Registered number: 07892904

VORDERE PLC

Annual Report

FOR THE YEAR ENDED 31 MARCH 2018

VORDERE PLC

Company Information

Directors	NW Hofgren GS Johnson NB Fitzpatrick SR Cheek (appointed 23 October 2017)
Registered number	07892904
Registered office	3rd Floor 11-12 St. James's Square London SW1Y 4LB
Independent auditors	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Haslett Avenue West Crawley RH10 1BG

Contents

Strategic Report for the Year ended 31 March 2018

Executive Chairman's Statement

It is with pleasure that I present the annual report to shareholders for the year ending 31st March 2018.

The Board is pleased with how the Group has operated over the year. Our strategy remains to establish ourselves as a property investment and development company and we are currently focusing on the German residential market which we believe continues to offer significant opportunity for the Group. We continue to see evidence that the German residential real estate markets have low volatility and low standard deviation against a 10 or 20 year cyclical price mean. We expect to continue the bulk of our investments in Germany for the near term but we will consider special opportunities in other markets.

As with the previous year, the Board has continued to identify investment opportunities in the real estate sector (including greenfield or brownfield sites) that are suitable for residential development in Germany. However, we remain disciplined to proceed only if we are convinced it will be in the best interests of the shareholders. We are unable to provide more detail about acquisitions or disposals until these are ready to announce to the market, but are pleased to share further details about the property acquisitions that took place in Germany during the year under review. The objective is to enhance each property value through developing planning concepts and consents and selling each property with planning attached.

(1) Object Haag: a centrally-located building, dating back to 1850. Formerly a guest house, this building was vacant when purchased. It is intended to develop this property to include 18 residential apartments. The building does not benefit from planning permission. The decision proposal of Harlander (an architect based in Berchtesgaden) prepared a design proposal for the entire property in 2015. The PORR Group (PORR), an integrated design and construction company, have examined the proposals and noted that some amendments will need to be considered before submitting a final planning application. We are in discussions with a local architect about updated design work and in relation to strategic advice on the site;

(2) Object Berchtesgaden: a project offering both residential apartments and commercial units. This project comprises of four buildings. The main building dates back to 1888 and previously operated as a hotel. A building permission was issued on 14th January 2016 for the renovation and change of use of the existing hotel Wittlelsbach to residential apartments (northern half of the building), as well as the refurbishment of the other buildings (southern half of the building). However, this permission was revoked back to the town. We are in discussions with Harlander, the local architect responsible for the building permission, about reinstating this planning permission which we believe will be relatively straight forward;

(3) Object Hanau: currently comprising of 13 apartment buildings, this larger development proposes 164 residential apartments. Currently all 13 buildings are in a bad condition and are not suitable for marketing as living spaces. The buildings have to be completely refurbished. The existing planning concept was developed in 2017. In addition, there is the approved building concept of 2010 (for buildings 1 and 2), which forms the basis for the evaluation of all of the other buildings, including their area ratio and amount of living units. The difference between the planning concept of 2010 and 2017 is in the details: the 2017 planning concept includes the requirements of the monument protection authority and also provides for new balconies and terraces with adjusted positions; furthermore, a solution for the accessibility of the living units on the ground floor is included. After an adjustment of the current planning concept (including new balconies and barrier-free access) with the authorities, it will be submitted to the authority directly to get a building permission. On this basis, we are hopeful that the planning concept for the other buildings should be submitted and be approved.

(4) Object Bamberg: the proposal for this site is the redevelopment of the current building to provide residential buildings plus the development of a brand new block of residential apartments. For the planned renovation of the existing property and its conversion to a residential building, as well as for the construction of a new riverside development, there is a preliminary building application (dated August

2013) and a building permit (dated October 2016). The planning permission includes the erection of a riverside building, the partial demolition of the rear building and a conversion of the front street-side building. According to the building permit, the entire ensemble is classified as a building class 4 (buildings with a height of up to 13m and utilisation of no more than 400 sqm per usable space unit). The listed front and back building will comprise of 8 residential and 2 commercial units after the renovation, with a total of 828 sqm of living space and 248 sqm of commercial space. The new building on the side of the riverbank will accommodate 8 residential units with a total floor space of 707 sqm. The common apartments will have 2 to 3 rooms with 63-114 sqm, and one apartment will accommodate 4 rooms with 199 sqm. In addition, we are in discussions with a local agent regarding strategic advice in relation to the site.

The properties acquired by the Group have been subject to Jones Lange LaSalle (JLL) valuations, who we view as the largest, most efficient and most professional valuations service provider in Germany. During the purchasing phase we worked with both JLL and PORR. As already indicated, PORR is an integrated design and construction company, currently the 4th largest in German speaking Europe; they are well known for their efficiency. The operating team work with PORR and other well-known service providers to identify various enhancement and disposal strategies related to each asset. The output of this work is then reconciled with the purchase, enhancement, gross development costs and disposal values to identify the most appropriate exit for each asset.

Our strategy is to apply private equity techniques to generate medium to long term counter-cyclical gains for shareholders. This approach includes using proven financial engineering techniques to enhance shareholder returns through financial cycles. The Board believes that the financial markets are heading toward a cyclical down turn in the short to medium term. It is our strategy to position the Group for the change in financial cycles. As such, we plan to create value for shareholders by focusing during the near term on growing our current assets and cash reserves, whilst limiting exposure to debt and managing costs. We believe that this approach will position the Group to enhance returns through challenging financial markets.

Vordere PLC is different from other companies in that we apply private equity technology to enhance counter-cyclical returns. The Group will enter the financial cycle without a significant credit risk and with robust operations in place. We aim to be best in class service providers whilst applying focus on reducing balance sheet costs. The Company will continue to develop its current assets with the assistance of premium service providers in order to opportunistically enhance and dispose of assets and position itself for a rapid growth cycle.

The weight of the Group capital exposure is in the low volatility German residential market where continued housing shortfalls and low unemployment are driving demand for new stock. This sector is likely to act as a collateral base in the next cycle. The team at Vordere has in-depth experience in delivering high quality, low cost solutions in this highly profitable segment. The experience of the team allows the Group to prepare for a rapid expansion of our asset base whilst managing costs and enhancing returns on investments.

While other listed developers are creating highly leveraged portfolios with short term refinancing risks, the Board believes that high leverage may create financial instability in the near term as market signals suggest volatility.

As our business has continued to grow throughout the year, we have taken the opportunity to review and build on our internal governance and we have benchmarked ourselves against the UK Corporate Governance Code. Further detail on this can be found in the Corporate Governance section of the director’s report.

As referenced in our Interim Report, during the year we welcomed Stuart Cheek to the Board as a Non-Executive Director. Stuart has joined the Investment Committee and is providing support to our Chief Operating Officer with respect to share transactions, General Data Protection Regulations and enhanced systems and procedures related to market regulations. I would like to thank Stuart and our fellow Directors Graeme Johnson and Brent Fitzpatrick for their continued effort and commitment throughout the year. Further details on our Board of Directors can be found in our Directors’ Report on pages 9-10.

We also appointed Max Gallagher as our Chief Operating Officer at the end of December 2017. Other than the

Executive Chairman, Max is the only employee engaged by the Company during the year under review and the only senior management member outside of the Board. The total employee group is made up of two males. Max has 11 years of experience in residential property valuations at Savills and in a private equity real estate investment company. Max's experience includes residential investments and residential led mixed-use developments in Prime Central London, the South-East and the Cote d'Azur. Max's clients included private banks and major lending sources, developers and individuals. The Board would like to thank Max for his dedicated contribution to the business. I would also thank the shareholders for their continuing support in our business and I look forward to keeping you updated as we continue to evolve.

The outlook for Vordere PLC for the second half of 2018 must naturally build on the accomplishments of 2017 and early 2018. We are pleased that the Board has implemented corporate governance systems and procedures suitable to a larger business so that we can grow quickly in the future. During the early part of 2018 we have focused on implementing our German operating systems and procedures; these have allowed us to institutionalise our processes related to development assets. The outlook for the rest of 2018 is to expand the portfolio. We expect that the majority of our investments will be in the relatively low volatility markets of Germany. We will continue to avoid leverage, gearing and debt as we transition toward the end of the current financial cycle. We expect that political instability in North America, social instability in Southern Europe, military issues in Asia, and rising commodity prices may destabilise the continued growth of this financial cycle.

We remain consistent in our strategy to establish ourselves as a property investment and development company. We also remain focused on the German residential market which the Board believes continues to offer significant opportunity for the Group.

Whilst we are very happy with the direction of the Group, we are not complacent and the Board discusses the market and the risks which may impact our business on a regular basis. Details of how we assess and manage our risks are set out below.

How We Manage Risk

To help us better understand and manage our risks, we have, during the year, implemented a new governance framework. Various Board committees have been introduced to enable more focused work to take place on important areas of our business. From a risk management perspective, we have introduced an Audit Committee and an Investment Committee.

The Terms of Reference for these Committees, and other new governance changes, are set out in more detail at page 12-13 but a summary of the internal controls we have implemented to ensure there is appropriate risk oversight across our Board are as follows:

Board

- Sets Group strategy
- Establishes and reviews systems of risk mitigation and internal controls
- Ensures appropriate financial controls are in place
- Regularly monitors Group risks and ongoing viability
- Reviews the effectiveness of internal controls
- Reviews Group performance against budget and forecasts
- Approves significant investments, capital projects and contracts

Audit Committee

- Monitors the integrity of the Group's financial reporting process
- Approves the Group's risk policy
- Keeps under review the Group's internal financial control systems
- Monitors the statutory audit
- Determines appropriate control procedures are in place

- Reviews with external property valuators as to their remit

Investment Committee

- Ensures successful implementation of the Group's Investment Strategy
- Assesses performance of the investment portfolio
- Advises the Board on overall investment risk appetite, tolerance and strategy
- Provides oversight of internal managers and third parties involved in an investment

Principal Risks – Identifying what may affect our performance

As indicated previously, the preservation of our cash balances remains a principal risk for the Group and we remain committed to maintaining minimal operational costs to ensure that maximum funds remain available to invest in projects. Maintaining a strong debt-free financial position is fundamental in protecting the Group against adverse changes in economic conditions. Our levels of expenditure are carefully monitored against off plan sales and cash levels to mitigate risk.

