`

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

ROSS GROUP PLC & SUBSIDIARIES

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:	B R Pettitt M J Simon W L Hopkins S C Mehta K Fusa F G Fay G A Hollander L M Juarez J P Keyes S C Lapointe V A White Berry
SECRETARY:	M Simon
REGISTERED OFFICE:	71-75 Shelton Street Covent Garden London WC2H 9JQ
REGISTERED NUMBER:	00131902 (England and Wales)
AUDITORS:	Carter Backer Winter LLP Chartered Accountants & Statutory Auditors 66 Prescot Street London E1 8NN

SUMMARY AND HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2018

While revenues in 2018 were greatly reduced in comparison to the prior year, this arose for a good reason - management were very much concentrating on securing the acquisition deal with Archipelago Aquaculture Group (“AAG”) which was announced at the end of September. And furthermore, all the work involved in arranging that deal led to much higher international travel costs than Ross Group (“Ross”) usually incurs. In addition to that, the Board felt it prudent to provide funds for litigating a prior unpaid debt – so all these factors all added to the higher cost in 2018.

But given that the years activity resulted in Ross being able to make the AAG announcement, and thereby turn a new page in the Group’s trading history, the directors are entirely satisfied with this year’s result, and look forward to the future with much enthusiasm.

The Board has always taken satisfaction in its rigorous control of overheads and preservation of the Group’s Main Board Premium Listed status.

	2018 £ 000’s	2017 £ 000’s	2016 £ 000’s
Revenues	**60**	**335**	**59**
Other income	**10**	**-**	**-**
Total Costs	**(320)**	**(278)**	**(121)**
Profit/(loss) for the Year	**(250)**	**57**	**(62)**

The Chairman and the Board strongly believe that the AAG acquisition will strengthen the Group and create a stable and prosperous business for its shareholders.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

It is once again my pleasure to report to you on both the business activities and the financial results of the Ross Group Plc for the financial year ended 31st December 2018.

After many years of diligently researching and exploring specific strategic opportunities for the Group, primarily involving potential start-ups, mergers, acquisitions and/or business alliances, we were very pleased and proud to announce our acquisition of the Archipelago Aquaculture Group ("AAG") which was duly approved by our Board and Shareholders at our Annual General Meeting on 19th October 2018.

To achieve such an acquisition has consistently been our sole focus and objective since taking control of the Group in 2009 and, whilst also deploying our specialist supply chain management services on a project-by-project basis throughout the years thereafter in order to provide corporate sustenance, we always continued to look at very many opportunities. However, we frankly found most, if not all, of them to fall short of our expectations and requirements. I also believe it is reasonable to state that after the Global Financial Crisis, the opportunities provided to us were fraught with fundamental flaws that would not pass the rigorous regulations of the London Stock Exchange and our own corporate governance as befits our Premium Listing on its Main Board.

Since becoming Chairman, I have always been mindful - even while the board of directors were constantly busy with such exploratory and research work - that the operating business should always be capable of generating sufficient cash and/or profit from its traditional specialist supply chain management services, in order to primarily cover the running costs of the business. Nevertheless, this year we have had to rightfully incur significant merger, acquisition and restructuring expenses - which are considered exceptional costs given our first ever Transaction of its type in over 20 years. In that respect, our 2018 result of a £250,000 loss (2017: £ 57,000 profit) is understandable and justifiable.

The revenues this year arose from completion of prior year projects. Costs too have increased over 2018, largely due to the acquisition and various restructuring and legal costs.

The Board and myself are very satisfied with the progress that we have made over this last year in identifying, initiating, obtaining Regulatory Approvals and procedurally completing the acquisition in preparation for starting business in 2019. In this respect, we feel that we have taken significant steps to get closer to our now long-term goal of becoming a market leader in the sustainable production of pharmaceutical grade Chitin; one of the World's abundant bio polymers from Nature.

We continue to be prudent and focused in our supply chain cost management, and our Board remains conservatively confident that it is progressively focusing in on identifying and being able to put forward an appropriate forecast for the Board to consider and to hopefully be able to then recommend to our Shareholders at some stage in the foreseeable future.

Regarding the current subject of Brexit, on the 23rd June 2016, the United Kingdom voted, in a referendum, to leave the European Union (Brexit). On 29th March 2017, the British Prime Minister gave formal notice to the European Council under Article 50 of the Treaty on European Union of the intention to withdraw from the European Union, thus triggering the two-year period for withdrawal. The process of negotiation will determine the future terms of the UK's relationship with the EU - given the unprecedented nature of a departure from the EU, the timing, terms and impact of the United Kingdom's exit are very difficult to predict. Regardless of the time scale and the terms of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainty with regard to the political and economic outlook of the United Kingdom and the European Union, one of which is the volatility on the exchange rate between the Pound Sterling ("£") and the Euro ("€") and more generally, between the £/Pound and other international currencies such as the US Dollar ("US$"). Because the operating subsidiaries of RGP are presently based in the United States and are in a US$ environment, this could lead to adverse consequences in terms of exchange rate. But as these subsidiaries are not yet trading or selling products, therefore we do not anticipate any material negative impact and do not intend to take specific measures to cover fluctuations of currency market at this stage.

At this time, I would like to particularly personally thank our Board of Directors, our specialist contractors, consultants and advisors, for all their excellent support, commitment and hard work in helping the Group towards achieving its aims.

Also, as always, I would also like to personally thank our extraordinary loyal shareholders for their continued patience and understanding.

I am very confident that with our AAG acquisition, we will have now the ability to reward our shareholders’ patience and provide them with significant future value.

Sincerely,

Barry Richard Pettitt
Chairman & Group Managing Director

Date: 26th April 2019

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are pleased to present their strategic report of the Group and the Company for the year ended 31st December 2018.

Background and History
The current management team took control of the Ross Group PLC approximately ten years ago. Since then, we have been consistent in our main objective for the Group, which is to research suitable business opportunities in order to find an appropriate candidate business that would be commensurate with the respective existing and potential value of the Group's Premium Listed Main Board status and, as a result, would enable the Group to enter into a merger/acquisition that would create a stable and potentially prosperous start-up enlarged business for the Group going forward.

As a result, on the 27th September 2018 Ross Group PLC was delighted to announce our proposal to acquire Archipelago Aquaculture Group Ltd ("AAG").

AAG is involved in the research, development and production of Chitin - predominantly found in the exoskeletons of arthropods and crustaceans. Chitin is a natural bio-degradable polymer involved in the plastics, agricultural, veterinary, textile, cosmetic and pharmaceutical industries.

The acquisition was completed early in 2019 and AAG is planning to begin pilot production in 2019.

Business Strategy: Model & Principal Activity
Over recent years, the Group has funded its business research activities by means of consultancies, commissions and supply chain management fees earned in a variety of industries. Typically, these sources of funds have been sufficient to cover the costs of any fee-generating activities and also mandatory public listed company compliance costs. In addition, whenever deemed appropriate by the Board, the working capital of the Group has, from time to time, been increased by the occasional placing of new shares with strategic investors.

From 2019 the main business of the Group will be enhanced by solely applying our specialist supply chain management services to be the acquired start-up business of AAG and its commercial endeavour to produce high-quality Chitin, with a wide variety of industrial uses, all of which promises great potential.

Business Review 2018
The Group as at 31st December 2018 consisted of Ross Group PLC and two wholly owned subsidiaries, being Ross Diversified Trading Limited and also San Gain Industrial Company Limited, a corporation registered in Hong Kong which, for strategic streamlining efficiencies, was corporately closed during the year.

