Year ended 31 October 2022

5 Taxation

Consolidated

(a) Analysis of taxation for the year

	2022 £'000	2021 £'000
UK corporation tax	**-**	-

(b) Factors affecting taxation for the year

	2022 £'000	2021 £'000
Loss before taxation	**(1,065)**	(749)
Tax on ordinary activities multiplied by the UK corporation tax rate of 25% (2021: 19%)	**(266)**	(142)
Effects of:		
Expenses not deductible for tax purposes	**-**	-
Other timing differences	**-**	-
Increase in tax losses	**266**	142
Taxation charge for the year	**-**	**-**

Taxation losses carried forward appear in note 13.

6 Loss per share

Earnings per share are calculated by dividing the earnings attributable to the equity holders of a company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all potential dilutive ordinary shares. As the Group is loss making, there are no dilutive instruments in issue, and therefore the basic loss per share and diluted loss per share are the same. The weighted average number of shares used in calculating basic and diluted loss per share for the year ended 31 October 2022 was 647,900,567 (31 October 2021: 555,510,460).

	Earnings 2022 £	2022 Weighted average number of shares	Per-share amount (pence)
Basic EPS			
Earnings attributable to ordinary shareholders	**(1,064,675)**	**647,900,567**	**(0.16)**
Effect of dilutive securities	**-**		**-**
Diluted EPS			
Adjusted earnings	**(1,064,675)**	**647,900,567**	**(0.16)**

Notes to the Financial Statements (continued)
Year ended 31 October 2022

6 Loss per share (continued)

	Earnings 2021 £	2021 Weighted average number of shares	Per-share amount (pence)
Basic EPS			
Earnings attributable to ordinary shareholders	(748,475)	550,510,460	(0.14)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(748,475)	550,510,460	(0.14)

7 Intangible assets

Consolidated	**2022**		2021	
	Goodwill	**Total**	Goodwill	Total
	£'000	**£'000**	£'000	£'000
Cost				
At beginning of year	**3,583**	**3,583**	3,583	3,583
Additions	**-**	**-**	-	-
At end of year	**3,583**	**3,583**	3,583	3,583
Accumulated amortisation				
At beginning of year	**-**	**-**	**-**	**-**
Provided in year	**-**	**-**	**-**	**-**
At end of year	**-**	**-**	**-**	**-**
Net book value				
At beginning of year	**3,583**	**3,583**	3,583	3,583
At end of year	**3,583**	**3,583**	3,583	3,583

The Project is assessed using fair value less costs to sell. The directors have assessed the recoverable amount of the Project as being greater than the combined carrying value of the goodwill and inventories of £50,971,000 at 31 October 2022 (31 October 2021: £50,341,000) on the basis of valuations previously carried out and the positive progress made in the period since (see also note 10).

Notes to the Financial Statements (continued)
Year ended 31 October 2022

8 Property, plant and equipment

Year ended 31 October 2022

Consolidated	**Freehold land**	**Furniture, fittings, plant & equipment**	**Total**
	£'000	**£'000**	**£'000**
Cost			
At 1 November 2021	**203**	**92**	**295**
Additions	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
At 31 October 2022	**203**	**92**	**295**
Accumulated depreciation			
At 1 November 2021	**53**	**85**	**138**
Provided in year	**-**	**-**	**-**
At 31 October 2022	**53**	**85**	**138**
Net book value			
At 31 October 2022	**150**	**7**	**157**

Year ended 31 October 2021

Consolidated	Freehold land	Furniture, fittings, plant & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 November 2020	203	92	295
Additions	-	-	-
Disposals	-	-	-
At 31 October 2021	203	92	295
Accumulated depreciation			
At 1 November 2020	53	85	138
Provided in year	-	-	-
At 31 October 2021	53	85	138
Net book value			
At 31 October 2021	150	7	157

