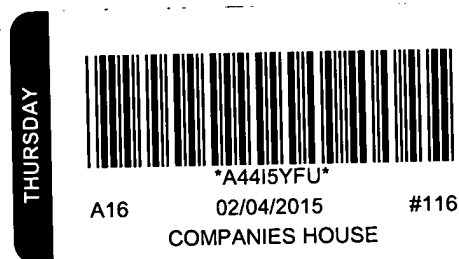


# Abbreviated Accounts Keronite Group Limited

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For the year ended 31 December 2014



Registered number: 05564452

Abbreviated Accounts



## 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 2014 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  
Date: 26 March 2015

# Abbreviated Balance Sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Investments	2		481,062		481,062
<b>Current assets</b>					
Debtors		2,333		3,384,713	
<b>Creditors:</b> amounts falling due within one year		(23,483)		(5,988)	
<b>Net current (liabilities)/assets</b>			(21,150)		3,378,725
<b>Net assets</b>			459,912		3,859,787
<b>Capital and reserves</b>					
Called up share capital	3		1,485,750		1,322,930
Share premium account			9,703,613		9,466,434
Capital redemption reserve			5,935,728		5,935,728
Profit and loss account			(16,665,179)		(12,865,305)
<b>Shareholders' funds</b>			459,912		3,859,787

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 18<sup>th</sup> MARCH 2015

  
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**Matthew Hamblin**  
Director

The notes on pages 3 to 5 form part of these financial statements.

# Notes to the Abbreviated Accounts

For the year ended 31 December 2014

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### 1.2 Going concern

The company is the holding company of a trading group and itself has minimal activity. Historically the trading operations of its subsidiaries have been loss making. These historic operating losses highlight the existence of some uncertainty which may cast doubt over the company's ability to continue as a going concern. The directors have considered the going concern basis of preparation of the financial statements. During 2014 the group demonstrated significant progress both in winning recurring sales with key customers and in generating new strategic opportunities. Sales grew quarter on quarter from Q4 2013, with Q4 2014 revenue being 228% higher than Q4 2013, and generated a positive operating profit in Q4. The Board has considered the level of forecast sales growth as part of the cash flow forecast and based on current plans is satisfied that the group can meet liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. The Board has considered timings of cash flows, identified discretionary spend and has in place an undrawn invoice discounting facility to ensure that the group can manage its cash flow throughout this period.

The growth in revenue, management of cash flow, and on-going successful conversion of the order book within the trading entities for the twelve months from the date of signing these accounts are the basis of the Board's adoption of the going concern basis of preparation.

### 1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

### 1.4 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

# Notes to the Abbreviated Accounts

For the year ended 31 December 2014

## 2. Fixed asset investments

	£
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	481,062
<b>Net book value</b>	
At 31 December 2014	481,062
At 31 December 2013	481,062

At 31 December 2014 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.

100% interest in the ordinary share capital of Isle Coat Limited, a company incorporated in the Isle of Man. The principal activity of the company is the maintenance of patents relating to the group's intellectual property. During the year Isle Coat Limited was liquidated.

100% interest in the ordinary share capital of ICS Systems Limited, a company incorporated in England and Wales. ICS Systems Limited did not trade in the year. During the year ICS Systems Limited was liquidated.

## 3. Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
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 (2013 - 26,459) C preferred shares of £10 each	427,410	264,590
	<u>1,485,750</u>	<u>1,322,930</u>

On 20 October 2014 the company issued 16,282 C preferred shares of £10.00 each at an issue price of £24.5663 per share.

All preferred shares rank pari passu with the Ordinary shares except on distribution of capital.

# Notes to the Abbreviated Accounts

For the year ended 31 December 2014

## 4. Related party transactions

At 31 December 2014 Keronite Group Limited had lendings owed from Keronite International Limited of £nil (2013: £9,834,078).

During the year the Board approved the waiver of £10,334,363 (2013: £2,000,000) of the inter company loan balance, of which £6,634,516 (2013: £8,457,363) had previously been provided against. The increase in the debt in the year relates to further draw downs.