AAG contains the start-up businesses of Mari Signum Limited, Mari Signum Dragon Drying-MS LLC, Mari Signum Mid-Atlantic LLC and Prometheus Progenitor Genetics Technologies Limited LLC - all involved and integrated within the main chitin-based business of AAG.

Whilst the main focus of the Board, throughout the Decade and up to 2018, was consistently to continue to explore various promising business opportunities around the World, from 2019 onwards that focus will now shift away from such general business-opportunity research and instead will concentrate focusing on developing the businesses within AAG and its latent potential for growth and profitability.

Regarding the revenue performance in 2018. Revenues were significantly less than last year (see Chairman's Statement). This was primarily due to the increased focus of achieving the AAG acquisition, instead using its same resources and endeavours towards attaining any third-party project-based supply chain management service income. Nevertheless, the Directors are confident that the underlying value of the Group remains strong and that the Group will become successful in securing the strategic business that it seeks once full Chitin production can be established.

From 2019 onwards, the Group will be developing specific objectives and Key Performance Indicators (KPIs) for its AAG business and will also be establishing appropriate metrics and measures.

Regarding the financial position at year-end 2018, the Board is pleased to note that the Group's balance sheet shows a healthy cash balance, and we anticipate that the balance sheet will continue to strengthen as the AAG operations become established.

It is also worth reminding readers of the accounts that one of the largest items in our balance sheet, the long-term "Interest-bearing loans and borrowings" of £6.072 Million have now been restructured as at the AGM into Convertible Loan Debentures; which were approved by the Board and Shareholders accordingly.

Business Outlook
The Board is confident that the acquisition of AAG and the subsequent opportunities for growth in such an exciting and fast-developing industry will provide the Group with many short and long-term opportunities to be considered in the future.

Principal Risks and Uncertainties
The main risk to the operations of the Group would be if its working capital is depleted by untimely start-up and/or any extended production inefficiencies; Thus, causing the Group to incur insufficient funding to keep operating at a break-even level and, as always, there are its obligations to be compliant with mandatory Listing Regulations.

The Board is fully aware of these risks and has always managed its cash conservatively and prudently; endeavouring to ensure that funds available to the Group are used exclusively for essential expenses, i.e. mandatory compliance costs, professional fees and supply chain costs etc., Therefore, the Directors are confident that the Group currently has the financial resources and has the capability to fund existing expenses for future growth.

Also, for the past 10 years, all Directors have worked for a notional £1 p.a. salary along with performance related incentives and whilst this will still apply to most Directors, it has also been decided to begin the remuneration process for a certain of our NED (Non-Executive Director) particularly Professor Georg Hollander, our Senior Independent Non-Executive Director, commensurate with considered NED standards.

In addition, the Chairman has, on previous occasions when required, supported the operations of the business with personal funds. From 2019 this will now change, as the working capital requirements of the Group and its business will be supported by a related third party for an initial period of 18 months.

The Board values its Premium Listing on the Main Board of The London Stock Exchange very seriously. All relevant regulations are very closely monitored by the Board which has members with many years of relevant experience and a great deal of emphasis is placed upon careful adherence and compliance. In addition, the Board also works very closely with its professional advisors in order to keep fully up to date with current governance and compliance issues, while we continue to strive to observe best practices in this field.

Breakdown by Sex of Directors
At 31 December 2018 there are eleven directors: ten men and one woman.

Environmental matters
In the year under review, the Group's activities involved no manufacturing, mining or materials processing. The new directors appointed in September did not take up any duties until the acquisition was completed in 2019, so for 2018 there were are only five active directors. These all mostly worked from home and occasionally meet at hired premises. The Board considers that in such circumstances, the carbon emissions arising from its activities are minimal.

However, the Chairman does travel extensively around the world. The total number of business miles the Ross directors travelled in 2018 is calculated at 70,000, which, using the conversion factor taken from the Carbonify.com, website amounts to 33,948 kg CO_2.

ON BEHALF OF THE BOARD:

....
Barry Richard Pettitt - Chairman

Date: 26th April 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2018.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
B R Pettitt (Chief Executive Officer)
Barry Richard Pettitt, aged 60, was appointed to the board on 22 December 2008 as the CEO of the Group and elected as its Chairman and CEO on 28 April 2009. He has more than 30 years' experience within the consumer electronics industry, during which time he successfully started a specialist supply chain management services company, ISO International (Holdings) Ltd., which was subsequently purchased by a Hong Kong Public Company for HK$ 155,000,000 in 2003. In addition, he has managed a number of Public Company divisions (in the capacities of President and Managing Director) and recently successfully relisted a Hong Kong Public Company, Vision Tech Ltd., as its CEO in 2007. Through Premier Consultants Ltd., a specialist consulting company, of which he was a founding member and has specialised primarily in working with major consumer electronics and electrical Public Companies, usually all being based in Hong Kong; where he has resided since 1990. Prior to that, he was the joint Managing Director of Ross Consumer International Ltd. and a main board director of the Ross Group (formerly Ross Consumer Electronic plc) in 1988/89 after which he has continued to be a shareholder in Ross Group for the last 20 years.

M J Simon (Non-Executive Director)
Michael Jonathan Simon, aged 60, was reappointed to the board on 29 April 2009. He is an economics graduate from the University of Cambridge and a fellow of the Institute of Chartered Accountants in England and Wales and also of the Association of Chartered Certified Accountants. Mr Simon is in a partnership in public practice and a non-executive director of several other companies.

Mr Simon has now served for more than 9 consecutive years and maintains his independence by submitting himself for annual re-election in general meeting and given the recent increase in the number of non-executive directors shall step down as Chair of the Audit and Remuneration sub-committees whilst offering to serve for re-election by rotation

W L Hopkins (Executive Director)
Wade Lionel Hopkins, aged 70, was appointed to the board on 22 December 2009. He has over 35 years of experience in both Consumer Electronics and the Electronic Components Industry. He has previously worked for the Ross Group as Managing Director of a subsidiary, Britimpex, in 1988/90.

S C Mehta (Executive Director)
Shashi Mehta, aged 62, was appointed to the Board on 22 December 2009. He holds a BSc (Hons) in Manufacturing and has had a distinguished career in a variety of industrial and manufacturing trouble-shooting roles. He brings a wealth of experience and expertise to the Group. He spent many years working for the Ford Motor Company, and was Operations Manager in Ross Consumer Electronics during the 1980's.

K Fusa (Executive Director)
Koji Fusa, aged 59, was appointed to the Board on 29 December 2016. A graduate of Waseda University of Science and Engineering, he has enjoyed a successful career advising on M&A for businesses in the UK, Europe, Japan, and Myanmar. He has written several business books, and speaks at Universities and corporate events around the world. He is currently a contributing writer for Nikkei Asia. He was presented with the Blue Ribbon Medal from the Prime Minister of Japan in 2001.

Newly Elected (September 2018) Executive Directors

John P. Keyes
John P. Keyes has a World renown, comprehensive and active interest in the environment, the oceans and how technology can lead to more efficient and sustainable protein and healthcare sources. He has spent 16 years in the energy industry; holding technical, operational and senior management executive positions with one of the World's leading energy companies, Chevron. Mr. Keyes's expertise and credibility in international energy, investment negotiations, business strategy and sustainable resources has led to his becoming an advisor to a number of

multinational companies specializing in energy, construction, infrastructure development, healthcare, industrial services, information technologies, logistics, real estate and global investing. Mr. Keyes is currently the CEO of the Mari Signum companies within AAG and has now been elected as the Group CEO of Ross Group Plc.

