

REGISTERED NUMBER: 04753466 (England and Wales)

Strategic Report, Director's Report and
Financial Statements for the Year Ended 30 June 2017
for
IAF Capital Limited



IAF Capital Limited

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IAF Capital Limited

Company Information
for the Year Ended 30 June 2017

DIRECTOR:

D L Massie

REGISTERED OFFICE:

43-44 New Bond Street
Mayfair
London
W1S 2SA

REGISTERED NUMBER:

04753466 (England and Wales)

INDEPENDENT AUDITORS:

Moore Stephens LLP, Statutory Auditors
150 Aldersgate Street
London
EC1A 4AB

IAF Capital Limited

Strategic Report for the Year Ended 30 June 2017

The director presents his strategic report for the year ended 30 June 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's income is largely derived from fees earned on advisory transactions and where such fees are contingent on a successful conclusion to the assignment. The principal risks of the business are therefore whether it can generate sufficient new assignments each year, and whether it can conclude those assignments successfully. Often, the assignments take an extensive period of time and may cover more than one accounting period. The Director monitors these assignments and business generation to mitigate the risks in such business strategy but it is also mitigated as the majority of its costs are similarly dependent on success.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the year, the company continued to act as corporate finance advisors.

The year under review was one when a major project came to conclusion resulting in a significant increase in turnover from £302,390 to £2,094,965. In addition, for the first time, a substantial unrealised gain on an underlying equity related asset was recognised which has contributed to an increased net asset position of £645,916 (2016: £565,534) at the year end. The Company's results are heavily influenced by the quantum and timing of assignments. The Company is currently engaged on various matters but there can be no certainty as to whether and when these will reach conclusion.

The Company has continued to operate in its traditional markets during the year and is expected to maintain this pattern during 2017/18, the director is hopeful that the company will continue to be profitable in future.

The company is authorised and regulated by the Financial Conduct Authority.

RESULTS

The profit for the financial year after taxation amounted to £80,382 (2016: £7,386).

KEY PERFORMANCE INDICATORS

The Director uses a range of financial and non-financial performance indicators, including standard accounting ratios and budget variance analysis. The key performance indicators are considered to be turnover and operating profit as set out on page 6.


.....
D L Massie - Director

Date: 23 October 2017

IAF Capital Limited

Director's Report for the Year Ended 30 June 2017

The director presents his report with the financial statements of the company for the year ended 30 June 2017.

DIVIDENDS

No dividends have been or will be distributed for the year ended 30 June 2017 or the year ended 30 June 2016.

DIRECTOR

D L Massie held office during the whole of the period from 1 July 2016 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


.....
D L Massie - Director

Date: 23 Oct 2017

Report of the Independent Auditors to the Members of IAF Capital Limited

Opinion

We have audited the financial statements of IAF Capital Limited (the 'company') for the year ended 30 June 2017 on pages six to sixteen. 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).

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 a Report of the Auditors 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.

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 Auditors' 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information in the Strategic Report and the Director's Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of IAF Capital 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 or the Director's 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:

- 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



SIMON FOWLES (Senior Statutory Auditor)
for and on behalf of Moore Stephens LLP, Statutory Auditors
150 Aldersgate Street
London
EC1A 4AB

Date: 23 October 2017

IAF Capital Limited

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	30.6.17 £	30.6.16 Restated £
TURNOVER	2	2,094,965	302,390
Cost of sales		<u>19,627</u>	<u>35,687</u>
GROSS PROFIT		2,075,338	266,703
Administrative expenses		<u>2,186,433</u>	<u>278,210</u>
		(111,095)	(11,507)
Other operating income		39,696	798
Gain on revaluation of current asset investments		<u>182,955</u>	<u>7,614</u>
OPERATING PROFIT/(LOSS)	4	111,556	(3,095)
Interest receivable and similar income		<u>2,713</u>	<u>17,445</u>
PROFIT BEFORE TAXATION		114,269	14,350
Tax on profit	5	<u>33,887</u>	<u>6,964</u>
PROFIT FOR THE FINANCIAL YEAR		80,382	7,386
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>80,382</u></u>	<u><u>7,386</u></u>


