Registered number: 09346715

AVOCET INFINITE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 DECEMBER 2017

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AVOCET INFINITE PLC

COMPANY INFORMATION

Directors	M F Frost Dr J R Jennings J Orr Frost R M Jennings
Company secretary	Eirlys Lloyd Company Services Ltd
Registered number	09346715
Registered office	25 Palace Street Berwick upon Tweed Northumberland TD15 1HN
Independent auditors	Ryecroft Glenton Chartered Accountants & Statutory Auditors 32 Portland Terrace Jesmond Newcastle upon Tyne NE2 1QP

AVOCET INFINITE PLC

CONTENTS

GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2017

Introduction

Avocet Infinite Plc ("Avocet") is a world-wide natural capital company. Avocet's future product offerings sit within three primary business groups, Agriculture, Renewables and Fuel. Less than 10% of its realisable assets are in agriculture, the balance being in renewables and fuel. Avocet provides technologies that work more efficiently with the planet's energy, water and food, in ways that positively impact the world.

The Avocet group aims to have a global presence with activities in North America, Europe, the Middle East, the Far East, and Africa. Operations have already been established in the first three areas listed.

Avocet is a group of companies developing cutting-edge disruptive technologies via its unique natural capital approach, for the ultimate benefit of society and humankind. In November 2018, Coller IP (an independent consultancy that values intellectual property) placed a rising value of £60 million on Avocet's natural capital intellectual property.

Avocet Infinite Plc is evolving into a holding company where its main activity will be a generator and owner of intellectual property, which intellectual property will be marketed & sold throughout the world via a sophisticated and self-financing franchise network.

Business review

This year, the group has continued to invest in its capital assets, with total fixed assets at the year end being £18,812,131 (2016 - £18,349,193).

The group also incurred operational expenditure while continuing to develop the agricultural and fuels divisions, resulting in a loss after tax for the year of £5,322,416 (2016 - £2,002,210). The group's farming subsidiary increased the size of the Piedmontese herd from 190 to 365 during the year.

The results for the year were not unexpected, given both the capital-intensive nature of the two activities and the start-up nature of the group, which while it has developed in the past twelve months, is still essentially pre-revenue.

Principal risks and uncertainties

Competitive risk
The group has secured intellectual property in its chosen areas which gives it a competitive advantage over others operating in those industries. There is always the risk that others will enter these markets, reducing the group's competitive advantage. The group manages this risk by securing appropriate legal protection for its property, including trademarks and patents where appropriate.

Legislative risk
All of the industries the group is involved in are heavily regulated and the group makes use of appropriate expert advice in each specialist area, to ensure it complies with relevant legislation at all times.

Failure to comply with relevant legislation in any area would have a significant and detrimental impact on the group's operations.

Delays in securing legislative approval can also have an impact, although these are outside the group's control. For example, UN safety validation certificates are required for Avocet's fuel additive, which are administered on behalf of the UN by the US government. Avocet passed these tests in Q4 2018 but is still awaiting the appropriate certificates.

Financial risk
The group faces credit, liquidity and foreign currency risks.

The group makes purchases in US dollars and euros and has subsidiaries in the United States and EU; thus, Avocet is exposed to the risk of adverse currency movements. In future the group aims to mitigate this risk by generating income in US dollars, euros and by other methods as and where necessary.

The group's policy towards credit risk is to ensure credit terms are only granted to customers who demonstrate an appropriate history and credit position.

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities. Given the stage of development of the group's business, operating cashflow is expected to be negative. The group has sought to manage liquidity risk primarily by increasing permanent capital, in order to raise sufficient funds to develop its operations to the point where they generate cash. The group has continued to raise further capital since the period end. That said, Avocet is unique in that many of its shareholders (who adamantly believe in the Avocet concept) have freely given their time to assist in the development of the group's business.

Operational risks
The directors foresee certain operational risks which need to be addressed in the near future:

The principal directors of Avocet Infinite Plc are aged 71 and 78; consequently, additional directors have been recruited and shall be appointed to the board after the date of approval of these statements.

Coupled to the age risk was the groups undue reliance on a small number of individuals; such dependence is to be rectified in the near future (at the date of approval of these statements) with new composite boards being established to facilitate trading on what will become the Avocet group's principal trading subsidiaries; Avocet Bio Solutions Plc and Avocet Fuel Systems Plc.

