

Nektan UK Limited

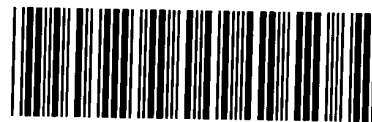
Report and Financial Statements

Year Ended

30 June 2017

Company Number: 04468412

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Nektan UK Limited

Report and financial statements for the year ended 30 June 2017

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Directors

Patrick Sinclair
Jim Wilkinson

Company Secretary

Patrick Sinclair

Registered office

27 Old Gloucester Street, London, WC1N 3AX

Company number

04468412

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Nektan UK Limited
Report of the directors
for the year ended 30 June 2017

The directors present their report together with the audited financial statements for the year ended 30 June 2017.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year. The directors do not recommend the payment of a dividend (2016: nil).

Principal activities

The principal activity of the company during the year was the development and deployment of mobile enabling software to the parent company.

Directors

The directors of the company during the year were:

Matthew Sunderland (appointed 22 January 2016, resigned 12 August 2016)

Leigh Nissim (appointed 12 Jul 2016, resigned 7 June 2017)

Patrick Sinclair (appointed 3 February 2017)

Jim Wilkinson (appointed 27 June 2017)

Directors' responsibilities

The directors are responsible for preparing the directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Nektan UK Limited

Report of the directors for the year ended 30 June 2017 (continued)

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Going Concern

The financial statements have been prepared on a going concern basis. The Nektan Group, headed by Nektan plc, of which the Company is a member continues to be loss making and in addition funds its capital expenditure. The Company relies on the support of its parent company for funding and is also its sole customer.

Having raised additional equity of £1.8m in December 2017 the Directors of the parent company have reviewed forecast cash flows for the forthcoming 12 months for The Nektan Group from the date of approval of the financial statements and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due, including providing financial support to Nektan UK Limited. However, this is dependent on meeting the performance and timings in the forecasts which has required significant judgment and estimation and, as such, the Group may require further funding should trading or other timings of cash flows fall short of forecasts.

The Directors of the parent company would, if required, seek additional capital through further fundraising and/or asset sales or draw down the remaining shareholder loan facility of £515,000. There are therefore material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If the parent company is unable to raise additional finance they may not be in a position to provide the Company with support and consequently it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Having reviewed the basis of support to be provided by the parent company and the ability to raise further funds should this be required, the Directors of the Company have a reasonable expectation to believe that the parent will be able to provide financial support to Nektan UK Limited and it is therefore appropriate to continue to prepare the financial statements on a going concern basis.

Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing the directors' report the directors have taken advantage of the exemptions allowed for small companies as set out in the Companies Act 2006.

On behalf of the Board



P Sinclair
Director

7 March 2018

Nektan UK Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBER OF NEKTAN UK LIMITED

Opinion

We have audited the financial statements of Nektan UK Limited ("the Company") for the year ended 30 June 2017 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Material uncertainty in related to going concern

We draw attention to note 1 in the financial statements which states the Company is dependent on support and continued trading from its parent entity who in turn is dependent on the future trading, and, if required the ability raise further funds.

This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a *going concern*. Our opinion is not modified in respect of this matter and the financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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.

Nektan UK Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Director's report.

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, or returns adequate for our audit have not been received from 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 our audit.; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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, 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

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 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.

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.

Nektan UK Limited

Independent auditor's report (*continued*)

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Oliver Chinneck (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 12 March 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Nektan UK Limited

Income statement for the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Turnover	2	2,069	2,754
Administrative expenses		(1,892)	(2,862)
Operating profit/(loss)	3	177	(108)
Interest payable and similar charges	7	(1)	(1)
Profit/(loss) on ordinary activities before taxation		176	(109)
Taxation on profit/(loss) on ordinary activities	8	(37)	169
Profit on ordinary activities after taxation and total comprehensive income		139	60

The notes on pages 10 to 18 form part of these financial statements.

Nektan UK Limited

Balance sheet at 30 June 2017

Company number: 04468412	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	9		6		12
			6		12
Current assets					
Debtors	10	3,407		3,279	
Cash at bank and in hand		31		1	
			3,438		3,280
Creditors: amounts falling due within one year	11	(317)		(301)	
Net current assets			3,121		2,979
Total assets less current liabilities			3,127		2,991
Creditors due in more than one year	12		(6)		(26)
Net assets			3,121		2,965
Capital and reserves					
Called up share capital	13		12		12
Share premium			2,451		2,451
Capital redemption reserve			4		4
Capital contribution reserve			17		-
Profit and loss account			637		498
Shareholders' funds			3,121		2,965

The financial statements were approved by the Board and authorised for issue on 7 March 2018.



P Sinclair
Director

The notes on pages 10 to 18 form part of these financial statements.