As we continue with our work within the real estate sector in Germany, further key risks have been identified such as housing market conditions and the macroeconomic climate. We recognise that an inability of buyers to secure sufficient mortgage finance now or in the future could have an impact on our transaction levels. To help mitigate this risk, we have a broad geographic exposure and customer mix which reduces the reliance on mortgage availability across the portfolio.

As set out in in our Interim Report, should the current relative stability in the German housing market and/or the macroeconomic climate deteriorate, the Group could experience lower sales volumes than anticipated and/or decreases in sales prices which could have a material adverse impact on the Group's business, financial condition, results of operations and prospects, and could result in a decline in the value of the Group's portfolio. To help us secure sales, we work hard to match supply to demand, carrying out detailed market assessments of each site before acquisition, and regularly throughout a project. Design, product type and product quality are all assessed on a site by site basis to ensure that they meet the target market and customer aspirations in that location. Whilst it is not our intention to develop the properties that we currently own in Germany ourselves, the risks above are ones which we believe buyers of the properties may be exposed to, and therefore these risks may also impact, and are relevant to, the Vordere business.

Economic factors which could adversely impact the Group's business include the availability of credit, increases in inflation, exchange rate and interest rate fluctuations. As well as maintaining a debt-free position as indicated above, our relationships with local and internationally financed Real Estate Investment Trusts (REITs), property companies and investors are diversified to mitigate risk from currency volatility.

The Board recognises and is conscious of the political and economic uncertainty that surrounds the UK's decision to leave the European Union. We've considered the impact of Brexit on our business and, whilst we understand that the uncertainty around trade agreements itself creates a risk for our Group and all other UK companies operating outside of the UK, we do not consider that Brexit itself creates a principal risk for us due to our current business model and strategy.

We do not therefore anticipate a significant operational impact on the Group. We understand that there could be changes in regulation and/or legislation as a result of Brexit but the potential changes and impact of any such changes will remain unknown for some time. For now, we will continue to monitor and evaluate any potential areas of risk as they are identified but do not feel it would be prudent or appropriate to undertake any scenario planning or contingency planning around Brexit. We are open to opportunities that may avail themselves to us because of Brexit, such as the possibility of overseas investors and the potential to streamline regulation around doing business in the UK.

Further information about the Group's financial risks are detailed in note 22.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have considered the prospects of the Company over a three-year period in line with our business planning. This is a longer period than the 12 months required by the “Going Concern” provision which is set out on page 14.

Our business plan details information about our forecasted revenues, profit, our cash flow, debt position and other key financial information. As well as assessing our current position, the Board recognises the risks to our business (as indicated above) and the potential impact of them on the future development of our Company, and we understand and recognise the cyclical nature of the markets in which we are operating.

Taking all of this in to consideration, the Board has a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the three-year period of assessment. In making this statement, the Company has made assumptions that it will be able to successfully dispose of the property assets currently held in Germany and will be able to make further investments in property either in Germany or other suitable markets.

Key Performance Indicators

The Board does not formally consider key performance indicators due to the relative simplicity of the business, it does however monitor cash balances and property valuations on a regular basis. The Board will re-consider the value in using financial key performance indicators to measure performance in the business at least annually.

At the year end we have £7.840m cash (2017: £3.089m), no debt and continue to keep administration costs to a minimum so that maximum funds can be dedicated to the implementation, review of and potentially investment in, suitable projects.

The Group’s loss for the year is £4,116,375 (2017: loss of £659,947). A large proportion of this loss can be explained by the impairment to the property assets held by the Group, which amounted to £2,870,635. Further details on this impairment can be found in the Business review on page 8. In addition, administrative expenses have increased during the year as expected due to the Group being successful in working towards completion on its first four projects, employment costs and the cost of our corporate governance review.

This review does not contain information regarding the impact of the business on the environment, or the social and community issues surrounding the Group.

Approved by the Board of Directors and signed on behalf of the Board on 1 August 2018.

Graeme Johnson
Chair of Audit Committee

Directors' Report for the year ended 31 March 2018

The Directors have pleasure in presenting their report and the financial statements for the year ended 31st March 2018.

Business review

As explained in our Interim Report, we were successful in completing our planned acquisitions in July 2017 via four limited partnerships. At the mid-year point, we reported to you that the properties had an aggregate market value of €19,190,000 and we planned to obtain or improve planning permissions on each property in order to further enhance their value. Since then, we have reviewed the treatment of the properties, which for accounting purposes, are to be treated as assets held for development and resale with a value of £15,972,451. This includes a write-off of £2,870,635 to reflect the net realisable value of the properties. We have engaged The PORR Group to assist and advise our operating team with the enhancement of the properties. The preliminary stages of design and permitting discussion are proceeding to plan. To date, the impact on the Group has been limited. The Group's operating team in Germany is collaborating with PORR to optimise the costs related to amelioration and disposal. The Investment Committee is exploring terms for various potential acquisitions in order to expand the portfolio in tandem with disposals.

The Company's issued share capital has grown significantly over the year. Prior to June 2017, the Company had issued a total of 30,805,783 shares, compared with 199,750,418 ordinary shares in issue at 31st March 2018. The Company issued ordinary shares at £0.17 per share in exchange for property (Consideration Shares) or cash payment. The Company has invested in real estate ventures, providing loans to two Scandinavian companies, with Loan-To-Value of approximately 60% which could generate income of up to £140,000 per year, providing us a window on the Scandinavian markets.

The impact of The EU General Data Protection Regulation (GDPR) on the Company has been assessed.

GDPR came in to force in May 2018 and replaces the Data Protection Act 1998 in the UK. This law has been introduced to harmonise data privacy laws across Europe and offers increased protection for individuals as well as re-shaping the way that organisations across the EU approach data privacy. Whilst we have a minimal number of employees in our organisation, we take our GDPR responsibilities seriously and have been taking professional advice to ensure that all those working in our Group or suppliers that we work with have their data handled in a secure and appropriate manner.

Directors and their interests

The Directors who served during the year, and their interests, are as stated below:

	At 1 April 2017 No of ordinary shares	At 31 March 2018 No of ordinary shares
Nicholas Hofgren	-	-
Graeme Johnson	-	-
Nigel Fitzpatrick	-	-
Stuart Cheek*†	-	78,163
Anthony Brennan**	100,000	-

* appointed 23rd October 2017
** resigned 15th November 2016
† shares held by Rock (Nominees) Limited

Since the year end there have been no changes to the shares held by the Directors.

Substantial shareholdings

At the date of this report, the Directors were aware of the following shareholding in excess of 3% in the Company's issued share capital:

	Number of ordinary shares	Percentage of issued ordinary share capital
Dolphin Capital 214 Projekt GmbH & Co KG	51,531,247	25.80%
State Street Nominees Limited	46,604,453	23.33%
Huntress (CI) Nominees Limited	20,239,524	10.13%
Dolphin Capital 192 Projekt GmbH & Co KG	15,365,162	7.69%
Dolphin Capital 126 Projekt GmbH & Co KG	11,615,021	5.81%
Genwick Retirement Benefits Scheme	10,847,497	5.43%
Reyker Nominees Limited	7,194,981	3.67%

Director Biographies

The Board currently comprises four Directors, all of whom have extensive experience in investment, corporate finance and project assessment regionally and internationally and are well-placed to implement the Group's business objective and strategy. Any further appointments to the Board would be made after due consideration to the Company's requirements and to the availability of candidates with the requisite skills and, where applicable, depth of sector experience.

Nicholas Hofgren

Executive Chairman of the Board and Chair of the Investment Committee

Appointed to the Board: 15 November 2016

Mr Hofgren is a British and US citizen. He has experience in securities, real estate and private equity. He started his career by joining the launch of an investment bank in Miami and Lima. There he restructured eleven companies over five years in the FMCG, transportation, communications and manufacturing sectors. Later he was hired by Bank of America to develop a new business, which was sold to JP Morgan Chase, heading EMEA and building a platform for raising private equity and real estate funds. He was hired as Managing Director in 2004 at Brunswick UBS, during which time he formed businesses for the shareholders including freight stock leasing, property development and eventually selling of the oldest Russian hedge fund. He was hired as CIO of Immo Industry Group in 2007, where he led the formation of private funds and the building of new logistics facilities for leading companies across Europe. He was a partner of Tangent Ventures from 2008-2013, advising on restructuring a portfolio of nine companies including the world leader in electrical submergible pumps for oil extraction.

Mr. Hofgren has been a Board member since 2010 of Prince Street Group funds, a leading frontier markets hedge fund manager with ~$2b AUM. Since 2011 he has been a member of the development committee of the Prince's Teaching Institute, a charity organized by the Prince of Wales. He is a founder in Westly House, which secured the sale of a significant European wind farm and also launched the first Russian mezzanine fund. Mr. Hofgren is the founder and a Board member of GFG - UK – Limited ("GFG") and GFG Fund PCC Limited ("GFG Fund"). Mr. Hofgren has successfully led several MiFID main Board securitizations at GFG. He is a Board director of TLG Capital, a leading African private equity fund in the SME sectors.

