Oxonica Limited Annual Report and Accounts 2017

Oxonica

Oxonica Limited

Directors' Report and Financial Statements

Registered company number 05363273

31st December 2017

Strategic Report

The directors present their report and audited financial statements for the year ended 31 December 2017.

Review of the business

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-2018 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.

Key performance indicators

Cash and cash equivalents increased to £38,000 at the year-end (2016: £36,000). Year-end trade debtors reduced to £0 (2016: £8,000).

The key performance indicators for 2017 are shown below:

	2017	2016
Turnover	£118,000	£116,000
Gross Profit	£110,000	£108,000
Gross Profit as % of Turnover	93.2%	93.1%
Profit / (Loss) before interest (EBIT)	£88,000	£(34,000)
EBIT as % of Turnover	74.6%	(29.3%)

Company revenue is derived from two primary sources:

- Release of deferred income in respect of the agreement signed with BD in 2008 (£64K). There remains £350K of deferred income on the Balance Sheet.
- Revenue from the agreement signed with Croda (£54K)

The non-cash nature of deferred income recognition and a significant unrealised foreign exchange gain (£36K) resulted in positive cash flow during the year of just £2K despite an operating profit of £88K.

Principal risks and uncertainties

The key business risks are set out below:

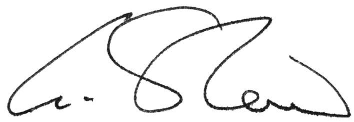
- The current economic conditions may impact on the Company's business, particularly if they result in a slower rate of adoption of the Company's products by licensees and greater pressure on their end-user pricing and margins.
- The Company receives revenue and incurs costs in foreign currency, which may affect the Company's competitiveness, and/or profitability should there be an adverse exchange rate movement.

Strategic Report (continued)

- 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.



Graham Shaw
Chief Executive Officer

Date: 18th July 2018

Directors' Report

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 (2016: £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 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 2017. Oxonica's accounting policies are set out on pages 11 to 12 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. (2016: £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 19 to the financial statements.

Richard Farleigh
B Comm (Hons 1), Doctorate of Laws (Honoris Causa), (age 57)

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 technologies and markets 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 panelist on BBC 2's popular business show, Dragon's Den.

Graham Shaw
BA Hons London (age 68)

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 sales and licensing agreements. Graham is a graduate of London University with postgraduate qualifications in international marketing.

Creditor Days
During the year, creditor days averaged 22 days (2016: 18 days).

Financial Instruments
The financial risk management objectives and the exposure to risk are discussed within the Strategic report on page 1 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.

Graham Shaw
Chief Executive Officer

Date: 18th July 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXONICA LIMITED

Opinion

We have audited the financial statements of Oxonica Limited (the 'company') for the year ended 31 December 2017 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS), as adopted by the European Union and, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 year 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.

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 if, in our opinion:

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rouse Audit LLP

Neil Relph (Senior Statutory Auditor)
for and on behalf of Rouse Audit LLP

23rd July, 2018

Chartered Accountants
Statutory Auditor

55 Station Road
Beaconsfield
Bucks
HP9 1QL

Statement of Comprehensive Income
for the year ended 31 December 2017

	Note	**2017** £'000	2016 £'000
Revenue	1,2		
Revenue		**118**	116
Cost of sales		**(8)**	(8)
Gross profit		**110**	108
Administration Expense - Research and development	3	**-**	-
Administration Expense - Sales, marketing and other	3	**(22)**	(142)
Operating Profit / (Loss)		**88**	(34)
Profit / (Loss) before tax		**88**	(34)
Taxation	6	**-**	-
Profit / (Loss) and total comprehensive income for the year	12	**88**	(34)

Statement of Financial Position
at 31 December 2017

	Note	**2017**	2016
		£'000	£'000
ASSETS			
Current assets			
Trade and other receivables	*7*	**30**	30
Cash and cash equivalents		**38**	36
Total current assets		**68**	66
TOTAL ASSETS		**68**	66
EQUITY			
Issued share capital	*11*	**656**	656
Share premium	*12*	**4,505**	4,505
Retained earnings	*12*	**(5,483)**	**(5,571)**
Total equity attributable to the shareholders of the company	*11*	**(322)**	(410)
LIABILITIES			
Current liabilities			
Trade and other payables	*8*	**390**	476
Total current liabilities		**390**	476
Total liabilities		**390**	476
TOTAL EQUITY AND LIABILITIES		**68**	66

Company No: 05363273

These financial statements were approved by the Board of Directors on 18th July 2018 and were signed on its behalf by:

Mr G Shaw, Chief Executive Officer

Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital £000	Share premium £000	Retained Earnings £000	Total equity £000
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)**
Balance at 1 January 2017	656	4,505	(5,571)	(410)
Total comprehensive profit for the year	-	-	88	88
Balance at 31 December 2017	**656**	**4,505**	**(5,483)**	**(322)**

Statement of Cash Flows
for the year ended 31 December 2017

	2017 **£'000**	2016 £'000
Cash flows from continuing operations		
Profit /(Loss) before tax	**88**	(34)
Operating cash flow before changes in working capital, interest and taxes	**88**	(34)
Increase in trade and other receivables	**-**	(8)
(Decrease) / Increase in trade and other payables	**(86)**	16
Cash utilised in operations	**2**	8
Net cash inflow / (outflow) from operating activities	**2**	(26)
Free cash flow	**2**	(26)
Net increase / (decrease) in cash and cash equivalents	**2**	(26)
Cash and cash equivalents at 1 January	**36**	62
Cash and cash equivalents at 31 December	**38**	36

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

1 Accounting policies

Oxonica Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rutland House, 148 Edmund Street, Birmingham, B3 2JR. 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.

