Oxonica Limited Annual Report and Accounts 2016

Oxonica Limited

Directors' Report and Financial Statements

Registered company number 05363273

31st December 2016

Strategic Report

The directors present their report and audited financial statements for Oxonica Ltd. (the 'Company') for the year ended 31 December 2016. Following the closure of its subsidiary Oxonica Materials Ltd. (OML) in October 2015 and the transfer of its trade to Oxonica Ltd., the Company no longer reports its accounts on a Group basis. Consequently, the comparable figures shown for 2015 are those for the Company which represent the trade for the period October - December 2015. The Directors have included Group figures for 2015 (which represent OML and the Company) as previously reported in respect of the Profit & Loss Account and the Balance Sheet for information purposes only. Please note that Group figures do not form part of the Company's audited financial statements for 2016.

Review of the business

On 1 November 2016, Oxonica Materials Limited was formerly dissolved and struck off from the Register of Companies.

The results and key performance indicators for the Company during 2016 are shown below:

	Company		Group (as previously reported)
	2016	2015	2015
Turnover	£116,000	£32,000	£109,000
Gross Profit	£108,000	£29,000	£101,000
Gross Profit as % of Turnover	93.1%	90.6%	92.6%
Profit / (Loss) before interest (EBIT)	£(34,000)	£(414,000)	£80,000
EBIT as % of Turnover	29.3%	1,293.7%	73.3%

Cash and cash equivalents reduced to £36,000 at the year-end (2015: £62,000). Year-end trade debtors increased to £8,000 (2015: £0).

The Company is wholly dependent on revenues generated through the licence agreements with Croda and BD. To date, the agreement with Croda has delivered revenues envisaged in the original agreement and Croda has guaranteed payment of minimum royalties through end-2017 in order to avoid possible cancellation of the agreement.

The agreement with BD has yet to generate revenues of any significance. Potential receipt of royalties from the agreement with BD will depend on a lengthy period of product development, trial and evaluation.

Delays in the development cycle or in product adoption or acceptance by customers could materially affect the Company's future operating results or financial condition. The Company has no control over any such delays.

Principal risks and uncertainties

The key business risks are set out below:

- The current economic conditions may impact on the Company's business, particularly if they result in a slower rate of adoption of the Company's products by licensees and greater pressure on their end-user pricing and margins.

- The Company may receive revenue and incur costs in foreign currency, which may affect the Company's competitiveness, and/or profitability should there be an adverse exchange rate movement.

- Claims by others that the Company infringes on their intellectual property rights could harm the Company's business and licensing arrangements.

- The Company has significant contractual agreements with third parties which are subject to interpretation. There is no guarantee that the Company will be able to enforce all its rights under its agreements or arrangements with third parties and disputes may result.

- The Company's strategy has been formulated in the light of the current regulatory and legal environment. This may change both rapidly and significantly in the near term. Any such changes to, or increases in, regulation or legal requirements may have a material adverse effect on the Company.

22nd June 2017

Graham Shaw
Chief Executive Officer

Directors Report
The directors present their report and audited financial statements for the year ended 31 December 2016.

Principal activities
Oxonica Limited is an advanced materials business whose main activity during the year was the licensing of patents related to nanomaterials. Such agreements exist with Croda Europe Ltd in the UK and BD in the USA. The Company is headquartered in Haddenham, Bucks, UK.

Taxation
The Company did not have a tax charge in the year (2015: £0) The Company has substantial tax losses available in the UK for carry forward against future profits.

Currency
Transactional exposures arise where the currency of sale or purchase invoices differs from the functional currency in which the Company prepares its local accounts. The transactional exposures include situations where foreign currency denominated trade debtor, trade creditor and cash balances are held. The largest transactional exposures are to the US dollar. However, transactional currency exposures will be hedged to the extent that they become sufficiently material.

Accounting standards and policies
This annual report complies with all Adopted IFRSs applicable to the financial statements at 31 December 2016. Oxonica's accounting policies are set out on pages 11 to 13 and are consistent with previous years.

Future developments
All future revenues will be generated solely from royalties and will depend on the agreements with Croda and with BD. Pending receipt of such royalties, it remains the Board's objective to maintain a cash position which supports a sustainable, relatively low-risk business model.