Victoria White Berry
Victoria White Berry is the President of the Mari Signum and Prometheus companies within AAG and also is a Non Executive Director of SSPI Mid-Atlantic, a value-added manufacturer focused on clean label ingredients and sustainability. Mrs. White Berry graduated from Le Cordon Bleu Ottawa with a Grande Diplome in Cuisine and Patisserie. Having grown up in North Battleford, Saskatchewan, Canada, she has a lifelong passion for the outdoors and habitat conservation with a well established background in corporate operations and Governance. Mrs. White Berry brings a specialist expertise and experience with regards to Mari Signum and Mari Signum and Prometheus and has now been elected as an Executive Director of Ross Group Plc.

Stephen C. Lapointe
Stephen LaPointe is an internationally accredited and Certified Public Accountant and was the Founder of LaPointe and Company PC, a Public Accounting and management-consulting firm and also was a Director, Officer and Chief Financial Officer of the Global Blue Technologies group of companies. Mr. LaPointe has been responsible for financial, tax and consulting engagements for his firm’s clients for over 20 years, primarily involved in a diversity of industries internationally throughout the United States of America, Central and South America and Europe. His experience includes forming and directing international organizations in both profit and not-for-profit arenas. Mr. LaPointe is an alumnus of George Washington University and graduated from Benjamin Franklin University with a Bachelor of Science in Public Accounting. Mr LaPointe has now been elected as the Financial Director of Ross Group Plc.

Newly Elected (September 2018) Non-Executive Directors

Professor Georg Holländer
Professor Georg A Holländer was trained in both Paediatrics and Experimental Immunology in Switzerland and the United States of America. He has held academic positions at Harvard Medical School and the University of Basel, Switzerland, before he joined the University of Oxford in 2010. He is interested in the development and function of the immune system in health and disease. His particular scientific focus concerns the molecular and cellular control of thymus development and function; which has also led to his interest and support of the potential use of Chitin in such medical and pharmaceutical practices. Ross Group Plc welcomes Professor Holländer as its Senior Independent Non-Executive Director.

Frank Fay
Prior to joining Global Blue Technologies Inc., Frank Fay was the Chief Financial Officer for InnovaSea Systems. Mr. Fay has more than 30 years of accounting and finance experience helping companies to improve the effectiveness and efficiencies of their finance, IT, procurement and human resource operations in large and middle markets. He is an expert in finance and advising senior management. Mr. Fay also served as the Chief Financial Officer for Baja Aquaculture, Inc. in La Paz B.C.S., Mexico and in Morrill, Maine, USA. Other international finance experience includes 13 years with AstraZeneca where he held various financial operations positions for the company in the United States of America, Zurich Switzerland and Warsaw, Poland. Mr. Fay currently serves as a Non-Executive Director on the Board of Directors for Sol Azul Seafarms USA. Mr. Fay received a bachelor’s degree from the University of Massachusetts, Lowell. Additionally, he graduated from the Transnational Education Program IMD International in Lausanne, Switzerland. Ross Group Plc welcomes Mr. Fay as a Non-Executive Director.

FINANCIAL INSTRUMENTS
Details of the financial instruments used by the Group can be found in note 17 of the accounts.

EMPLOYEE INVOLVEMENT
Currently the directors are the only employees.

DIRECTORS INTERESTS

Directors

Mr Barry Pettitt has from time to time entered into contracts with Ross Group concerning the provision of professional services to a third parties. Apart from this, no director had any interests in contracts of significance with the company.

In accordance with the Articles of Association members will be asked to confirm the appointment of all directors.

The total number of shares controlled by Barry Pettitt, directly and indirectly through Lynchwood Nominees (previously Prime Growth Enterprises Limited) at the date of this report was 30,794,795 (17.16%).

The following directors also owned shares in Ross Group plc at the date of this report:

	No. of Ordinary Shares	% of Issued Share Capital
Michael Simon	1,258,320	0.70%
Wade Hopkins	92,962	0.05%

Substantial shareholdings

As at 31 December 2018 the following were registered as being materially interested in 4% or more of the company's issued share capital, or being a related shareholder:

	No of OrdinaryShares	% of Issued Share Capital
Keniworth Capital Limited	40,000,000	22.29%
Lynchwood Nominees Limited Des: 2006442	30,567,555	17.03%
Escalating Investments Limited	22,200,720	12.37%
HSBC Global Custody Nominee (UK) Ltd Des: 742452	14,000,000	7.80%
HSBC Global Custody Nominee (UK) Ltd Des: 745709	7,340,156	4.09%
Mr Nitin Mehta	7,340,156	4.09%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the 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 International Financial Reporting Standards as adopted by the European Union. 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' RESPONSIBILITY STATEMENT
We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards 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 undertakings included in the consolidation taken as a whole; and

2. the management report, which is incorporated into the Directors' Report together with the information provided in the Chairman's Statement, the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Carter Backer Winter LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
M Simon - Secretary

Date: 26th April 2019

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

The company is pleased to present its report on Corporate Governance and the UK Corporate Governance Code. The Board strives to comply with the high standards set by the UK Corporate Governance Code as incorporated in the UK Listing Rules of the Financial Conduct Authority. The Code requires the company to make a two part disclosure statement, firstly on how the principles of the code are applied and secondly confirmation of compliance or explanation of any reason for deviation from the Code. Throughout the year the Company has complied with the main principles of the Code.

Application of The Principles of the UK Corporate Governance Code

The Board
There is an effective and appropriately constituted board which in the year under review consisted of five directors. The Chief Executive, Mr Pettitt who is normally based overseas, also serves as Chairman. The Board is fully aware that this is contrary to Code provision A.2.1, which states that the roles of chairman and chief executive should not be exercised by one individual. The Board is of the opinion that, given the current size of the business, and also Mr Pettitt's undoubted and considerable knowledge, experience and contacts in the Group's field of operations that the shareholders' interests are best served by this arrangement. The Board is active in its management of the Company and meets and confers regularly on business matters arising. These frequent and robust discussions serve to ensure that no one individual has unfettered powers of decision.

During 2018 Mr Pettitt was supported by four other directors: W L Wade and M J Simon, both appointed in April 2009, and S C Mehta appointed in December 2009. Mr Koji Fusa was appointed on 29th December 2016. Mr Simon has acted as Company Secretary since April 2009.

Six new Directors were appointed to the Board in September 2018: Mr J.P Keyes, Mr S C LaPointe, Ms V White Berry, Professor G Hollander, Mr F G Fay and Mr L Juarez, but did not actively take up their posts until the completion of the acquisition of AAG in January 2019.

The two non-executive directors, Mr Simon and Mr Fusa, are considered to be independent as there are no circumstances or relationships as described by Code provision B.1.1 which apply to their appointments. The Group's definition of a non-executive director is one who considers the interest of all the shareholders and this is demonstrated during the board meetings. As part of their role, the non-executive directors constructively challenge decisions and help develop strategies and plans for the benefit of the Board.

Board Procedure
The Board is responsible for decisions concerning strategic and financial planning and matters involving the overall direction of the company. Management will seek Board approval of the annual budget and rolling business plan. Reforecasts are presented as updates to the budget throughout the year to account for variances and provide forward vision. The operational business decisions are taken by local management with reference to the Board where necessary.

The Board has established separate committees for: Appointments (Chaired by Mr Pettitt); Audit (Chaired by Mr Simon) and Remuneration (Chaired by Mr Simon).