The notes form part of these financial statements

IAF Capital Limited (Registered number: 04753466)

Statement of Financial Position
30 June 2017

		30.6.17	30.6.16
	Notes	£	Restated £
CURRENT ASSETS			
Debtors	6	207,980	175,654
Investments	7	194,625	15,458
Cash at bank		<u>303,218</u>	<u>397,134</u>
		705,823	588,246
CREDITORS			
Amounts falling due within one year	8	<u>22,928</u>	<u>19,620</u>
NET CURRENT ASSETS		<u>682,895</u>	<u>568,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		682,895	568,626
PROVISIONS FOR LIABILITIES	9	<u>36,979</u>	<u>3,092</u>
NET ASSETS		<u>645,916</u>	<u>565,534</u>
CAPITAL AND RESERVES			
Called up share capital	10	50,000	50,000
Retained earnings		<u>595,916</u>	<u>515,534</u>
SHAREHOLDERS' FUNDS		<u>645,916</u>	<u>565,534</u>

The financial statements were approved by the director on 23 October 2017 and were signed by:


.....
D L Massie - Director

The notes form part of these financial statements

IAF Capital Limited

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2015 (restated)	50,000	508,148	558,148
Changes in equity			
Total comprehensive income (restated)	-	7,386	7,386
Balance at 30 June 2016 (restated)	50,000	515,534	565,534
Changes in equity			
Total comprehensive income	-	80,382	80,382
Balance at 30 June 2017	50,000	595,916	645,916

The notes form part of these financial statements

IAF Capital Limited

Statement of Cash Flows
for the Year Ended 30 June 2017

	Notes	30.6.17 £	30.6.16 £
Cash flows (used in)/generated from operating activities			
Cash generated from operations	1	(91,188)	13,266
Tax paid		<u>(5,441)</u>	<u>(51,406)</u>
Net cash from operating activities		<u>(96,629)</u>	<u>(38,140)</u>
 Cash flows from investing activities			
Interest received		<u>2,713</u>	<u>17,445</u>
Net cash from investing activities		<u>2,713</u>	<u>17,445</u>
 Decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>397,134</u>	<u>417,829</u>
 Cash and cash equivalents at end of year	2	<u><u>303,218</u></u>	<u><u>397,134</u></u>

The notes form part of these financial statements

IAF Capital Limited

Notes to the Statement of Cash Flows for the Year Ended 30 June 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	30.6.17	30.6.16 Restated
	£	£
Profit before taxation	114,269	14,350
Share based payments	3,788	-
Gain on revaluation of investments	(182,955)	(7,614)
Finance income	(2,713)	(17,445)
	(67,611)	(10,709)
(Increase)/decrease in trade and other debtors	(32,326)	122,092
Increase/(decrease) in trade and other creditors	8,749	(98,117)
Cash flows (used in)/generated from operating activities	(91,188)	13,266

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u>303,218</u>	<u>397,134</u>

Year ended 30 June 2016

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u>397,134</u>	<u>417,829</u>

The notes form part of these financial statements

IAF Capital Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

1. **STATUTORY INFORMATION**

IAF Capital Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company during the year was the provision of corporate finance advisory services. Such services to include general financial advice and advice on IPOs, fundraising, mergers and acquisitions and acting as corporate broker to listed entities.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The Company transitioned from UK GAAP to FRS 102 as at 1 July 2015. The last set of financial statements prepared under the previous UK GAAP were for the year ended 30 June 2016.

These are the Company's first set of financial statements prepared in accordance with FRS 102. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in Note 14.

The preparation of financial statements in compliance with FRS 102 requires the use for certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies, as described further within this note.