Graeme Johnson

Non-Executive Director, Chair of the Audit Committee and member of the Nominations Committee
Appointed to the Board: 15 November 2016

Mr. Johnson is an investor and company builder and has previously been CEO of a Canadian company developing oil and gas properties in Kazakhstan. He has 25 years' experience in the investment and natural resources industries, including as a member of senior management in a leading agribusiness and as a key consultant to several successful mining development companies. Mr Johnson was also previously Head of Private Equity for the Deutsche Bank Group in Europe, Middle East and Africa, as well as having served as a member of the Management Committee for the private investment office of the Princely Family of Liechtenstein. He is also a Director of the annual invitation-only Quebec City Conference, bringing together family offices and sovereign wealth and pension funds. Mr. Johnson has a BA from Western University in Canada and an MBA from Harvard Business School. His extensive international experience and knowledge of Russian (he is married to a Russian) help him to operate effectively in Armenia and beyond.

Nigel Brent Fitzpatrick MBE

Non-Executive Director, Chair of the Remuneration Committee and Nominations Committee, and member of the Audit Committee
Appointed to the Board: 21 March 2012

Mr Fitzpatrick has over 20 years' experience as a corporate finance consultant. In the last 15 years he has been instrumental in advising a number of companies on their acquisitions, funding and subsequent flotations. Mr Fitzpatrick was Chairman of Global Marine Energy PLC, a listed oil services company. He is currently Chairman of RiskAlliance Group Ltd and Aboyne-Clyde Rubber Estates of Ceylon Limited. He is a member of the Audit Committee Institute. In the Queen's Birthday Honours List 2012, Mr Fitzpatrick was awarded an MBE for services to education.

Stuart Cheek

Non-Executive Director and member of the Remuneration Committee and Investment Committee
Appointed to the Board: 23 October 2017

Stuart Cheek has over 35 years' experience in the financial services sector, especially in sales and marketing, operating in regulated securities trading in the UK. He began his career on the floor of the London Stock Exchange and then the London International Financial Futures Exchange. He later became one of the original partners at Cantor Fitzgerald where he ran the Sterling Bond Division before moving into Investment Banking.

He spent over 12 years at UBS and then Santander as Managing Director and Head of UK Institutional Sales, where he was responsible for overseeing and integrating sales and relationship management across various asset classes. At Santander he was responsible for creating, marketing and launching the Santander Gilt Edged Market Making operation and liaising with the Bank of England. Mr Cheek has also worked as a partner, Managing Director and Head of UK Government Bonds at BGC Partners, where he ran and grew the government bonds desk and ancillary sterling products. He also appeared on financial segments on Bloomberg, CNN, SKY news and BBC.

Mr. Cheek is a co-founder of GFG and GFG Fund, along with Mr Hofgren, who is Vordere's Chairman. Mr Cheek was appointed as a Director of GFG Fund on 14 March 2014. GFG is a privately owned, independent investment management and investment banking firm that manages, inter alia, GFG Fund. GFG provides advisory services to the Company in connection with potential offers or private placements, credit facilities, acquisitions and disposals. GFG Fund holds 46,604,453 shares in the Company (through a nominee company, State Street Nominees Ltd), which is 23.33% of the total issued share capital. Mr Cheek also directly holds 78,163 ordinary shares in the Company.

Mr Cheek is also founder and director of his own financial consultancy company called Randall Duke Ltd.

In accordance with best practice, all our non-executive directors have letters of appointment with specified terms which provide that each is subject to re-election by rotation and statutory provisions relating to the removal of a director. All such letters of appointment were reviewed and harmonised during the year under review.

Mr Fitzpatrick is the longest serving member of our Board, having been appointed in 2012. We acknowledge that the UK Corporate Governance Code provides for rigorous review of all non-executive directors whose term extends beyond six years. As a board we have discussed and believe that whilst it is important for the board membership to be periodically refreshed, at this stage in the Group's development, Mr Fitzpatrick's knowledge, experience and contribution to the Board is significant and valuable to the Group's continued growth. The Board has assessed that he remains independent in character and judgement and is able to constructively challenge the Group as a whole, and we would wholly support the resolution that is due to be voted on at the upcoming general meeting which calls for his re-election to the Board.

At the annual meeting, Messrs Johnson and Cheek are also due to stand for re-election in accordance with their letters of appointment. After that, all Directors will retire on rotation and be subject to shareholder re-election. Copies of all letters of appointment are held at the Company's registered address and are available for inspection there and at the Company's annual general meeting.

Strategic decisions

The Board provides leadership within a framework of appropriate and effective controls. The Board has invested significantly during the year in its' corporate governance framework and has overall responsibility for setting the Group's strategic aims, defining the business objectives, managing the financial and operational resources of the Group and reviewing the performance of the officers and management of the Group's business.

Further details of our corporate governance work can be found on page 12.

Financial risk management

The Group has a simple capital structure and its principal financial asset is cash. The Group has exposure to market risk and currency risk which are noted and discussed on page 6, and the Directors manage its exposure to liquidity risk by maintaining adequate cash reserves.

Further details regarding risks are detailed in note 22 to the financial statements.

Political contributions

During the period the Company made no political donations (2017: £nil).

Corporate governance

As a company listed on the Standard Segment of the Official List of the UK Listing Authority, the Company is not required to comply with the provisions of the UK Corporate Governance Code and has therefore not complied with it in full. However, the Board was keen to adopt a best practice approach to corporate governance and we have therefore during the year implemented a new framework for corporate governance which means that, amongst other things, we shall adopt the principles of the UK Corporate Governance Code insofar as it is proportionate to the size of the Group and is appropriate for us to do so. As such, the Board ordered a review of its current practices against the Corporate Governance Code and considered each provision to decide if it ought to be adopted and adhered to by the Company.

The roles of Chairman and Chief Executive are currently both performed by Mr Hofgren. At this stage of the Group's development, the Board does not consider it appropriate to split the roles. However, the Board does consider that there is a clear division of responsibilities for Mr Hofgren between the running of the Board and the running of the Group's business.

The Board also considered but dismissed the idea at present of appointing a senior independent director. It has been agreed that this decision will be reviewed periodically as the Board note this is recommended under the Corporate Governance Code.

As part of this initiative and as indicated in our Strategic Report on page 5, in October 2017 we introduced a schedule of matters reserved for the Board and various board committees to enable more focused discussions on matters that are important to our business. Details of each of these are set out below.

Matters Reserved for the Board

The Board as a whole continues to have responsibility for overall leadership of the Group and for approving the strategic aims and objectives of the business. In addition, the Board is responsible for:

- Approving annual budgets and financial reporting, including the annual and half-year results and interim management statements
- Approving major acquisitions, disposals and capital expenditure
- Approving contracts, contract tenders and bid submissions above specified values or of an unusual nature or complexity
- Ensuring the necessary financial and human resources are in place to achieve objectives and review management performance
- Setting the Group's values and ethical standards
- Approving policies and systems for risk management and assurance
- Any changes relating to the Group's capital or corporate structure
- Ensuring dialogue with our shareholders is maintained and approving external communications
- Changes to the structure and composition of the Board and its' committees

Jordans Corporate Law Limited (Jordans) were appointed as Company Secretary to the Board at the end of the previous financial year-end and now attend all Board and Committee meetings. Minutes are produced of all meetings, and all Directors have access to the advice and services of Jordans, as well as access to independent professional advice if required. Computershare were appointed as registrar to the Company during the year and have also been appointed to act as receiving agent in respect to the prospectus that was published by the Company.

Board Committees

In October 2017 the Board introduced four committees – Audit, Investment, Remuneration and Nomination.

Audit

The Audit Committee monitors and reviews the integrity of the financial statements, the relationship with the external auditor, and the Group's internal operational procedures and risk management processes.

The committee has recently considered the correct financial treatment of the German properties owned by the Group and discussed of how to account for them with its external advisors.

Due to the size and business model of the Group, there is currently no internal audit function in the business. However, the Board acknowledges that this decision should be reviewed at least annually.

Investment

The Investment Committee, which had its terms of reference approved by the Board, was established to assist the Board in considering investment opportunities in respect of properties and to approve acquisitions, disposals and capital expenditure. The terms of reference provide that the committee will meet at least four times a year. During the year under review the Committee met twice in November and December since the committee was established in October.

Remuneration

A Remuneration Committee was established, and its terms of reference were approved by the Board. The main responsibility of the committee is to create and implement a remuneration policy, under which the Company will determine the pay of any executive directors. The terms of reference provide for this committee to meet at least once a year. However, due to its' late inception in the relevant year, no committee meetings have yet taken place. There are no performance-related remuneration schemes currently run by the Company.

Nomination

A Nominations Committee was also established in October 2017 as recommended by the Governance Code and terms of reference were approved by the Board. This committee has been established to evaluate the balance of skills, experience, independence and knowledge of the Board. The terms of reference provide for this committee to meet at least once a year. However, due to its' late inception, no committee meetings took place in the relevant year.

A full copy of the Schedule of Matters Reserved for the Board and all committee terms of reference can be found on our website, www.vordere.com.

Due to the recent introduction of the new board and committee structures, there has not yet been a review as to the effectiveness of the new framework or the Board but this action will be reviewed by the Board periodically. As the Company is currently headed by an Executive Chairman, the Company has not adopted principle A.4.2 whereby the Chairman would meet with non-executive directors without the executives being present.

Going forward, and as new members join the Board, it is anticipated that such new directors will receive a full, formal and tailored induction to the business in accordance with Principle B.4.1 of the Corporate Governance Code.

Board and Committee Attendance

	Board	Investment	Audit	Remuneration	Nomination
Nicholas Hofgren	13/13	2/2	-	-	-
Graeme Johnson*	12/13	-	1/1	-	-
Nigel Fitzpatrick*	13/13	-	1/1	-	-
Stuart Cheek	3/3	2/2	-	-	-

*Denotes member of Audit Committee

Qualifying Indemnity Insurance

Directors and officers of the Company have the benefit of a directors and officers liability insurance policy which provides appropriate cover in respect of legal actions brought against its directors.

Share Capital and voting rights

The Company's authorised, allotted and called up share capital at the year-end is £3,995,008.36 divided into 199,750,418 ordinary shares of 2p each. Each ordinary share has full voting rights.