All of the directors are subject to periodic re-election and the full board considers all appointments. A director will require re-election within a maximum period of three years.

Biographies of the Board are included in the Financial Statements. These indicate a wealth of experience, which is essential in effectively managing the activities of the Group. In addition to this the board members, where appropriate, attend seminars and courses of their respective professional organisations.

Attendance
Board meetings are held regularly throughout the year. Due to the location of the directors, the meetings are often held electronically. The Board is supplied with all the information relevant to the meeting in a timely manner and in a form and quantity appropriate to enable it to discharge its duties during the meetings.

The Board has now established procedures in respect of access to the Company Secretary and the Directors have access to consult the Company Secretary when required.

All Shareholders have the opportunity to put forward questions to the Board during the Company's Annual General Meeting and the Board communicates with the Shareholders via the notices and other papers relating to the Annual General Meeting. The Company also welcomes and responds to written communication from its shareholders. The Company website allows shareholders to contact the directors by email.

The Board has carried out a formal and rigorous annual evaluation of its performance and of its committees and individual directors. This evaluation covers contribution, commitment and the manner in which board related duties have been completed. The chairman has discussed the review with individual directors where necessary to ensure the Board operates as an effective unit. The performance review was conducted using recognised evaluation processes. The independent non-executive director has conducted a performance review on the chairman which included the consideration of the views expressed by the executive directors.

Internal audit and control
The respective responsibilities of the directors and the auditors in connection with the Financial Statements are set out in the audit report. The directors have overall responsibility of the effectiveness of the Group's whole system of internal control, including financial and other controls, which are designed to provide reasonable but not absolute assurance against material misstatement or loss. The key procedures that the directors have established to provide effective internal financial control are as follows:

Financial Reporting
There is a comprehensive system for reporting performance. During the course of the year, a one year rolling budget is prepared for each company within the Group and a consolidated budget is prepared for the whole Group. The Board then formally approves the budgets. The results are then reported regularly to the Board for their consideration and forecasts are revised accordingly.

Quality and Integrity of Personnel
The integrity of the Group is maintained through the appointment of experienced and professional staff and the application of appropriate policies and procedures.

Capital Investment
The Group has set procedures for capital expenditure. These include annual budgets, appraisals and review of the required expenditure, approvals at the right levels of authority and the commissioning of independent professional advice where appropriate.

Professional Advice
Professional advice is usually sought on contentious and disclosure issues, this being as a result of discussions during the Board Meetings. During the year the Chairman can seek independent professional advice in relation to matters affecting the Group.

The Group has an ongoing system for identifying, evaluating and managing the significant risks faced by the Group which has been in place for the whole of the year under review up to the date of approval of the annual report and accounts and which is regularly reviewed by the Board to ensure it continues to accord with the UK Corporate Governance Code. The directors have reviewed the effectiveness of the system of internal financial control during the year from information provided by the management and the Group's external auditors. It must be recognised that such a system can only provide reasonable and not absolute assurance, and in that context, the review revealed nothing which, in the opinion of the directors, indicates that the system was inappropriate or unsatisfactory.

The Group has no formal internal audit function and the Board has determined that there is no need for one. The Board considers that internal audit is dealt with in other ways and the situation is regularly reviewed.

Going Concern
The directors confirm that after making the appropriate enquires, they are of the opinion that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future and therefore have prepared the Financial Statements on a going concern basis.

External Audit and Audit Committee
The Audit Committee during 2018 comprised of the non-executive director, Mr Simon, as well as Executive Directors Mr Mehta and Mr Hopkins. It met periodically to review the adequacy of the Group's internal control systems, accounting policies, corporate governance policies and compliance with applicable accounting standards and to consider the appointment of the external auditors and to review their fees. Carter Backer Winter LLP is invited to attend these meetings. The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and obtain external professional advice as is necessary.

By order of the Board

Barry Richard Pettitt
Chairman & Chief Executive Officer

Date: 26th April 2019

DIRECTORS REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Board is pleased to present its Remuneration Report in accordance with section 12.43A(c) of The Listing Rules.

The Board has in place a Remuneration Committee, comprising Mr Michael Simon, non-executive director, and Mr B Pettitt, Chief Executive and Mr W L Hopkins, to determine the remuneration of the Board.

The Company policy during the restructuring period throughout 2018 was to pay directors only a nominal £1 salary. This policy will be reconsidered as occasion arises and as the new business opportunities open to the Group are realised. The directors feel it would be inappropriate to take any reward until then.

Name	Position	Gross Salary	Benefits	Notice Pay	Total Remuneration 2018	Total Remuneration 2017
B R Pettitt	Chairman/ Chief Executive	£1	Nil	Nil	£1	£1
M J Simon	Non-executive director	£1	Nil	Nil	£1	£1
W L Hopkins	Executive Director	£1	Nil	Nil	£1	£1
S C Mehta	Executive Director	£1	Nil	Nil	£1	£1
K Fusa	Non -executive Director	£1	Nil	Nil	£1	£1
Total		**£5**	**Nil**	**Nil**	**£5**	**£5**

The new directors appointed in September 2018, namely Mr J.P Keyes, Mr S C LaPointe, Ms V White Berry, Professor G Hollander, Mr F G Fay and Mr L Juarez, did not actively take up their posts until the completion of the acquisition of AAG in January 2019, so no remuneration was recorded for them.

No director currently has a service contract with a notice period in excess of 12 months. All executive directors have contracts that require a notice period of one month. The contracts of the non-executive directors would normally be renewed for a period of one year. All directors are presented for re-election by the members at the Annual General Meeting on a maximum cycle of three years.

The Group does not currently operate a director’s share option scheme or a long-term incentive scheme. The Group also does not currently have an employees’ share scheme or other long-term incentive.

CORPORATE SOCIAL RESPONSIBILITY (CSR)
FOR THE YEAR ENDED 31 DECEMBER 2018

The Board is fully aware of its responsibilities and fully supports the drive for ongoing improvement in this area. The impact the group's activities on the environment are regularly assessed to enable action to be directed at areas where any harmful impact could be reduced.

The Board has instructed local management to ensure the companies address those corporate social responsibilities which are recognised as being of prime importance. The responsibility for CSR rests with the Chief Executive Officer, Barry Pettitt, who will bring to the Board's attention any major issues which require their approval and regularly updates the Board on CSR matters. The views of shareholders and interested external parties are considered when developing the ongoing policy to CSR.

Figures are available for the board to review to enable them to assess the trend towards improvement in CSR matters and to direct the policy towards those areas that require further attention.

Employees
During 2018 the only employees of the company were its directors. However, with the AAG acquisition, this situation will change, and from 2019 onwards the Group will have many more employees. The company considers that employees constitute a company's most valuable asset and therefore it is committed to ensuring they will be rewarded with the best environment in which to perform their duties. This environment will be one of equal opportunity and free from discrimination and harassment. The company is keen to develop a culture which suits the recruitment and retention of the highest calibre of staff and to ensure that all staff will be trained to the appropriate standard required to fully meet their job specifications.

The health and safety of the employees is paramount to the company. Staff will be issued with data sheets on the handling of any substances which might be toxic and will be trained in the correct procedures to follow. Any potential issues can be raised with Barry Pettitt.

Environment
The Company has worked with its suppliers during the year to ensure the products used in manufacturing and any waste arising from the use of those products have a minimal impact on the environment. The use of energy is closely monitored, and the available controls are used to good effect to reduce consumption where possible.