Brexit risk
To address the challenges posed by Brexit, Avocet has established an offspring company based in Cork, Ireland. Avocet Bio Solutions Plc is now a recognised EU force with Avocet becoming a foundation member of the Irish and EU National Bioeconomy Campus at Lisheen in Tipperary.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2017

Financial key performance indicators

The group's key performance indicators in future will be turnover and operating profit. During the period as the group concentrated on establishing its operations, turnover was not considered relevant. The group's operating loss for the period was £4,784,371 (2016 - £1,841,597).

Other key performance indicators

The number of patents granted is considered to be a key performance indicator. Todate, Avocet has secured 11 full patents with a further 6 about to be granted. Following on, Avocet has or is considering the lodgement of a further 50 or so patent applications covering a diverse programme in agriculture, renewables and fuel.

This report was approved by the board on 13 February 2019 and signed on its behalf.

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M F Frost
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2017

The directors present their report and the financial statements for the period ended 29 December 2017.

Directors

The directors who served during the period were:

M F Frost
Dr J R Jennings
J Orr Frost
R M Jennings

Results and dividends

The loss for the period, after taxation, amounted to £5,322,416 *(2016 - loss £2,002,210)*.

The directors do not propose a dividend be paid.

Future developments

The group expects to continue to develop its range of fuel additives and obtain regulatory approval for the sale of these in various countries, with a 2019 launch foreseen.

The agricultural division has continued to develop and is expected to commence full trading in 2019.

Finally, the group also intends to launch its renewable energy division in 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2017

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Ryecroft Glenton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 February 2019 and signed on its behalf.

....

M F Frost
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVOCET INFINITE PLC

Opinion

We have audited the financial statements of Avocet Infinite Plc (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 29 December 2017, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 29 December 2017 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVOCET INFINITE PLC (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVOCET INFINITE PLC (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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 Auditors' report.

Use of our report

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

Paul Charlton (Senior statutory auditor)
for and on behalf of
Ryecroft Glenton
Chartered Accountants
Statutory Auditors
32 Portland Terrace
Jesmond
Newcastle upon Tyne
NE2 1QP
Date: 13 February 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 DECEMBER 2017

	Note	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Turnover	4	**476,624**	*117,392*
Cost of sales		**(918,299)**	*(538,719)*
Gross loss		**(441,675)**	*(421,327)*
Administrative expenses		**(3,949,389)**	*(1,433,493)*
Exceptional administrative expenses		**(400,000)**	*-*
Other operating income	5	**6,693**	*13,223*
Operating loss	6	**(4,784,371)**	*(1,841,597)*
Interest receivable and similar income	10	**3,789**	*1,667*
Interest payable and expenses	11	**(543,189)**	*(162,280)*
Loss before taxation		**(5,323,771)**	*(2,002,210)*
Tax on loss	12	**1,355**	*-*
Loss for the financial period		**(5,322,416)**	*(2,002,210)*
Total comprehensive income for the period		**(5,322,416)**	*(2,002,210)*
(Loss) for the period attributable to:			
Owners of the parent Company		**(5,322,416)**	*(2,002,210)*
		(5,322,416)	*(2,002,210)*
Total comprehensive income for the period attributable to:			
Owners of the parent Company		**(5,322,416)**	*(2,002,210)*
		(5,322,416)	*(2,002,210)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 29 DECEMBER 2017

	Note	29 December 2017 £	29 December 2017 £	*31 December 2016 £*	*31 December 2016 £*
Fixed assets					
Intangible assets	14		**8,021,426**		*8,584,827*
Tangible assets	15		**7,089,819**		*6,807,296*
Investments	16		**2,990,220**		*2,747,070*
Investment property	17		**710,666**		*210,000*
			18,812,131		*18,349,193*
Current assets					
Stocks	18	**588,120**		*279,450*	
Debtors: amounts falling due within one year	19	**730,372**		*906,100*	
Cash at bank and in hand	20	**413,649**		*92,112*	
		1,732,141		*1,277,662*	
Creditors: amounts falling due within one year	21	**(3,240,832)**		*(2,732,335)*	
Net current liabilities			**(1,508,691)**		*(1,454,673)*
Total assets less current liabilities			**17,303,440**		*16,894,520*
Creditors: amounts falling due after more than one year	22		**(4,868,293)**		*(4,536,957)*
Provisions for liabilities					
Other provisions		**(400,000)**		-	
			(400,000)		-
Net assets excluding pension asset			**12,035,147**		*12,357,563*
Net assets			**12,035,147**		*12,357,563*