Proposed dividend
The directors do not recommend the payment of a dividend for the year under review. (2015: £nil).

Directors
The directors in office during the year are listed below. Their beneficial interests in the Company's issued ordinary share capital are listed in Note 16 to the financial statements.

Richard Farleigh
B Comm (Hons 1), Doctorate of Laws (Honoris Causa), (age 56)

Non-executive Chairman

Richard worked at Australia's central bank and then pursued a career in finance, including designing derivatives, proprietary trading and hedge fund management. He then established himself as an investor in early stage businesses in emerging companies and was a founder investor in Oxonica when it was spun-out from the University of Oxford in 1999. Other companies in which he has invested include Wolfson Microelectronics, Cmed Group, Net-A-Porter, Perachem, Reggae Reggae Sauce, Innovative Physics, Benevolent AI, Adarga, and the Home House members club in London. He has also served as a panellist on BBC 2's popular business show, Dragon's Den.

Graham Shaw
BA Hons London (age 67)

Chief Executive

Graham joined Oxonica in September 2009 to assume the role of Chief Executive. Graham is a also director of Signum Technologies Ltd. Sol Technologies Ltd. and RGWP Ltd. Graham has held senior positions in technology companies over the last 20 years, including Crosfield Electronics Ltd. and eIntegrity, and has particular expertise in the management and commercial exploitation of intellectual property through Group sales and licensing agreements. Graham is a graduate of London University with postgraduate qualifications in international marketing.

Charitable Donations
During the year, the Company made no political or charitable donations (2015: £nil).

Creditor Days
During the year, creditor days averaged 18 days (2015: 29 days).

Financial Instruments
The financial risk management objectives and the exposure to risk are discussed within the Strategic report on pages 1 and 2 in accordance with S414C(ii)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements
The directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Company law requires the directors to prepare the Company financial statements for each financial year. The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Company and the performance for that period; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• make judgments and estimates that are reasonable and prudent;
• state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
• 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board.

22nd June 2017

Graham Shaw
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXONICA LIMITED

We have audited the Company's financial statements of Oxonica Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. 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 and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all financial and non financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OXONICA LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Rouse Audit LLP

28/06/2017

Bindi Palmer, Senior Statutory Auditor
For and on behalf of Rouse Audit LLP

Chartered Accountants
Statutory Auditor

55 Station Road
Beaconsfield
Bucks
HP9 1QL

Statement of Comprehensive Income
for the year ended 31 December 2016

	Note	**2016 Company £'000**	2015 Company £'000	2015 Group £'000
Revenue	1,2			
Revenue		**116**	32	109
Cost of sales		**(8)**	(3)	(8)
Gross profit		**108**	29	101
Administration Expense - Research and development	3	**-**	1	1
Administration Expense - Sales, marketing and other	3	**(142)**	(444)	(22)
Operating Profit / (Loss)		**(34)**	(414)	80
Loss before tax		**(34)**	(414)	80
Taxation	6	**-**	-	-
Loss for the year attributable to equity holders of the company	12	**(34)**	(414)	80
Basic and diluted				
Loss per share	13	**(0.05) p**	(0.63) p	0.12 p

Other Comprehensive Income

	2016 Company £'000	2015 Company £'000	2015 Group £'000
Loss for the year	**(34)**	(414)	80
Total comprehensive loss for the year attributable to equity holders of the company	**(34)**	(414)	80

Statement of Financial Position
at 31 December 2016

	Note	**2016**	2015	2015
		Company	Company	Group
		£'000	£'000	£'000
ASSETS				
Current assets				
Trade and other receivables	*7*	**30**	22	22
Cash and cash equivalents		**36**	62	62
Total current assets		**66**	84	84
TOTAL ASSETS		**66**	84	84
EQUITY				
Issued share capital	*11*	**656**	656	656
Share premium	*12*	**4,505**	4,505	4,505
Exchange reserve		**-**	-	(225)
Other reserves		**-**	-	9,953
Retained earnings	*12*	**(5,571)**	(5,537)	(15,265)
Total equity attributable to the shareholders of the company	*12*	**(410)**	(376)	(376)
LIABILITIES				
Current liabilities				
Trade and other payables	*8*	**476**	460	460
Total current liabilities		**476**	460	460
Total liabilities		**476**	460	460
TOTAL EQUITY AND LIABILITIES		**66**	84	84