Notes to the Financial Statements (continued)
Year ended 31 October 2022

9 Investments

Company

Year ended 31 October 2022

	Shares in subsidiaries £'000
Cost	
At 1 November 2021	**31,736**
Additions	**-**
At 31 October 2022	**31,736**
Impairment	
At 31 October 2022	**-**
	-
Net book value at 31 October 2022	**31,736**

Year ended 31 October 2021

	Shares in subsidiaries £'000
Cost	
At 1 November 2020	21,736
Additions	10,000
At 31 October 2021	31,736
Impairment	
At 31 October 2021	-
	-
Net book value at 31 October 2021	31,736

Interests in subsidiaries

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 October 2022
Loyalward Limited	United Kingdom	100%
Loyalward Leisure PLC	United Kingdom	100%
Loyalward Hellas S.A.	Greece	100%

Notes to the Financial Statements (continued)
Year ended 31 October 2022

10 Inventories

Consolidated
Inventories at 31 October 2022 amounted to £47,388,000 (31 October 2021: £46,758,000), comprising costs associated with acquiring and developing the site in Crete, planning and other design costs.

The development site of the Project is to be leased from the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani ("the Foundation") for an initial 40 year period following contract activation which will follow the relevant authorities approving the land planning and land uses for the Project. The Group has an option over a further 40 years. An amount of £3.9 million is payable to the Foundation on contract activation, plus ongoing royalties earned on revenue generated by the development (see also note 18).

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

11 Receivables

Consolidated	**2022 £'000**	2021 £'000
Other receivables and prepayments	**154**	74
Value added tax recoverable	**13**	88
	167	162

No provision is considered necessary in respect of irrecoverable amounts.

Company	**2022 £'000**	2021 £'000
Amounts owed by subsidiary companies (see note 16)	**23,923**	23,319
Other receivables and prepayments	**-**	-
Value added tax recoverable	**12**	7
	23,935	23,326

Amounts owed by subsidiary companies are repayable on demand but are not expected to be received until the realisation of the project.

12 Liabilities

Current liabilities

Consolidated	**2022 £'000**	2021 £'000
Trade and other payables	**3,514**	3,148
Other creditor (see below)	**1,000**	1,000
Social security and other taxes	**37**	31
Loans (see note 15)	**2,503**	2,411
Accruals and deferred charges	**1,682**	1,684
	8,736	8,274

Notes to the Financial Statements (continued)
Year ended 31 October 2022

12 Liabilities (continued)

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

Current liabilities

Company	2022 £'000	2021 £'000
Trade and other payables	**458**	395
Amounts owed to subsidiary companies (see note 16)	**38**	38
Loans (see note 15)	**2,155**	2,007
Accruals and deferred charges	**727**	709
	3,378	3,149

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

13 Deferred taxation

Consolidated
No deferred taxation asset has been recognised in the financial statements due to the uncertainty of its recoverability. The total potential asset is as follows:

	Total potential asset		Amount recognised	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Tax effect of timing differences because of:				
Other short term timing differences	**398**	-	**-**	-
Losses	**4,843**	4,577	**-**	-
	5,241	4,577	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 25% (2021: 23%).

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

	Total potential asset		Amount recognised	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Tax effect of timing differences because of:				
Other short term timing differences	**176**	-	**-**	-
Losses	**2,242**	2,027	**-**	-
	2,418	2,027	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 25% (2021: 23%).

Notes to the Financial Statements (continued)
Year ended 31 October 2022

13 Deferred taxation (continued)

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

14 Share capital

	2022 **£'000**	2021 £'000
Called up, allotted and fully paid		
732,517,005 Ordinary Shares of 1p each (2021: 602,517,005)	**7,325**	6,025
54,148,031 Deferred Shares of 24p each	**12,996**	12,996
626,427 Zero Coupon Redeemable Preference Shares of 0.0001p each	**-**	-
	20,321	19,021

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

15 Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and various items such as trade receivables and trade payables that arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. There have been no substantive changes in the Group exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure from previous periods.