For latest total voting rights:
http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/VOR/13587754.html

Going concern

The Company's activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows and liquidity positions have been considered by the Directors and disclosed in our Strategic Report and Financial Statements. Current market conditions have also been considered by the Board.

The Directors believe that the Company is well placed to manage its business risks successfully, and that the Company has, with its strong cash balances and future acquisitions in equity, adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it appropriate to adopt the going concern basis in preparing these financial statements.

Carbon emissions

The Company is currently operating with minimal employees' and, therefore, has minimal carbon emissions. It is not practical to obtain emissions data at this stage in the Company's life. However, this decision will remain under review.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent financial statements for each financial year.

Under that law the Directors are required to prepare the Group financial statements in accordance International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, 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 and profit or loss of the Company and Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company 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 corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors 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 auditors are aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report, including the strategic report, includes a fair, balanced and understandable review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face to allow shareholders to assess the Company's position, performance, business model and strategy

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors to the Company will be put to the members at the annual general meeting.

This report was approved by the Board on 1 August 2018 and signed on its behalf by

Nicholas W. Hofgren
Executive Chairman

Directors' Remuneration Report for the year ended 31 March 2018

This remuneration report sets out the Company's policy on the remuneration of executive and non-executive directors together with details of the Directors' remuneration packages and service contracts for the financial year ended 31st March 2018.

The first part, is the Annual Remuneration Report which details remuneration awarded to directors and non-executive Directors during the year. The Annual Remuneration Report will be proposed as an ordinary resolution to shareholders at the Annual General Meeting in August 2018.

The second part is the Remuneration Policy Report which details the remuneration policy for the Directors. This policy was approved by a binding vote by shareholders at the Annual General Meeting in September 2017 and will apply for a 3-year period commencing 13th September 2017. The policy is very much in line with the previous policy, although the level of disclosure has increased in accordance with the new regulations.

A Remuneration Committee was set up during the year and, going forward, it will be the committee's responsibility to review the scale and structure of the Directors' fees, taking into account the interests of the shareholders and the performance of the Company and Directors, as per the Terms of Reference of the committee. As at the date of this report, the Company has not adopted (a) principle B.4.2 of the Corporate Governance Code which provides that the Chairman should regularly review and agree with each Director their training and development needs; and (b) principle B.6.1, which requires the Company to disclose how the Board and its committee performance has been evaluated. The Board anticipates that the newly-established Nomination Committee will support them in meeting these principles in the future.

Going forward, the Remuneration Committee will recommend and monitor the level of remuneration of senior managers in the business as well as setting remuneration for any executive directors and the Chairman.

Annual Remuneration Report

Audited Information

Director's Remuneration

The table below sets out the remuneration of the Directors for the year, together with the fees for the previous year (as applicable).

	Salaries and Fees	Bonuses	Benefits	Pension	Notional value of vesting share options	Total to 31 March 2018	Total at 31 March 2017
Executive Directors							
Nicholas Hofgren	£39,173	-	-	-	-	£39,173	£20,000
Non-Executive Directors							
Brent Fitzpatrick	£25,000	-	-	-	-	£25,000	£6,000
Stuart Cheek	£10,417	-	-	-	-	£10,417	n/a
Graeme Johnson	£25,000	-	-	-	-	£25,000	£20,000

In 2017 all non-executive directors' letters of appointment were reviewed and aligned.

Mr Fitzpatrick was appointed as a non-executive director of the Company on 21st March 2012 and his services are provided to the Company pursuant to a non-executive letter of appointment between Ocean Park

Developments Limited and the Company. The most recent Letter of Appointment is for three years with effect from 1st April 2017 and provides that a fee of £25,000 per annum is paid for Mr Fitzpatrick's services.

Mr Johnson was appointed as a non-executive director of the Company on 15th November 2016 and his services are provided to the Company pursuant to a non-executive letter of appointment between Granite and Pine Investments International Limited and the Company. The most recent Letter of Appointment is for three years with effect from 15 November 2016 and provides that a fee of £25,000 per annum is paid for Mr Johnson's services.

Mr Cheek was appointed as a non-executive director of the Company on 23rd October 2017 and his services are provided to the Company pursuant to a non-executive letter of appointment for a three year term with a fee of £25,000 per annum for Mr Cheek's services; payment is due as of the date of appointment.

Mr Hofgren was appointed as Director of the Company on 15th November 2016 and his services were previously provided to the Company under a non-executive letter of appointment. On 8th June 2017, the Company entered into a Service Agreement with Mr Hofgren for his role as Chief Executive of the Company. Under this arrangement, Mr Hofgren is paid an annual salary of £36,000.

Share options

No share options are in issue.

Payments to former Directors

No payments were made to former Directors in the year ended 31st March 2018.

Payments for loss of office

No payments for loss of office were made in the year ended 31st March 2018.

Directors and their interests

The Directors who served during the year, and their interests, are as stated below:

	At 1 April 2017 No of ordinary shares	At 31 March 2018 No of ordinary shares
Nicholas Hofgren	-	-
Graeme Johnson	-	-
Nigel Fitzpatrick	-	-
Stuart Cheek*	-	78,163
Anthony Brennan**	100,000	-

* appointed 23rd October 2017
** resigned 15th November 2016

In addition to the interests in shares noted above, on 3rd October 2016, the Company granted a warrant over ordinary shares to GFG- UK – Limited ("GFG"), a company in which both Messrs Hofgren and Cheek are directors. The warrant allows GFG Limited to acquire up to 5% of the share capital of Vordere PLC (after taking into account shares issued as a result of exercising the warrants). The warrants are exercisable for a period of 5 years from the date of grant for an exercise price of £0.15.

The warrants were exercised on 7 July 2017 and no further warrants have been granted by the Company.

There have been no changes to the shares held by the Directors since the year-end.

Unaudited Information

Remuneration of the Executive Chairman over the last five years

Year	Executive Chairman	Executive Chairman single total figure of remuneration £	Annual bonus payout against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
Mar 2018	Nicholas Hofgren	39,173	-	-
Mar 2017	Nicholas Hofgren	6,668	-	-
Mar 2017	Anthony Brennan	7,980	-	-
Mar 2016	Anthony Brennan	15,000	-	-
Mar 2015	Anthony Brennan	15,000	-	-
Mar 2014	Anthony Brennan	15,000	-	-

Percentage change in remuneration of Executive Chairman

	Executive Chairman			Other Directors		
	2018	2017	% change	2018	2017	% change
Base salary	36,000	20,000	80%	75,000	32,416	131%
Benefits	-	-	-	-	-	-
Annual Bonuses	-	-	-	-	-	-

The Company does not have a Chief Executive, so the table includes the equivalent information for the full-year base salary of the Executive Chairman. Whilst the average employee salary during the year under review was £70,000 pa, for comparator purposes the table above uses the combined total of non-executive director fees for the two years. It is anticipated that next year actual employee data will be used.

Relative importance of spend on pay

The total expenditure of the Company on remuneration to all employees is shown below:

	2018 £	2017 £
Employee remuneration	£14,359	-
Distribution to shareholders	-	-

Remuneration Policy

The remuneration policy below is the Company's policy on Directors' remuneration, which was approved by a binding vote at the 2017 Annual General Meeting. The policy took effect from 13th September 2017.

In setting the policy, the Board has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company
- The Company's general aim of seeking to reward all employees fairly according to the nature of their role and their performance
- Remuneration packages offered by similar companies within the same sector
- The need to align the interests of shareholders as a whole with the long-term growth of the Company
- The need to be flexible and adjust with operational changes throughout the term of this policy

The result of the binding vote on the Remuneration Policy by shareholders at last year's Annual General Meeting is set out below.

% of votes for	% of votes against	% of votes withheld
100	-	-

Future Policy Table

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Executive Directors				
Base salary	To award for services provided	The remuneration of Directors is based on the recommendations of the Chairman and comparison with other companies of a similar size and sector. Any Director who serves on any committee, or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.	Paid monthly and will be reviewable in 3 years from date of admission.	The total value of Directors' fees that may be paid is limited by the Company's Articles of Association to £100,000 per annum.
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	Not awarded	N/A	N/A
Annual Bonus	N/A	There is no element of remuneration for performance.	N/A	N/A
Share Options	N/A	Not awarded	N/A	N/A
Non-executive Directors				
Base salary	To award for services provided	The Board as a whole determines the remuneration of non-executive directors based on the recommendations of the Chairman and comparison with other companies of a similar size and sector.	Paid monthly and reviewable in 3 years from date of	The total value of Directors' fees that may be paid is limited by the Company's

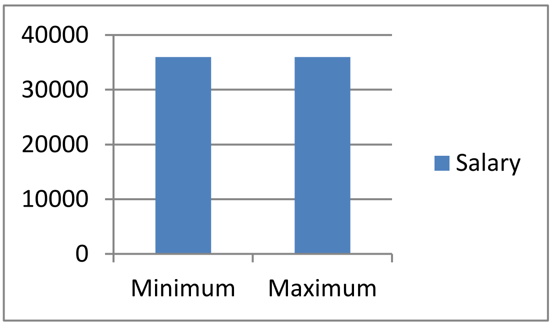
Element	Purpose	Policy	Operation	Opportunity and performance conditions
		There is no element of remuneration for performance. Any Director who serves on any committee, or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.	admission.	Articles of Association to £100,000 per annum**.**
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	There is no element of remuneration for performance.	N/A	N/A
Share Options	N/A	Not awarded	N/A	N/A

Notes to the Future Policy Table

The Directors shall also be paid by the Company for all travelling, hotel and other expenses as they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

Remuneration Scenario for Executive Directors

Nicholas Hofgren
An indication of the possible level of remuneration that would be received by Mr Hofgren as the Company's only Executive Director in the year commencing 1st April 2018, in accordance with the Directors' remuneration policy is shown below:



Notes
Subject to the base salary cap of £100,000 there is no additional performance related remuneration, so Mr Hofgren will receive his fixed salary of £36,000 per annum.