Company No: 05363273

These financial statements were approved by the Board of Directors on 22nd June 2017 and were signed on its behalf by:

Mr G Shaw, Chief Executive Officer

Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital £000	Share premium £000	Retained Earnings £000	Total equity £000
Balance at 1 January 2015	656	4,505	(5,123)	38
Total comprehensive loss for the year	-	-	(414)	(414)
Balance at 31 December 2015	**656**	**4,505**	**(5,537)**	**(376)**
Balance at 1 January 2016	656	4,505	(5,537)	(376)
Total comprehensive loss for the year	-	-	(34)	(34)
Balance at 31 December 2016	**656**	**4,505**	**(5,571)**	**(410)**

Statement of Cash Flows
for the year ended 31 December 2016

	2016 £'000	2015 £'000
Cash flows from continuing operations		
Loss before tax	**(34)**	(414)
Operating cash flow before changes in working capital, interest and taxes	**(34)**	(414)
Increase in trade and other receivables	**(8)**	(21)
Increase in trade and other payables	**16**	451
Cash utilised in operations	**8**	16
Net cash (outflow) / inflow from operating activities	**(26)**	16
Free cash flow	**(26)**	16
Net (decrease) / increase in cash and cash equivalents	**(26)**	16
Cash and cash equivalents at 1 January	**62**	46
Cash and cash equivalents at 31 December	**36**	62

Notes to the financial statements
(forming part of the financial statements)

1 Accounting policies

Oxonica Limited is a company domiciled in the UK. The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention
The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and recoverable amount.

Going concern
The financial statements are prepared on a going concern basis which the directors believe to be appropriate. The Company meets its day to day to working capital requirements through existing cash resources.

The directors have prepared projected cash flow forecasts for the period ending twelve months from the date of their approval of these financial statements. On the basis of these cash flow forecasts the directors consider that, for the foreseeable future, the Company will continue to operate within its existing resources and meet its obligations as they fall due.

Revenue
Revenue represents the total amount receivable by the Company for goods supplied and services provided, excluding value added tax and other sales-related taxes. Revenue from product sales is recognised when substantially all the risks and rewards have been transferred to the customer. Revenue received under assignment and license agreements is accounted for as deferred revenue and will be released to the Statement of Comprehensive Income on a straight line basis over the estimated life of the agreement.

Revenue derived in the UK is from a third party royalty agreement. This is calculated in arrears and is recognised on a quarterly basis. Revenue is recognised as it is earned.

Expenses

Net financing costs
Net financing costs comprise interest payable, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the Statement of Comprehensive Income.

Interest income and interest payable are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currency
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Impairment excluding inventories and deferred tax assets
The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Trade and other receivables
Trade and other receivables are recorded at their fair value amount less an allowance for any doubtful debts.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and short term deposits.

Trade and other payables
Trade and other payables are stated at their fair value.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Key sources of estimation uncertainty
The preparation of Oxonica's financial statements, in accordance with IAS 1, Presentation of Financial Statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of Oxonica's financial statements. Oxonica's estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Oxonica makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

(i) Provisions for receivables

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. Should the outcome differ from the assumptions and estimates, revisions to the estimated valuation allowances would be required.

2 Revenue

	2016	2015
	£'000	£'000
Royalty Income	**54**	14
Licence Income	**62**	18
	116	32

3 Administrative Expenses

	2016	2015
	£'000	£'000
Patent Fees	**-**	(1)
Total Research & Development Expenses	**-**	(1)
Auditors Remuneration	**5**	8
Staff costs	**10**	10
Professional & Consultancy	**39**	31
Office costs	**2**	1
Insurance	**4**	3
IT Support costs	**1**	-
(Profit) / Loss on Foreign currency transactions	**81**	10
Rent refund relating to 2010	**-**	(20)
Write off of Intercomapny balance with Oxonica Materials Ltd	**-**	400
Other	**-**	1
Total – Sales, Marketing and other Expenses	**142**	444
Total Administrative Expenses	**142**	443