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 29 DECEMBER 2017

	Note	**29 December 2017 £**	*31 December 2016 £*
Capital and reserves			
Called up share capital	27	**17,000,000**	*16,000,000*
Share premium account	28	**4,000,000**	-
Profit and loss account	28	**(8,964,853)**	*(3,642,437)*
Equity attributable to owners of the parent Company		**12,035,147**	*12,357,563*
		12,035,147	*12,357,563*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13 February 2019

....
M F Frost
Director

The notes on pages 20 to 46 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 29 DECEMBER 2017

	Note	29 December 2017 £	29 December 2017 £	31 December 2016 £	31 December 2016 £
Fixed assets					
Tangible assets	15		**277,193**		*300,379*
Investments	16		**4,510,230**		*4,264,881*
Investment property	17		**210,802**		*210,000*
			4,998,225		*4,775,260*
Current assets					
Stocks	18	**6,479**		*6,479*	
Debtors: amounts falling due within one year	19	**16,103,283**		*13,077,763*	
Cash at bank and in hand	20	**355,887**		*39,241*	
		16,465,649		*13,123,483*	
Creditors: amounts falling due within one year	21	**(2,764,043)**		*(2,425,723)*	
Net current assets			**13,701,606**		*10,697,760*
Total assets less current liabilities			**18,699,831**		*15,473,020*
Creditors: amounts falling due after more than one year	22		**(1,590,648)**		*(1,255,515)*
Net assets excluding pension asset			**17,109,183**		*14,217,505*
Net assets			**17,109,183**		*14,217,505*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 29 DECEMBER 2017

	Note		29 December 2017 £		31 December 2016 £
Capital and reserves					
Called up share capital	27		**17,000,000**		*16,000,000*
Share premium account	28		**4,000,000**		-
Profit and loss account brought forward		**(1,782,495)**		*(1,111,163)*	
Loss for the period		**(2,108,322)**		*(671,332)*	
Profit and loss account carried forward			**(3,890,817)**		*(1,782,495)*
			17,109,183		*14,217,505*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13 February 2019

....
M F Frost
Director

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	**16,000,000**	**-**	**(3,642,437)**	**12,357,563**
Comprehensive income for the period				
Loss for the period	**-**	**-**	**(5,322,416)**	**(5,322,416)**
Shares issued during the period	**1,000,000**	**4,000,000**	**-**	**5,000,000**
Total transactions with owners	**1,000,000**	**4,000,000**	**-**	**5,000,000**
At 29 December 2017	**17,000,000**	**4,000,000**	**(8,964,853)**	**12,035,147**

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	3,874,663	(1,640,227)	2,234,436
Comprehensive income for the year			
Loss for the year	-	(2,002,210)	(2,002,210)
Shares issued during the year	12,125,337	-	12,125,337
Total transactions with owners	12,125,337	-	12,125,337
At 31 December 2016	16,000,000	(3,642,437)	12,357,563

The notes on pages 20 to 46 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	16,000,000	-	(1,782,495)	14,217,505
Comprehensive income for the year				
Loss for the period	-	-	(2,108,322)	(2,108,322)
Total comprehensive income for the period	-	-	(2,108,322)	(2,108,322)
Contributions by and distributions to owners				
Shares issued during the period	1,000,000	4,000,000	-	5,000,000
Total transactions with owners	1,000,000	4,000,000	-	5,000,000
At 29 December 2017	17,000,000	4,000,000	(3,890,817)	17,109,183

The notes on pages 20 to 46 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	3,874,663	(1,111,163)	2,763,500
Comprehensive income for the year			
Loss for the year	-	(671,332)	(671,332)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(671,332)	(671,332)
Contributions by and distributions to owners			
Shares issued during the year	12,125,337	-	12,125,337
Total transactions with owners	12,125,337	-	12,125,337
At 31 December 2016	16,000,000	(1,782,495)	14,217,505