Approach to recruitment remuneration

All appointments to the Board are made on merit. The components of a new director's remuneration package (who is recruited within the life of the approved remuneration policy) would comprise base salary, as outlined above, and the approach to such appointments is detailed in the future policy table above. The Company will pay such levels of remuneration to new directors that is not excessive in the opinion of the Remuneration Committee, and which would enable the Company to attract appropriately skilled and experienced individuals.

Service Contracts

The Executive Director has a service contract in place and the Non-Executive directors are contracted under letters of appointment with the Company, and do not have a contract of employment with the Company. None of the Directors are entitled to receive compensation for loss of office; they are all appointed on rolling three year contracts, which are subject to termination at one month's notice on either side, and are subject to annual re-election in accordance with the Company's articles of association. The letters of appointment are kept at the Company's registered office.

Policy on payment for loss of office

It is the policy of the Company to appoint Directors without extended terms of notice which could give rise to extraordinary termination payments.

Consideration of employment conditions elsewhere in the Group

In setting this policy for Directors' remuneration the Board has been mindful of the Group's objective to reward all employees fairly according to their role, performance and market forces. However, as the Group currently only has one employee (aside from the Executive Chairman), it has not been able to consider the pay and employment conditions of other employees within the Group, nor has any consultation been undertaken with employees in drawing up the policy as a result. The Board has also not used any formal comparison measures.

Consideration of shareholder views

An ordinary resolution for approval of this policy was put to shareholders at the Annual General Meeting in September 2017.

Approved by

Nigel Brent Fitzpatrick
Director

Independent auditor's report to the members of Vordere Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Vordere Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been 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's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

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 group and the parent company 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 public interest 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.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: £294,000, which represented 1% of the group's total assets at the commencement of our audit;
- Key audit matters were identified as development property does not exist and development property is not held at the lower of cost and net realisable value; and
- We performed full scope audit procedures over the financial statements of Vordere Plc. We performed targeted procedures on the balances and transactions within the financial information of the subsidiary companies that we determined were material to the group financial statements, in particular the development properties held within the group's subsidiaries. The prior year financial statements were single company financial statements as the subsidiaries were not material to the group. The scope of our audit work in the current year has widened as a result of the group acquiring four properties through its subsidiaries during the year, which has led to the preparation of consolidated financial statements in the current year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) that we identified. These matters included those that 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.

Key Audit Matter – group	How the matter was addressed in the audit – group
Development property does not exist The group owns, through its subsidiary undertakings, four commercial properties in Germany, which it acquired during the year. The properties form a significant proportion of the group's total assets on its consolidated statement of financial position. There is a risk that the development properties do not exist, or that Vordere Plc, through its subsidiaries do not have legal title over the properties. We therefore identified the risk that development property does not exist as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • obtaining title deeds, local land registry and other legal documents to verify the group's ownership of the property; and • considering the existence of the properties by reference to photographic evidence, information available on the internet and reports from management's external valuation experts. The group's accounting policy on development property is shown in note 23.5 to the financial statements and related disclosures are included in note 12. **Key observations** Based upon our audit work we are satisfied that the development properties exist and that the group has legal title over the properties.
Development property is not held at the lower of cost and net realisable value The group has determined that the properties owned by the group should be classified as development properties and accounted for as an inventory in accordance with International Accounting Standard (IAS) 2 "Inventories". IAS 2 requires that inventories, and therefore the development properties, are carried on the consolidated statement of financial position at the lower of cost and net realisable value. We therefore identified the risk that development property is not held at the lower of cost and realisable value as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Critically assessing whether it is appropriate for the group to classify the properties as development properties and to account for them under the principles of IAS 2; • Considering whether the Group's accounting policies appropriately apply the valuation requirements of IAS 2 by carrying those properties in the Group's balance sheet at the lower of cost and net realisable value; • Assessing the costs attributed to the carrying value of the development properties to third party supporting evidence and considering whether those costs appropriately form part of the underlying cost of the properties; • Obtaining the valuation reports instructed by management directly from their valuation experts which formed management's assessment of the net realisable value of the properties; • Including a property valuation specialist within our audit team who, by applying his expertise, critically considered the valuation methodologies and key assumptions inherent within the valuation reports and where possible, verified those key assumptions to external information;

Key Audit Matter – group	How the matter was addressed in the audit – group
	• Holding a direct conversation with management's valuation experts to enquire into the valuer's assumptions and methodology and considering the appropriateness of their responses; and • Considering management's assessment of impairment of the properties in light of the requirements of IAS 2 and its computational accuracy. This involved comparing the cost at which the property was held to the current market value of the properties as set out in the valuation reports. The group's accounting policy on development property is shown in note 23.5 to the financial statements and related disclosures are included in note 12. **Key observations** Based upon our audit work we are satisfied that the development properties are appropriately held at the lower of cost and net realisable value and that the impairment provision recognised within the financial statements has been appropriately computed by management.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£294,000, which represented 1% of the group's total assets at the commencement of our audit. This benchmark is considered the most appropriate because the group has completed its first property purchases, and the focus of its activity for the year is in relation to these assets. The only other significant activity within the subsidiaries aside from property activity is the issue of two external loans, which also support the use of the total assets benchmark. Materiality for the current year is higher than the level that we determined for the year ended	£206,000, which is 1% of the company's total assets, capped at 70% of group materiality. This benchmark is considered the most appropriate given that the company has completed its first property purchases, and the focus of its activity for the year is in relation to these assets. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2017 to reflect the significant increase in total assets of the company, capped at 70% of group materiality.

	31 March 2017 to reflect the increase in total assets. The measurement percentage applied to the benchmark was reduced from 1.5% of total assets in the prior year to 1% to also reflect the increase in total assets during the year.	
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Communication of misstatements to the audit committee	£14,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£10,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of those components and to determine the planned audit response based on a measure of materiality. We assessed the significance of subsidiaries based on the percentage of the group's total assets for which they account. We also considered their individual significance based on qualitative factors, such as the specific purpose of each company, or concerns over specific components;
- performing an evaluation of the design effectiveness of controls over key financial statement risks identified as part of our risk assessment process;
- gaining an understanding of the financial reporting and accounts production process; and
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

We performed full scope audit procedures over the financial statements of Vordere Plc. We performed targeted procedures on the balances and transactions within the financial information of the subsidiary companies that we determined were material to the group financial statements, in particular the development properties held within the group's subsidiaries. The prior year financial statements were single company financial statements as the subsidiaries were not material to the group. The scope of our audit work in the current year has widened as a result of the group acquiring four properties through its subsidiaries during the year, which has led to the preparation of consolidated financial statements in the current year.

The parent company of the group is based in the UK, and subject to statutory audit. The group companies are incorporated in Germany and Luxembourg and are therefore outside of the scope of a UK statutory audit. However, some of the balances within these group companies have a material impact on the group financial statements on which we are providing an opinion. As such, we performed targeted procedures on specific balances in these other companies so as to gain evidence that they were not giving rise to material misstatement at a consolidated group level.

In summary:

- full scope audit procedures were completed on the financial statements of Vordere Plc (the parent company). Targeted procedures were completed on the financial information of subsidiary entities based on their relative materiality to the group and our assessment of audit risk. Subsidiary entities at which targeted procedures were performed were: Vordere Hanau GmbH & Co KG, Vordere Haag GmbH & Co KG, Vordere Bamberg GmbH & Co KG and Vordere Berchtesgaden GmbH & Co KG, all of which are based in Germany and hold development property. Targeted procedures were also performed on Vordere Capital S.a.r.l. which is a subsidiary based in Luxembourg. An analytical review was performed on St James Management GmbH, which is another subsidiary based in Germany. The balances within this subsidiary were not material to the group audit opinion, and therefore targeted procedures were not performed.
- our targeted procedures on the financial information of Vordere Hanau, Vordere Haag, Vordere Bamberg and Vordere Berchtesgaden primarily focussed on the development property. Our targeted procedures on Vordere Capital S.a.r.l primarily focussed on the external loan debtor.
- the full scope audit procedures covered 32.1% of the total assets of the group. The targeted procedures covered a further 67.8% of total assets. 0.1% of total assets was not covered by our full scope or targeted audit procedures.
- the current year audit included the audit of the financial information of the aforementioned subsidiaries, whereas the subsidiaries were not included in our prior year audit procedures. At the previous audit, we determined that the subsidiaries were not material to the group and therefore did not fall within our audit scope. Since the acquisition of the properties in Germany, and the various other transactions that have taken place during the year, the subsidiaries have become material to the group and therefore have been included as part of our current year audit;
- there are no remaining group components not covered in the above summary;
- all audit procedures were performed by Grant Thornton UK LLP; no other auditors were engaged to perform work on the financial information of the German or Luxembourg entities for the purpose of the Vordere Plc group and parent statutory audit.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent 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.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 15, 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 and the parent 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 group or the parent 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 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

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.

Other matters which we are required to address

We were appointed by the Board of Directors on 19 November 2013. Our total uninterrupted period of engagement is five years, covering the years ended 31 March 2014 to 31 March 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the Parent Company and we remain independent of the group and the Parent Company in conducting our audit. We have not provided any non-audit services to the group that are not disclosed in the financial statements or elsewhere in the annual report.
Our audit opinion is consistent with the additional report to the audit committee.

