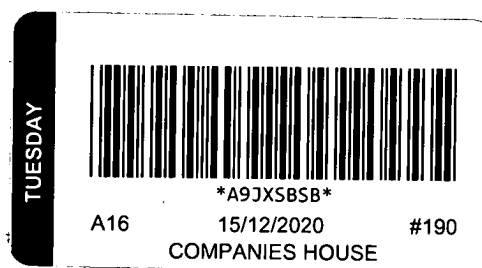


PARNALL GROUP LIMITED
GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



Mark Holt & Co Limited
Chartered Accountants
7 Sandy Court
Ashleigh Way
Langage Business Park
Plymouth
Devon
PL7 5JX

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Chartered Accountants' Report	4
Consolidated Income Statement	5
Consolidated Other Comprehensive Income	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Statement of Changes in Equity	9
Company Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the Consolidated Cash Flow Statement	12
Notes to the Consolidated Financial Statements	13
Consolidated Trading and Profit and Loss Account	24

PARNALL GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

R M B Parnall
A R B Parnall
M F Joce
N B Buckland
M Belcher
D J Cates

SECRETARY:

R M B Parnall

REGISTERED OFFICE:

15-19 Westgate Street
Launceston
Cornwall
PL15 7AB

REGISTERED NUMBER:

08382896 (England and Wales)

ACCOUNTANTS:

Mark Holt & Co Limited
Chartered Accountants
7 Sandy Court
Ashleigh Way
Langage Business Park
Plymouth
Devon
PL7 5JX

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The Parnall Group operates from the Trelonk Farm and from an office in Launceston.

On 6 April 2019, Parnall Group Limited acquired the share capital of Parnalls Solicitors Limited, Parnall Bio-Engineering Limited, Phytome Life Sciences Limited, Smart Alternative Reality Area Limited, Parnall Marine Limited, Parnall Aircraft Company Limited and Trelonk Limited, joining Parnall Engineering Advanced Limited which joined the group in the prior year, and Parnall Foundation Limited, a company limited by guarantee.

The objectives of this restructure were:

- Consolidation of various companies & activities into a single group structure.
- The flexibility to evolve the group activities efficiently and effectively whilst retaining the core group structure.

On 22 August 2019, 50% of Phytome Life Sciences Limited was transferred to Mr D Richards in order to move forward with the key medical research projects that are taking place at Trelonk.

During the period to 31 December 2019, activity from the law services provided by Parnalls Solicitors Limited, which has served its customers in Cornwall and Devon since the 1700's, was profit making, whereas the activities of other members of the group were still in the early stages and contributed losses to the Group.

	2019	2018
	£000	£000
Turnover	4,177	9
Profit / (Loss) Before Tax	(393)	(118)
Intangible Fixed Assets	20,725	538
Shareholders Funds	24,133	612

Intangible Fixed Assets includes Goodwill which has not been amortised from a Group perspective. It is felt that the valuation of components within the Group are sufficient to negate any requirement to amortise the Goodwill.

PRINCIPAL RISKS AND UNCERTAINTIES

The Parnall Group, like all businesses, faces a number of operating risks and uncertainties. The most fundamental issues faced by the Group are:

- credit risk of customers;
- uncertainty as a result of Brexit and COVID-19;
- achieving quality standards; and
- attracting and retaining high quality qualified staff.

The Group manages its risk via tight management controls and open discussions with customers and suppliers.

COVID-19

It is widely accepted that Coronavirus will have a financial impact on business and on the economy in general, possibly leading to worldwide recession. The Directors have therefore assessed the business' financial stability in light of the current outbreak.

There are clear plans and protocols in place to ensure that work can continue safely during this time and to reduce the risk of infection transmission among colleagues and suppliers / customers.

The main threat facing the Group is likely to be reduced sales activity, leading to less cash inflow. No physical offices were closed during lockdown, and 90% of the staff continued to work in their respective offices.

In the short term the Group has cash reserves available to fund operational costs, and retains the confidence of its bankers. On this basis, the Board is confident that the Group could survive a substantial financial impact and that we continue to remain a going concern for well beyond the next 12 months of trading.

ON BEHALF OF THE BOARD:

Mark Parnall

.....
R M B Parnall - Director

11-12-2020 | 4:06 PM GMT

Date:

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

Parnall Group operates a diversified portfolio of brands and investments, with significant holdings in agriculture, biotechnology, professional services, Spitfire construction and advanced engineering.