Nektan UK Limited
Statement of Changes in Equity
at 30 June 2017

	Share capital	Share premium	Capital redemption reserve	Capital contribution reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	12	2,451	4	-	438	2,905
Profit for the year and total comprehensive income for the year	-	-	-	-	60	60
At 30 June 2016	12	2,451	4	-	498	2,965
Profit for the year and total comprehensive income for the year	-	-	-	-	139	139
Share based payments	-	-	-	17	-	17
At 30 June 2017	12	2,451	4	17	637	3,121

Share capital represents the nominal value of shares issued.

Share premium is the amount subscribed for share capital in excess of nominal value.

Capital redemption reserve is the amount transferred from share capital on redemption of issued shares.

Retained earnings represent cumulative profit/(loss), share-based payments and any other items of other comprehensive income.

Capital contribution reserve consists of share options issued to UK employees by the parent company Nektan plc

The notes on pages 10 to 18 form a part of these financial statements.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

1 Accounting policies

Nektan UK Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies. The directors not believe there are any areas that constitute key accounting estimates.

The principal accounting policies adopted are set out below.

Going Concern

The financial statements have been prepared on a going concern basis. The Nektan Group, headed by Nektan plc, of which the Company is a member continues to be loss making and in addition funds its capital expenditure. The Company relies on the support of its parent company for funding and is also its sole customer.

Having raised additional equity of £1.8m in December 2017 the Directors of the parent company have reviewed forecast cash flows for the forthcoming 12 months for The Nektan Group from the date of approval of the financial statements and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due, including providing financial support to Nektan UK Limited. However, this is dependent on meeting the performance and timings in the forecasts which has required significant judgment and estimation and, as such, the Group may require further funding should trading or other timings of cash flows fall short of forecasts.

The Directors of the parent company would, if required, seek additional capital through further fundraising and/or asset sales or draw down the remaining shareholder loan facility of £515,000. There are therefore material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If the parent company is unable to raise additional finance they may not be in a position to provide the Company with support and consequently it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Having reviewed the basis of support to be provided by the parent company and the ability to raise further funds should this be required, the Directors of the Company have a reasonable expectation to believe that the parent will be able to provide financial support to Nektan UK Limited and it is therefore appropriate to continue to prepare the financial statements on a going concern basis.

Financial reporting standard 102- reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 3 Financial Statement Presentation, paragraph 3.17(d)
- the requirements of Section 33 Related Party Disclosures, paragraph 33.7

This information is included in the consolidated financial statements of Nektan plc for the year ended 30 June 2017 in which these results are included and are publicly available. These financial statements may be obtained from Suite 1, Burn's House, 19 Town Range, Gibraltar.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

1 Accounting policies (*continued*)

Financial assets

Financial assets are initially measured at transaction price, including transaction costs, and are subsequently held at cost less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently at amortised cost.

Turnover

Turnover represents inter group services provided at invoiced amounts less value added tax. Turnover is recognised to the extent that its probable economic benefits will flow to the company and the turnover can be reliably measured. Turnover is recognised in the accounting periods in which the service is provided.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Computer equipment	-	33% per annum
Office equipment	-	20% per annum
Fixtures and fittings	-	20% per annum

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Research and development

Research and development costs are charged to the income statement in the year of expenditure.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

1 Accounting policies (*continued*)

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Share based payments

Where equity-settled share options in the parent company, Nektan plc, are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period with a corresponding entry to the capital contribution reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises wholly within Gibraltar (2016: Gibraltar (99%) and the United Kingdom (1%)).

3 Operating profit/(loss)

Operating profit/(loss) has been arrived at after charging:

	2017	2016
	£'000	£'000
Depreciation of tangible assets	8	37
Rent payable under operating leases	195	187
Research and development	162	735
Auditor's remuneration	18	20

4 Staff numbers

	2017	2016
	Number	Number
The average number of employees (including directors) employed was:		
Management	2	2
Administration and technical staff	9	25
	<u>11</u>	<u>27</u>

5 Staff costs

	2017	2016
	£'000	£'000
Staff costs (including Directors) during the year were as follows:		
Wages and salaries	1,126	1,730
Social security costs	130	190
Benefits in kind	11	23
Pensions	74	11
Share based payments	17	-
	<u>1,358</u>	<u>1,954</u>

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

6 Directors' remuneration

	2017 £'000	2016 £'000
Emoluments and pension contributions	400	328
Share based payments	17	-
Loss of office	-	102
	<u>417</u>	<u>430</u>

The remuneration of the highest paid director during the year was £295,065. There were two directors that received pension contributions as part of the defined contribution scheme. No director exercised share options in the current or prior year.