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 29 DECEMBER 2017

	29 December 2017 £	31 December 2016 £
Cash flows from operating activities		
Loss for the financial period	(5,322,416)	(2,002,210)
Adjustments for:		
Amortisation of intangible assets	350,843	116,948
Depreciation of tangible assets	261,997	206,048
Impairments of fixed assets	600,000	-
Loss on disposal of tangible assets	-	16,224
Interest paid	543,189	162,280
Interest received	(3,789)	(1,667)
(Increase) in stocks	(308,670)	(116,960)
Decrease in debtors	175,728	22,063
Increase/(decrease) in creditors	501,832	(893,853)
Increase in provisions	400,000	-
Net cash generated from operating activities	(2,801,286)	(2,491,127)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(3,349,558)
Sale of intangible assets	212,558	-
Purchase of tangible fixed assets	(1,144,520)	(5,838,156)
Sale of tangible fixed assets	-	15,930
Purchase of investment properties	(500,666)	-
Purchase of unlisted and other investments	(243,150)	(2,500,000)
Purchase of fixed asset investments	-	(1,798,293)
Interest received	3,789	1,667
Net cash from investing activities	(1,671,989)	(13,468,410)
Cash flows from financing activities		
Issue of ordinary shares	5,000,000	12,125,337
New secured loans	-	14,015
Repayment of loans	(5,326)	-
Other new loans	365,466	3,887,625
Repayment of/new finance leases	(24,815)	127,425
Interest paid	(543,189)	(162,280)
Net cash used in financing activities	4,792,136	15,992,122
Net increase in cash and cash equivalents	318,861	32,585

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2017

	29 December 2017 £	*31 December 2016 £*
Cash and cash equivalents at beginning of period	**92,107**	*59,522*
Cash and cash equivalents at the end of period	**410,968**	*92,107*
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**413,649**	*92,112*
Bank overdrafts	**(2,681)**	*(5)*
	410,968	*92,107*

The notes on pages 20 to 46 form part of these financial statements.

1. General information

Avocet Infinite Plc is a public Company limited by shares, which is incorporated and registered in England and Wales with Company number 09346715. The Company's principal place of business is Sunwick Farm, Paxton, Berwick on Tweed, TD15 1XG. The Company's registered office is disclosed on the Company Information Page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

The directors have satisfied themselves that the company will continue to be in a position to service its debts and other commitments for at least the twelve months following the date these financial statements were approved by them, on the basis of projected cashflow forecasts and other work undertaken.

The directors have prepared consolidated forecasts for the group for a period well in excess of that required for a going concern review by the legislation, which show positive cashflow and profitability, however, achieving the results set out in the forecasts is dependant on the parent company successfully completing the funding round it is currently undertaking. This will provide the funds to enable the group to proceed with the next phase of its development.

The directors are confident of the successful completion of the fundraising exercise, but as with any undertaking of this nature, this outcome is not guaranteed.

Accordingly the directors are satisfied that these financial statements are properly prepared using the going concern basis of accounting.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% Straight Line
Short-term leasehold property	-	5% Straight Line
Plant and machinery	-	20% Straight Line
Motor vehicles	-	20% Straight Line
Fixtures and fittings	-	20% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.20 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The principal judgements and uncertainties in applying the accounting policies, in the opinion of the directors, are:

Valuation of investments. These are held at cost less impairment.

Residual values and useful lives of tangible and intangible assets.

Valuation of stock. Stock consists of biological assets and is held at fair value at 29 December 2017. The stock was valued by the directors after taking appropriate specialist advice.

The key sources of estimation uncertainty in the next financial year are stock valuation and residual value of assets.

4. Turnover

The whole of the turnover is attributable to the group's agricultural division.

All turnover arose within the United Kingdom.

5. Other operating income

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Net rents receivable	**6,693**	*13,223*
	6,693	*13,223*

6. Operating loss

The operating loss is stated after charging:

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Research & development charged as an expense	**136,154**	*-*
Exchange differences	**338,295**	*61,532*

7. Auditors' remuneration

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**43,500**	*22,500*

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	**2,950**	-
All other services	**45,561**	*25,750*
	48,511	*25,750*

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 29 December 2017 £	*Group 31 December 2016 £*	Company 29 December 2017 £	*Company 31 December 2016 £*
Wages and salaries	**881,087**	*456,450*	**610,000**	*360,000*
Social security costs	**105,499**	*51,611*	**78,484**	*44,922*
	986,586	*508,061*	**688,484**	*404,922*

The average monthly number of employees, including the directors, during the period was as follows:

	Group Period ended 29 December 2017 No.	*Group Year ended 31 December 2016 No.*	Company Period ended 29 December 2017 No.	*Company Year ended 31 December 2016 No.*
Directors and staff	**13**	*6*	*4*	*2*

9. Directors' remuneration

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Directors' emoluments	**540,000**	*250,000*
	540,000	*250,000*

The highest paid director received remuneration of £270,000 *(2016 - £240,000)*. There were no company contributions paid to pension schemes in respect of the highest paid director in the period (2016 - £nil).