Included within the professional services, the Group provides a range of solicitor services for both private and commercial clients.

The Parnall Group includes the Parnall Foundation Limited which was founded by Mark Parnall in 2016, to inspire young people by providing training and creating opportunities to work on exciting unique projects in Cornwall. The Group provides them with unique opportunities in science and technology to develop their skills, enabling them to stay in Cornwall to build their careers.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

R M B Parnall has held office during the whole of the period from 1 January 2019 to the date of this report.

Other changes in directors holding office are as follows:

R H Scarbrough - resigned 11 February 2019
J S Westbrook - resigned 11 February 2019
G M Dingle - appointed 6 February 2019 - resigned 26 September 2019
R A Dingle - appointed 6 February 2019 - resigned 26 September 2019
A R B Parnall - appointed 4 July 2019
A J Daly - appointed 1 March 2019
M F Joce - appointed 26 September 2019
N B Buckland - appointed 9 October 2019
M Belcher - appointed 19 November 2019

D J Cates was appointed as a director after 31 December 2019 but prior to the date of this report.

A J Daly, T C Sawyer and M K Quirk ceased to be directors after 31 December 2019 but prior to the date of this report.

ON BEHALF OF THE BOARD:

Mark Parnall

.....
R M B Parnall - Director

11-12-2020 | 4:06 PM GMT

Date:

**CHARTERED ACCOUNTANTS' REPORT TO THE MEMBERS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
PARNALL GROUP LIMITED**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Parnall Group Limited for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes from the company's and the group's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Parnall Group Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Parnall Group Limited and state those matters that we have agreed to state to the Board of Directors of Parnall Group Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Parnall Group Limited the company and the group and the company's Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Parnall Group Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Parnall Group Limited. You consider that Parnall Group Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Parnall Group Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Mark Holt & Co Limited
Chartered Accountants
7 Sandy Court
Ashleigh Way
Langage Business Park
Plymouth
Devon
PL7 5JX

Mark Holt & Co Limited

14-12-2020 | 9:31 AM GMT

Date:

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018 as restated	
		£	£	£	£
TURNOVER			4,176,810		8,810
Cost of sales			<u>2,565,919</u>		<u>(531,723)</u>
GROSS PROFIT			1,610,891		540,533
Administrative expenses			<u>2,123,944</u>		<u>664,015</u>
			<u>(513,053)</u>		<u>(123,482)</u>
Other operating income			<u>264,104</u>		<u>5,300</u>
OPERATING LOSS	4		(248,949)		(118,182)
Income from other participating interests		(69,800)		-	
Interest receivable and similar income		<u>11,007</u>		<u>625</u>	
			<u>(58,793)</u>		<u>625</u>
			<u>(307,742)</u>		<u>(117,557)</u>
Amounts written off investments	5		<u>44,685</u>		<u>-</u>
			<u>(352,427)</u>		<u>(117,557)</u>
Interest payable and similar expenses	6		<u>41,017</u>		<u>71</u>
LOSS BEFORE TAXATION			(393,444)		(117,628)
Tax on loss	7		<u>(81,781)</u>		<u>(43,652)</u>
LOSS FOR THE FINANCIAL YEAR			(311,663)		(73,976)
Loss attributable to:					
Owners of the parent			<u>(311,663)</u>		<u>(73,976)</u>

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Notes	£	as restated £
LOSS FOR THE YEAR		(311,663)	(73,976)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	(73,976)
	Note		
Prior year adjustment	9	(216,000)	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		(527,663)	
Total comprehensive income attributable to: Owners of the parent		(527,663)	(73,976)

