Ross Group Plc & Subsidiaries

Annual Report and Financial Statements

For the year ended 31 December 2019

Contents

Directors:	B R Pettitt M J Simon MA(Cantab) FCA FCCA W L Hopkins S C Mehta BSc (Hons) Professor R D Rogers
Secretary:	M J Simon MA(Cantab) FCA FCCA
Registered Office:	71-75 Shelton Street Covent Garden London WC2H 9JQ
Registered Number:	00131902 (England and Wales)
Auditors:	CBW Audit Limited Chartered Accountants & Statutory Auditors 66 Prescot Street London E1 8NN

As we had reported in our interim accounts (first half 2019) Ross Group PLC ("RGP") completed the acquisition of four start-up businesses in January 2019 that were wholly-owned subsidiaries within Archipelago Aquaculture Group (AAG)

This is therefore the first RGP Annual Report that includes and consolidates AAG's results.

Consequently there is a fundamental difference in the 2019 results in comparison to previous years.

RGP has, for many years now, been operating based on a specialist professional supply chain management model. The AAG acquisition has now caused that model to be modified; to include and integrate other specialist services and functions, such as research and development, ("R&D") proof of production concepts, and alike, as well as to also transition into sales of product and/or turnkey projects, in this instance, of high quality Chitin.

For our fiscal year 2019, no services or sales of Chitin were recorded - as the R&D and implementation of pioneering production processes were primarily the main focus and are currently still in progress.

Your Board of Directors have already anticipated and estimated that it would take some time in order to get this new technology into production and have provisioned for it accordingly.

Throughout this post-acquisition period, there have been considerable costs incurred during development of the early-stage AAG businesses and Management has been extremely diligent in ensuring that such initial costings are commensurate with actual achievements and therefore wherever possible and/or necessary their specialist supply chain management experience has been highly focused upon implementing strategic disciplines, procedures and protocols in order to try to provide the best possible performance over time.

Presently, production and administration costs have been subject to specific strategic reorganization; Which has resulted in the impairment and/or reduction of certain contingent, capitalized and considered pre-existing onerous liabilities that the AAG companies were incurring in advance of any production. These items are accounted for under the classification of "Other Income".

The resulting loss for the year was £3.6m which duly reflects the respective R&D, working capital costs and expenses to date.

	2019 £ 000's	2018 £ 000's	2017 £ 000's
Revenues	**-**	**60**	**335**
Other income	**13,981**	**10**	**-**
Total costs	**(17,578)**	**(320)**	**(278)**
(Loss) / profit for the year	**(3,597)**	**(250)**	**57**

The Chairman's statement has further comments on how Ross Group PLC intends to develop its Chitin business going forward.

Ross Group Plc & Subsidiaries
Chairman's Statement
For the year ended 31 December 2019

It is my pleasure and responsibility to report to you on both the business activities and the financial results of the Ross Group PLC for the financial year ended 31 December 2019.

After many years of diligently researching and exploring specific strategic opportunities, we acquired a group of start-up businesses, namely, the Archipelago Aquaculture Group ("AAG") which was duly approved by our Board and Shareholders at our Annual General Meeting on 19 October 2018 and completed on 7 January 2019.

To achieve such an initial acquisition and / or merger has consistently been our sole focus and objective since our executive team took over management of the Group in 2009 and, whilst we have continued to deploy our specialist supply chain management services on a project-by-project basis, throughout the years, we have been - and still are - continuing our best endeavours to constantly evaluate further opportunities in order to try to build our business accordingly. Whilst in the past we frankly found most, if not all, prior opportunities that were considered to fall short of our expectations and/or requirements, however, your Board believes that given the estimated eventual end and in the wake of the COVID crisis, there will probably be many more mature and macro opportunities; with greater potential and hopefully of such scale to be worthy and commensurate of our status as a Premium Listed Company on the Main Board of the London Stock Exchange.

Since becoming Chairman, I have always been mindful – even while our Board of Directors were constantly busy with such exploratory and research work - that our operating business should always be capable of generating real time sufficient positive cashflow and/or profit from its traditional activities (primarily specialist supply chain management services) in order to try to substantially cover the running costs of the business. However, during this particular year we have had to deploy a different strategy; rightfully incurring significant merger, acquisition and restructuring expenses – most of which are deemed to be exceptional – especially given our first acquisition in over 20 years.

Therefore, in this respect, I consider our 2019 result to be reasonably understandable and justifiable.

Losses this year arose from the restructuring of our acquisition and largely because we decided to make a number of impairments and provisions in our accounts against certain assets acquired when AAG was purchased, including certain unpaid debts owed to AAG where we believe that it may be necessary to litigate against regarding collectability.

The Board and myself are somewhat satisfied with the progress that we have made over this last year in terms of completing the acquisition and also in anticipation, as well as preparation, for the uncertain future under the spectre of the recent and ensuing COVID pandemic.

Notwithstanding this unique challenge and during such difficult times, we do feel that we are sufficiently capable towards taking the necessary and significant steps to try to achieve our long-term macro goal of becoming a market leader in the production of pharmaceutical-grade Chitin; one of the World's most natural polymers – as well as hopefully finding suitable macro mature opportunities to compliment this investment and / or supplement our business.

In the meantime, I would like to very much personally thank our Board of Directors, our specialist contractors, consultants and advisors, for all their excellent support, commitment and hard work in helping the Ross Group PLC towards achieving its aims.

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

Sincerely,

Barry Richard Pettitt
Chairman & Group Managing Director

Date: 25 June 2020

The Directors are pleased to present their strategic report of the Group and the Company for the year ended 31 December 2019.

Background and History

The existing management team that took over control of the Ross Group PLC approximately ten years ago has been consistent in their main objective to search for 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 also enable the Group to be able to enter into a major mergers and acquisitions, whenever deemed appropriate, that in turn could create a stable and potentially prosperous long term enlarged business for the Group going forward.

Notwithstanding that particular overall key strategic objective, on the 19 October 2018 Ross Group PLC was delighted to announce an interim opportunity to acquire the start-up business of Archipelago Aquaculture Group Ltd ("AAG") that was eventually completed on the 7 January 2019.

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.

Business Strategy: 2020 Model & Principal Activity

During 2019, AAG has been in the process of implementing its pioneering pilot production and as part of its planned Chitin-related strategy, in order to try to progress its unique development, AAG has recently entered into detailed discussions to further collaborate and also create a joint venture with 525 Solutions ("525"), a company that was founded in 2015 by Professor Robin Rogers, who created, patented and licensed the Ionic Liquid extraction process that is now currently sub-licensed and used by AAG and who together in 2018 they had respectively collaborated to win the environmentally prestigious USA EPA Green Chemical Award.

It is the considered opinion of both AAG and 525 that as this Ionic Liquid extraction process has never yet been mass produced to such a high grade quality and quantity, there could be significant synergies in collaborating together in order to try to attain such a World class and ground breaking achievement.

To date, the Group has funded its business activities by means of consultancies, commissions and supply chain management fees earned in a variety of high technology 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. However, whenever it may be deemed appropriate by the Board, it is believed that the working capital of the Group can be substantially increased by a placing of new shares with strategic investors in order to provide required funding for future growth.