10. Interest receivable

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Other interest receivable	**3,789**	*1,667*
	3,789	*1,667*

11. Interest payable and similar expenses

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Bank interest payable	**2,003**	*591*
Other loan interest payable	**541,186**	*161,689*
	543,189	*162,280*

12. Taxation

12. Taxation (continued)

Factors affecting tax charge for the period/year

Based on the results for the period, no provision has been made for corporation tax.

Factors that may affect future tax charges

Due to the results for the period, no provision has been made for deferred tax assets arising from losses carried forward, in accordance with FRS 102 paragraph 29.7. The Group has estimated tax losses carried forward of £7,309,992 (2016 - £3,412,267).

The Company has estimated tax losses carried forward of £2,596,493 (2016 - £961,000).

13. Exceptional items

	Period ended 29 December 2017 £	*Year ended 31 December 2016 £*
Exceptional items - remediation costs	**400,000**	-
	400,000	-

14. Intangible assets

Group

	Trademarks and patents £	Other intangibles £	Goodwill £	Total £
Cost				
At 1 January 2017	**6,622,558**	**325,000**	**1,754,217**	**8,701,775**
Reclassified as revenue expenditure	**(212,558)**	**-**	**-**	**(212,558)**
Transfers intra group	**150,000**	**(150,000)**	**-**	**-**
At 29 December 2017	**6,560,000**	**175,000**	**1,754,217**	**8,489,217**
Amortisation				
At 1 January 2017	**-**	**-**	**116,948**	**116,948**
Charge for the year	**-**	**-**	**350,843**	**350,843**
At 29 December 2017	**-**	**-**	**467,791**	**467,791**
Net book value				
At 29 December 2017	**6,560,000**	**175,000**	**1,286,426**	**8,021,426**
At 31 December 2016	*6,622,558*	*325,000*	*1,637,269*	*8,584,827*

Goodwill arising on consolidation is amortised over 5 years on a straight line basis.

Trademarks and patents are still under development and as such no amortisation is charged this year.

Other intangibles have a residual value estimated (partially based on independant valuations) to be greater than cost, and as such no amortisation is charged.

14. Intangible assets (continued)

Company

	Trademarks and patents £
Additions	**6,560,000**
Disposals	**(6,560,000)**
At 29 December 2017	**-**
Net book value	
At 29 December 2017	**-**
At 31 December 2016	*-*

During the year, the intangible assets were transferred at cost by the parent to a subsidiary, as part of a group reorganisation.

15. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2017	5,811,991	1,013,821	118,197	81,442	7,025,451
Additions	668,473	406,591	25,975	43,481	1,144,520
At 29 December 2017	6,480,464	1,420,412	144,172	124,923	8,169,971
Depreciation					
At 1 January 2017	-	198,955	13,343	5,857	218,155
Charge for the period on owned assets	-	217,160	25,114	19,723	261,997
Impairment charge	600,000	-	-	-	600,000
At 29 December 2017	600,000	416,115	38,457	25,580	1,080,152
Net book value					
At 29 December 2017	5,880,464	1,004,297	105,715	99,343	7,089,819
At 31 December 2016	*5,811,991*	*814,866*	*104,854*	*75,585*	*6,807,296*

The net book value of land and buildings may be further analysed as follows:

	29 December 2017 £	*31 December 2016 £*
Freehold	5,880,464	*5,811,991*
	5,880,464	*5,811,991*

15. Tangible fixed assets (continued)

Freehold cost includes land at cost of £2,081,000 which is not subject to depreciation under FRS 102.

Impairment - subsequent to the period end, a dispute arose regarding one of the company's freehold properties. As a result of this dispute the directors have re-assessed the value of this property and charged an impairment against it, to reduce the value to the lower of value in use and net realisible value, in accordance with FRS102.

This also resulted in the exceptional charge of £400,000 to the P&L (disclosed in note 6) which relates to potential costs to be incurred as a result of the same issue.

Legal action is ongoing and to disclose any further details would be unfairly prejudicial to the outcome of this action.