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		20,724,761		538,332
Tangible assets	11		542,037		483,163
Investments	12				
Interest in joint venture					
Share of gross assets			3,634		-
Share of gross liabilities			(18,519)		-
			(14,885)		-
Interest in associate			357,932		-
			<u>21,609,845</u>		<u>1,021,495</u>
CURRENT ASSETS					
Stocks	13	174,434		1,760,546	
Debtors	14	4,317,243		570,398	
Cash at bank and in hand		45,460		14,642	
		<u>4,537,137</u>		<u>2,345,586</u>	
CREDITORS					
Amounts falling due within one year	15	1,982,714		2,734,418	
NET CURRENT ASSETS/(LIABILITIES)			<u>2,554,423</u>		<u>(388,832)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,164,268</u>		<u>632,663</u>
CREDITORS					
Amounts falling due after more than one year	16		(25,000)		-
PROVISIONS FOR LIABILITIES	18		(6,517)		(21,000)
NET ASSETS			<u><u>24,132,751</u></u>		<u><u>611,663</u></u>
CAPITAL AND RESERVES					
Called up share capital	19	24,433,751		601,000	
Retained earnings	20	(301,000)		10,663	
SHAREHOLDERS' FUNDS			<u><u>24,132,751</u></u>		<u><u>611,663</u></u>

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company and the group to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

11-12-2020 | 4:06 PM GMT

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:

Mark Parnall

RM B Parnall - Director

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

COMPANY BALANCE SHEET
31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10	-	-	-	-
Tangible assets	11		428,218		390,000
Investments	12		19,553,915		100,000
			<u>19,982,133</u>		<u>490,000</u>
CURRENT ASSETS					
Stocks	13	100,000	-	-	-
Debtors	14	4,613,330		285,610	
Cash at bank		14,348		291	
		<u>4,727,678</u>		<u>285,901</u>	
CREDITORS					
Amounts falling due within one year	15	1,087,410		297,015	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,640,268</u>		<u>(11,114)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,622,401</u>		<u>478,886</u>
PROVISIONS FOR LIABILITIES	18		-		21,000
NET ASSETS			<u><u>23,622,401</u></u>		<u><u>457,886</u></u>
CAPITAL AND RESERVES					
Called up share capital	19	24,433,752		601,000	
Retained earnings	20	(811,351)		(143,114)	
SHAREHOLDERS' FUNDS			<u><u>23,622,401</u></u>		<u><u>457,886</u></u>
Company's loss for the financial year			<u><u>(668,237)</u></u>		<u><u>(227,753)</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

11-12-2020 | 4:06 PM GMT

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:

Mark Parnall

.....
R M B Parnall - Director

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	501,000	84,639	585,639
Changes in equity			
Issue of share capital	100,000	-	100,000
Total comprehensive income	-	142,024	142,024
Balance at 31 December 2018	601,000	226,663	827,663
Prior year adjustment	-	(216,000)	(216,000)
As restated	601,000	10,663	611,663
Changes in equity			
Issue of share capital	23,832,751	-	23,832,751
Total comprehensive income	-	(311,663)	(311,663)
Balance at 31 December 2019	24,433,751	(301,000)	24,132,751

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	501,000	84,639	585,639
Changes in equity			
Issue of share capital	100,000	-	100,000
Total comprehensive income	-	(11,753)	(11,753)
Balance at 31 December 2018	<u>601,000</u>	<u>72,886</u>	<u>673,886</u>
Prior year adjustment	-	(216,000)	(216,000)
As restated	<u>601,000</u>	<u>(143,114)</u>	<u>457,886</u>
Changes in equity			
Issue of share capital	23,832,752	-	23,832,752
Total comprehensive income	-	(668,237)	(668,237)
Balance at 31 December 2019	<u><u>24,433,752</u></u>	<u><u>(811,351)</u></u>	<u><u>23,622,401</u></u>

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Notes	£	as restated £
Cash flows from operating activities			
Cash generated from operations	1	(1,465,054)	33,012
Interest paid		(41,017)	-
Interest element of hire purchase or finance lease rental payments paid		-	(71)
R&D tax credit received		110,950	-
Net cash from operating activities		(1,395,121)	32,941
Cash flows from investing activities			
Purchase of tangible fixed assets		(16,287)	(17,306)
Interest received		11,007	625
Net cash from investing activities		(5,280)	(16,681)
Cash flows from financing activities			
New loans in year		581,844	-
Loan repayments in year		(341,702)	-
Amount introduced by directors		351,049	-
Amount withdrawn by directors		(307,330)	(1,965)
Share issue		1,008,195	-
Net cash from financing activities		1,292,056	(1,965)
(Decrease)/increase in cash and cash equivalents		(108,345)	14,295
Cash and cash equivalents at beginning of year	2	14,642	347
Cash and cash equivalents at end of year	2	(93,703)	14,642

