Registration number: 06759861

Brigantes Energy Limited

Report of the Directors and Unaudited Financial Statements

for the Year Ended 31 July 2016

Brigantes Energy Limited
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Brigantes Energy Limited
Company Information

Directors

M Butler

A J Lindsay

Registered office

35 – 37 Lowlands Road
Harrow-on-the-Hill
Middlesex
HA1 3AW

Accountants

Cameron & Associates Limited
Chartered Accountants & Statutory Auditors
35-37 Lowlands Road
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Brigantes Energy Limited
Directors' Report for the Year Ended 31 July 2016

The directors present their report and the unaudited financial statements for the year ended 31 July 2016.

Principal activity

The principal activity of the company is the exploration, production and sale of hydrocarbons

Review of business

The Company holds interests in the producing Avington oilfield (5.00%) and in three exploration areas: onshore Northern Ireland PL1/10 (interest 10.00% after farmout), offshore Northern Ireland P2123 (interest 10.00% after farmout) and offshore Dorset P1918 (interest 3.60% at year-end, subject to governmental approval).

In relation to Northern Ireland PL1/10, Brigantes signed Farmout Agreements in January 2016 with Horizon Energy Partners Limited ("HEPL"), Petro River UK Limited and Ermine Resources Limited, under which it would be carried for the estimated costs of the Woodburn Forest-1 well to retain a 10.00% interest in PL1/10 and also P2123. In the case of Ermine, the company was carried for all well costs but in the case of HEPL and Petro River the carry was restricted to a maximum cost of £4.277 million and Brigantes therefore had to pay 8.33% of all costs above this. Woodburn Forest-1 was drilled to a total depth of 2,000 metres in May/June 2016 but failed to encounter commercial hydrocarbons. Unfortunately, although this was a conventional well and it had been stated specifically that fracking would not be undertaken, a protestors' camp was set up next to the site and expensive additional security measures had to be taken, taking the final cost well over the £4.277 million cap. The latest estimate available is that Brigantes will have to pay some £35,600 towards the well costs. The drilling of the well satisfied all outstanding obligations on the licence, following a 50% relinquishment in March 2016, and the current licence period expires in March 2021.

The P2123 partners plan to undertake a reprocessing exercise on existing offshore seismic data later in 2016. Brigantes holds a 10.00% interest in this licence.

On P1918 (Offshore Block 98/11a), in August 2015 the Farmout Agreement with Southwestern Resources Limited ("SWR") was renegotiated. SWR later changed its name to HEPL. In November 2015, because of delays in HEPL funding of a 2D seismic line to tie onshore and offshore data in the area of the proposed California Quarry-1 ("CQ-1") well, a 10.00% interest in P1918 was sold to Ermine Resources Limited for £200,000. This reduced the interest of Brigantes in P1918 to 14.40%. In December 2015, following a relinquishment of more than 50% of the licence, the Oil & Gas Authority (formerly DECC) agreed to a one-year licence extension, to 1 February 2017. In April 2016 HEPL exercised its Option to commit to drilling the CQ-1 well and a well on the Colter Prospect to earn a 75.00% interest in P1918, leaving Brigantes with an interest of 3.60% carried through the two wells. However, In July 2016 HEPL informed the other parties that it no longer wished to proceed with drilling the two wells, despite the commitment it had made. At year-end a Withdrawal Agreement was being negotiated, under which HEPL would pay for the cost of work committed to as a result of its exercise of the Option and would assign back to the other parties pro rata its entire interest in P1918. This will leave Brigantes with a 16.00% interest in P1918.

Avington Field continued to be capable of producing at average levels around 60 bopd, with no indication of any serious decline. However, depressed oil prices meant that the field operated at a loss for most of the year. Because most of the operating cost lies in water disposal, the field was shut-in on alternate weeks for a period at the beginning of 2016, in an attempt to reduce the amount of water produced. When production was resumed at the end of each week's shut in, flush production of oil occurred for a couple of days, with lower water cut. Because of this, production for the 12 months to end-July 2016 averaged 52.53 bopd (2.63 bopd net to Brigantes). With achieved oil prices averaging $40.00 per barrel, net losses to Brigantes averaged £1,035 per month throughout the period. Brigantes holds a 5.00% interest in the field.

At the end of the period, the Company held cash in hand of £46,311 (2015: £46,217).

Future developments

On P2123, the partners completed the reprocessing of over 1,000 kms of 2D data in October 2016. At a partners' meeting on 9 November, all parties agreed that the results were such that further work on the licence could not be justified and it was agreed to make an application to the OGA to relinquish completely on the third anniversary (10 December 2016) without carrying out any further obligation work. This is now under consideration by the OGA.