The directors are of the opinion that the residual value of the property (after taking account of the impairment previously mentioned) would equal at least cost and as such no depreciation is necessary.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	29 December 2017 £	*31 December 2016 £*
Plant and machinery	**44,153**	*55,191*
Motor vehicles	**76,330**	*98,329*
	120,483	*153,520*

Company

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2017	**226,759**	**115,697**	**20,269**	**362,725**
Additions	**8,441**	**2,780**	**31,921**	**43,142**
At 29 December 2017	**235,200**	**118,477**	**52,190**	**405,867**
Depreciation				
At 1 January 2017	**45,453**	**12,843**	**4,050**	**62,346**
Charge for the period on owned assets	**36,768**	**23,177**	**6,383**	**66,328**
At 29 December 2017	**82,221**	**36,020**	**10,433**	**128,674**
Net book value				
At 29 December 2017	**152,979**	**82,457**	**41,757**	**277,193**
At 31 December 2016	*181,306*	*102,854*	*16,219*	*300,379*

Hire Purchase

Assets with a net book value of £76,330 (2016 - £98,329) within motor vehicles are held under hire purchase contracts.

16. Fixed asset investments

Group

	Other fixed asset investments £
Cost or valuation	
At 1 January 2017	**2,747,070**
Additions	**243,150**
At 29 December 2017	**2,990,220**
Net book value	
At 29 December 2017	**2,990,220**
At 31 December 2016	*2,747,070*

16. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Avocet IP Limited	Ordinary	100 %	Intellectual property ownership
Avocet Faculties Limited	Ordinary	100 %	Property ownership
Avocet Agriculture Limited	Ordinary	100 %	Intermediate holding company
Avocet Fuel Systems Plc	Ordinary	100 %	Development and manufacture of fuel products
Avocet Solutions Inc	Common stock	100 %	Development of fuel
Avocet Infinite Solutions Limited	Ordinary	100 %	Dormant
Avocet Infinite Renewables Limited	Ordinary	100 %	Development and implementation of renewable energy infrastructure
Avocet Bio Solutions Plc	Ordinary	100 %	Dormant

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Avocet H2O Limited	Ordinary	100 %	Development and sale of hydroponic farming equipment
Avocet Aeroponics Limited	Ordinary	100 %	Investment holding
Avocet Inc	Common stock	100 %	Dormant
Avocet Farms Limited	Ordinary	100 %	Farming
Avocet Infinite Foods Limited	Ordinary	100 %	Dormant
Avocet Propellants Limited	Ordinary	100 %	Manufacture of fuel products
Avocet Fuel Limited	Ordinary	100 %	Dormant
Avocet Renewable Operations Limited	Ordinary	100 %	Dormant
Avocet Marine Limited	Ordinary	100 %	Dormant
Avocet Research Developments Limited	Ordinary	100 %	Dormant

16. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 29 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves 29 December 2017 £	Profit/(loss) 29 December 2017 £
Avocet IP Limited	1,000	-
Avocet Faculties Limited	1	-
Avocet Agriculture Limited	100	-
Avocet Fuel Systems Plc	48,350	(1,650)
Avocet Solutions Inc	(73,836)	(26,930)
Avocet Infinite Renewables Limited	(211,978)	(130,178)
Avocet H2O Limited	(343,875)	(89,954)
Avocet Aeroponics Limited	1,000	-
Avocet Inc	1	-
Avocet Farms Limited	(8,889,916)	(2,271,716)
Avocet Infinite Foods Limited	100	-
Avocet Propellants Limited	(1,659)	(1,655)
Avocet Fuel Limited	100	-
Avocet Renewable Operations Limited	100	-
Avocet Marine Limited	1	-
Avocet Research Developments Limited	100	-
Avocet Bio Solutions Plc	1,000	-
	(9,469,411)	(2,522,083)

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments in associates £	Other fixed asset investments £	Total £
Cost or valuation				
At 1 January 2017	**1,507,704**	**10,107**	**2,747,070**	**4,264,881**
Additions	**2,201**	**-**	**243,150**	**245,351**
Disposals	**(2)**	**-**	**-**	**(2)**
Transfers intra group	**10,107**	**(10,107)**	**-**	**-**
At 29 December 2017	**1,520,010**	**-**	**2,990,220**	**4,510,230**
Net book value				
At 29 December 2017	**1,520,010**	**-**	**2,990,220**	**4,510,230**
At 31 December 2016	*1,507,704*	*10,107*	*2,747,070*	*4,264,881*

17. Investment property

Group

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 January 2017	-	210,000	210,000
Additions at cost	499,864	802	500,666
At 29 December 2017	499,864	210,802	710,666

The 2017 valuations were made by the directors, on an open market value for existing use basis.