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019****1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019	2018 as restated
	£	£
Loss before taxation	(393,444)	(117,628)
Depreciation charges	35,192	23,360
Profit on disposal of fixed assets	(22,151)	-
Finance income - non cash adjustment	(69,800)	-
Impairment	44,685	-
Finance costs	41,017	71
Finance income	58,793	(625)
	<u>(305,708)</u>	<u>(94,822)</u>
Decrease/(increase) in stocks	1,586,112	(696,551)
Increase in trade and other debtors	(619,998)	(160,160)
(Decrease)/increase in trade and other creditors	<u>(2,125,460)</u>	<u>984,545</u>
Cash generated from operations	<u>(1,465,054)</u>	<u>33,012</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	45,460	14,642
Bank overdrafts	<u>(139,163)</u>	<u>-</u>
	<u>(93,703)</u>	<u>14,642</u>

Year ended 31 December 2018

	31.12.18 as restated	1.1.18
	£	£
Cash and cash equivalents	<u>14,642</u>	<u>347</u>

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank and in hand	14,642	30,818	45,460
Bank overdrafts	<u>-</u>	<u>(139,163)</u>	<u>(139,163)</u>
	<u>14,642</u>	<u>(108,345)</u>	<u>(93,703)</u>
Debt			
Debts falling due within 1 year	-	(343,870)	(503,466)
Debts falling due after 1 year	-	-	(25,000)
	<u>-</u>	<u>(343,870)</u>	<u>(528,466)</u>
Total	<u>14,642</u>	<u>(452,215)</u>	<u>(622,169)</u>

The notes form part of these financial statements

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

Parnall Group Limited is a private 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 presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries, joint ventures and associates are not consolidated if their influence on Parnall Group's asset, financial and earnings position is considered to be immaterial, either individually or in total.

All subsidiaries utilise the same accounting framework and accounting policies. Assets and liabilities of subsidiaries are shown in the consolidated accounts at their fair value on the date of acquisition.

Joint ventures

The Group accounts for Joint Ventures under the equity method of accounting. The Group's share of a Joint Venture's profit after tax is included from the date on which the Group acquires joint control.

Within the consolidated balance sheet the investment is recorded at cost and subsequently adjusted to reflect the Group's share of the movements in the Joint Venture's net assets post-acquisition. The results, assets and liabilities of Joint Ventures are stated in accordance with Group accounting policies.

Associates

Fixed asset investments relate to investments in an unlisted company which is classed as an associate. The associate is stated at fair value with annual changes being taken to the revaluation reserve, or if impaired below cost to the profit and loss account. The fair value is ascertained from the value of shares allotted pre and post year-end.

Significant judgements and estimates

Critical accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Included within turnover is legal services that the group provides on the basis of No Win / No Fee conditional fee arrangements. The uncertainty around the fees ultimately receivable under these types of contracts is generally only resolved when a matter is concluded. Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to significant reversal when a matter is concluded.

Unbilled revenue is included as amounts recoverable on contract within other receivables.

Also included within turnover is services provided in relation to the maintenance of vintage aircraft, THC licence work, property maintenance, contributions to the endeavours of the Foundation, and work to date on the boat.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is not being amortised on the basis that the valuation equates to cost, and that it would not be true and fair to include any amortisation.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

No amortisation has been accounted for on the development costs, but this will be reviewed on an annual basis.

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****2. ACCOUNTING POLICIES - continued****Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Improvements to property	- not provided
Plant and machinery	- 25% on reducing balance and not provided
Fixtures and fittings	- 25% on reducing balance and 15% on reducing balance
Computer equipment	- 33% on cost, 25% on reducing balance and Straight line over 3 years

No depreciation has been charged on the heritage assets that are included within plant and machinery assets as they are of historical, scientific and technological importance and they are held and maintained principally for its contribution to knowledge and culture.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Investments in associates

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is a finance lease or an operating lease based on the substances of the arrangement.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****2. ACCOUNTING POLICIES - continued****Provisions for liabilities**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

3. EMPLOYEES AND DIRECTORS

	2019	2018 as restated
	£	£
Wages and salaries	1,451,970	258,536
Social security costs	93,624	-
Other pension costs	5,680	1,458
	<u>1,551,274</u>	<u>259,994</u>