Because of the withdrawal of HEPL, under the terms of a Withdrawal Agreement signed on 10 August 2016, the P1918 parties will no longer be able to drill CQ-1 in 2016/17. Since the Planning Permission for the well expires on 3 December 2016, Dorset Council ("DCC") agreed that minimal site work and the insertion of conductor pipe into the ground would be sufficient to trigger the Planning Permission, to give the group time to re-organise and drill in late 2017. On that basis, the OGA agreed to give a further extension of licence P1918 to 1 February 2018. However, in the knowledge that the Planning permission must be triggered by 3 December, in October 2016 an anti-fracking protest group occupied the CQ-1 wellsite and continues to prevent any work from taking place on the site, despite the fact that the P1918 group has consistently stated that it does not intend to frack this well and, in any case, the OGA regulations prohibit fracking from taking place in the AONB. DCC has therefore agreed that we can re-submit the Planning Application, which will hopefully be approved in time to allow drilling in late 2017. In the meantime, the P1918 group is moving forward with the planning process for a well on the offshore Colter Prospect, in the hope that one of the Prospects will be ready to drill in late 2017. Brigantes is now entitled to a 16.00% interest in P1918.

On 6 October 2016, formal notice was given of the awards to the P1918 group of onshore licences PEDL330 and PEDL345. These lie immediately to the north and west of offshore licence P1918 and include the surface location of CQ-1, together with the onshore part of the Purbeck Prospect. Although they have been awarded to InfraStrata and HEPL, under the terms of the Withdrawal Agreement HEPL will assign its interest to the other P1918 parties, such that Brigantes will be entitled to a 14.40% interest in both new licences.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements and in the future developments section of the report.

Directors of the company

The directors who held office during the year were as follows:

M Butler

A J Lindsay

Financial instruments

The financial risk management objectives and policies of the company in relation to the use of financial instruments and the exposure of the company to its main risks, being credit risk, interest risk and liquidity risk, are set out in note 18 of the financial statements.

Qualifying third party indemnity provision

The company has arranged qualifying third party indemnity for all of its directors.

Related party transactions

Details of transactions with related parties are disclosed in note 14 of the financial statements.

Going concern

Following the cost overrun on Woodburn Forest-1 and the withdrawal of HEPL from the P1918 Farmout Agreement, Brigantes finds itself in a position that it will not be able to continue without a further injection of funds. Accordingly, a process was begun in August 2016 to attempt to sell either the company as a whole or some of its assets. Negotiations are now in an advanced stage to sell the company's interests in P1918, PEDL330 and PEDL345 for £25,000. This will give the company the ability to continue in operation well into 2017, while a decision is made on the way forward. The directors believe that it is in the best interest of shareholders to either sell or liquidate the company in the first quarter of 2017. These accounts have therefore been prepared on a break-up basis. No adjustments arose as a result.

Approved by the Board on 23 December 2016 and signed on its behalf by:

....

M Butler
Director

Chartered Accountants' Report to the Board of Directors on the Preparation of the Unaudited Statutory Accounts of Brigantes Energy Limited for the Year Ended 31 July 2016

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Brigantes Energy Limited for the year ended 31 July 2016 set out on pages 6 to 17 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at icaew.com/membershandbook.

This report is made solely to the Board of Directors of Brigantes Energy Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Brigantes Energy Limited and state those matters that we have agreed to state to them, as a body, in this report in accordance with AAF 2/10 as detailed at icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Brigantes Energy Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Brigantes Energy Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Brigantes Energy Limited. You consider that Brigantes Energy Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Brigantes Energy Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

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Cameron & Associates Limited
Chartered Accountants & Statutory Auditors
35-37 Lowlands Road
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23 December 2016

Brigantes Energy Limited
Profit and Loss Account for the Year Ended 31 July 2016

	Note	2016 £	Audited 2015 £
Turnover		22,583	45,089
Cost of sales		(34,650)	(50,235)
Gross loss		(12,067)	(5,146)
Administrative expenses		(32,540)	(60,088)
Impairment losses		(335,000)	(40,876)
Unsuccessful exploration costs		70,630	(118,945)
Operating loss	3	(308,977)	(225,055)
Other interest receivable and similar income		43	119
Loss on ordinary activities before taxation		(308,934)	(224,936)
Loss for the financial year	12	(308,934)	(224,936)

Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 8 to 17 form an integral part of these financial statements.

Brigantes Energy Limited
(Registration number: 06759861)
Balance Sheet as at 31 July 2016

	Note	2016 £	Audited 2015 £
Fixed assets			
Intangible assets	6	175,000	510,000
Current assets			
Debtors	8	14,268	31,296
Cash at bank and in hand		46,311	46,217
		60,579	77,513
Creditors: Amounts falling due within one year	9	(9,633)	(64,953)
Net current assets		50,946	12,560
Total assets less current liabilities		225,946	522,560
Provisions for liabilities	10	(12,926)	(11,751)
Net assets		213,020	510,809
Capital and reserves			
Called up share capital	11	750	750
Share premium reserve	12	2,176,406	2,176,406
Other reserves	12	36,222	25,077
Profit and loss account	12	(2,000,358)	(1,691,424)
Shareholders' funds	16	213,020	510,809

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (Effective 2015).