Customers
Customer satisfaction is one of the main targets for the company and this is aided by a rigorous quality policy. The Quality procedures adopted by the company require the recording of customer feedback and measures our performance against customer expectation. The company strives to meet the demands of its customers, but also ensures that solutions to their requirements are designed with efficiency.

Local Community
The company seeks to inter act with the local community and develop close relationships within its area of operation. It has established links with the local schools and colleges.

Commitment
The Group will continue to enhance its approach to CSR to ensure that it supports the principles as it expands its range of activities and welcomes any suggestions on how it can improve in this area.

Opinion

We have audited the financial statements of Ross Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group and parent company's Income Statements, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 December 2018 and of the group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

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 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.

Conclusions relating to principal risks, going concern and viability statement

We draw attention to note 2 in the consolidated financial statements, which indicates that the group's and parent company's total liabilities exceed their total assets by £1,391k and 1,319k respectively for the year ended 31 December 2018. As stated on page 34, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 5 and 6 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on pages 5 and 6 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 12 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 34 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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 which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit matters for this year are as follows:

Management override of controls
Due to the nature of activities and operations, there is a risk that management override could occur in a number of areas, and in particular through journal entries being processed. The risk is that unauthorised journal entries could be entered.

In order to address this risk, we reviewed journal entries at the group and subsidiary levels, inquired of management the risks of fraud and the controls put in place to address management override and assessed the possibility of fraud arising as a result of errors identified during our audit.

The key observations with regards to these risks were that our testing of journal entries did not uncover any unauthorised entries. Due to the nature of testing conducted throughout the audit, and the low materiality level, there is limited scope for management to be able to process unauthorised journal entries.

Revenue recognition
Revenue is recognised in accordance with the accounting policy set out in the notes to the consolidated financial statements (please see page 34). The accounting policy contains a number of judgements with regards to revenue earned from contracts. This is considered to be a significant risk due to it often being contingent on external variables.

In order to address this risk, we performed substantive testing. We tested a sample of transactions from the point of origin, which were the original contracts, and traced this to the financial statements. We assessed the appropriateness of the related disclosures on page 35 (note 3) of the financial statements and consider them to be reasonable.

The key observations with regards to these risks were that we concurred that revenue had been recognised in accordance with IFRS 15 *Revenue from contracts with customers* and is materially appropriate.

Non-compliance with laws and regulations
Ross Group Plc has a premium listing on the London Stock Exchange, and therefore needs to comply with a high level of regulation. Non-compliance with these laws and regulation could result in the parent company being de-listed from the London Stock Exchange, which would threaten the group and parent company's ability to continue with activities. This is considered to be a significant risk.

In order to address this risk, testing was conducted to ensure that the parent company is up to date with relevant fees due to regulators, and that all returns are submitted in accordance with requirements and within the specified timescales.

They key observations with regards to these risks were that the parent company is compliant with the requirements of the London Stock Exchange.

Our application of materiality
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows: group and parent company materiality for the financial statements as a whole at £1,360 which is based on 2% of revenue and calculated using the revenue at the planning stage. Materiality has been set using this measure as this is considered to represent the most appropriate measure of underlying performance. The group and parent company performance materiality adopted is 85% of this figure, which was calculated as £1,150. The materiality at completion has been assessed and it was noted that revenue had decreased as the result of an audit adjustment, however it was concluded that materiality should not be amended. Materiality has influenced our workings not only for the key audit matters but also for the rest of the work performed during the audit. Anything below £60 was considered trivial from a group and parent company perspective and no further investigation was performed.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £60 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

Tailoring of the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group consists of the parent company, a subsidiary incorporated in the UK, of which a full scope audit was conducted, and a subsidiary incorporated in Hong Kong (San Gain Industrial Company Limited (San Gain)). San Gain has been audited under the Hong Kong Standards on Auditing by a firm of auditors in Hong Kong, Peter Cheng & Company. This firm is a member of the Hong Kong Institute of Certified Public Accountants. No reliance has been placed on the work of the component auditor. Procedures have been conducted on a group level to ensure the amounts brought into the consolidation are not materially misstated.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 15, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable (set out on page 10): the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting (set out on page 13): the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code (set out on page 11): the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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 group strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and

Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

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 the course of the audit, we have not identified material misstatements in:
- the Group Strategic Report or the Report of the Directors; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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; or
- a corporate governance report has not been prepared by the parent company.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 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 consolidated 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.

A further description of our responsibilities for the audit of the financial statements is included in appendix 1 of this auditor's report. This description, which is located at page 21, forms part of our auditor's report.

Other matters which we are required to address
Following the recommendation of the audit committee, we were appointed by the board of directors on 20 April 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ending 31 December 2014 to 31 December 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.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Woosey ACA FCCA (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP
Chartered Accountants
Statutory Auditors
66 Prescot Street
London
E1 8NN

Dated:

Appendix 1: Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	**31/12/18 £'000**	31/12/17 £'000
CONTINUING OPERATIONS			
Revenue	3	**60**	335
Other operating income	4	**10**	-
Administrative expenses		**(266)**	(278)
OPERATING (LOSS)/PROFIT		**(196)**	57
Finance costs		**(54)**	-
(LOSS)/PROFIT BEFORE INCOME TAX	6	**(250)**	57
Income tax	7	**-**	-
(LOSS)/PROFIT FOR THE YEAR		**(250)**	57
(Loss)/profit attributable to:			
Owners of the parent		**(250)**	57
Earnings per share expressed in pence per share:	8		
Basic		**-0.14**	0.03
Diluted		**-0.14**	0.03

The notes form part of these financial statements

COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31/12/18 £	31/12/17 £
CONTINUING OPERATIONS	3		
Revenue		**60**	335
Other operating income	4	**118**	-
Administrative expenses		**(863)**	(251)
OPERATING (LOSS)/PROFIT		**(685)**	84
Finance costs		**(54)**	-
(LOSS)/PROFIT BEFORE INCOME TAX	6	**(739)**	84
Income tax	7	**-**	-
(LOSS)/PROFIT FOR THE YEAR		**(739)**	84

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	31/12/18 £'000	31/12/17 £'000
(LOSS)/PROFIT FOR THE YEAR	**(250)**	57
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(250)**	57
Total comprehensive income attributable to:		
Owners of the parent	**(250)**	57

The notes form part of these financial statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	31/12/18 £	31/12/17 £
(LOSS)/PROFIT FOR THE YEAR	**(739)**	84
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(739)**	84

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	31/12/18 £'000	31/12/17 £'000
ASSETS			
CURRENT ASSETS			
Trade and other receivables	11	**83**	4
Cash and cash equivalents	12	**20**	19
		103	23
TOTAL ASSETS		**103**	23
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	**11,179**	11,179
Share premium	14	**2,803**	2,803
Other reserves	14	**15,384**	15,384
Convertible debenture	14	**5,127**	-
Retained earnings	14	**(35,884)**	(35,634)
TOTAL EQUITY		**(1,391)**	(6,268)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	**632**	6,072
CURRENT LIABILITIES			
Trade and other payables	15	**316**	209
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	**546**	10
		862	219
TOTAL LIABILITIES		**1,494**	6,291
TOTAL EQUITY AND LIABILITIES		**103**	23

The financial statements were approved by the Board of Directors on 26th April 2019 and were signed on its behalf by:

....
B Pettitt - Director

....
M Simon - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	31/12/18 £'000	31/12/17 £'000
ASSETS			
CURRENT ASSETS			
Trade and other receivables	11	**155**	8
Cash and cash equivalents	12	**20**	19
		175	27
TOTAL ASSETS		**175**	27
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	**11,179**	11,179
Share premium	14	**2,803**	2,803
Other reserves	14	**30,938**	30,938
Convertible debenture	14	**5,127**	-
Retained earnings	14	**(51,366)**	(50,627)
TOTAL EQUITY		**(1,319)**	(5,707)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	**632**	2,062
CURRENT LIABILITIES			
Trade and other payables	15	**316**	3,672
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	**546**	-
		862	3,672
TOTAL LIABILITIES		**1,494**	5,734
TOTAL EQUITY AND LIABILITIES		**175**	27

The financial statements were approved by the Board of Directors on 26th April 2019 and were signed on its behalf by:

....
B Pettitt - Director

....
M Simon - Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 January 2017	11,179	(35,691)	2,803
Changes in equity			
Total comprehensive income	-	57	-
Balance at 31 December 2017	11,179	(35,634)	2,803
Changes in equity			
Total comprehensive income	-	(250)	-
Balance at 31 December 2018	11,179	(35,884)	2,803

	Other reserves £'000	Convertible Debenture £'000	Total equity £'000
Balance at 1 January 2017	15,384	-	(6,325)
Changes in equity			
Total comprehensive income	-	-	57
Balance at 31 December 2017	15,384	-	(6,268)
Changes in equity			
Total comprehensive income	-		(250)
Value of conversion rights on convertible loans		5,127	5,127
Balance at 31 December 2018	15,384	5,127	(1,391)

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 January 2017	11,179	(50,711)	2,803
Changes in equity			
Total comprehensive income	-	84	-
Balance at 31 December 2017	11,179	(50,627)	2,803
Changes in equity			
Total comprehensive income	-	(739)	-
Balance at 31 December 2018	11,179	(51,366)	2,803

	Other reserves £'000	Convertible Debenture £'000	Total equity £'000
Balance at 1 January 2017	30,938	-	(5,791)
Changes in equity			
Total comprehensive income	-	-	84
Balance at 31 December 2017	30,938	-	(5,707)
Changes in equity			
Total comprehensive income	-		(739)
Value of conversion rights on convertible loans		5,127	5,127
Balance at 31 December 2018	30,938	5,127	(1,319)

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	**31/12/18** **£'000**	31/12/17 £'000
Cash flows from operating activities			
Cash generated from operations	1	**(114)**	21
Interest paid		**(54)**	-
Net cash from operating activities		**(168)**	21
Cash flows from investing activities			
Purchase of fixed asset investments		**(15)**	-
Net cash from investing activities		**(15)**	-
Cash flows from financing activities			
Proceeds from new loans issued		**1,167**	-
Redemption of loans		**(6,072)**	-
Transfer of value of conversion rights on convertible loans		**5,127**	-
Amount withdrawn by directors		**(38)**	(3)
Net cash from financing activities		**184**	(3)
Increase in cash and cash equivalents		**1**	18
Cash and cash equivalents at beginning of year	2	**19**	1
Cash and cash equivalents at end of year	2	**20**	19

The notes form part of these financial statements

COMPANY STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31/12/18 £'000	31/12/17 £'000
Cash flows from operating activities			
Cash generated from operations	1	**(4,135)**	21
Interest paid		**(54)**	-
Net cash from operating activities		**(4,189)**	21
Cash flows from investing activities			
Purchase of fixed asset investments		**(15)**	-
Net cash from investing activities		**(15)**	-
Cash flows from financing activities			
Proceeds from new loans issued		**1,178**	-
Redemption of loans		**(2,062)**	-
Transfer of value of conversion rights on convertible loans		**5,127**	-
Amount withdrawn by directors		**(38)**	(3)
Net cash from financing activities		**4,205**	(3)
Increase in cash and cash equivalents		**1**	18
Cash and cash equivalents at beginning of year	2	**19**	1
Cash and cash equivalents at end of year	2	**20**	19

The notes form part of these financial statements

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	31/12/18	31/12/17
	£'000	£'000
(Loss)/profit before income tax	**(250)**	57
Impairment provision	**15**	-
Finance costs	**54**	-
	(181)	57
(Increase)/decrease in trade and other receivables	**(68)**	9
Increase/(decrease) in trade and other payables	**135**	(45)
Cash generated from operations	**(114)**	21

Company

	31/12/18	31/12/17
	£'000	£'000
(Loss)/profit before income tax	**(739)**	84
Impairment provision	**15**	-
Finance costs	**54**	-
	(670)	84
(Increase)/decrease in trade and other receivables	**(137)**	9
Decrease in trade and other payables	**(3,328)**	(72)
Cash generated from operations	**(4,135)**	21

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statements in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	Group		**Company**	
Year ended 31 December 2018				
	31/12/18	**1/1/18**	**31/12/18**	**1/1/18**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	**20**	**19**	**20**	**19**

Year ended 31 December 2017				
	31/12/17	1/1/17	31/12/17	1/1/17
	£'000	£'000	£'000	£'000
Cash and cash equivalents	19	1	19	1

The notes form part of these financial statements

1. STATUTORY INFORMATION

Ross Group Plc is a public company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page. The subsidiary, Ross Diversified Trading Limited, is a private company limited by shares and registered in England and Wales. The subsidiary, San Gain Industrial Company Limited, is a private company, limited by shares and registered in Hong Kong.

2. ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements of Ross Group PLC have been prepared in accordance with International Financial Reporting Statements (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and with the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements have been prepared on a historical cost basis and on a going concern basis.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British Pounds (GBP), which is Ross Group Plc's functional and presentation currency. Amounts are rounded to the nearest thousand.

At the date of authorisation of these financial statements a number of Standards, amendments and Interpretations, issued by the IASB and not applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU) none of which will have a significant impact on the financial statements.

The Group adopted IFRS 9 (Financial instruments) with effect from 1 January 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Due to the nature of the assets and liabilities held by Ross Group Plc, there has been no impact on the classification of financial assets or liabilities as a result of this application.

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under IFRS 9, credit losses are recognized earlier than under IAS 39. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through Statement of Comprehensive Income. The Groups impairment losses for financial assets are not significantly different under the IFRS 9 ECL model.

The Group also adopted IFRS 15 (Revenue from contracts with customers) with effect from 1 January 2018.

IFRS 15 establishes a single comprehensive framework for determining when to recognise revenue and how much revenue to recognise. IFRS 15 replaced the former revenue recognition standards IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The core principle of IFRS 15 is that an entity recognises revenue on transfer of control of the promised goods and/or services (performance obligations) in an amount that reflects the consideration to which that entity is entitled.

The Group adopted the new standard using the cumulative effect transition method, where an entity applies the new standard as of the date of initial application, with no restatement of comparative period amounts. Under this method, any cumulative effect of initially applying the new standard would be recorded as an adjustment to the opening balance of equity at the date of initial application. Accordingly, the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18 and related interpretations.

2. **ACCOUNTING POLICIES - continued**

The Group has performed an assessment of requirements of IFRS 15 and how these differ from IAS 18 and has concluded that given the nature of the Group's revenues there is no significant impact in the timing of revenue recognition. There were no differences between previous carrying amounts and consequently no adjustment has been made to opening retained earnings.