From 2020 it is envisioned that the main business of the Group will continue to be focused on the development of Chitin production process and also enhanced by focusing on applying such specialist supply chain management services and strategic commercial relationships in order to try to present and provide more opportunities for further consideration.

Business Review 2019

The Group as at 31 December 2019 consisted of Ross Group PLC and three wholly owned subsidiaries; Ross Diversified Trading Limited ("RDT"), Ross Group PLC Inc. and AAG.

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.

Regarding the revenue performance in 2019, as discussed in the summary, pilot production trials did not reach a point to allow consideration of commercial mass production of Chitin. This was not wholly unexpected as this was - and still is - a new innovative technology; requiring further time to develop.

Focus now is on the proposed Joint Venture with 525 Solutions, along with a further restructuring of AAG that will accommodate a more enhanced, efficient and effective separate business unit strategy.

Whilst during this period other respective resources of senior management will be endeavouring to explore more macro merger and acquisition opportunities for the Group. The Directors are confident that the underlying value of the Group will remain strong and that the Group will become successful in securing the strategic business that it is currently seeking.

Regarding the financial position at year-end 2019, the Board is pleased that the Group's statement of financial position shows a healthy cash balance and that through our recent restructuring efforts current assets have increased in comparison to 2018 by 653% with current liabilities have increased by 343%.

It is also worth noting that, in prior years, one of the largest items in the Group's balance sheet was the long-term "Interest-bearing loans and borrowings" of £6.072 Million which was restructured as at the 2018 AGM into Convertible Loan Debentures, which were approved by the Board and Shareholders accordingly. From this, several lines of credit and/or loans have subsequently been granted in order to maintain healthy cashflow.

Business Outlook
The Board is reasonably confident, notwithstanding the Coronavirus Pandemic and its subsequent ongoing economic effects, that there will still be various unique and exciting opportunities ahead - both short-term and longer-term - for its business to be sustained and also for potential growth to be considered in the future.

CoronaVirus Considerations
As at the reporting date, the Group held £649k in cash, total assets of £2,162k and net current liabilities of £3,060k.

The budget set for 2020, prior to the Coronavirus Pandemic, indicated that there were sufficient working capital reserves.

The Directors have since reviewed the circumstances of the Group pending the effects of the Coronavirus Pandemic and consider that although resources continue to be available in order to adequately fund the current activities of the Group for the foreseeable future, there is undoubtably a material uncertainty and possible risk regarding the Group's ability to perform as previously projected, due to the result of the ensuing economic effects of the Coronavirus Pandemic causing the subsequent lockdowns of both the United Kingdom and United States of America.

Although potential financial and operational consequences can be somewhat modelled, these are unique and challenging circumstances and therefore it is considered very difficult to be able to reasonably determine what relevant assumptions may prove to be most appropriate and so there is an element of doubt existing that cannot presently be properly or professionally quantified.

Due to the measures implemented by the respective Governments and given the development cycle of Chitin, the Group has already taken prudent steps to minimise the cost exposure of its activities.

To try to mitigate such risks, the Group also intends, wherever it may be possible, to try to take advantage of any Government-related fiscal schemes that may become available.

The Group is regularly reviewing its initial projections and also aiming to minimise any potential deficits over the next financial year by trying to reduce all non-essential expenditure.

Section 172(1) Statement

Within the strategic report for this financial year is a newly mandated Section 172(1) Statement which hereby describes how the Board of Directors have acted in regard to the matters set out in Section 172(1)(a) to (f) when performing their duties under this Section.

These duties have included, but are also not necessarily limited to, their responsibility to earnestly promote the success of the Group and its companies, to act in the way that he or she considers to be in good faith and would be most likely to promote the success of the Group and its companies for the benefits of its shareholders as a whole, and other stakeholders.

The Directors welcome this opportunity to engage with our shareholders and other stakeholders in this way.

In both the Chairman's Statement and in this Strategic Report, the Chairman and directors have detailed the matters affecting the Group during the year particularly the acquisition and subsequent restructuring of AAG.

The acquisition of AAG has had a significant impact on the Group and the loss for the year and the directors have always acted in the best regard of the AAG companies named on page 35 and the parent company appointing new directors to the Board following the acquisition, which have again changed following the restructure of AAG later in the year.

The details given in these reports, particularly on pages 4 and 5, outline the directors strategy for the business both in the short and the longer term.

The main factor now facing the directors is the ongoing financing of the group and any impact Covid-19 pandemic may have on the business. These matters have had due consideration by the directors and detailed in the Strategic Review in the Business Review 2019, Business Outlook and Corona Virus pandemic considerations on pages 4 to 5 and Principal Risks and Uncertainties on page 6.

There is only one employee (excluding the directors) remaining at the year-end (none UK) and that employee has subsequently left the business. The main stakeholders are the shareholders and the directors are committed to acting in their best interest and communicate to them at the AGM, through regular correspondence, through timely filing of informative interim and year-end financial statements and stock exchange announcements and as detailed in the Governance Report on page 11.

As detailed in the Strategic Report on pages 4 to 7 the directors are proud of the Group's Premium Listing on the Main Board of the London Stock Exchange and therefore always have the desirability of the Group and its companies maintaining a reputation for high standards of business conduct as also detailed in the Governance Report on page 11.

As the Group is currently focused on research and development through its relationship in the joint venture with 525 Solutions and the key relationship with Professor Robin Rogers there is little impact the group has on its community or the environment as detailed on page 7 of the Strategic Report.
Whilst the Group has sufficient cash reserves to meet its current needs as detailed in the Strategic Report on page 5, the directors are always striving to increase revenue and raise funds for strategic opportunities they view are beneficial to the Group shareholders.

Principal Risks and Uncertainties

Notwithstanding the Coronavirus Pandemic, the main risk to the existing operations of the Group is the possibility of depleting necessary working capital in the event of not being able to achieve mass production of Chitin within a viable period of time. As this type of Chitin production has never been undertaken or achieved before, the Board is both fully aware of these risks and as a result has always managed its cash conservatively and prudently; At the same time, the Board is equally endeavouring to ensure that funds are being made available to the Group and its possible proposed joint venture, whilst also exploring other opportunities for future growth.

Your Directors are therefore reasonably confident that the Group currently has both the financial resources and capability to fund existing expenses for future growth.

Breakdown by sex of directors
At 31 December 2019 there are five directors: five men and no women.

Environmental matters

1 – UK Companies
In the year under review, the activities of the RGP UK companies (Ross Group, the parent) and Ross Diversified Trading (a dormant subsidiary) involved no manufacturing, mining or materials processing. The UK – based directors mostly worked from home, made frequent use of telecoms/remote conferencing to discuss company business and occasionally met at hired premises.

The board considers that in such circumstances, the carbon emissions arising from those activities are minimal.

However, the Chairman, Mr Barry Pettitt does travel extensively around the world, and is accompanied occasionally by other directors. The total number of business miles the Ross directors travelled in 2019 is calculated at 116,200, which, using the conversion factor taken from the Carbonify.com, website amounts to 56,367 kg CO_2.