Jonathan Maile BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

1 August 2018

Consolidated Income Statement

	Note	**2018**	*2017*
		£	*£*
Revenue	9	**6,247**	-
Gross Profit		**6,247**	-
Administrative expenses	5	**(4,173,394)**	*(661,065)*
Loss from operations		**(4,167,147)**	*(661,065)*
Finance income	7	**62,721**	*1,118*
Finance expense	7	**(19)**	-
Loss before tax		**(4,104,445)**	*(659,947)*
Tax expense	8	**(11,930)**	-
Loss from continuing operations attributable to ordinary equity holders of the parent		**(4,116,375)**	*(659,947)*

Earnings per share attributable to the ordinary equity holders of the parent

Basic	10	**(0.028)**	*(0.029)*
Diluted	10	**(0.028)**	*(0.029)*

Consolidated Statement of Comprehensive Income

	2018	*2017*
	£	*£*
Loss for the year	**(4,116,375)**	*(659,947)*
Items that will or may be reclassified to profit or loss:		
Exchange loss arising on translation on foreign operations	**(352,539)**	-
Other comprehensive income for the year, net of tax	**(352,539)**	-
Total comprehensive income	**(4,468,914)**	*(659,947)*

Consolidated Statement of Financial Position

	Note	**2018**	*2017*
		£	*£*
Assets			
Non-current assets			
Property, plant and equipment	11	**7,923**	-
Trade and other receivables	13	**2,026,233**	-
		2,034,156	-
Current assets			
Development property	12	**15,972,451**	-
Trade and other receivables	13	**812,999**	*183,724*
Cash and cash equivalents	21	**7,840,423**	*3,089,371*
		24,625,873	*3,273,095*
Total assets		**26,660,029**	*3,273,095*
Liabilities			
Current liabilities			
Trade and other liabilities	14	**365,671**	*394,147*
Total liabilities		**365,671**	*394,147*
Net assets		**26,294,358**	*2,878,948*
Capital and reserves attributable to owners of the parent			
Share capital	15	**3,995,008**	*616,115*
Share premium reserve	16	**24,505,431**	*3,299,509*
Retained earnings	16	**(1,853,542)**	*(1,036,676)*
Foreign exchange reserves	16	**(352,539)**	-
TOTAL EQUITY		**26,294,358**	*2,878,948*

The financial statements were approved and authorised for issue by the Board on 1 August 2018 and were signed on its behalf by:

Nicholas W Hofgren

Director

Company Statement of Financial Position

	Note	2018	*2017*
		£	*£*
Assets			
Non-current assets			
Property, plant and equipment	11	**7,910**	-
Investments in subsidiaries	20	**2,059,900**	*34,229*
		2,067,810	*34,229*
Current assets			
Trade and other receivables	13	**17,100,366**	*149,495*
Cash and cash equivalents	21	**7,793,508**	*3,089,371*
		24,893,874	*3,238,866*
Total assets		**26,961,684**	*3,273,095*
Liabilities			
Current liabilities			
Trade and other liabilities	14	**316,678**	*394,147*
Total liabilities		**316,678**	*394,147*
Net assets		**26,645,006**	*2,878,948*
Issued capital and reserves			
Share capital	15	**3,995,008**	*616,115*
Share premium reserve	16	**24,505,431**	*3,299,509*
Retained earnings	16	**(1,855,433)**	*(1,036,676)*
Retained earnings		**26,645,006**	*2,878,948*

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement, a statement of comprehensive income or a cash flow for the Company alone. The total comprehensive loss for the period is £4,118,266 (2017: loss of £659,947).

The Company has taken the FRS 101: 8(h) exemption allowing qualifying entities to take exemption from the requirements of IAS 7 ‘Statement of Cash Flows’ in its entirety.

The financial statements were approved and authorised for issue by the Board on 1 August 2018 and were signed on its behalf by:

Director

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

	Share capital	Share premium	Retained earnings	Foreign exchange reserve	Total attributable to equity holders of parent
	£	£	£	£	£
At 1 April 2017	616,115	3,299,509	(1,036,676)	-	2,878,948
Comprehensive income for the year					
Loss for the year	-	-	(4,116,375)	-	(4,116,375)
Other comprehensive income	-	-	-	(352,539)	(352,539)
Total comprehensive income	-	-	(4,116,375)	(352,539)_	(4,468,914)
Transactions with owners					
Cancellation of share premium	-	(3,299,509)	3,299,509	-	-
Issue of share capital	3,378,893	24,505,431	-	-	27,884,324
At 31 March 2018	**3,995,008**	**24,505,431**	**(1,853,542)**	**(352,539)**	**26,294,358**

The notes on pages 40 to 64 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2017

	Share capital	Share premium	Retained earnings	Total attributable to equity holders of parent
	£	£	£	£
At 1 April 2016	285,760	1,380,917	(516,166)	1,150,511
Comprehensive income for the year				
Loss for the year and total comprehensive income	-	-	(659,947)	(659,947)
Share based payments	-	-	139,437	139,437
Total comprehensive income	-	-	(520,510)	(520,510)
Transactions with owners				
Share issue (net of costs)	330,355	1,918,592	-	2,248,947
At 31 March 2017	**616,115**	**3,299,509**	**(1,036,676)**	**2,878,948**

The notes on pages 40 to 64 form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 March 2018

	Share capital	Share premium	Retained earnings	Total attributable to equity holders of parent
	£	£	£	£
At 1 April 2017	616,115	3,299,509	(1,036,676)	2,878,948
Comprehensive income for the year				
Loss for the year	-	-	(4,118,266)	(4,118,266)
Total comprehensive income for the year	-	-	(4,118,266)	(4,118,266)
Transactions with owners				
Cancellation of share premium	-	(3,299,509)	3,299,509	-
Issue of share capital	3,378,893	24,505,431	-	27,884,324
Total transactions with owners	3,378,893	24,505,431	-	27,884,324
At 31 March 2018	**3,995,008**	**24,505,431**	**(1,855,433)**	**26,645,006**

The notes on pages 40 to 64 form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 March 2017

	Share capital	Share premium	Retained earnings	Total attributable to equity holders of parent
	£	£	£	£
At 1 April 2016	285,760	1,380,917	(516,166)	1,150,511
Comprehensive loss for the year				
Loss for the year and total comprehensive income	-	-	(659,947)	(659,947)
Share based payments	-	-	139,437	139,437
Total comprehensive income	-	-	(520,510)	(520,510)
Transactions with owners				
Issue of share capital (net of cost)	330,355	1,918,592	-	2,248,947
At 31 March 2017	**616,115**	**3,299,509**	**(1,036,676)**	**2,878,948**

The notes on page 40 to 64 form part of these financial statements.

Consolidated Cashflow Statement for the year ended 31 March 2018

	2018	2017
	£	£
Cash flows from operating activities		
Loss for the year	**(4,116,375)**	*(659,947)*
Adjustments for		
Tax expense	**11,930**	
Depreciation and impairment	**2,870,676**	-
Finance income	**(62,721)**	*1,118*
Finance costs	**19**	-
Share-based payment expense	**-**	*69,719*
	(1,296,471)	*70,837*
(Increase)/Decrease in trade and other receivables	**(2,655,508)**	*(183,724)*
(Decrease)/Increase in trade and other payables	**(40,351)**	*382,647*
Interest paid	**(19)**	-
(Increase)/Decrease in development properties	**(1,147,854)**	-
Tax paid	**(55)**	-
	(3,843,787)	*198,923*
Cash flows from operating activities	**(5,140,258)**	*(390,187)*
Cash flows from investing activities		
Purchases of property, plant and equipment	**(7,964)**	-
Interest received	**62,721**	*(1,118)*
	54,757	*(1,118)*
Cash flows from financing activities		
Issue of ordinary shares	**9,836,553**	*2,318,665*
Net cash from financing activities	**9,836,553**	*2,318,665*
Net cash increase in cash and cash equivalents	**4,751,052**	*1,927,360*
Cash and cash equivalents at the beginning of year	**3,089,371**	*1,162,011*
Cash and cash equivalents at the end of the year	**7,840,423**	*3,089,371*

Notes to the Financial Statements for the year ended 31 March 2018

1. Reporting entity

Vordere PLC (the 'Group') is a public limited company incorporated in England and Wales under company number 07892904. The Group's registered office is at 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB. These consolidated financial statements comprise the Group and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in property investment and development.

2. Basis of preparation

These consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. They were authorised for issue by the Company's Board on 1 August 2018.

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated

Details of the Group's accounting policies, including changes during the year, are included in note 23.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 3.

2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 April 2017

There were no new standards or interpretations effective for the first time for periods beginning on or after 1st January 2017 that had a significant effect on the Group's financial statements.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

- **IFRS 9, 'Financial instruments' effective after 1st January 2018**

  The new Standard for financial instruments IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

Management has identified the following areas that could potentially be impacted by the application of IFRS 9:

The Group will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). This will result in increased impairment provisions and greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. In applying IFRS 9 the Group must consider the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

The Group will finalise its impact assessment in the coming months and will present the impact in its interim financial statements for the period ending 30 September 2018.

- **IFRS 15, 'Revenue from Contracts with Customers' effective after 1st January 2018**

  IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from contracts with Customers' replace IAS 16 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. Management do not anticipate any impact of IFRS 15 to the financial statements as there is no material revenue for the Group.

- **IFRS 16, 'Leases' effective after 1st January 2019**

  IFRS 16 will replace IAS 17 'Leases. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. The Group is currently reviewing:
  - All agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition of a lease.
  - Current disclosures for operating leases as this is likely to form basis of the amounts to be capitalised as right-of-use assets.
  - Additional disclosures that will be required.

  The Group will finalise its impact assessment in the current year and will present its impact within the financial statements for the year ended 31 March 2019.

2.3 Segment reporting

In the opinion of Management, the Group has only one segment in the current period being the development of property in Germany.

3. Accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Estimates and assumptions

Impairment of development properties
Assets held for development and resale are reviewed annually for impairment or if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on professional valuation performed by Jones Lang LaSalle calculation of net scenario value after completion. The valuations include estimates on units, lettable space and conversion or modernisation measures as well as the calculation of development costs. During the current year this has resulted in an impairment of assets held for development and resale of £2,870,635 (2017: nil). Different estimates included in the valuation could internally change the valuation and as a result the estimate of net realisable value of the property and the level of any impairment.