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

	2019	2018 as restated
Support staff	47	35
Fee earners	11	-
	<u>58</u>	<u>35</u>

	2019	2018 as restated
	£	£
Directors' remuneration	<u>508,166</u>	<u>-</u>

Information regarding the highest paid director for the year ended 31 December 2019 is as follows:

	2019
	£
Emoluments etc	<u>90,000</u>

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2019	2018 as restated
	£	£
Hire of plant and machinery	21,770	5,508
Other operating leases	297,188	250,502
Depreciation - owned assets	24,336	23,359
Profit on disposal of fixed assets	(22,151)	-
Goodwill amortisation	<u>10,856</u>	<u>-</u>

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2019	2018 as restated
	£	£
Amounts w/o invs	<u>44,685</u>	<u>-</u>

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018 as restated
	£	£
Bank interest	13,603	-
Bank loan interest	27,414	-
Hire purchase	-	71
	<u>41,017</u>	<u>71</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019	2018 as restated
	£	£
Current tax:		
UK corporation tax	43,652	(43,652)
Under / over provision	(110,950)	-
Total current tax	<u>(67,298)</u>	<u>(43,652)</u>
Deferred tax	<u>(14,483)</u>	<u>-</u>
Tax on loss	<u>(81,781)</u>	<u>(43,652)</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. PRIOR YEAR ADJUSTMENT

The prior year adjustment of £216,000 relates to the entry of rent into the period to 31 December 2018 to reflect the period in which the rent was incurred. As at 31 December 2018, the accounts should have reflected an accrual for rental expenditure.

Unbilled legal services revenue has also been moved from work in progress to amounts recoverable on contract within other receivables.

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Development costs £	Totals £
COST			
At 1 January 2019	538,332	-	538,332
Additions	18,979,867	1,217,418	20,197,285
At 31 December 2019	<u>19,518,199</u>	<u>1,217,418</u>	<u>20,735,617</u>
AMORTISATION			
Amortisation for year	10,856	-	10,856
At 31 December 2019	<u>10,856</u>	<u>-</u>	<u>10,856</u>
NET BOOK VALUE			
At 31 December 2019	<u>19,507,343</u>	<u>1,217,418</u>	<u>20,724,761</u>
At 31 December 2018	<u>538,332</u>	<u>-</u>	<u>538,332</u>

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****10. INTANGIBLE FIXED ASSETS - continued****Group**

During the years ended 31 December 2018 and 31 December 2019, a group structure was created with the result that the following entities joined the group:

On 21 July 2018, the following company joined the group at a cost of £100,000, via a share for share exchange:

Name	Description	Balance sheet value at acquisition
Parnall Engineering Advanced Limited	Development of engineering projects	(£369,592)

During the year ended 31 December 2019, the consolidated accounts include turnover of £1.764m and a loss before tax of £44k in relation to this company.

On 6 April 2019, the following companies joined the group at a cost of £19,399,000, via a share for share exchange:

Name	Description	Balance sheet value at acquisition
Parnalls Solicitors Limited	Provision of legal services	£1,032,339
Parnall Foundation Limited	Training local engineering talent	(£136,346)
Parnall Bio-Engineering Limited	Engineering design activities	(£19,947)
Smart Alternative Reality Area Limited	Virtual and alternative reality technology	(£29,917)
Parnall Marine Limited	Marine design engineering	(£19,720)
Parnall Aircraft Company Limited	Repair and maintenance of aircraft	(£52,995)
Trelonk Limited	Growing of crops	(£314,475)
Phytome Life Sciences Limited *	Medical research	£1

* Phytome Life Sciences Limited became a joint venture on 22 August 2019, when another party became a 50% shareholder.

During the year ended 31 December 2019, the consolidated accounts include turnover of £2.401m and a profit before tax of £454k in relation to these companies.

The useful life of Goodwill would normally be 10 years however it has been decided that no amortisation will be entered as the value of the group is deemed so high that it would not be true and fair to include any amortisation.