2 – US Companies
The acquisition of AAG in January 2019 meant that the Group now had for the first time in many years research and development facilities, and industrial processing/manufacturing premises.

As discussed elsewhere in this report, the business of AAG is the commercial production of Chitin - a powerful, natural polymer containing characteristics with the potential to alter industries and improve the environment. Ross Group, through its AAG subsidiary, (likely in a Joint Venture with 525 Solutions) intends to produce market-ready, premium quality chitin in an environmentally conscious manner.

Older, outdated methods of extracting chitin from shrimp exoskeletons use highly toxic chemicals and unsustainable, Earth-damaging processes. But not with the AAG Green Chemistry: this elegantly extracts chitin molecules from shrimp shells with a pure, non-toxic solvent in a way that doesn't hurt our planet.

The AAG chitin is derived from shrimp exoskeletons sourced from local shrimp processors, from whom we collect and repurpose shells that would otherwise be dumped into landfills. In addition, we are developing an environmentally sustainable process that will allow us to renewably and organically source chitin in the massive volumes required to serve our customers' needs.

AAG's subsidiary Mari Signum received the prestigious 2018 Green Chemistry Challenge Award from the U.S. Environmental Protection Agency (EPA) in recognition of its unique technology that allows the sustainable isolation & extraction of the chitin polymer from crustacean shell biomass.

The Board of Directors is proud to be responsible for such an environmentally friendly operation.

On behalf of the Board

....
Barry Richard Pettitt – Chairman

Date: 25 June 2020

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

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

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 61, 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 30 years.

M J Simon (Senior Non-Executive Director)
Michael Jonathan Simon MA(Cantab) FCA FCCA, aged 61, was duly 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 at the Group's Annual General Meeting although, as a result, 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 71, 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 63, was appointed on 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.

Newly Elected (December 2019) Non-Executive Director

Professor Robin D Rogers
Professor Robin D Rogers aged 63, was appointed to the board on 23 December 2019. He is the President, Owner, and Founder of 525 Solutions, Inc., in Tuscaloosa, AL USA and a research professor at The University of Alabama. In 2019/20, he also serves as Tage Erlander Professor at Stockholm University to help bring sustainable development to Sweden. Since 2009, he has been an Honorary Professor at the Chinese Academy of Sciences Institute for Process Engineering in Beijing, China and since 2019 an Honorary Professor in the School of Engineering, University of Kwazulu-Natal, Pietermaritzburg, South Africa. The board is honoured to have his broad perspective on science and engineering research, development, and technology transfer of Chitin from laboratory to mass production.

Financial Instruments
Details of the financial instruments used by the group can be found in note 26 of the accounts.

Employee Involvement
During the year there was an average of 12 employees, as well as 11 directors. As at the 31 December 2019 there was only one employee and 5 directors.

Directors Interests

Directors
Mr Barry Pettitt has from time to time entered into contracts with Ross Group concerning the provision of professional services to 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 Limited (previously Prime Growth Enterprises Limited) at the date of this report was 28,232,203 (12.91%).

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	624,302	0.29%
Wade Hopkins	92,962	0.04%
Robin Rogers	4,201,121	1.92%

Substantial shareholdings
As at 31 December 2019 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 Ordinary Shares	% of Issued Share Capital
Keniworth Capital Limited	40,000,000	18.28%
Vidacos Nominees Limited	39,817,178	18.20%
Lynchwood Nominees Limited Des: 2006442	27,978,369	12.80%
Escalating Investments Limited	22,200,720	10.15%
BBHISL Nominees Limited	8,850,000	4.05%

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 consideration taken as a whole; and

2. The management's 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 disclose of information as 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
During the period, Carter Backer Winter LLP ceased to be auditor and CBW Audit Limited were subsequently appointed as auditors. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at the forthcoming Annual General Meeting.

On behalf of the Board

MichaelSimon
....
M Simon
Secretary

Date:25th June 2020

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 eleven 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 2019 Mr Pettitt was supported by ten other directors: Mr W L Wade and Mr M J Simon, both appointed in April 2009, and Mr S C Mehta appointed in December 2009. Mr Koji Fusa was appointed in 2016. Mr J P Keyes, Mr S C LaPointe, Ms V White Berry, Professor G Hollander, Mr F G Fay and Mr L Juarez, were appointed to the board in September 2018 but did not actively take up their posts until the completion of the acquisition of AAG in January 2019.

Mr Simon has acted as company secretary since April 2009.

Seven directors resigned from the board in December 2019, Mr K Fusa, Mr J P Keyes, Mr S C LaPointe, Ms V White Berry, Professor G Hollander, Mr F G Fay and Mr L Juarez.

One new director was appointed in December 2019 Professor R D Rogers.

The three non-executive directors, Mr Simon, Mr Fusa and Mr Rogers, 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 up to April 2019 when the chair passed to Professor Georg Hollander, who resigned as a director in December 2019 whereupon the chair was taken by Professor Robin Rogers) 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 meeting 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 enquiries, 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 2019 comprised of the non-executive directors, Mr Simon and Professor Rogers, as well as Executive Directors Mr Mehta and Mr Hopkins. The committee was chaired at various times during the year by: Mr Simon, Professor Hollander, and Professor Rogers. 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. CBW Audit Limited 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: 25th June 2020

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, director, to determine the remuneration of the board.

The company policy during the restructuring period throughout 2019 was to pay directors only a nominal £1 salary, apart from those set out below, paid accordingly as a result of the AAG acquisition. 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 2019	Total Remuneration 2018
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
R D Rogers	Non-executive Director	Nil	Nil	Nil	Nil	Nil
The following directors ceased to hold office during the year						
K Fusa	Non-executive Director	£1	Nil	Nil	£1	£1
J P Keyes	Executive Director	Nil	Nil	Nil	Nil	Nil
S C LaPointe	Executive Director	£397,273	Nil	Nil	£397,273	Nil
V White Berry	Executive Director	£42,962	Nil	Nil	£42,962	Nil
G Hollander	Non-executive Director	Nil	Nil	Nil	Nil	Nil
F G Fay	Non-executive Director	Nil	Nil	Nil	Nil	Nil
L Juarez	Executive Director	Nil	Nil	Nil	Nil	Nil
Total		£440,240	Nil	Nil	£440,240	£5

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 system. The group also does not currently have an employees' share scheme or other long-term incentive.

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
For several years the only employees of the company were its directors. This changed with the acquisition of AAG in January 2019. When this happened the Group inherited 25 employees.

The company has always taken the view that employees constitute a company's most valuable asset and therefore it has always been committed to ensuring they should enjoy the best environment in which to perform their duties, one of equal opportunity and free from discrimination and harassment.

For reasons discussed elsewhere, it was not possible to continue operations with the four businesses of AAG constituted as they were, and those facilities during and by the year end were suspended. Consequently at the year end there was only one employee left on the payroll of the AAG companies.