3.2 Key judgements

Classification of development properties
Management determined in the current year that the properties held by the Group are classified as development properties as Management intend to sell the properties in the ordinary course of business, instead of holding them for long-term capital appreciation, leasing out, or developing for future use as investment property. Development properties are held at cost less impairment, being the properties net realisable value.

Deferred tax assets
In the current year a deferred tax asset arise on the loss in the year. However, management determined that they could not conclude with reasonable certainty that it would be recoverable in the future, as the properties are not yet realised and therefore a deferred tax asset should not be recognised.

4. Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing development properties

The Group monitors 'adjusted capital' which comprises all components of equity (i.e. share capital, share premium and retained earnings).

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares.

5. Administrative expenses

	2018	*2017*
	£	*£*
Professional fees	**1,050,861**	*661,065*
Property impairment	**2,870,635**	-
Other expenses	**251,898**	-
	4,173,394	*661,065*

6. Employee benefit expenses

	2018	*2017*
	£	*£*
Employee benefit expenses (Chief Operating Officer) comprise:		
Wages and salaries	**14,359**	*32,416*
Social security costs	**1,700**	-
	16,059	*32,416*

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed at the start of this report, and the Chief Operating Officer of the Company.

	2018	*2017*
	£	*£*
Key management personnel fees and salaries	**118,768**	*32,416*

The average number of employees for the year was 1. (*2017:0*)

7. Finance income and expense

Recognised in profit or loss	2018	*2017*
	£	*£*
Finance income		
Interest on:		
Bank deposits	490	*1,118*
Other interest receivable	62,231	-
Total finance income	**62,721**	*1,118*
Finance expense		
Bank interest payable	19	-
Total finance expense	**19**	-
Net finance income recognised in profit or loss	**62,740**	*1,118*

8. Tax expense

8.1 Income tax recognised in profit or loss

	2018	*2017*
	£	*£*
Current tax		
Loss before tax	(4,104,445)	*(659,947)*
Tax at standard rate 19% *(2017: 20%)*	(779,845)	*(131,989)*
Losses carried forward	779,845	*131,989*
Tax on foreign interest	11,930	-
Total tax charge	11,930	-

The current tax of £11,930 relates to tax on loan interest income in Vordere Capital S.a.r.l.

Changes in tax rates and factors affecting the future tax charges

There were no factors that may affect future tax charges.

8.2 Current tax assets and liabilities

	2018	*2017*
	£	*£*
Current tax liabilities		
Corporation tax payable	**11,930**	-
	11,930	-

The current tax liabilities of £11,875 at a tax rate of 19% relates to tax on loan interest income in Vordere Capital S.a.r.l.

8.3 Deferred tax assets and liabilities

In the current year a deferred tax asset arose on the loss in the year. However, management determined that they could not conclude with reasonable certainty that it would be recoverable in the future, as the properties are not yet realised and therefore a deferred tax asset should not be recognised.

9. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2018	*2017*
	£	*£*
Rent receivable	**6,247**	-
	6,247	-

10. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Vordere PLC) as the numerator, i.e. no adjustments to profit were necessary in 2018 or 2017.

	2018	*2017*
	£	*£*
Basic earnings/(loss) per share	**(0.028)**	*(0.029)*
Diluted earnings/(loss) per share	**(0.028)**	*(0.029)*
Weighted average number of shares used in basic and diluted earnings per share	**147,307,300**	*22,756,793*
Loss after tax for the year	**(4,116,375)**	*(659,947)*

During the year warrants were issued to GFG which are potentially dilutive shares. However there was no impact on the earnings per share as the Group had made a loss in the year and therefore the shares are anti-dilutive

11. Property, plant and equipment

Group	Fixtures and fittings	Office equipment	Total
Cost	**£**	**£**	**£**
Balance at 1 April 2017	-	-	-
Additions	5,990	1,974	7,964
At 31 March 2018	**5,990**	**1,974**	**7,964**
Accumulated depreciation and impairment			
Balance at 1 April 2017	-	-	-
Charge owned for the year	-	41	41
At 31 March 2018	**-**	**41**	**41**
Net book value			
At 31 March 2017	-	-	-
At 31 March 2018	**5,990**	**1,933**	**7,923**

Company	Fixtures and fittings	Office equipment	Total
Cost	**£**	**£**	**£**
Balance at 1 April 2017	-	-	-
Additions	5,990	1,961	7,951
At 31 March 2018	**5,990**	**1,961**	**7,951**

Company			
Accumulated depreciation and impairment			
Balance at 1 April 2017	-	-	-
Charge owned for the year	-	41	41
At 31 March 2018	**-**	**41**	**41**
Net book value			
At 31 March 2017	-	-	-
At 31 March 2018	**5,990**	**1,920**	**7,910**

There are no capital commitments as at 31 March 2018 (2017: nil).

12. Development property

	2018	2017
	£	*£*
Assets held for development and resale in the ordinary course of business	**15,972,451**	-
	15,972,451	-

As at balance sheet date the Group has assets held for development and resale in the ordinary course of business totalling of £15,972,451. This includes a write off of £2,870,635 to reflect the net realisable value of the properties. The recoverable amount is determined based on professional valuation performed by Jones Lang LaSalle calculation of net scenario value after completion (see Note 3.1).

13. Trade and other receivables

Group	**2018**	*2017*
	£	*£*
Prepayments and accrued income	**6,366**	*149,495*
Trade receivables	**1,240**	-
Other receivables	**805,393**	*34,229*
Total current trade and other receivables	**812,999**	*183,724*
Loan receivables	**2,026,233**	-
Total non-current trade and other receivables	**2,026,233**	-

The non-current loan receivables of £2,026,233 represent two 3rd party loans from Vordere Capital S.a.r.l. to JV11 Eiendom AS and MV13 Eiendom AS. On the 2nd August 2017, Vordere Capital S.a.r.l. agreed to provide MV13 Eiendom AS with a secured term loan facility of NOK 13,000,000 with interest of aggregate of 6 per cent per annum and 1 percent per annum. On the 15th November 2017, Vordere Capital S.a.r.l. agreed to provide JV Eiendom AS with a secured term loan facility of NOK9,500,000 with interest of aggregate of 6 per cent per annum and 1 percent per annum. The loans are repayable 5 years from the Drawndown Dates of the loans, as described above. Interest receivable for the year amounts to £62,231.

Vordere Capital S.a.r.l. has a security over the properties bought with the proceeds of the above loan.

Company	**2018**	*2017*
	£	*£*
Receivables from subsidiary undertaking	**16,289,077**	-
Prepayments and accrued income	**6,366**	*149,495*
Other receivables	**804,923**	-
Total trade and other receivables	**17,100,366**	*149,495*

The company does not hold any collateral as security. The receivables from subsidiary undertakings are repayable on demand. There are no interest charged on the intercompany loans.

14. Trade and other liabilities

Group	2018	*2017*
	£	*£*
Trade payables	**240,096**	-
Other payables	**4,530**	-
Accruals	**109,170**	*394,147*
Corporation tax payable	**11,875**	-
Total trade and other liabilities	**365,671**	*394,147*

Company	2018	2017
	£	*£*
Trade payables	**202,978**	-
Other payables	**4,530**	-
Accruals	**109,170**	*394,147*
Total trade and other liabilities	**316,678**	*394,147*

15. Share Capital

Group and Company	2018	*2017*
	£	*£*
Ordinary shares of £0.02 each at the beginning of the period	**616,115**	*285,760*
Shares issued during the year	**3,378,893**	*330,355*
Outstanding at the end of the year	**3,995,008**	*616,115*

On 12th June 2017, it was resolved that the Company would embark upon an offer for subscription of up to 52,941,176 at 17p per share. The details regarding the Acquisitions and offer for subscription are set out in a Prospectus issued by the Company which was approved by the UK Listing Authority and is available for viewing at the Company's website at: http://www.vordere.com.

In contemplation of the completion of the Acquisitions and further to the issue of the Prospectus, the listing of the Company's existing 30,805,783 ordinary shares of nominal value 2p each ("Existing Shares") on the standard segment of the Official List of the United Kingdom Listing Authority and their trading on the main market of the London Stock Exchange plc was to be cancelled. Immediately following that cancellation the Existing Shares were re-listed pursuant to Listing Rule 5.6.21 and re-admitted to trading (the "Cancellation and Re-admission"), which took place on 12th July 2017.

On 14 June 2017, the Company completed three of the four Acquisitions, subject to the re-listing of the Company's shares pursuant to Listing Rule 5.6.21 and their re-admission to trading. The total of 51,411,411 Consideration Shares of nominal value £0.02 in the capital of the Company was allotted at a price of 17p per share.

15. Share Capital (continued)

On 7 July 2017, the Company allotted 29,205,882 Offer ordinary shares of nominal value £0.02 at a price of £0.17 per share. The Company further issued 1,651,778 ordinary shares of nominal value £0.02 at a price of £0.15 per share, pursuant to the advisory agreement entered into by the Company and GFG - UK - Limited ("GFG") on 30 September 2016 as detailed in the prospectus dated 28 September 2016.

On 11 July 2017, the Company completed the fourth Acquisition, subject to the admission of 54,751,950 Consideration Shares of £0.02 at a price of £0.17 per share.

On 1 August 2017, the Company allotted 2,664,707 Offer ordinary shares of nominal value £0.02 at a price of £0.17 per share for subscriptions equal to £453,000.

On 22 August 2017, the Company allotted 11,764,706 Offer ordinary shares of nominal value £0.02 at a price of £0.17 per share for subscriptions equal to £2,000,000.

On 26 September 2017, the Company allotted 1,000,000 Offer ordinary shares of nominal value £0.02 at a price of £0.17 per share for subscriptions equal to £170,000.

On 23 October 2017, the Company allotted 3,052,825 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £518,980.

On 16 November 2017, the Company allotted 1,868,824 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £317,700.