Going concern
Although the Group has incurred significant losses, which results in negative retained earnings and the position that total liabilities exceed total assets the Directors feel the going concern basis is appropriate. The Group's and company's total liabilities exceed their total assets by £1,391,000 and £1,319,000 respectively for the year ended 31 December 2018. In January 2019, the group completed the acquisition of the Archipelago Aquiculture Group (AAG) from Global Blue Technologies Inc and is planning to produce revenue in the near future through the extraction and production of Chitin, a natural bio-degradable polymer.

Basis of consolidation
The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2018. Profits or losses on intra-group transactions and intra-group balances are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Revenue recognition
Revenue is the total amount receivable by the group for goods supplied and services provided to third parties, excluding VAT.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion, when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. A level of judgement is exercised by management in this regard.

Financial instruments
Financial assets and liabilities are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the instrument.
The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Prepayments from clients
Payments received in advance on sale contracts for which no revenue has been recognised yet are recorded as prepayments from clients as at the reporting date and carried under liabilities.

Investments and other financial assets
The group classifies its debt instruments in the category those to be measured at amortised cost, which are assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

2. ACCOUNTING POLICIES - continued

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement. The group subsequently measures all equity investments at cost.

The group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Deferred taxation
A deferred tax asset is provided for if material, using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that an asset will crystallise.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position.

Foreign currencies
Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the year end date. These transaction differences are dealt with in the income statement. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the year end date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves.

3. SEGMENTAL REPORTING

The directors feel that due to the small amount of trading that has taken place during the year it is not possible to identify any segments and as a result cannot follow IFRS 8. The entire turnover was generated overseas through the rendering of services related to the principal activity of the Group. The directors will review this assessment next year.

4. OTHER OPERATING INCOME

Group

	31/12/18	31/12/17
	£'000	£'000
Other Miscellaneous Income	**10**	-

Company

	31/12/18	31/12/17
	£'000	£'000
Other Miscellaneous Income	**118**	-

5. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2018 nor for the year ended 31 December 2017.

The average number of employees during the year was as follows:

	31/12/18	31/12/17
Management	**5**	5

	31/12/18	31/12/17
	£	£
Directors' remuneration	**5**	5

6. (LOSS)/PROFIT BEFORE INCOME TAX

The loss before income tax (2017 - profit before income tax) is stated after charging:

	31/12/18	31/12/17
	£'000	£'000
Auditors remuneration	**42**	43

7. INCOME TAX

No liability for UK corporation tax arose on ordinary activities for the year ended 31 December 2018 or for the year ended 31 December 2017. The Group made a loss during the year.

Subject to the agreement with HM Revenue and Customs, the Group has allowable trading losses at 31 December 2018 for set-off against future trading profits of £ 11.83m (2017: £11.8m).

A deferred tax asset of £2.27m (2017: £2.24m) arises due to the large trading losses described above. As the timing of when the Group will be able to make use of these losses the asset has not been recognised in the financial statements.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £'000	**31/12/18 Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	**(250)**	**179,479,428**	**-0.14**
Effect of dilutive securities	**-**	**-**	**-**
Diluted EPS			
Adjusted earnings	**(250)**	**179,479,428**	**-0.14**

	Earnings £'000	31/12/17 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	57	179,479,428	0.03
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	57	179,479,428	0.03

9. SUBSIDIARIES

At 31 December 2018 the company held 100% of the allotted equity share capital of the following:-

Name of subsidiary undertaking	Country of registration and incorporation	Class of share capital held	Nature of business
Ross Diversified Trading Limited (formerly Sansui Electronics (UK) Limited)	England and Wales	Ordinary	Distribution of consumer electronic branded products. It is currently dormant.
San Gain Industrial Company Limited	Hong Kong	Ordinary	Distribution of consumer electronic branded products and complementary supply chain management services. It is currently not trading.

The costs of these fixed asset investments have been written off over the previous periods.

10. INVESTMENTS

Group

	Unlisted investments £'000
COST	
At 1 January 2018	344
Additions	15
At 31 December 2018	359
PROVISIONS	
At 1 January 2018	344
Impairments	15
At 31 December 2018	359
NET BOOK VALUE	
At 31 December 2018	-
At 31 December 2017	-

10. INVESTMENTS - continued

Company

	Unlisted investments £'000
COST	
At 1 January 2018	**344**
Additions	**15**
At 31 December 2018	**359**
PROVISIONS	
At 1 January 2018	**344**
Impairments	**15**
At 31 December 2018	**359**
NET BOOK VALUE	
At 31 December 2018	**-**
At 31 December 2017	-

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/18 £'000	31/12/17 £'000	**31/12/18 £'000**	31/12/17 £'000
Current:				
Trade receivables	**68**	-	**68**	-
Amounts owed by group undertakings	**-**	-	**681**	4
Provision for impairment	-	-	**(609)**	
Directors' current accounts	**10**	-	**10**	-
VAT	**3**	2	**3**	2
Prepayments and accrued income	**2**	2	**2**	2
	83	4	**155**	8

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	31/12/18 £'000	31/12/17 £'000	**31/12/18 £'000**	31/12/17 £'000
Bank current account	**20**	19	**20**	19

13. CALLED UP SHARE CAPITAL

Group and Company

Authorised share capital:	**31.12.18 £000**	31.12.17 £000
195,000,000 Deferred shares of 4.8p each	**9,360**	9,360
67,052,306 Deferred shares of 4p each	**2,682**	2,682
300,000,000 Ordinary shares of 0.1p each	**300**	300
2,700,000,000 Deferred shares of 0.1p each	**2,700**	2,700
	15,042	15,042
Alloted, called up and fully paid:		
147,745,300 Deferred shares of 4.8p each	**7,092**	7,092
67,052,306 Deferred shares of 4p each	**2,682**	2,682
179,479,428 Ordinary shares of 0.1p each	**179**	179
1,225,628,316 Deferred shares of 0.1p each	**1,226**	1,226
	11,179	11,179

The ordinary shares have both voting rights and the right to dividends. The deferred shares have no rights to dividends and no voting rights.

On a winding up the holders of the deferred shares of 4.8p each shall be entitled to receive 1p per share after the repayment of all amounts payable to the holders of any other class of share and the payment of £5,000 on each ordinary share for the time being in issue. On a winding up the holders of deferred shares of 0.1p each shall be entitled to receive 0.1p per share after the payment of £5,000 on each ordinary share for the time being in issue but shall not confer the right to participate in any surplus.

The deferred shares of 4.8p each are redeemable at the company's option any time at a price of 1p for each of the deferred shares held by any member. The deferred shares of 0.1p each are transferable at the company's option at any time to any person at a total price of 1p for all of the shares held by a shareholder. The deferred shares of 0.1p each are redeemable or cancellable at the company's option at any time at a total price of 1p for all of the shares held by a shareholder.

As the deferred shares rank behind the ordinary shares, they are recognised as equity.

Managing Capital
The Group considers only the alloted share capital set out above to be the capital of the group. There are no financial liabilities considered to be part of the capital, and no components of equity excluded from it.

The Group's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing products and services at an appropriate level taking into account the level of risk.

The Group sets an amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the underlying assets.

The entity is not subject to any externally imposed capital requirements.