7 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable	<u>1</u>	<u>1</u>

8 Taxation on profit/(loss) on ordinary activities

	2017 £'000	2016 £'000
<i>UK corporation tax</i>		
Current tax charge/(credit) on profit/(loss) for the year	37	(154)
Prior year adjustment	-	(15)
Taxation charge/(credit) on profit/(loss) on ordinary activities	<u>37</u>	<u>(169)</u>

The taxation charge assessed for the period is higher (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax	<u>176</u>	<u>(109)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19.8% (2016: 20.0%)	35	(22)
Effects of:		
Expenses not deductible for tax purposes	2	1
Capital allowances in excess of depreciation	-	3
Additional deduction for R&D expenditure	-	(191)
Surrender of R&D expenditure	-	55
Prior year adjustment	-	(15)
Tax charge/(credit) for the year	<u>37</u>	<u>(169)</u>

At the year-end a potential deferred tax asset of £11,975 (2016: £14,610) relating to fixed asset timing differences has not been recognised.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

9 Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 July 2016	572	63	635
Additions	2	-	2
At 30 June 2017	574	63	637
Accumulated depreciation			
At 1 July 2016	563	60	623
Charge for the year	7	1	8
At 30 June 2017	570	61	631
Net book value			
At 30 June 2016	9	3	12
At 30 June 2017	4	2	6

10 Debtors

	2017 £'000	2016 £'000
Amounts due from parent company	3,140	3,034
Other debtors	232	202
Prepayments and accrued income	35	43
	3,407	3,279

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	58	94
Finance lease creditor	27	29
Taxation and social security	33	112
Tax payable	37	-
Accruals and deferred income	162	66
	317	301

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

12 Finance Leases

The future minimum finance lease payments are as follows

	2017 £'000	2016 £'000
Not later than 1 year	27	29
Later than one year and not later than five years	7	30
Total gross payments	34	59
Less finance charges	(1)	(4)
Carrying amount of liability	33	55
Amounts less than one year	27	29
Amounts greater than one year	6	26

The finance lease relates to computer equipment that has been transferred to Nektan Gibraltar Limited, a company related by virtue of common ownership by Nektan PLC. As a result, no Tangible fixed asset is recognised on the balance sheet, but the amounts due under the finance lease are included within the intercompany balance.

13 Share capital

	A Ordinary Shares	B Ordinary Shares	C Ordinary Shares	D Ordinary Shares	Total Shares
Allotted, issued and fully paid					
At 1 July 2016 and 30 June 2017 (number)	46,104	31,591	15,867	27,409	120,971
At 1 July 2016 and 30 June 2017 (£'000)	4	3	2	3	12

The share capital comprises Ordinary shares, B Ordinary shares, C Ordinary shares and D Ordinary shares, all with a par value of 0.10 each. The rights of all classes of shares allow the holder to one vote for each share held at annual general meetings. On a return of assets on liquidation, a reduction of capital or otherwise, the surplus assets after meeting liabilities shall be applied to the shareholders. On liquidation only, the issue price (as defined in the Articles) will be paid to the shareholders. In any other case, the nominal value of the shares will be paid to the shareholders. The balance of any assets remaining shall belong and be distributed among the shareholders *pari passu*.

In respect of each financial year of the company, and where profits are available for distribution, the shareholders shall be entitled to receive a participating dividend, *pari passu* as if the Ordinary shares, the B Ordinary shares, the C Ordinary shares, and the D Ordinary shares constituted one class of shares, based on 50 percent of the net profit of the relevant financial year.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

14 Financial instruments

	2017 £'000	2016 £'000
Financial assets measured at amortised cost	3,188	3,067
Financial liabilities measured at amortised cost	(286)	(327)

There are no financial assets or liabilities that are measured at fair value through profit or loss. Financial assets measured at amortised cost comprise cash, other debtors and amounts owed by Group undertakings. Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and finance leases.

15 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2017 £'000	2016 £'000
Expiring less than 1 year	-	167
	-	167

16 Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 Section 33 'Related Party Transactions', paragraph 33.1A not to disclose transactions with certain group companies on the grounds that the companies party to the transactions are wholly owned members of the Group.

17 Ultimate controlling party

Nektan plc is the immediate and ultimate parent company. In the opinion of the directors there is no ultimate controlling party.

Nektan UK Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

18 Share based payments

During the year ended 30 June 2017 and prior years, 504,000 options were granted or contractually committed to members of staff in Nektan UK Limited.

	Number	Average price
As at 1 July 2015 and 30 June 2016	-	-
Granted during the year	504,000	27.5p
As at 30 June 2017	<u>504,000</u>	<u>27.5p</u>

The exercise price of options outstanding at 30 June 2017 was 27.5p (2016: nil) and their weighted average contractual life was three years (2016: nil). The weighted average fair value of each option granted during the period was 10p.

The following information is relevant in the determination of the fair value of options/warrants granted during the period:

	Year ended 30 June 2017
Option pricing model used	Black-Scholes
Share price at date of grant	27.5p
Exercise price	27.5p
Option life	3 years
Risk free rate	0.4%
Expected volatility	50%
Expected dividend yield	<u>Nil</u>

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of monthly share prices.