Grant Thornton

Abbreviated Accounts
Keronite Group Limited

For the Year Ended 31 December 2015

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COMPANIES HOUSE

Registered number: 05564452

Abbreviated Accounts

Grant Thornton

Independent Auditor's Report to Keronite Group Limited

Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts, which comprise the Balance sheet and the related notes, together with the financial statements of Keronite Group Limited for the year ended 31 December 2015 prepared under section 396 of the Companies Act 2006.

This report is made solely to the Company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion on financial statements

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts which comprise the Balance sheet and the related notes have been properly prepared in accordance with the regulations made under that section.

Grant Thornton UK LLP

Alison Seekings (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Cambridge

16 March 2016

Keronite Group Limited
Registered number:05564452

Abbreviated Balance Sheet
As at 31 December 2015

	Note		2015 £		2014 £
Fixed assets					
Investments	2		**481,062**		481,062
			481,062		481,062
Current assets					
Debtors		**610**		2,333	
		610		2,333	
Creditors: Amounts falling due within one year	3	**(21,760)**		(23,483)	
Net current assets			**(21,150)**		(21,150)
Total assets less current liabilities			**459,912**		459,912
Net assets			**459,912**		459,912
Capital and reserves					
Called up share capital	5		**1,485,751**		1,485,750
Share premium account			**9,703,612**		9,703,613
Capital redemption reserve			**5,935,728**		5,935,728
Profit and loss account			**(16,665,179)**		(16,665,179)
			459,912		459,912

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 were approved and authorised for issue by the board and were signed on its behalf on 16 March 2016.

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Matthew Hamblin
Director

The notes on pages 3 to 6 form part of these financial statements.

Notes to the Abbreviated Accounts
For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

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

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.

1.2 Valuation of investments

Investments held as fixed assets are stated at cost less accumulated impairment.

1.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.4 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks and other third parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. If the arrangements of a short term instrument constitute a financing transaction, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

1.5 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Abbreviated Accounts
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.6 Foreign currency translation

The company's functional currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'operating profit'.

1.7 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and 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 balance sheet date in the countries where the company operates and generates income.

Deferred tax is provided in full on timing differences, which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered.

1.8 Finance costs

Finance costs are recognised in the profit and loss account over the term of the related debt instrument at a constant rate on the carrying amount.

Notes to the Abbreviated Accounts
For the Year Ended 31 December 2015

2. Fixed asset investments

	£
Cost or valuation	
At 1 January 2015	**481,062**
At 31 December 2014	481,062

At 31 December 2015 the Company held the following investments:

100% interest in the ordinary share capital of Keronite International Limited, a company incorporated in England and Wales whose principal activity is the commercialisation of the Keronite process.

The Company also held the following investments through its 100% owned subsidiary company, Keronite International Limited:

100% interest in the ordinary share capital of Keronite Inc, a company incorporated in the United States of America. The principal activity of the company is the sale of services of the Keronite process through its production facility in the United States.

3. Creditors: Amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	**15,410**	-
Accruals and deferred income	**6,350**	23,483
	21,760	23,483

4. Financial instruments

	2015 £	2014 £
Financial liabilities		
Financial liabilities measured at amortised cost	**(21,760)**	(23,483)
	(21,760)	(23,483)

Notes to the Abbreviated Accounts

For the Year Ended 31 December 2015

5. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
21,167 Ordinary shares of £10 each	**211,670**	211,670
84,667 B preferred shares of £10 each	**846,670**	846,670
42,741 C preferred shares of £10 each	**427,410**	427,410
110 E ordinary shares of £0.01 each	**1**	-
	1,485,751	1,485,750

In 2015 the Company issued 5 E1 Ordinary shares of £0.01 each and 105 E2 Ordinary shares of £0.01 each for consideration of £1.

All preferred shares rank pari passu with the ordinary shares except on distribution of capital.
The E Ordinary Shares have no entitlement to dividend, nor any voting rights. Their right of redemption is above all other shares at £3,000 per E1 share and on aggregate at 10.5% of the Net Proceeds less £3,000 per shareholder on the event of Exit by 13th February 2020 for E2 shares, subject to a hurdle whereby if the Net Proceeds upon the event of Exit are less than £13,000,000 then the distribution is Nil.

6. First time adoption of FRS 102

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.