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 under licence and royalty agreements. 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.

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.

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 collectability 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 collectability. Should the outcome differ from the assumptions and estimates, revisions to the estimated valuation allowances would be required.

2 Revenue

	2017	2016
	£'000	£'000
Royalty Income	**54**	54
Licence Income	**64**	62

	2017	2016
	118	116

3 Administrative Expenses

	2017	2016
	£'000	£'000
Auditors Remuneration	**6**	5
Professional & Consultancy	**46**	49
Office costs	**2**	2
Insurance	**3**	4
IT Support costs	**1**	1
(Profit) / Loss on Foreign currency transactions	**(36)**	81
Total – Sales, Marketing and other Expenses	**22**	142
Total Administrative Expenses	**22**	142

4 Auditors remuneration

	2017	2016
	£'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 2 employees in 2017, including directors (2016: 2)

Details of directors remuneration is included in note 16.

6 Taxation

Recognised in the Statement of Comprehensive Income

	2017	2016
	£'000	£'000
Current tax expense		
Total tax (charge)/ credit in Statement of Comprehensive Income	**-**	-

	2017	2016
	£'000	£'000
Reconciliation of effective tax rate		
Profit / (Loss) for the year	**88**	(34)
Total income tax	**-**	-
Profit / (Loss) before income tax	**88**	(34)
Current tax at 19.25% (2016: 20.25%)	**17**	(7)
Effects of:		
Utilisation of brought forward losses	**(17)**	-
Unrelieved tax losses		7
Total current tax (charge)/ credit (see above)	**-**	-

There is no taxation charge for the period due to the utilisation of losses brought forward. At 31 December 2017 the Company had tax losses, subject to the agreement of HM Revenue and Customs of approximately £13.66 million (2016: £13.74m) 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 17% (2016: 19%), is £nil (2016: £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 2016 £'000**	**Movement £'000**	**Balance at 31 December 2016 £'000**	**Movement £'000**	**Balance at 31 December 2017 £'000**
Tax losses	3,320	(157)	3,163	(346)	**2,817**

7 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	**-**	8
Prepayments and accrued income	**1**	2
Sundry receivables	**29**	20
	30	30

8 Trade and other payables

	2017 £'000	2016 £'000
Current		
Trade payables	**16**	-
Accruals and deferred revenue	**374**	476
	390	476

Accruals and deferred revenue includes £350,028 (2016: £450,207), 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 (2016: 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 2016					
Cash at bank	36	-	-	-	36
Total	36	-	-	-	36
At 31 December 2017					
Cash at bank	**38**	**-**	**-**	**-**	**38**
Total	**38**	**-**	**-**	**-**	**38**

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 2016					
Cash at bank	**36**	**-**	**-**	**-**	**36**
Total	**36**	**-**	**-**	**-**	**36**
At 31 December 2017					
Cash at bank	**38**	**-**	**-**	**-**	**38**
Total	**38**	**-**	**-**	**-**	**38**

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 2016.

	2017 £'000	2016 £'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:

	2017					2016				
	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	**390**	**390**	**390**	**-**	**-**	476	476	476	-	-
	390	**390**	**390**	**-**	**-**	476	476	476	-	-

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	
	2017 £’000	2016 £’000
Trade Receivables	**-**	8
Cash and Cash equivalents	**38**	36
Total	**38**	44

Currency risk

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

	31 December 2017				31 December 2016			
£000’s	**GBP**	**AUD**	**USD**	**Euro**	GBP	AUD	USD	Euro
Cash and cash equivalents	**38**	**-**	**-**	**-**	36	-	-	-
Trade Receivables	**-**	**-**	**-**	**-**	8	-	-	-
Trade Payables	**-**	**-**	**-**	**-**	-	-	-	-
Gross Balance sheet Exposure	**38**	**-**	**-**	**-**	44	-	-	-

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		Reporting Date Spot Rate	
	2017	2016	**2017**	2016
USD	**1.289**	1.355	**1.349**	1.234

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 yearend (2016: £nil).

11 Called up share capital

	2017		2016	
	Number of shares	**£**	Number of shares	£
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 (2016: 0) are not included in the calculation of diluted profit per share as their effect is anti-dilutive.

	2017	2016
	£'000	£'000
Basic and diluted profit / (loss) attributable to ordinary shareholders	**88**	(34)
	No.	No.
Weighted average number of ordinary shares	**65,559,943**	65,559,943
Profit / (Loss) per share – basic and diluted	**0.13p**	(0.05)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 2017.

16 Related party disclosures

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:

	2017	2016
	£'000	£'000
Remuneration (including fees)	**28**	28
	28	28

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