Prior period adjustment

On 18 March 2011, the Company was granted a warrant instrument to subscribe in the ordinary share capital of Wey Education Plc. (See note 13). The fair value of the warrants at the grant date was £5,981, at this point the Company should have recognised the fair value of the asset and at each period end, recognised the movement in the fair value of the current asset investment, with any gain or loss being reflected in the profit or loss for the period. The fair value of the warrant instrument as at 1 July 2015 was £7,843. The restatement to the comparative figures within the financial statements now reflects the fair value.

Turnover

Turnover comprises fee income from the provision of professional advisory services. Turnover arising from any contingent work is only recognised when the company is entitled to the income on the services provided, as in accordance with the key terms of the transaction.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, either as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial instruments are recognised at amortised cost with changes recognised in profit or loss. Complex financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in profit or loss for the year, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

The company's functional and presentational currency is Sterling. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Warrants

The company holds a warrant instrument to subscribe for a number of warrant shares in a related company, at a subscription stated in the warrant agreement.

At the grant date and at each reporting period, the fair value of the warrant is measured, with fair value movements being credited or charged to the income statement.

When the warrant instrument is exercised, the company will pay an exercise price plus any attributable transaction costs and the investment will be carried as a current asset investment, with further fair value gains or losses being recognised in the profit or loss for the year.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the historical financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes certain estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The valuation of the warrants are derived from assumptions, particularly over share price volatility. The actual value of the warrants will be determined by the share price of the issuing company at the point that the warrant is exercised. There are no other areas involving a high degree of judgment or estimation, or areas where assumptions and estimates are significant to the historical financial information.

3. EMPLOYEES AND DIRECTORS

There were no staff or director costs for the year ended 30 June 2017 nor for the year ended 30 June 2016.

IAF Capital Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2017

4. OPERATING PROFIT/(LOSS)

The operating profit (2016 - operating loss) is stated after charging/(crediting):

	30.6.17	30.6.16
	£	£
Auditor's fees	4,000	5,650
Net loss/(gain) on foreign currency translation	16	(12,684)
Fair value gain on warrant instrument (see note 13)	<u>(182,955)</u>	<u>(7,614)</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	30.6.17	30.6.16
	£	£
Current tax:		
UK corporation tax	-	5,441
Deferred tax (see note 9)	<u>33,887</u>	<u>1,523</u>
Tax on profit	<u>33,887</u>	<u>6,964</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK.

The difference is explained below:

	30.6.17	30.6.16
	£	£
Profit before tax	<u>114,269</u>	<u>14,350</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%)	22,568	2,870
Effects of:		
Expenses not deductible for tax purposes	1,462	4,094
Losses carried forward	12,104	-
Fair value gain not taxable	(36,134)	(1,523)
Timing difference arising on fair value gain	<u>33,887</u>	<u>1,523</u>
Total tax charge	<u>33,887</u>	<u>6,964</u>

A deferred tax asset of £11,677 (2016: £nil) has not been recognised on the basis of uncertainty of future relevant taxable profits.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.17	30.6.16
	£	£
Trade debtors	46,072	13,867
Provision for doubtful debts	(46,072)	-
IAF Corporate Finance LLP	196,981	157,896
Social security and other taxes	5,126	-
Prepayments	<u>5,873</u>	<u>3,891</u>
	<u>207,980</u>	<u>175,654</u>

IAF Capital Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2017

7. CURRENT ASSET INVESTMENTS

	30.6.17	30.6.16 Restated
	£	£
Fair value of warrants instruments	<u>194,625</u>	<u>15,458</u>

Warrant instruments comprise share warrants in Wey Education plc., which are exercisable by 31 May 2018 (see note 13).