14. RESERVES

Group

	Retained earnings £'000	Share premium £'000	Other reserves £'000	Convertible debenture £'000	Totals £'000
At 1 January 2018	**(35,634)**	**2,803**	**15,384**	**-**	**(17,447)**
Deficit for the year	**(250)**				**(250)**
Reserves transfer	**-**	**-**	**-**	**5,127**	**5,127**
At 31 December 2018	**(35,884)**	**2,803**	**15,384**	**5,127**	**(12,570)**

Company

	Retained earnings £'000	Share premium £'000	Other reserves £'000	Convertible debenture £'000	Totals £'000
At 1 January 2018	**(50,627)**	**2,803**	**30,938**	**-**	**(16,886)**
Deficit for the year	**(739)**				**(739)**
Reserves transfer	**-**	**-**	**-**	**5,127**	**5,127**
At 31 December 2018	**(51,366)**	**2,803**	**30,938**	**5,127**	**(12,498)**

Other reserves of the Group consist of a capital redemption reserve of £1.92m (2017: £1.92m), a non-distributable capital reserve of £3.33m (2017: £3.33m) and a special reserve of £10.13m (2017: £10.13m)

Convertible debenture of the group consists of the equity portion of convertible loan debentures of £5.13m (2017: £nil).

Other reserves of the company consist of a capital redemption reserve of £1.92m (2017: £1.92m) and a special reserve of £29.02m (2017: £29.02m).

Convertible debenture of the company consists of the equity portion of convertible loan debentures of £5.13m (2017: £nil).

15. TRADE AND OTHER PAYABLES

	Group		**Company**	
	31/12/18 £'000	31/12/17 £'000	**31/12/18 £'000**	31/12/17 £'000
Current:				
Trade payables	**201**	51	**201**	52
Amounts owed to group undertakings	**-**	-	**-**	3,522
Other creditors	**23**	23	**23**	23
Accruals and deferred income	**92**	108	**92**	48
Directors' current accounts	**-**	27	**-**	27
	316	209	**316**	3,672

16. FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	31/12/18	31/12/17	**31/12/18**	31/12/17
	£'000	£'000	**£'000**	£'000
Current:				
Debentures	**367**	-	**367**	-
Other loans - less than 1 yr	**179**	10	**179**	-
	546	10	**546**	-
Non-current:				
Debentures – 2-5 years	**632**	-	**632**	-
Other loans - 1-2 years	**-**	6,072	**-**	2,062
	632	6,072	**632**	2,062

Terms and debt repayment schedule:

Group

	1 year or less	**2-5 years**	**Totals**
	£'000	**£'000**	**£'000**
Debentures	**367**	**632**	**999**
Other loans - less than 1 yr	**179**	**-**	**179**
	546	**632**	**1,178**

Company

	1 year or less	**2-5 years**	**Totals**
	£'000	**£'000**	**£'000**
Debentures	**367**	**632**	**999**
Other loans - less than 1 yr	**179**	**-**	**179**
	546	**632**	**1,178**

16. FINANCIAL LIABILITIES - BORROWINGS - continued

Convertible loan debenture

The parent entity issued two convertible loan debentures (CLD) on the 27th September 2018 for £4,010,000 and £2,062,172 at a coupon rate of 5%.

The notes are convertible into Ordinary shares of the parent entity in three years after the date of issue. The convertible loan debenture will give right to a percentage of the issued share capital of the parent company at the date of conversion. Each tranche of £1 Million CLD owed by the long-term loan holders correspond to 4.925% of the issued share capital at the date of conversion, resulting in a fixed percentage of the issued share capital of the company to be allotted to the loan holders regardless of the value/amount of the share capital of the company.

	2018
	£'000
Face value of notes issued	6,072
Value of conversion rights	5,127
	945
Interest expense*	54
Interest paid	-
Total Liability Element	**999**

*Interest expense is calculated by applying the effective interest rate of 5% to the total loan note amount.

The initial fair value of the liability portion of the debenture was determined using a market interest rate for an equivalent non-convertible debenture at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds.

17. FINANCIAL INSTRUMENTS

The Group uses financial instruments, comprising borrowings, cash, liquid resources and various items, such as trade debtors, trade creditors etc., that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The Group did not enter into derivatives transactions such as interest rate swaps, forward rate agreements and forward foreign currency contracts.

The Board of the Group considers that the interest rate risk, liquidity risk and foreign currency risks arising from the Group financial instruments are low. However it reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

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

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

17. FINANCIAL INSTRUMENTS - continued

Interest rate risk
The Group finances its operations through a mixture of borrowings. It relies on loans from its shareholders to ensure sufficient liquidity is available to meet foreseeable needs.

Maturity of financial liabilities
For the Group financial liabilities analysis at 31 December 2018 see note 15 and 16.

Currency risk
The Group does not have foreign investments held in foreign currencies.

The Group's exposure to translation and transaction foreign exchange risk is considered to be low by the board.

100% of the Group's worldwide income in the year was invoiced in Sterling. As a result the board does not consider there is a need for Group policy to manage the currency risk as it considers the risk to be low.

Fair values
The Board considers that the fair values of the Group's borrowings are equal to their book values.

18. RELATED PARTY DISCLOSURES

Group
The Group had the following balances with related parties at the year end:

	31.12.18	31.12.17
	£000	£000
Receivables		
Barry Pettitt	**10**	-
	10	-
Payables		
Barry Pettitt	**-**	27
	-	27

Barry Petitt, the Chairman and Chief Executive Officer of Ross Group Plc, owns Lynchwood Nominees (previously Prime Growth Enterprises Limited). Lynchwood Nominees owns 17% of the ordinary share capital in Ross Group Plc.

Global Blue Technologies Inc. has pledged to provide adequate support to the Group for the period to October 2020.

18. RELATED PARTY DISCLOSURES - continued

Company

At the year end Ross Group plc had the following outstanding balances with its related parties:

	31.12.18	31.12.17
	£000	£000
Receivables		
Barry Pettitt	**10**	-
Ross Diversified Trading Limited (formerly Sansui Electronics (UK) Limited)	**-**	4
San Gain Industrial Company Limited	**72**	
	82	4
Payables		
San Gain Industrial Company Limited	**-**	3,522
Barry Pettitt	**-**	30
	-	3,552

Ross Group Plc owns 100% of the ordinary share capital of Ross Diversified Trading Limited and San Gain Industrial Company Limited.

Barry Pettitt, the Chairman and Chief Executive Officer of Ross Group Plc, owns Lynchwood Nominees (previously Prime Growth Enterprises Limited). Lynchwood Nominees owns 17% of the ordinary share capital in Ross Group Plc.

19. EVENTS AFTER THE REPORTING PERIOD

In January 2019, Ross Group Plc announced the acquisition the Archipelago Aquiculture Group, which occurred post year end. This was financed through a reverse takeover with Global Blue Technologies Inc by means of a share for share exchange.

In February 2019, 17,947,943 Ordinary shares of 0.1p each were issued. The cash paid in 2018 are currently included in the statement of financial position as a current liability. This will be converted to capital in the 2019 accounting period, as appropriate, due to the timing of the share issue.

20. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party of Ross Group Plc and subsidiaries for 2018; however Barry Pettitt, by virtue of his position as CEO within the Group and his 17% shareholding, exerts a significant influence.

21. RECONCILIATION OF MOVEMENTS IN RESERVES

Group

	31/12/18	31/12/17
	£'000	£'000
(Loss)/profit for the financial year	(250)	57
Value of conversion rights	5,127	-
Net addition to reserves	4,877	57
Opening reserves	(6,268)	(6,325)
Closing reserves	(1,391)	(6,268)

Company

	31/12/18	31/12/17
	£'000	£'000
(Loss)/profit for the financial year	(739)	84
Value of conversion rights	5,127	-
Net addition to reserves	4,388	84
Opening reserves	(5,707)	(5,791)
Closing reserves	(1,319)	(5,707)