11. TANGIBLE FIXED ASSETS**Group**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2019	15,229	427,513	29,970	37,096	509,808
Additions	-	55,937	65,969	54,467	176,373
Disposals	(15,229)	(37,513)	(29,970)	(33,680)	(116,392)
At 31 December 2019	-	445,937	65,969	57,883	569,789
DEPRECIATION					
At 1 January 2019	-	6,401	5,402	14,842	26,645
Charge for year	-	11,400	3,959	8,977	24,336
Eliminated on disposal	-	(6,401)	(5,402)	(11,426)	(23,229)
At 31 December 2019	-	11,400	3,959	12,393	27,752
NET BOOK VALUE					
At 31 December 2019	-	434,537	62,010	45,490	542,037
At 31 December 2018	15,229	421,112	24,568	22,254	483,163

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS - continued

Group

Included within Plant and Machinery are Heritage Assets with a cost of £390,000, and this is deemed to be their valuation. These assets relate to aircraft memorabilia, as ancestors of the director, Mr R M B Parnall, were involved in the production of aircraft in the early 1900's, and therefore have historical, scientific and technological importance and they are held and maintained principally for its contribution to knowledge and culture.

Company

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019	390,000	-	3,416	393,416
Additions	715	24,599	13,106	38,420
	<u>390,715</u>	<u>24,599</u>	<u>16,522</u>	<u>431,836</u>
At 31 December 2019	390,715	24,599	16,522	431,836
DEPRECIATION				
At 1 January 2019	-	-	3,416	3,416
Charge for year	-	-	202	202
	<u>-</u>	<u>-</u>	<u>3,618</u>	<u>3,618</u>
At 31 December 2019	-	-	3,618	3,618
NET BOOK VALUE				
At 31 December 2019	<u>390,715</u>	<u>24,599</u>	<u>12,904</u>	<u>428,218</u>
At 31 December 2018	<u>390,000</u>	<u>-</u>	<u>-</u>	<u>390,000</u>

12. FIXED ASSET INVESTMENTS

Group

	Interest in joint venture £	Interest in associate £	Totals £
COST OR VALUATION			
Additions	54,915	402,617	457,532
Share of profit/(loss)	(69,800)	-	(69,800)
Impairments	-	(44,685)	(44,685)
	<u>(14,885)</u>	<u>357,932</u>	<u>343,047</u>
At 31 December 2019	(14,885)	357,932	343,047
NET BOOK VALUE			
At 31 December 2019	<u>(14,885)</u>	<u>357,932</u>	<u>343,047</u>

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

Group

Interest in joint venture

The group's aggregate share of joint ventures at the year end is as follows:

	2019	2018 as restated
	£	£
Loss before tax	(69,800)	-
Taxation	-	-
Loss after tax	<u>(69,800)</u>	<u>-</u>
Share of assets		
Fixed assets	-	-
Current assets	3,634	-
Share of liabilities		
Share of liabilities due within one year	(11,158)	-
Share of liabilities due after one year or more	-	-
Share of net liabilities	<u>(7,524)</u>	<u>-</u>

Phytome Life Sciences Limited

The group's share of Phytome Life Sciences Limited is as follows:

	2019	2018 as restated
	£	£
Turnover	<u>-</u>	<u>-</u>
Loss before tax	(69,800)	-
Taxation	-	-
Loss after tax	<u>(69,800)</u>	<u>-</u>
Share of assets		
Fixed assets	-	-
Current assets	3,634	-
Share of liabilities		
Liabilities due within one year	(11,158)	-
Liabilities due after one year or more	-	-
Share of net liabilities	<u>(7,524)</u>	<u>-</u>

Cost or valuation at 31 December 2019 is represented by:

	Interest in joint venture £	Interest in associate £	Totals £
Valuation in 2019	-	(44,685)	(44,685)
Cost	<u>(14,885)</u>	<u>402,617</u>	<u>387,732</u>
	<u>(14,885)</u>	<u>357,932</u>	<u>343,047</u>

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****12. FIXED ASSET INVESTMENTS - continued**

Company	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1 January 2019	100,000	-	100,000
Additions	19,399,000	54,915	19,453,915
At 31 December 2019	19,499,000	54,915	19,553,915
NET BOOK VALUE			
At 31 December 2019	19,499,000	54,915	19,553,915
At 31 December 2018	100,000	-	100,000

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**Parnalls Solicitors Limited**

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Solicitors

Class of shares:	%
Ordinary	holding 100.00

Parnall Engineering Advanced Limited

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Development of engineering projects

Class of shares:	%
Ordinary	holding 100.00

Parnall Foundation Limited

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Training local engineering talent

This company is limited by guarantee.