4 Auditors remuneration

	2016	2015
	£'000	£'000
Auditors' remuneration		
audit of these financial statements	**5**	5
other services relating to taxation	**1**	1

5 Remuneration

Staff numbers and costs

The Company had no employees in 2016 (2015:1)

The aggregate payroll costs were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	**-**	8
	-	8

Details of directors remuneration is included in note 16

6 Taxation

Recognised in the Statement of Comprehensive Income

	2016	2015
	£'000	£'000
Current tax expense		
Total tax (charge)/ credit in Statement of Comprehensive Income	**-**	-

	2016	2015
	£'000	£'000
Reconciliation of effective tax rate		
Loss for the year	**(34)**	(414)
Total income tax	**-**	-
Loss before income tax	**(34)**	(414)
Current tax at 20% (2015: 20.25%)	**(7)**	(84)
Effects of:		
Expenses not deductible for tax purposes	**-**	81
Unrelieved tax losses	**7**	3
Total current tax (charge)/ credit (see above)	**-**	-

There is no taxation charge for the period due to losses incurred. At 31 December 2016 the Company had tax losses, subject to the agreement of HM Revenue and Customs of approximately £13.74 million (2015: £13.69m) available for offset against future taxable profits of the same trade.

Provision for deferred taxation
The Company's UK net deferred tax, calculated under the liability method at 19% (2015: 20%), is £nil (2015: £nil).

A deferred tax asset has not been recognised in respect of the remaining tax losses as, based on detailed budgets, the Company does not anticipate taxable profits to arise within the immediate future.

Movement in unrecognised deferred tax assets	**Balance at 1 January 2015 £'000**	**Movement £'000**	**Balance at 31 December 2015 £'000**	**Movement £'000**	**Balance at 31 December 2016 £'000**
Tax losses	3,332	(12)	3,320	(157)	**3,163**

7 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**8**	-
Prepayments and accrued income	**2**	2
Sundry receivables	**20**	20
	30	22

8 Trade and other payables

	2016 £'000	2015 £'000
Current		
Trade payables	**-**	-
Accruals and deferred revenue	**476**	460
	476	460

Accruals and deferred revenue includes £450,207 (2015: £431,623) which relates to the deferral of the cash payments received from BD at the start of the licensing agreement. This revenue will be recognised over the 15 year estimated life of the licence agreement.

9 Financial instruments

The Company's financial instruments comprise loans, short term bank deposits and cash. The Company has various other financial instruments, such as trade debtors and trade creditors that arise directly from its operations which have not been included in the credit risk disclosures.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board. The Company does not trade in financial instruments.

No derivatives were used by the Company during the period under review (2015: nil).

Interest rate risk

Interest risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments.

The interest rate profile of the Company's financial assets and liabilities is as follows:

	Assets floating rate £'000	Assets fixed rate £'000	Liabilities floating rate £'000	Liabilities fixed rate £'000	Total £'000
At 31 December 2015					
Cash at bank	62	-	-	-	62
Total	62	-	-	-	62
At 31 December 2016					
Cash at bank	**36**	**-**	**-**	**-**	**36**
Total	**36**	**-**	**-**	**-**	**36**

The interest rate profile of the Company's financial assets and liabilities is as follows:

	Assets floating rate £'000	Assets fixed rate £'000	Liabilities floating rate £'000	Liabilities fixed rate £'000	Total £'000
At 31 December 2015					
Cash at bank	62	-	-	-	62
Total	62	-	-	-	62
At 31 December 2016					
Cash at bank	**36**	**-**	**-**	**-**	**36**
Total	**36**	**-**	**-**	**-**	**36**

Sensitivity analysis

A change of 1 basis point in interest rates at the balance sheet date would have increased / (decreased) profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2015.