The company strongly believes in the future of the AAG technology, and as we develop a corporate structure to facilitate that development (we are currently in detailed discussions regarding a possible Joint Venture) we will aim to promote 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 are 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 Mr 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 2019 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 2019 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 2019 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 £3,938k and £1,474k respectively for the year ended 31 December 2019. As stated on page 36, 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 6 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 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 13 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 36 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 observation with regards to this risk was 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 (set out on page 37). 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 these to the financial statements. It was found that there was no income to be recognised in the year, which is consistent with our understanding of the business. We assessed the appropriateness of the related disclosures on page 40 (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 or accurate.

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. 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 observation with regards to this risk was that the parent company is compliant with the requirements of the London Stock Exchange.

Valuation of property, plant and equipment
As a result of the acquisition of Archipelago Aquiculture Group (AAG) during the year, the consolidated financial statements include the property plant and equipment held in this group. The majority of these assets are held for production of the product of the AAG group, being chitin, however since production has suspended before the year end, there is a risk that the assets' carrying value is incorrect.

In order to address this risk, an impairment review was conducted by the group and reviewed and discussed by the audit team. A significant value of the property, plant and equipment were impaired during the year, which is the result of the production of chitin being suspended. The plant that has been impaired is specifically engineered for the production process of chitin that has been developed by the AAG group, therefore it does not have use for another purpose, and is bespoke. On this basis, the value of this plant is impaired as it could not be used in another application.

The key observations with regards to this risk are that an impairment review of property plant and equipment has been conducted by the group in accordance with IAS 36 *Impairment of assets* and the carrying value is not considered to be materially misstated.

Valuation of goodwill
The group accounted for goodwill on the acquisition of AAG during the year. There was a risk that this may be impaired as the activities of the group were suspended before the year end.

In order to address this risk, an impairment review was conducted by the group to determine whether the carrying value of the goodwill was appropriate, which was assessed for appropriateness by the audit team and discussed with management. Due to the suspension of the production process of AAG during the year, and the fact that no sales have yet been made, it was concluded that the goodwill be fully impaired and the carrying value reduced to £nil, which is considered appropriate.

The key observations with regards to this risk are that an impairment review of goodwill has been conducted in accordance with IAS 36 *Impairment of assets* and the carrying value is not considered to be materially misstated.

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 £198,400 and £14,300 respectively, which is based on 2% of loss before tax after the removal of exceptional items 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 £168,600 and £12,200 respectively. The materiality at completion has been assessed and it was noted that the loss before tax had increased as a 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 £9,900 and £700 was considered trivial from a group and parent company perspective respectively.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £9,900 or £700 as appropriate 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 and a subsidiary incorporated in the UK, for which a full scope audit was conducted, and an American based group (AAG), of which audit work on significant components was conducted. These group companies are listed in note 12 of the financial statements and all were concluded to be significant. The acquisition of the AAG group is a change from the prior year, and the scope for this additional audit work has been incorporated as required.

Procedures have been conducted on a group level to ensure that the amounts consolidated 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.

Extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are to identify and assess the risks of material misstatement of the financial statements due to fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error and to respond appropriately those risks. Due to the inherent limitations of the audit process, there is unavoidable risk that material misstatements in the financial statements may not be detected as a result of fraud, even though the audit it properly planned and performed in accordance with the ISAs (UK). The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group. We determined the most significant of these to be IFRS, the Companies Act 2006 and the UK Corporate Governance Code, along with the relevant tax compliance regulations in the jurisdictions in which the group operates. We understood how the group ensures compliance with these frameworks by making enquiries with management, the audit committee and those responsible for legal and compliance procedures in the group (where applicable). This was corroborated by review of Board minutes.

We assessed the susceptibility of the group’s financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it considered performance targets to be important in determining earnings. We considered the programmes and controls which the group has established to address risks identified or that otherwise prevent, deter and detect fraud and how senior management monitors these programmes and controls, including the potential for override of controls or other inappropriate influence over the financial statements. This also includes challenging assumptions and judgements made by management in significant accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities.

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 10, 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 23, forms part of our auditor's report.

Other matters which we are required to address

Following Carter Backer Winter LLP's cessation as an audit firm, CBW Audit Limited sought appointment and were duly appointed by the board of directors on 23 December 2019, to audit the financial statements for the year ending 31 December 2019 and any subsequent periods. An engagement letter was signed on this date and CBW Audit Limited were formally appointed at the AGM on the same date. Throughout the appointment of Carter Backer Winter LLP and CBW Audit Limited, the period of total uninterrupted engagement is six years, covering the years ending 31 December 2014 to 31 December 2019.

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 CBW Audit Limited
Chartered Accountants
Statutory Auditors
66 Prescot Street
London
E1 8NN

Dated: 26th June 2020

Appendix 1: Auditor’s responsibilities for the audit of 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.

Ross Group Plc & Subsidiaries
Consolidated Income Statement
For the year ended 31 December 2019

	Notes	**2019 £'000**	2018 £'000
Revenue		**-**	60
Production expenses		**1,940**	-
Gross (loss) / profit		**(1,940)**	60
Other operating income	5	**13,680**	10
Administrative expenses		**(15,160)**	(266)
Operating (loss)		**(3,420)**	(196)
Finance income	8	**301**	-
Finance expense	8	**(478)**	(54)
(Loss) before income tax	7	**(3,597)**	(250)
Income tax	9	**-**	-
(Loss) for the year		**(3,597)**	(250)
Continuing operations loss for the year		**(836)**	(250)
Discontinuing operations loss for the year	10	**(2,761)**	-
(Loss) for the year		**(3,597)**	(250)
(Loss) attributable to:			
Owners of the parent		**(3,597)**	(250)
Earnings per share expressed in pence per share:	11		
Basic		**(1.64)**	(0.14)
Diluted		**(1.64)**	(0.14)
Earnings per share from continuing operations			
Basic		**(0.38)**	(0.14)
Diluted		**(0.38)**	(0.14)

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries
Company Income Statement
For the year ended 31 December 2019

	Notes	**2019** **£'000**	2018 £'000
Continuing operations			
Revenue		**-**	60
Other operating income	5	**-**	118
Administrative expenses		**(541)**	(863)
Operating (loss)		**(541)**	(685)
Finance costs	8	**(358)**	(54)
(Loss) before income tax	7	**(899)**	(739)
Income tax	9	**-**	-
(Loss) for the year		**(899)**	(739)

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

	2019 **£'000**	2018 £'000
(Loss) for the year	**(3,597)**	(250)
Exchange gains arising on translation of foreign operations	**306**	-
Total comprehensive income for the year	**(3,291)**	(250)
Total comprehensive income attributable to:		
Owners of the parent	**(3,291)**	(250)

The notes form part of these financial statements.