Parnall Bio-Engineering Limited

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Engineering design activities

Class of shares:	%
Ordinary	holding 100.00

Smart Alternative Reality Area Limited

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Virtual and alternative reality technology

Class of shares:	%
Ordinary	holding 100.00

Parnall Marine Limited

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Marine design engineering

Class of shares:	%
Ordinary	holding 100.00

Parnall Aircraft Company Limited

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Repair and maintenance of aircraft

Class of shares:	%
Ordinary	holding 100.00

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****12. FIXED ASSET INVESTMENTS - continued****Trelonk Limited**

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Growing of crops

Class of shares:	%
Ordinary	holding 100.00

Joint venture**Phytome Life Sciences Limited**

Registered office: 15-19 Westgate Street, Launceston, Cornwall, PL15 7AB

Nature of business: Medical research

Class of shares:	%
Ordinary	holding 50.00

13. STOCKS

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Stocks	174,434	-	100,000	-
Work-in-progress	-	1,760,546	-	-
	<u>174,434</u>	<u>1,760,546</u>	<u>100,000</u>	<u>-</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Trade debtors	714,432	5,999	-	-
Provision for bad debts	(240,000)	-	-	-
Amounts owed by group undertakings	-	-	2,771,792	-
Amounts owed by joint ventures	14,717	-	12,217	-
Other debtors	748,818	441,021	4,000	285,610
Tax	-	43,652	-	-
VAT	-	14,956	40,310	-
Called up share capital not paid	1,665,011	-	1,665,011	-
Prepayments and accrued income	1,414,265	64,770	120,000	-
	<u>4,317,243</u>	<u>570,398</u>	<u>4,613,330</u>	<u>285,610</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Bank loans and overdrafts (see note 17)	139,163	-	-	-
Other loans (see note 17)	503,466	-	-	-
Trade creditors	60,240	20,800	24,826	-
Amounts owed to group undertakings	-	-	43,076	-
Social security and other taxes	51,625	13,488	18,426	-
VAT	79,720	-	-	3,059
Other creditors	396,680	2,265,806	382,282	7,621
Directors' current accounts	-	45,072	-	-
Accruals and deferred income	751,820	389,252	618,800	286,335
	<u>1,982,714</u>	<u>2,734,418</u>	<u>1,087,410</u>	<u>297,015</u>

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2019	2018 as restated
	£	£
Other loans (see note 17)	<u>25,000</u>	<u>-</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2019	2018 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	139,163	-
Other loans	<u>503,466</u>	<u>-</u>
	<u>642,629</u>	<u>-</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>25,000</u>	<u>-</u>

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Deferred tax	<u>6,517</u>	<u>21,000</u>	<u>-</u>	<u>21,000</u>
Group				
				Deferred tax
				£
Balance at 1 January 2019				21,000
Utilised during year				<u>(14,483)</u>
Balance at 31 December 2019				<u>6,517</u>
Company				
				Deferred tax
				£
Balance at 1 January 2019				21,000
Utilised during year				<u>(21,000)</u>
Balance at 31 December 2019				<u>-</u>

PARNALL GROUP LIMITED (REGISTERED NUMBER: 08382896)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

19. CALLED UP SHARE CAPITAL

Allotted and issued: Number:	Class:	Nominal value:	2019 £	2018 as restated £
24,433,741	Share capital 1	1	24,433,740	601,000
2,118,627	Share capital 2	0.000005	11	-
			<u>24,433,751</u>	<u>601,000</u>

The following shares were allotted at par during the year:

23,832,741 Ordinary shares of 1 each
2,118,627 Ordinary A shares of 0.000005 each

Both the Ordinary Shares and Ordinary A Shares have attached to them voting rights, dividend rights and capital distribution (including on winding up) rights, they do not confer any right of redemption.

During the year to 31 December 2019, a shareholders loan account of £2,698,741 was capitalised into share capital as part of the additional shares that were issued during the year.

20. RESERVES

Group	Retained earnings £
At 1 January 2019	226,663
Prior year adjustment	(216,000)
	<u>10,663</u>
Deficit for the year	(311,663)
At 31 December 2019	<u>(301,000)</u>
 Company	 Retained earnings £
At 1 January 2019	72,886
Prior year adjustment	(216,000)
	<u>(143,114)</u>
Deficit for the year	(668,237)
At 31 December 2019	<u>(811,351)</u>