Company

	Long term leasehold investment property £
Valuation	
At 1 January 2017	210,000
Additions at cost	802
At 29 December 2017	210,802

The 2017 valuations were made by the directors, on an open market value for existing use basis.

18. Stocks

	Group 29 December 2017 £	Group 31 December 2016 £	Company 29 December 2017 £	Company 31 December 2016 £
Livestock, growing crops and feed	**552,377**	*272,971*	-	-
Finished goods and goods for resale	**6,479**	*6,479*	**6,479**	*6,479*
Work in progress	**29,264**	-	-	-
	588,120	*279,450*	**6,479**	*6,479*

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Livestock etc are classified as biological assets and the impairment loss recognised in relation to these assets during the period was £8,400 (2016 - £11,748).

Work in progress balances consist of:

	Group 29 December 2017 £	Group 31 December 2016 £
Costs to date less provision for losses	**29,264**	-
	29,264	-

19. Debtors

	Group 29 December 2017 £	Group 31 December 2016 £	Company 29 December 2017 £	Company 31 December 2016 £
Trade debtors	**9**	*12,604*	-	-
Amounts owed by group undertakings	-	-	**15,718,062**	*12,675,060*
Other debtors	**619,636**	*397,100*	**370,137**	*207,508*
Prepayments and accrued income	**110,727**	*496,396*	**15,084**	*195,195*
	730,372	*906,100*	**16,103,283**	*13,077,763*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2017

20. Cash and cash equivalents

	Group 29 December 2017 £	*Group 31 December 2016 £*	**Company 29 December 2017 £**	*Company 31 December 2016 £*
Cash at bank and in hand	**413,649**	*92,112*	**355,887**	*39,241*
Less: bank overdrafts	**(2,681)**	*(5)*	**-**	*-*
	410,968	*92,107*	**355,887**	*39,241*

21. Creditors: Amounts falling due within one year

	Group 29 December 2017 £	*Group 31 December 2016 £*	**Company 29 December 2017 £**	*Company 31 December 2016 £*
Bank overdrafts	**2,681**	*5*	**-**	*-*
Bank loans	**8,689**	*14,015*	**-**	*-*
Trade creditors	**647,846**	*543,296*	**491,505**	*426,305*
Amounts owed to group undertakings	**-**	*-*	**50,099**	*50,001*
Other taxation and social security	**171,784**	*127,065*	**161,484**	*84,287*
Obligations under finance lease and hire purchase contracts	**56,798**	*47,483*	**30,333**	*30,333*
Other creditors	**841,405**	*1,099,707*	**609,815**	*1,084,297*
Accruals and deferred income	**1,511,629**	*900,764*	**1,420,807**	*750,500*
	3,240,832	*2,732,335*	**2,764,043**	*2,425,723*

22. Creditors: Amounts falling due after more than one year

	Group 29 December 2017 £	*Group 31 December 2016 £*	**Company 29 December 2017 £**	*Company 31 December 2016 £*
Other loans	**4,822,481**	*4,457,015*	**1,572,481**	*1,207,015*
Net obligations under finance leases and hire purchase contracts	**45,812**	*79,942*	**18,167**	*48,500*
	4,868,293	*4,536,957*	**1,590,648**	*1,255,515*

23. Loans

	Group 29 December 2017 £	*Group 31 December 2016 £*	**Company 29 December 2017 £**	*Company 31 December 2016 £*
Amounts falling due within one year				
Bank loans	**8,689**	*14,015*	**-**	-
	8,689	*14,015*	**-**	-
Amounts falling due 2-5 years				
Other loans	**4,822,481**	*4,457,015*	**1,572,481**	*1,207,015*
	4,822,481	*4,457,015*	**1,572,481**	*1,207,015*
	4,831,170	*4,471,030*	**1,572,481**	*1,207,015*

Other loans:

Those relating to the parent company are unsecured and bear interest at 5% per annum. They are repayable on a three year rolling notice period.

The loan relating to Avocet Farms Limited, a subsidiary company, is secured over the freehold property owned by that company, bears interest at 12% per annum and is repayable in March 2019.