Company Statement of Comprehensive Income
For the year ended 31 December 2019

	2019	2018
	£'000	£'000
(Loss)/profit for the year	**(899)**	(739)
Other comprehensive income	**-**	-
Total comprehensive income for the year	**(899)**	(739)

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries (Registered Number: 00131902)
Consolidated Statement of Financial Position
31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Current assets			
Inventories	18	**39**	-
Trade and other receivables	19	**85**	83
Cash and cash equivalents	20	**649**	20
		773	103
Non-Current assets			
Property, plant and equipment	15	**887**	-
Right-of-use assets	16	**515**	-
Intangible assets	17	**-**	-
		1,402	
Total assets		**2,175**	103
Equity			
Shareholders' equity			
Called up share capital	21	**11,218**	11,179
Share premium	22	**3,146**	2,803
Other reserves	22	**15,384**	15,384
Convertible debenture	22	**5,489**	5,127
Retained earnings	22	**(39,175)**	(35,884)
Total equity		**(3,938)**	(1,391)
Liabilities			
Non-current liabilities			
Lease liabilities	16	**389**	-
Financial liabilities	24	**1,891**	632
		2,280	632
Current liabilities			
Trade and other payables	23	**2,931**	316
Lease liabilities	16	**206**	-
Financial liabilities	24	**696**	546
		3,833	862
Total liabilities		**6,113**	1,494
Total equity and liabilities		**2,175**	103

The financial statements were approved by the Board of Directors on 25th June 2020 and were signed on its behalf by:

....
B Pettitt – Director

....
M Simon – Director

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries (Registered Number: 00131902)
Company Statement of Financial Position
31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Current assets			
Trade and other receivables	19	494	155
Cash and cash equivalents	20	636	20
		1,130	175
Non-Current assets			
Investments	13	203	-
Total assets		1,333	175
Equity			
Shareholders' equity			
Called up share capital	21	11,218	11,179
Share premium	22	3,146	2,803
Other reserves	22	30,938	30,938
Convertible debenture	22	5,489	5,127
Retained earnings	22	(52,265)	(51,366)
Total equity		(1,474)	(1,319)
Liabilities			
Non-current liabilities			
Financial liabilities	24	1,891	632
Current liabilities			
Trade and other payables	23	220	316
Financial liabilities	24	696	546
		916	862
Total liabilities		2,807	1,494
Total equity and liabilities		1,333	175

The financial statements were approved by the Board of Directors on 25th June 2020 and were signed on its behalf by:

....

B Pettitt – Director

....

M Simon– Director

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

	Called up Share capital £'000	Retained earnings £'000	Share premium £000
Balance at 1 January 2018	11,179	(35,634)	2,803
Changes in equity			
Total comprehensive income	-	(250)	-
Balance at 31 December 2018	11,179	(35,884)	2,803
Changes in equity			
Issue of share capital	39	-	343
Total comprehensive income	-	(3,291)	-
Balance at 31 December 2019	**11,218**	**(39,175)**	**3,146**

	Other reserves £'000	Convertible debenture £'000	Total equity £'000
Balance at 1 January 2018	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)
Changes in equity			
Issue of share capital	-	-	382
Total comprehensive income	-	-	(3,291)
Value of conversion rights on convertible loans	-	362	362
Balance at 31 December 2019	**15,384**	**5,489**	**(3,938)**

The notes form part of these financial statements.

	Called up Share capital £'000	Retained earnings £'000	Share premium £000
Balance at 1 January 2018	11,179	(50,627)	2,803
Changes in equity			
Total comprehensive income	-	(739)	-
Balance at 31 December 2018	11,179	(51,366)	2,803
Changes in equity			
Issue of share capital	39	-	343
Total comprehensive income	-	(899)	-
Balance at 31 December 2019	**11,218**	**(52,265)**	**3,146**

	Other reserves £'000	Convertible debenture £'000	Total equity £'000
Balance at 1 January 2018	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)
Changes in equity			
Issue of share capital	-	-	382
Total comprehensive income	-	-	(899)
Value of conversion rights on convertible loans	-	362	362
Balance at 31 December 2019	**30,938**	**5,489**	**(1,474)**

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries
Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	Notes	**2019** **£'000**	2018 £'000
Cash flows from operating activities			
(Loss) before income tax		**(3,291)**	(250)
Impairment provision		**36**	15
Depreciation of property, plant and equipment		**123**	-
Impairment of property, plant and equipment		**5,170**	-
Amortisation of right-of-use assets		**189**	-
Impairment of intangible assets		**1,684**	-
Finance expense		**478**	54
Finance income		**(301)**	-
		4,088	(181)
Decrease / (increase) in trade and other receivables		**27**	(68)
(Increase) in inventories		**(39)**	-
Increase in trade and other payables		**413**	135
Net cash from operating activities		**4,489**	(114)
Cash flows from investing activities			
Purchase of fixed asset investments		**(36)**	(15)
Purchase on property, plant and equipment		**(6,180)**	-
Purchase right of use assets		**(704)**	-
Purchase of intangible assets		**(1,684)**	-
New loans issued		**(14)**	-
Interest received on loans		**301**	-
Net cash from investing activities		**(8,317)**	(15)
Cash flows from financing activities			
Issue of ordinary shares		**382**	-
Proceeds from new loans issued		**4,152**	1,167
Repayment of loans and borrowings		**(179)**	-
Interest paid on loans and borrowings		**(436)**	(54)
Principal proceeds on lease liabilities		**816**	-
Principal paid on lease liabilities		**(221)**	-
Interest paid on lease liabilities		**(42)**	-
Redemption of loans		**(362)**	(6,072)
Transfer of value of conversion rights on convertible loans		**362**	5,127
Amount withdrawn by directors		**(15)**	(38)
Net cash from financing activities		**4,457**	130
Increase in cash and cash equivalents		**629**	1
Cash and cash equivalents at beginning of year	1	**20**	19
Cash and cash equivalents at end of year	1	**649**	20

The notes form part of these financial statements.

Ross Group Plc & Subsidiaries
Company Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
(Loss) before income tax		**(899)**	(739)
Impairment provision		**36**	15
Finance cost		**358**	54
		(505)	(670)
Decrease / (increase) in trade and other receivables		**(324)**	(137)
Increase / (decrease) in trade and other payables		**(96)**	(3,328)
Net cash from operating activities		**(925)**	(4,135)
Cash flows from investing activities			
Purchase of fixed asset investments		**(239)**	(15)
Net cash from investing activities		**(239)**	(15)
Cash flows from financing activities			
Issue of ordinary shares		**382**	-
Proceeds from new loans issued		**1,950**	1,178
Repayment of loans and borrowings		**(179)**	-
Interest paid on loans and borrowings		**(358)**	(54)
Redemption of loans		**(362)**	(2,062)
Transfer of value of conversion rights on convertible loans		**362**	5,127
Amount withdrawn by directors		**(15)**	(38)
Net cash from financing activities		**1,780**	4,151
Increase in cash and cash equivalents		**616**	1
Cash and cash equivalents at beginning of year	1	**20**	19
Cash and cash equivalents at end of year	1	**636**	20

The notes form part of these financial statements.

1. 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:

Year ended 31 December 2019	**Group**		**Company**	
	31/12/19 £'000	**01/01/19 £'000**	**31/12/19 £'000**	**01/01/19 £'000**
Cash and cash equivalents	**649**	**20**	**636**	**20**

Year ended 31 December 2018				
	31/12/18 £'000	01/01/18 £'000	31/12/18 £'000	01/01/18 £'000
Cash and cash equivalents	20	19	20	19

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, Ross Group Plc Inc, is a close corporation, limited by shares and registered in USA. The subsidiary, Archipelago Aquaculture Group LLC, is a limited liability company registered in USA.