	2016 £'000	2015 £'000
Profit or loss		
Increase	**1**	1
Total	**1**	1

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

It is currently the Company's policy to finance its business by means of internally generated funds and new share capital. The cash position of the Company is regularly reviewed by the Board (see also going concern paragraph in note 1 Accounting policies).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2016					2015				
	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000
Non-derivative financial liabilities										
Trade and other payables	**476**	**476**	**476**	**-**	**-**	460	460	460	-	-
	476	**476**	**476**	**-**	**-**	460	460	460	-	-

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

	Carrying Amount	
	2016	2015
	£'000	£'000
Trade Receivables	**8**	-
Cash and Cash equivalents	**36**	62
Total	**44**	62

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying Amount	
	2016	2015
	£'000	£'000
UK	**8**	-
Total	**8**	-

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying Amount	
	2016	2015
	£'000	£'000
End-user customers	**8**	-
Total	**8**	-

The ageing of trade receivables at the reporting date was:

	2016 Gross £'000	**2016 Impairment £'000**	2015 Gross £'000	2015 Impairment £'000
Current	**8**	**-**	-	-
Past due more than one year	**-**	**-**	72	72
Total	**8**	**-**	72	72

Impairment losses

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Carrying Amount	
	2016	2015
	£'000	£'000
Balance at 1 January	**72**	366
Foreign exchange adjustment	**-**	(7)
Amount applied and written off	**(72)**	(287)
Balance at 31 December	**-**	72

The impairment loss applied and written off during the year relates to trade debts that were assigned to Oxonica Materials on the sale of Oxonica Energy which remain unpaid and are over 90 days old.

Currency risk

The Company's exposure to foreign currency risk is set out in the table below:

£000's	31 December 2016 GBP	AUD	USD	Euro	31 December 2015 GBP	AUD	USD	Euro
Cash and cash equivalents	**36**	**-**	**-**	**-**	62	-	-	-
Trade Receivables	**8**	**-**	**-**	**-**	-	-	-	-
Trade Payables	**-**	**-**	**-**	**-**	-	-	-	-
Gross Balance sheet Exposure	**44**	**-**	**-**	**-**	62	-	-	-

At the balance sheet date there were no forward exchange contracts in place.

The exchange rates that were applied during the year were:

	Average Rate 2016	2015	Reporting Date Spot Rate 2016	2015
USD	**1.355**	1.526	**1.234**	1.480
Euro	**1.224**	1.384	**1.172**	1.357
AUD	**1.824**	2.045	**1.712**	2.028

Fair values of financial assets and liabilities

There are no material differences between the fair value of any of the Company's financial assets or liabilities and their book value as at the balance sheet date.

Guarantees and security

The Company has no Guarantees or Securities in place over the assets of the Company.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

10 Capital commitments

The Company had no capital commitments outstanding at the year end (2015: £nil).

11 Called up share capital

	2016 Number of shares	2016 £	2015 Number of shares	2015 £
Allotted, called up and fully paid				
Ordinary shares of £0.01p each	**65,559,943**	**655,599**	65,559,943	655,599

12 Reserves

The following describes the nature and purpose of each reserve within owners' equity.

Share premium	Amount subscribed for share capital in excess of nominal value
Retained earnings	Cumulative net losses

13 Profit per ordinary share

Basic profit per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Options over nil ordinary shares (2015: 0) are not included in the calculation of diluted profit per share as their effect is anti-dilutive.

	2016	2015
	£'000	£'000
Basic and diluted loss attributable to ordinary shareholders	**(34)**	(414)
	No.	No.
Weighted average number of ordinary shares	**65,559,943**	65,559,943
Loss per share – basic and diluted	**(0.05)p**	(0.63)p

14 Contingent liabilities

The Company, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. There are no Contingent Liabilities as at the date of signing these financial statements

15 Financial Commitments

There are no Financial commitments as at 31 December 2016.

16 Related party disclosures

The following directors or parties related to directors held shares in the Company:

	2016 **No of shares**	2015 No of shares
Richard Farleigh	**18,633,545**	18,633,545

* Includes interest in 6,190,476 shares held by The Kyabram Trust, a discretionary family trust

The Company has a related party relationship with its key management personnel. The key management personnel of the Company are the executive directors. Compensation of key management personnel was:

	2016	2015
	£'000	£'000
Remuneration (including fees)	**28**	28
	28	28

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