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 29 December 2017 £	*Group 31 December 2016 £*	**Company 29 December 2017 £**	*Company 31 December 2016 £*
Within one year	**56,798**	*47,483*	**30,333**	*30,333*
Between 1-5 years	**45,813**	*47,483*	**18,167**	*30,333*
Over 5 years	-	*32,459*	-	*18,167*
	102,611	*127,425*	**48,500**	*78,833*

25. Financial instruments

	Group 29 December 2017 £	*Group 31 December 2016 £*	**Company 29 December 2017 £**	*Company 31 December 2016 £*
Financial assets				
Financial assets measured at fair value through profit or loss	**413,649**	*92,112*	**355,887**	*39,241*
Financial assets that are debt instruments measured at amortised cost	**483,313**	*310,951*	**16,054,009**	*12,882,568*
Financial assets that are equity instruments measured at cost less impairment	-	-	-	-
	896,962	*403,063*	**16,409,896**	*12,921,809*
Financial liabilities				
Financial liabilities measured at amortised cost	**(7,790,925)**	*(6,050,392)*	**(3,902,429)**	*(2,420,828)*

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise short term loans and debtors.

26. Provisions

Group

	Other provision £
Charged to profit or loss	400,000
At 29 December 2017	**400,000**

27. Share capital

	29 December 2017 £	*31 December 2016 £*
Allotted, called up and fully paid		
17,000,000 *(2016 - 16,000,000)* Ordinary shares of £1.00 each	**17,000,000**	*16,000,000*

During the period, the company issued 1,000,000 (2016 - 12,125,337) ordinary shares at a premium of £4.00 (2016 - at par value), which were fully paid.

28. Reserves

Share premium account

This reserve represents the amount paid for new share issues over and above the par value of the shares issued.

Profit and loss account

This reserve represents retained profits/(losses) of the current and prior periods.

29. Share based payments

During the period, the parent company (Avocet Infinite Plc) issued £1m shares in consideration for goods, services and loans provided (2016 - £9,977,082). The total amount recognised in the profit and loss account of the parent company in the prior period was £56,750. The shares were issued at a £4 premium to the £1 nominal value. This involved a loan swap where £5 of loan was deemed to be repaid in exchange for every £1 ordinary share.

30. Related party transactions

The group has taken advantage of the exemption available under Financial Reporting Standard 102, section 33, not to disclose transactions with group undertakings, where the group undertakings party to the transactions are wholly owned by the ultimate parent company (Avocet Infinite Plc), either directly or indirectly.

During the year, Dr J R Jennings, a director, operated a loan account with the company. At the period end, the company owed Dr J R Jennings £13,971 (2016 - £206). Dr J R Jennings has accrued undrawn salary entitlement at 29 December 2017 of £270,000.

During the year, M F Frost, a director, operated a loan account with the Company. At the period end, the Company owed M F Frost £29,835 (2016 - £135,859). From the inception of Avocet Infinite Plc, M F Frost has not drawn his salary, such salary accrued to date is £760,000.

After the period end, during 2018, M F Frost sold the business and brand of Scottish Academic Press to Avocet Faculties Limited, a subsidiary of Avocet Infinite Plc, for £300,000.

During the year, J Orr Frost, a director, operated a loan account with the Company. At the period end, the company owed J Orr Frost £45,637 (2016 - J Orr Frost owed the company £2,500). J Orr Frost has accrued salary entitlement of £92,500, but as at the date of these accounts has not drawn any remuneration.

All amounts noted above are interest free and repayable on demand.

During the period Loch Lomond Heritage Limited, a company controlled by the Frost family and of which M F Frost is a director had transactions with Avocet Infinite Plc and its subsidiaries resulting in Avocet Infinite Plc owing Loch Lomond Heritage Limited £300,124 (2016 - £124,689). This attracts interest at 5% per annum.

During the period Janet Orr Limited, a company controlled by director and shareholder J Orr Frost, had transactions in the period resulting in the company owing Janet Orr Limited £9,309 (2016 - £30,111) at the period end. This attracts interest at 5% per annum.

Hamilton Orr Limited is the largest shareholder in Avocet Infinite Plc and is controlled by other shareholders in Avocet Infinite Plc, as well as having two directors in common. During the period Hamilton Orr Limited provided loans to Avocet Infinite Plc and had transactions with the company resulting in a balance due to Hamilton Orr Limited at the year end of £54,265 (2016 - £802,431) which attracts interest at 5% per annum.

Key management personnel
In the opinion of the directors, key management personnel remuneration is equivalent to directors remuneration and is disclosed at note 9.

31. Controlling party

No one shareholder has a controlling stake in the company. In the opinion of the directors, there is no controlling party as defined in FRS102.