The following companies are all subsidiaries of Archipelago Aquaculture Group LLC.

The subsidiary, Mari Signum Limited, is a company limited by shares and registered in USA. The subsidiary Mari Signum Mid-Atlantic LLC, is a limited liability company registered in USA. The subsidiary Mari Signum Dragon Drying – MS LLC, is a limited liability company registered in USA. The subsidiary Prometheus Progeniture Genetics Technologies Limited LLC, is a limited liability company registered in USA.

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.

In preparing the financial statements for the current period, the group has adopted the following new IFRS's, amendments to IFRS's and IFRS Interpretations Committee (IFRIC) Interpretations. These standards do not have a significant impact on the results or net assets of the group.

IAS 12 (amended)	Income Taxes
IAS 19 (amended)	Employee Benefits
IAS 23 (amended)	Borrowing Costs
IAS 28 (amended)	Investments in Associates and Joint Ventures
IAS 40 (amended)	Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty Over Income Tax Treatments
IFRS 1 (amended)	First-time Adoption of International Financial Reporting Standards
IFRS 2 (amended)	Share-based Payments
IFRS 3 (amended)	Business Combinations
IFRS 9	Financial Instruments
IFRS 11 (amended)	Joint Arrangements
IFRS 15	Revenue from Contracts with Customers

The Group adopted IFRS 16 (Leases) with effect from 1 January 2019. The distinction between operating leases and finance leases is removed and it results in most leases being recognised on the statement of financial position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition and depreciation of the right of-use asset and recognition and interest expense of the lease liability (see note 16).

2. **Accounting policies – continued**

The Group also applied IFRS 16 using the modified retrospective approach. A lease liability has been recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate of 6%. A right-of-use asset has been recognised equal to the lease liability adjusted for prepaid and accrued lease payments. The group has applied the below practical expedients permitted under the modified retrospective approach.

- exclude leases for measurement and recognition for leases where the term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-to-use asset.

New standards, amendments and interpretations that are not effective for the year ended 31 December 2019

On the date of approval of these financial statements, the following accounting standards have been issued by the International Accounting Standards Board but were not yet effective:

New standards and amendments which are not effective for the current year and have been endorsed by the European Union.

- Amendments to IAS 1 and IAS 8 Definition of Material (Effective for annual reporting periods beginning on or after 1 January 2020)
- Amendment to IFRS 3 Business Combinations (Effective for annual reporting periods beginning on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (Effective for annual reporting periods beginning on or after 1 January 2020)

New, revised standards and interpretations that are not effective for the year ended 31 December 2018 and have not yet been endorsed by the European Union.

- IFRS 17 Insurance Contracts (Effective for annual reporting periods beginning on or after 1 January 2021)

The Company is in the process of assessing the impact of new and revised standards but does not expect that the application of the new standards will have a significant impact on the Company's financial statements.

Going concern
The group's business activities, together with the factors likely to affect it future performance and position are set out in the Strategic Review on pages 4 to 7.

As described in the Business Review on pages 4 to 5, the group is currently continuing to explore the opportunities to mass produce Chitin in a way never before undertaken and given this, there is uncertainty as to how long it will take to achieve these aims and generate income. Although this uncertainty exists, the group are working with experts in this field who are heavily involved in the process and are confident of its success. The Directors have instituted measures to preserve cash by restructuring the group and will look to secure additional finance if required, this project creates material uncertainties over future trading results and cash flows. Therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business which casts significant doubt over the group's ability to continue as a going concern.

2. **Accounting policies – continued**

Going concern - continued

Following the change of focus in the strategic direction, the group has incurred significant losses during the year resulting in the group and company's total liabilities exceeding total assets by £3.9m and £1.5m respectively as at 31 December 2019. The directors have considered the liabilities that are payable by the group including convertible debt to equity of £952k and liabilities in dispute in relation to the AAG Group of £2.2m. They have concluded the groups liabilities are more than covered by the receivables due from the AAG Group of £6.1M. The directors have taken the prudent view to provide for these receivables in full, however they expect that on settlement of these amounts (given the receivables and liabilities involve the same parties), no cash outflows will occur. Therefore, the directors believe the group will generate and maintain sufficient cash levels to meet current and existing liabilities as they fall due.

The directors are conscious that since the year end, the COVID-19 pandemic has seriously affected world economies and trade. They have therefore considered this in relation to its possible detrimental impact on the group. The main activity during the year has been in the AAG side of the group, however operations were suspended towards the end of 2019 for reasons outlined in the strategic report. As a result, the group are not actively trading with customers, do not employ personnel for these operations and have low levels of expenditure. Therefore, the impact of COVID-19 is considered minimal and they do not believe this should impact materially on the plans they have for the continued development of the Chitin process over the coming months.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In making their assessment, the directors have considered the Chitin project and its impact on current year results and projections for the years ending 31st December 2020 and 2021. For these reasons, they continue to adopt the going concern basis of accounting in the annual financial statements.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2019. 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.

The AAG group has not generated any revenue, the decision has been made to restructure this group of companies.

Revenue recognition

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually when the goods have been delivered to customers such that the risks and removal of ownership have been transferred to them.

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.

2. **Accounting policies – continued**

Goodwill
Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Property, plant and equipment
Property plant and equipment are carried at cost or deemed cost (fair value on acquisition through business combination) less accumulated depreciation and impairment provisions.

Acquisition cost includes the purchase price plus other costs related to acquisition, such as freight, postage, duties, commissions, interest on investment loans recorded before the tangible assets are capitalised or before they are put into use.

The costs of expansion, modernisation, or improvements leading to increased productivity, capacity or efficiency are capitalised. Maintenance and repair expenses are expensed as incurred.

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

The Group depreciates its property, plant and equipment on a straight line basis in order to write off the cost of each asset less the estimated residual value over its estimated useful life as follows:

Building	39 years straight line basis
Leasehold improvements	Over the term of the lease
Plant, machinery and equipment	7 years straight line basis
Right of use assets	Over the term of the lease

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 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 the reporting date and carried under liabilities.

2. **Accounting policies – continued**

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.

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 date.

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. Critical accounting estimates and judgements

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

Estimates and assumptions

- The determination of lease term for some lease contracts in which the Group is a lessee, including whether the Group is reasonably certain to exercise lessee options (see note 16)

- The determination of the incremental borrowing rate used to measure the lease liabilities (see note 16)

- Impairment of Goodwill – Estimate of future cash flows and determination of the discount rate (see note 17).

- Depreciation of property, plant and equipment – Estimate of the useful economic life (see note 15)

- The determination of the discount rate used to measure the convertible loan debenture (see note 25)

- Impairment of inventories – Estimate of the net realisable value of inventory held at the year end (see note 18)

- Impairment of property, plant and equipment – Estimate of the net realisable value of property, plant and equipment held at the year end (see note 15).

4. Segmental reporting

The directors feel that due to no revenue earned this year and the small amount of trading that has taken place during the previous year it is not possible to identify any segments and as a result cannot follow IFRS 8. The entire turnover in the prior year was generated overseas through the rendering of services related to the principal activity of the Group.