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.17	30.6.16
	£	£
Trade creditors	1,517	1,307
Corporation Tax	-	5,441
Social security and other taxes	-	3,921
Massie & Co	16,026	-
Wey Education plc	-	2,616
Accruals and deferred income	<u>5,385</u>	<u>6,335</u>
	<u>22,928</u>	<u>19,620</u>

9. PROVISIONS FOR LIABILITIES

	30.6.17	30.6.16
	£	£
Deferred tax		
Timing differences arising from fair value gains	<u>36,979</u>	<u>3,092</u>

	Deferred Tax £
Balance brought forward (restated)	3,092
Charge to profit or loss	<u>33,887</u>
Balance at 30 June 2017	<u>36,979</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.6.17	30.6.16
Number:	Class:	Nominal value:	£	£
50,000	Ordinary shares	1.00	<u>50,000</u>	<u>50,000</u>

IAF Capital Limited

Notes to the Financial Statements - continued for the Year Ended 30 June 2017

11. RELATED PARTY DISCLOSURES

IAF Corporate Finance LLP

A limited liability partnership of which Mr Massie is a member.

During the period the company incurred £2,055,933 (2016: £264,000) from IAF Corporate Finance LLP for professional services rendered, and reimbursed IAF Corporate Finance LLP £2,260 (2016: £4,859) for expenses paid on the company's behalf. The company provided loans to IAF Corporate Finance LLP totalling £226,000 (2016: £162,254 loans provided by IAF Corporate Finance LLP to the company). At the year-end £196,981 was owed to the Company (2016: £157,896).

During the year, a trade debtor balance of £1,875,933 (2016: £Nil) was assigned from the Company to IAF Corporate Finance LLP. All rights, title, interest, cost and benefit of the debtor have been waived by the Company and the debtor has been derecognised.

Massie & Co.

An unincorporated partnership of which Mr Massie is a partner

During the period the company incurred £Nil (2016: £21,152) to Massie & Co. for professional services rendered of which £Nil (2016: £Nil) was owed to Massie & Co. at the year end.

In addition, during the period Massie & Co. provided a loan to the Company of £32,232 (2016: £Nil). £16,206 was repaid in the year and £16,206 was outstanding at the year end (2016: £Nil).

Wey Education plc

A listed company of which Mr Massie is a director & shareholder

During the period the company charged £Nil (2016: £147,500) to Wey Education plc. for fund raising commission and advisory services, and £12,353 (2016: £7,462) for expenses incurred on behalf of Wey Education plc of which £1,814 (2016: £Nil) was owed to the company at the year end, for which a full provision has been made.

IAF (East Africa) Limited

A company of which Mr Massie is a shareholder.

During the period the company charged IAF (East Africa) Limited £3,866 (2016: £5,469) for the reimbursement of expenses incurred on their behalf. At the balance sheet date £8,258 (2016: £5,469) was owed to the company but, due to the uncertainty of recovery, a full provision has been made.

During the period the company provided loans to IAF (East Africa) Limited totalling £40,430 (2016: £Nil), repayable on demand. At the year end £40,430 (2016: £Nil) was owed to the company but, due to the uncertainty of recovery, a full provision has been made.

12. ULTIMATE CONTROLLING PARTY

The controlling party is D L Massie.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2017

13. WARRANTS AND SHARE BASED PAYMENTS

On 18 March 2011, the Company was granted a warrant instrument to subscribe for 2.5% (on a fully diluted basis) of the issued ordinary share capital of Wey Education Plc ("Wey"). Wey is a listed Company incorporated in England and Wales, in which Mr D Massie is a director and a shareholder.

The warrants were granted to the Company with a fixed exercise price. The warrants can be exercised at any time during the exercise period, with the main condition being that the warrants are exercisable in whole but not in part. On 26 March 2015, the exercise period was extended to 31 May 2018 by Wey.

The warrants are valued using the Black-Scholes option pricing model.

On 30 September 2016 Gary Pinkerton, a corporate finance director employed at IAF Corporate Finance LLP, was granted an entitlement to receive 20% of the shares under the Company's existing warrant instrument with Wey, as described above.

The fair value of this share based payment was measured using the Black-Scholes option pricing model. A one-off share-based payment charge of £3,788 (2016: £Nil) has been recognised in the profit or loss for the year.

14. FIRST YEAR ADOPTION

With effect from 1 July 2016 the Company has adopted accounting standard FRS 102 in preparing the accounts, with comparable figures adjusted to comply with the standard. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.