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

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the financial charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

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

All financial liabilities are non-derivative and fall due within one year (see note 12).

Notes to the Financial Statements (continued)
Year ended 31 October 2022

15 Financial instruments and risk management (continued)

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

Foreign currency risk

Foreign currency risks arise when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group has one overseas trading subsidiary, Loyalward Hellas S.A., which operates in Greece and whose revenues and expenses are denominated almost exclusively in Euros. The Group finances Loyalward Hellas S.A. via Euro transfers from Loyalward Limited as required. The amount transferred ensures that the Euro balance held by Loyalward Hellas S.A. at each period end is not material. All UK companies hold cash in UK pounds Sterling only. The Sterling and Euro cash balances attract interest at floating rates.

Of the Group's current assets, excluding the project costs capitalised, less than 1% is held in Euros, the remainder being held in Sterling. Of the Group's current liabilities, less than 2% is held in Euros, with the remainder held in Sterling.

Short-term receivables and payables

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

Interest rate risk

The Group finances its operations through a mixture of equity and borrowings. The Group has historically borrowed in Sterling only.

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

	2022	2021
	£'000	£'000
Loans repayable in less than one year	**2,503**	2,411

The Board has determined that realistic fluctuations in interest rates will not have a significant impact on financial liabilities.

Included in Loans repayable in less one year for both the Group and the Company is an amount of £1,136,000 with DAGG LLP (the "Loan") which was due for repayment on 31 December 2022. The Company is in constructive and substantive discussions with the lender and reports that both parties are working towards a mutually acceptable solution to help to ensure the Company has sufficient working capital for the next year. The Loan is secured with a floating charge on the assets of the Company.

Notes to the Financial Statements (continued)
Year ended 31 October 2022

16 Related party transactions

The Group has no derivatives or financial instruments other than those disclosed above. There is no material difference between the book value and the fair value of the Group's financial assets and liabilities at 31 October 2022 and at 31 October 2021.

During the year the Group companies entered into the following transactions with related parties who are not members of the Group:

	Services of the below persons supplied in year ended 31 October		Payable as at 31 October	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Simmons International Limited	**40**	40	**83**	97
Bizwatch Limited	**-**	-	**11**	11
I.H.M. Industry & Hotel Management Limited	**-**	-	**70**	70
B D Bartman & Co	**10**	35	**109**	89
Keith Day & Partners Ltd	**35**	35	**115**	130

The nature of the related parties is as follows:
- Simmons International Limited, a company in which C W Egleton is a minority shareholder.
- Bizwatch Limited, a company in which J C Watts, a director of Loyalward Limited, owns 50% of the issued share capital and M A Fitch, a director of Loyalward Hellas S.A. owns 50% of the issued share capital.
- I.H.M. Industry & Hotel Management Limited, a company in which C Valassakis, a director of Loyalward Limited, is a controlling shareholder.
- B D Bartman & Co, a firm in which B D Bartman, who retired as a director during the year, is a partner.
- Keith Day & Partners Ltd, a company in which N J Day, a director of Loyalward Limited, is a director and shareholder.

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

Receivable / (Payable) as at 31 October	**2022**	2021
	£'000	£'000
Loyalward Limited	**23,923**	23,319
Loyalward Leisure Plc	**(38)**	(38)

Notes to the Financial Statements (continued)
Year ended 31 October 2022

17 Share options and warrants

Directors' interests in share options

Options granted in exchange for the waiver of fees etc by current directors and former directors:

	31 October 2022			31 October 2021		
	Exercise price	**Ordinary Shares**	**Expiry date**	Exercise price	Ordinary Shares	Expiry date
B D Bartman (former director)	**1p**	**1,000,000**	**31/12/23**	1p	1,000,000	31/12/22
B D Bartman (former director)	**1p**	**850,000**	**31/12/23**	1p	850,000	31/12/22
W C Cole (director Loyalward Limited)	**1p**	**1,000,000**	**31/12/23**	1p	1,000,000	31/12/22
W C Cole (director Loyalward Limited)	**1p**	**1,711,111**	**31/12/23**	1p	1,711,111	31/12/22
G D Cook	**1p**	**384,615**	**31/12/23**	1p	384,615	31/12/22
G D Cook	**1p**	**377,778**	**31/12/23**	1p	377,778	31/12/22
T R C Hill	**1p**	**1,233,333**	**31/12/23**	1p	1,233,333	31/12/22
		6,556,837			6,566,837	

The expiry date of the above options has been extended to 31 December 2023. See also Note 21 for Events after the reporting date.

Other share options

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

	Ordinary Shares At 31 October		
	2022	2021	Expiry date
Exercisable at 60 pence per share	**3,318,000**	3,318,000	See note 1
Exercisable at 1 pence per share	**4,695,299**	4,695,299	See note 2
	8,013,299	8,013,299	

The weighted average exercise price of the other share options outstanding at the beginning of the period is 25 pence and outstanding at the end of the period is 25 pence.

Notes re share options:

1. The Options were granted between 24 June 2005 and 31 December 2013. The expiry dates of these options are 90 days after certain valid building licences and permits have been granted. These building licences and permits have not yet been granted.

2. Options granted in exchange for the waiver of fees etc. by current directors and former directors, the expiry date of which has been extended to 31 December 2023.

See also Note 21 for Events after the reporting date.

Notes to the Financial Statements (continued)
Year ended 31 October 2022

17 Share options and warrants (continued)

Warrants

During the year the fair value of the warrants increased by £47,000. This has been spread, along with the existing fair value, across the life of the loan on an amortised cost basis. The modification was valued using Black-Scholes method.

	Ordinary Shares At 31 October		
	2022	2021	Expiry date
Exercisable at 1.4 pence per share	**35,000,000**	41,818,182	31/12/22
Exercisable at 1.4 pence per share	**3,181,818**	3,181,818	31/12/22
Exercisable at 2.75 pence per share	**3,677,828**	3,677,828	12/10/23
	41,859,646	48,677,828	

Finance costs

At 31 October	**2022 £'000**	2021 £'000
Fair value of warrants issued	**47**	44
Loan interest	**432**	129
Other interest / fees	**45**	65
	524	238

18 Contingent liabilities and commitments

In addition to that stated in note 10, the Group has contingent liabilities in respect of directors' bonuses and options. The directors' bonus scheme, which was approved by the Remuneration Committee of the Board in 2016 and 2019, grants the directors a variable performance award which is based on the monetised value of the Project of up to 10% over and above a minimum value of £15,000,000.

The present directors of the Minoan Group Plc have the right to purchase a total of six Villas between them under the Villa Participation Scheme. The right allows them to purchase the properties at cost plus 10% upon commencement of construction.

19 Operating lease commitments

The Group has no future minimum lease commitments in respect of non-cancellable operating leases.

Notes to the Financial Statements (continued)
Year ended 31 October 2022

20 Shareholder Loyalty Scheme

The land on which the Group's Project in Crete will be constructed is held on a long lease and, as a result, any properties offered to purchasers will be on an equivalent title. Since inception, as part of the Group's financing arrangements and as a potential reward for loyalty for staff and others, notably through the Shareholder Loyalty Scheme which was placed under review in 2011, the Group offered discounts to potential purchasers of properties in the Project. The properties range from apartments with fractional/shared ownership and apartments and villas, which may or may not be part of a "serviced offering". The potential sums involved are not material in the context of the Project as a whole.

21 Events after the reporting date

As announced on 5 January 2023, the expiry dates of options to subscribe for a total of 11,252,136 ordinary shares at 1p per share have been extended to 31 December 2023.