The main contributor to the loss incurred during the year was the subsidiary group AAG LLC based in the USA. This group was acquired in January 2019 as detailed in note 14 and due to unforeseen circumstances ceased to operate in December 2019 being included in these financial statements as a discontinued operation, see note 10.

The remaining loss for the year was incurred by the parent company itself, Ross Group Plc, based in the United Kingdom.

The directors will review this assessment next year.

5. Other operating income

Group	2019 £'000	2018 £'000
Other miscellaneous income	-	10
Deferred consideration written off	13,680	-
	13,680	10

Company	2019 £'000	2018 £'000
Other miscellaneous income	-	118

6. Employees and directors

Employee benefit expenses (including directors) comprise:

	2019 £	2018 £
Wages and salaries	651,043	-
Directors' remuneration	440,241	5
Social security contributions and similar taxes	131,131	-
	1,222,416	5

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

	2019 Number	2018 Number
Management	11	5
Production	11	-
Administrative	1	-
	23	5

7. Profit/(loss) before income tax

The loss before income tax is stated after charging:

	2019 £'000	2018 £'000
Auditor's remuneration	65	42
Impairment of intangible assets	1,684	-
Amortisation of right-of-use assets	189	-
Depreciation of property, plant and equipment	123	-
Impairment of property, plant and equipment	5,170	-
Associated undertaking loan write off	6,141	-

8. Finance income and expense

Group

	2019	2018
	£'000	£'000
Finance income		
Interest expense on financial assets	**301**	-

	2019	2018
	£'000	£'000
Finance expense		
Interest expense on financial liabilities	**123**	-
Interest expense on lease liabilities	**42**	-
Interest expense on convertible debenture	**313**	54
	478	54

Company

	2019	2018
	£'000	£'000
Finance expense		
Interest expense on financial liabilities	**45**	-
Interest expense on convertible debenture	**313**	54
	358	54

9. Income tax

No liability for UK corporation tax arose on ordinary activities for the year ended 31 December 2019 or for the year ended 31 December 2018. 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 2019 for set-off against future trading profits of £12.56m (2018: £11.83m).

A deferred tax asset of £2.39m (2018: £2.27m) arises due to the large 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.

10. Discontinued operations

In December 2019 the group ceased trading in its US subsidiaries, Archipelago Aquaculture Group LLC.

The directors considered that as no revenue was generated by the AAG LLC Group during the financial year, it was decided to wind down the USA operations.

The profit of discontinued operations in the statement of comprehensive income are as follows

	2019	2018
	£'000	£'000
Results of discontinued operations		
Revenue	**-**	-
Other operating income	**13,680**	-
Expenses other than finance costs	**(16,441)**	-
Finance costs	**-**	-
Tax	**-**	-
Loss for the year	**(2,761)**	-

	2019	2018
	£	£
Earnings per share from discontinued operations		
Basic	**(1.26)**	-
Diluted	**(1.26)**	-

11. 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	**2019 Weighted average number of shares**	**Pre-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	**(3,597)**	**218,767,475**	**(1.64)**
Effect of dilutive securities	**-**	**-**	**-**
Diluted EPS			
Adjusted earnings	**(3,597)**	**218,767,475**	**(1.64)**

	Earnings £'000	2018 Weighted average number of shares	Pre-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)

12. Subsidiaries

At 31 December 2019 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.

The costs of this fixed asset investment have been written off over the previous periods.

Archipelago Aquaculture Group LLC	USA	Ordinary	Intermediate holding company
Mari Signum Limited	USA	Ordinary	Aquaculture support
Mari Signum Dragon Drying-MS LLC	USA	Ordinary	Drying Shrimp hulls
Mari Signum Mid-Atlantic II LLC	USA	Ordinary	Aquaculture support
Prometheus Progeniture Genetics Technologies Limited LLC	USA	Ordinary	Genetic enhancement of colossal shrimp for higher quality chitin.
Ross Group Plc Inc	USA	Ordinary	Supply chain management

13. Investments

Company	**Unlisted investments £'000**
Cost	
At 1 January 2019	**359**
Additions	**203**
Disposals	**(343)**
At 31 December 2019	**219**
Provisions	
At 1 January 2019	**359**
Impairments	**-**
Disposals	**(343)**
At 31 December 2019	**16**
Net book value	
At 31 December 2019	**203**
At 31 December 2018	**-**

14. Business combinations during the period

On the 7 January 2019 the company acquired the entire capital of Archipelago Aquaculture Group LLC (”AAG”), a company registered in the United States, for equity consideration amounting to £202,731 representing the issue of 21,340,104 Ordinary Shares at a market value of 0.95p per share in a share for share exchange.
AAG are specific supply chain companies involved in the research and development of Chitin.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows

	£'000
Non current assets	**6,583**
Inventory	**1,096**
Trade and other receivables	**5,163**
Cash and cash equivalents	**1,178**
Current liabilities	**(14,907)**
Non current liabilities	**(595)**
Net Identifiable assets acquired	**(1,482)**
Less Goodwill	**1,684**
Total consideration	**203**

15. Property, plant and equipment

Group	**Land and buildings £'000**	**Leasehold improvements £'000**	**Plant and machinery £'000**	**Totals £'000**
Cost				
At 1 January 2019	-	-	-	-
Additions	676	1,157	4,347	6,180
Disposals	-	-	-	-
Foreign exchange	-	-	-	-
Impairment	(176)	(1,157)	(3,960)	(5,293)
At 31 December 2019	**500**	**-**	**387**	**887**
Depreciation				
At 1 January 2019	-	-	-	-
Charge for the year	15	2	106	123
Disposals	-	-	-	-
Foreign exchange	-	-	-	-
Impairment	(15)	(2)	(106)	(123)
At 31 December 2019	**-**	**-**	**-**	**-**
Net Book Value				
At 31 December 2019	**500**	**-**	**387**	**887**
At 31 December 2018	-	-	-	-

16. Leases

Right-of-use Assets

	Land and buildings £'000	Total £'000
At 1 January 2019	-	-
Additions	704	704
Amortisation	(189)	(189)
Foreign exchange movements	-	-
At 31 December 2019	**515**	**515**

Lease liabilities

	Land and buildings £'000	Total £'000
At 1 January 2019	-	-
Additions	740	740
Interest expense	42	42
Lease payments	(154)	(154)
Foreign exchange movements	(33)	(33)
At 31 December 2019	**595**	**595**
Current liabilities	**206**	**206**
Non Current liabilities	**389**	**389**

17. Intangible assets

Group	**Goodwill £'000**	**Total £'000**
Cost		
At 1 January 2019	-	-
Additions	1,684	1,684
Foreign exchange	-	-
At 31 December 2019	**1,684**	**1,684**
Amortisation		
At 1 January 2019	-	-
Charge for the year	-	-
Impairment	1,684	1,684
Foreign exchange	-	-
At 31 December 2019	**-**	**-**
Net Book Value		
At 31 December 2019	**-**	**-**
At 31 December 2018	-	-

18. **Inventories**

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**39**	-	**-**	-

19. **Trade and other receivables**

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Current:				
Trade receivables	-	68	**-**	68
Amounts owed by group undertakings	**-**	-	**1,140**	681
Provision for impairment	**-**	-	**(706)**	(609)
Amounts owed by associated undertakings	**14**	-	**-**	-
Directors' current accounts	**25**	10	**25**	10
VAT	**11**	3	**11**	3
Prepayments and accrued income	**35**	2	**24**	2
	85	83	**494**	155

20. **Cash and cash equivalents**

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Bank accounts	**649**	20	**636**	20

21. Called up share capital

Group and company	**2019 £'000**	2018 £'000
Authorised share capital:		
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
	15,402	15,402
Allotted, 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
218,767,475 Ordinary shares of 0.1p each	**218**	179
1,225,628,316 Deferred shares of 0.1p each	**1,226**	1,226
	11,218	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 the 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 allotted 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.