On 13 December 2017, the Company allotted 2,843,114 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £483,329.

On 14 December 2017, the Company allotted 1,500,000 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £225,000.

On 10 January 2018, the Company allotted 3,000,000 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £510,000.

On 22 January 2018, the Company allotted 764,704 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £130,000.

On 20 February 2018, the Company allotted 441,175 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £75,000.

On 23 February 2018, the Company allotted 3,000,000 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £510,000.

On 26 March 2018, the Company allotted 23,529 Offer Ordinary shares of nominal value £0.02 at a price of £0.17 per share for total subscriptions equal to £4,000.

16. Reserves

Share premium
Represents amount subscribed for share capital in excess of nominal value.

On 26 July 2017 the Company obtained a High Court order for the share premium account to be cancelled.

Retained earnings
Represents accumulated profit/loss.

Foreign exchange reserves
Represents exchange differences arising on translation of the foreign controlled entity that are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

17. Leases

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	2018	*2017*
	£	*£*
Not later than one year	**24,888**	-
	24,888	-

18. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

18.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year is disclosed in Note 6.

18.2 Other related party transactions

Other related party transactions are as follows:

Mr Nicholas Hofgren, a Director of Vordere PLC is also a director of GFG. On 30 September, 2016, the Company signed a 2-year Corporate advisory agreement with GFG Limited, under the agreement the Company has agreed to pay GFG a fee of £7,500 per month until such time that the Company asset value exceeds £10,000,000 whereupon the fee will be calculated at the rate of 1.5% of the gross asset value or £15,000, whichever is greater, per month. During the year ended 31 March 2018 the Company paid £390,333 (2017: £134,966) for monthly advisory services to GFG and £39,173 (2017: £20,000) to Mr Nicholas Hofgren in respect of board services.

18. Related party transactions (continued)

18.2 Other related party transactions (continued)

Mr G Johnson, a Director of Vordere PLC is also a Director of Granite and Pine Investments International Ltd. During the year Directors' fees of £25,000 (2017: £20,000) were paid to Granite and Pine Investments International Ltd on behalf of Mr G Johnson. As at year end 31 March 2018 the outstanding balance due to Granite and Pine Investments International Ltd was £2,083 (2017: nil). The outstanding amount is repayable on demand

Mr B Fitzpatrick, a Director of Vordere PLC is also a Director of Ocean Park Developments Ltd. During the year Directors' fees of £25,000 (2017: £6,000) were paid to Ocean Park Developments Ltd on behalf of Mr B Fitzpatrick. As at year end the outstanding balance due to Ocean Park Developments Ltd was £6,250 (2017: £2,500). The outstanding amount is repayable on demand.

Mr S Cheek, a Director of Vordere PLC is also a Director of Randall Duke Limited. During the year Directors' fees of £10,417 (2017: nil) were paid to Randall Duke Limited on behalf of Mr S Cheek. As at year end there are no outstanding balance at year end (2017: nil).

On 3 October 2016, Vordere PLC granted warrants over ordinary shares to GFG, a Company in which Mr Hofgren is also a director. The warrants may be exercised between the Grant date and the fifth anniversary of the Grant date and will lapse if not exercised during that period. The warrant instrument allows GFG to acquire up to 5% of the share capital of the Group, after taking into account the shares issued as a result of the warrant valuation model. The model considers a volatility rate of 68%, which has been derived from historical experience. A weighted average risk-free interest rate of 2.0% has been applied. The share price at grant date was 15.25 pence and the options have a strike price of 15p per share. In line with the Company's dividend policy set out in its recent prospectus, no future dividends have been assumed in the valuation model.

The warrants were exercised on 7 July 2017.

19. Auditors' remuneration

Auditors' remuneration for work carried out for the company in respect of the financial year is as follows:

	2018	*2017*
	£	*£*
Fees payable to the Company's auditor for the audit of the Consolidated Financial Statements	**35,000**	*15,000*
Total audit fees	**35,000**	*15,000*
Audit-related assurance services	**22,500**	-
Services linked to corporate finance transactions	**-**	*27,500*
Total non-audit fees	**22,500**	*27,500*

20. Investments in subsidiaries

Company	£
At 1 April 2017	34,229
Additions	2,025,671
At 31 March 2018	**2,059,900**

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)
			2018
1) Vordere Capital S.a.r.l.	Investment holding	Luxembourg	100
2) St James Square Management GmbH	Investment holding	Germany	100
3) Vordere Haag Gmbh & Co KG (held indirectly)	Development property holding	Germany	100
4) Vordere Hanau Gmbh & Co KG (held indirectly)	Development property holding	Germany	100
5) Vordere Berchtesgaden Gmbh & Co KG (held indirectly)	Development property holding	Germany	100
6) Vordere Bamberg Gmbh & Co KG (held indirectly)	Development property holding	Germany	100

21. Cash and cash equivalents

Group	2018	*2017*
	£	*£*
Cash at bank available on demand	**7,840,423**	*3,089,371*
Cash and cash equivalents	**7,840,423**	*3,089,371*

Company	2018	*2017*
	£	*£*
Cash at bank available on demand	**7,793,508**	*3,089,371*
Cash and cash equivalents	**7,793,508**	*3,089,371*

22. Financial instruments - fair values and risk management

22.1 Accounting classifications and fair values

Group	Carrying amount	Carrying amount
31 March 2018	**Loans and other receivables**	**Total**
Financial assets at amortised cost	**£**	**£**
Loan receivables (due after more than one year)	2,026,233	2,026,233
Trade and other receivables	812,999	812,999
Cash and cash equivalents	7,840,424	7,840,424
	10,679,656	10,679,656
Financial liabilities at amortised cost		
Trade payables	240,096	240,096
Other payables	4,530	4,530
Accruals	109,170	109,170
Tax and social security payments	11,875	11,875
	365,671	365,671

There are no financial assets and liabilities measured at fair value as at year ended 31 March 2018.

	Carrying amount	Carrying amount
31 March 2017	**Loans and other receivables**	**Total**
Financial assets at amortised cost	**£**	**£**
Trade and other receivables	183,724	183,724
Cash and cash equivalents	3,089,371	3,089,371
	3,273,095	3,273,095
Financial liabilities at amortised cost		
Trade payables	394,147	394,147
	394,147	394,147

There are no financial assets and liabilities measured at fair value as at year ended 31 March 2017.

22.2 Financial risk management objectives

The Group's Investment Committee is responsible to the Board for the Group's financial risk management. This includes analysing the Group's exposure by degree and magnitude of risks. These risks include property market risk (including currency risk and interest rate risk) and liquidity risk.

The Group seeks to minimise the effects of these risks where possible. It does this by maintaining bank accounts in all currencies in which the Group holds the properties.

22.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group reviews the need to enter into financial instruments on a regular basis but has not entered into any during the current or previous period. As the Group has no debt, it is not significantly exposed to interest rate risk on its financial liabilities and continues to seek to maximise the returns from bank deposits.

22.4 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating 'A' are accepted.

22.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2018	*2017*	**2018**	*2017*
	£	*£*	**£**	*£*
Euro	**48,994**	-	**48,626**	-
	48,994	-	**48,626**	-

	Liabilities		**Assets**	
	2018	*2017*	**2018**	*2017*
	£	*£*	**£**	*£*
NOK	**-**	-	**2,026,233**	-
	-	-	**2,026,233**	-

22.5 Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro.

The following table details the Group's sensitivity to a 3% increase and decrease in the pound sterling against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 3% against the relevant currency. For a 3% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Euro impact	
	2018	*2017*
	£	*£*
Profit or loss	**(955,045)**	-
	(955,045)	-

22.6 Interest rate risk management

The Group’s exposure to interest rate risk on borrowings is limited as there is no outstanding debt within the Group. The Group’s exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

22.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities through share issuance, and by continuously monitoring forecast and actual cash flows.

23. Accounting policies

23.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The current financial year of the parent company is 31st March 2018 and the financial year of the subsidiaries is 31st December 2017. The subsidiaries were shelf-companies acquired by the parent company in the year and therefore using a different year end date to the parent.

23. Accounting policies (continued)

23.1 Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

23.2 Revenue

Revenue is measured as the fair value of the consideration received or receivable. The revenue of £6,247 arose during the year relates to rental income. Rental income is recognised in the period which it relates.

23.3 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

23. Accounting policies (continued)

23.3 Taxation (continued)

(ii) Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

23. Accounting policies (continued)

23.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures and fittings	25%
Office equipment	25%

23.5 Development Properties

Inventories are stated at the lower of cost and net realisable value based on external professional valuation. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

23.6 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

23. Accounting policies (continued)

23.7 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

23. Accounting policies (continued)

23.7 Financial assets (continued)

(ii) Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

23.8 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

23. Accounting policies (continued)

23.9 Share based payments

The Group issued warrant instruments as describe in note 18.2 to these financial statements. The warrants were issued in exchange for services rendered to the Company and as a result have been accounted for as an equity-settled share based payment. The fair value of the services rendered has been determined indirectly by reference to the fair value of the warrants issued. This fair value is determined at grant date. The share based payment is recognised as an expense in the profit and loss account with corresponding credit to retained earnings. Upon exercise of the warrants, the proceeds received, net of any directly attributable transaction costs are allocated to share capital up to the nominal value shares issued with the excess being recorded as share premium.

23.10 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 the 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 immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but 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 immediately in profit or loss, 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.

23. Accounting policies (continued)

23.11 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

23.12 Basis of preparation for Company financial statements

The financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) ‘Reduced Disclosure Framework’ as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to statement of share-based payments, financial instruments, disclosures of related party within the Group, disclosures of key management personnel and presentation of a cash flow statement and related notes.

The financial statements have been prepared on the historic cost basis. The principal accounting policies, and critical accounting judgements and key sources of estimation adopted are the same as those set out in note 3 and 23 to the Group financial statements except as noted below. These have been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment. Also see note 20.