Share issue
On 29 January 2019 the company issued 39,288,047 ordinary shares for a total consideration amounting to £382,210.

22. Reserves

Group	Retained earnings £'000	Share premium £'000	Other reserves £'000	Convertible debenture £'000	Totals £'000
At 1 January 2019	**(35,884)**	**2,803**	**15,384**	**5,127**	**(12,570)**
Total comprehensive income for the year	**(3,291)**	**-**	**-**	**-**	**(3,291)**
Premium on issue of share capital	**-**	**343**	**-**	**-**	**343**
Reserves transfer	**-**	**-**	**-**	**362**	**362**
At 31 December 2019	**(39,175)**	**3,146**	**15,384**	**5,489**	**(15,156)**

Company	Retained earnings £'000	Share premium £'000	Other reserves £'000	Convertible debenture £'000	Totals £'000
At 1 January 2019	**(51,366)**	**2,803**	**30,938**	**5,127**	**(12,498)**
Loss for the year	**(899)**	**-**	**-**	**-**	**(899)**
Premium on issue of share capital	**-**	**343**	**-**	**-**	**343**
Reserves transfer	**-**	**-**	**-**	**362**	**362**
At 31 December 2019	**(52,265)**	**3,146**	**30,938**	**5,489**	**(12,692)**

Other reserves of the Group consist of a capital redemption reserve of £1.92m (2018: £1.92m), a non-distributable capital reserve of £3.33m (2018: £3.33m) and a special reserve of £10.13m (2018: £10.13m).

Convertible debenture of the group consists of the equity portion of convertible loan debentures of £5.49m (2018: £5.13m).

Other reserves of the company consist of a capital redemption reserve of £1.92m (2018: £1.92m) and a special reserve of £29.02m (2018: £29.02m).

Convertible debenture of the company consists of the equity portion of convertible loan debentures of £5.49m (2018: £5.13m).

23. Trade and other payables

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Current:				
Trade payables	**177**	201	**57**	201
Amounts owed to associated undertakings	**2,202**	-	**-**	-
Other creditors	**402**	23	**23**	23
Accruals and deferred income	**150**	92	**140**	92
	2,931	316	**220**	316

24. Financial liabilities – borrowings

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Current:				
Debentures	**696**	367	**696**	367
Other loans	**-**	179	**-**	179
	696	546	**696**	546
Non-current:				
Debentures	**256**	632	**256**	632
Other loans	**1,635**	-	**1,635**	-
	1,891	632	**1,891**	632

Terms and debt repayment schedule:

Group

	1 year or less £'000	2-5 years £'000	Totals £'000
Debentures	**696**	**256**	**952**
Other loans	**-**	**1,635**	**1,635**
	696	**1,891**	**2,587**

Company

	1 year or less £'000	2-5 years £'000	Totals £'000
Debentures	**696**	**256**	**952**
Other loans	**-**	**1,635**	**1,635**
	696	**1,891**	**2,587**

25. **Financial liabilities – borrowings – continued**

Convertible loan debenture

The parent entity issued two convertible loan debenture (CLD) on 27 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 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 allocated to the loan holders regardless of the value/amount of the share capital of the company.

	2019	2018
	£'000	£'000
Face value of notes issued	**6,072**	6,072
Value of conversion rights	**5,489**	5,127
Interest expense	**585**	945
Interest payable	**367**	54
Total liability element	**952**	999

Interest is calculated by applying the effective interest rate of 5% to the total loan note amount. The interest payable has been deferred for a year.

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.

26. **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.

26. 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 2019 see note 24 and 25.

Currency risk
The Group does have foreign investments held in foreign currencies.

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

100% of the Group's worldwide income in the prior 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.

27. **Related party disclosures**

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

	31/12/19	31/12/18
	£'000	£'000
Receivables		
Barry Pettitt	**25**	10

Barry Pettitt, the Chairman and Chief Executive Officer of Ross Group Plc, owns Lynchwood Nominees (previously Prime Growth Enterprises Limited). Lynchwood Nominees owns 13% of the ordinary share capital in Ross Group Plc.

27. **Related party disclosures – continued**

Company

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

	31/12/19 £'000	31/12/18 £'000
Receivables		
Barry Pettitt	**25**	10
San Gain Industrial Company Limited (dissolved)	**-**	72
	25	82
Payables		
Ross Group Plc Inc	**169**	-

Ross Group Plc owns 100% of the capital of Ross Diversified Trading Limited, Mari Signum Limited, Mari Signum Dragon Drying – MS LLC, Mari Signum Mid-Atlantic II LLC, Prometheus Progeniture Genetics Technologies Limited LLC and Ross Group Plc Inc.

Barry Pettitt, the Chairman and Chief Executive Officer of Ross Group Plc, owns Lynchwood Nominees (previously Prime Growth Enterprises Limited). Lynchwood Nominees owns 13% of the ordinary share capital in Ross Group plc.

28. **Events after the reporting period**

Ross Group, as mentioned elsewhere in this report, is currently planning on redeveloping its US-based business, Archipelago Aquaculture Group (AAG) that was acquired in 2019 and is the process of specializing in the commercial production and supply of high quality Chitin, which is a natural polymer primarily extracted from shrimp shells that has many industrial uses

The present production process of Chitin is likely to be enhanced and further commenced by means of a proposed Joint Venture with 525 Solutions Inc, a business founded by Professor Robin Rogers, who joined the Ross Board in 2019 and who acts as 525 Solutions' President.

29. Ultimate controlling party

The directors consider that there is no ultimate controlling party of Ross Group Plc and subsidiaries for 2019: however, Barry Pettitt, by virtue of his position as CEO within the Group and his 13% shareholding, exerts a significant influence.

30. Reconciliation of movements in reserves

Group	**31/12/19 £'000**	31/12/18 £'000
Profit / (loss) for the financial year	**(3,291)**	(250)
Value of conversion rights	**362**	5,127
Issue of share capital	**382**	-
Net addition to reserves	**(2,547)**	4,877
Opening reserves	**(1,391)**	(6,268)
Closing reserves	**(3,938)**	(1,391)

Company	**31/12/19 £'000**	31/12/18 £'000
(Loss) for the financial year	**(899)**	(739)
Value of conversion rights	**362**	5,127
Issue of share capital	**382**	**-**
Net addition to reserves	**(155)**	4,388
Opening reserves	**(1,319)**	(5,707)
Closing reserves	**(1,474)**	(1,319)