For the year ending 31 July 2016 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 23 December 2016 and signed on its behalf by:

....

M Butler
Director

The notes on pages 8 to 17 form an integral part of these financial statements.

1 Accounting policies

Accounting convention
The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) (effective January 2015).

Going concern
Following the cost overrun on Woodburn Forest-1 and the withdrawal of HEPL from the P1918 Farmout Agreement, Brigantes finds itself in a position that it will not be able to continue without a further injection of funds. Accordingly, a process was begun in August 2016 to attempt to sell either the company as a whole or some of its assets. Negotiations are now in an advanced stage to sell the company's interests in P1918, PEDL330 and PEDL345 for £25,000. This will give the company the ability to continue in operation well into 2017, while a decision is made on the way forward. The directors believe that it is in the best interest of shareholders to either sell or liquidate the company in the first quarter of 2017. These accounts have therefore been prepared on a break-up basis. No adjustments arose as a result.

Turnover
Turnover represents amounts receivable for the sale of crude oil net of taxes, and is recognised on delivery of the crude oil to a third party storage facility.

Intangible - exploration and evaluation assets
The Company accounts for oil and gas expenditure using successful efforts based accounting.

Under this method, exploration and evaluation expenditure, which is defined as expenses incurred before commercial reserves are established and technical feasibility for extraction is demonstrated, is expensed, with the exception of costs related to the acquiring of the exploration and production rights/licences. The costs of acquiring the oil exploration and production rights/licences are capitalised as intangible assets and will be amortised when oil production commences on a unit of production basis (see below).

Subsequent to the initial recognition, the intangible assets are assessed for impairment annually and where found to be no longer viable, or where the licences have expired with no intention of renewal, an impairment loss is recognised as exploration costs in the profit and loss account.

Tangible - development and production assets
Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised intangible exploration and evaluation cost is transferred into a single field cost centre within tangible assets - development and production assets after testing for impairment (see below). Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are expensed in the profit and loss account.

Development and production costs are depreciated on a unit-of-production basis based on the commercial proven and probable reserves on a field-by-field basis. Development and production assets are not depreciated until the production commences. The depreciation calculation takes account of the residual value of site equipment and the estimated future costs of development of recognised proven and probable reserves, based on current price levels. Any changes in reserves quantities and costs estimates are recognised prospectively.

Impairment

Intangible exploration and evaluation assets are reviewed regularly for indicators of impairment. If events or changes in circumstances indicate that the net book amount of capitalised expenditure may not be recoverable from anticipated future net revenue from oil and gas reserves attributable to the Company's interest in the field, the intangible asset is tested for impairment on a field-by-field basis. Any impairment arising is recognised in the profit and loss account for the year.

Impairment reviews on tangible development and production assets are carried out on each cash-generating unit identified in accordance with FRS 11 'Impairment of Fixed Assets and Goodwill'. The Company's cash-generating units are those assets which generate largely independent cash flows and are normally, but not always, single development areas.

At each reporting date, where there are indicators of impairment, the net book value of the cash-generating unit is compared with the associated expected future net cash flows, discounted at a rate of 10%. If the net book value is higher, then the difference is written off to the profit and loss account as impairment. The forecasted cash flow represents the period to January 2023.

Financial instruments

The financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument, and are classified as follows:

Trade and other debtors arise through the provision of goods and services to the customer. The debtors are initially recognised at fair value less provision for impairment. Impairment provisions are recognised when there is objective evidence that the company will be unable to collect all of the amounts under the terms of the debtor.

Trade and other creditors are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

Decommissioning

Where a material liability for the removal of production facilities and site restoration at the end of the productive life of a field exists, a provision for decommissioning is recognised. The company determines these costs by making assumptions, based on the current economic environment, which management believe are reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes in assumptions. However, the actual decommissioning costs will ultimately depend upon future market prices for the necessary works which will reflect the market conditions at the relevant time. The unwinding discount arising on the recognition of the provision is released to the profit and loss account.

If after completion of appraisal activities in an area it is not possible to determine technical feasibility or commercial viability, then the costs of the unsuccessful activity are written off to the profit and loss account in the period that the event occurs.

Taxation

Current UK corporation tax is provided at amounts using the tax rates and laws that have been enacted by the balance sheet date. In addition to the standard rate of corporation tax, the charge will include a supplementary charge as the Company's activities fall within the definition of a ring fence trade.

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share-based payments

Equity-settled share-based payments to employees and Directors are measured at the fair value of the equity instrument. The fair value of the equity-settled transactions with employees and Directors is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions.

The fair value of the equity instrument is measured using the Black-Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2 Staff costs

The aggregate payroll costs were as follows:

	2016 £	2015 £
Wages and salaries	4,465	15,624
Share based payment expense	11,145	11,146
	15,610	26,770

There were no paid directors during the year (2015: 3). Included in the 2015 amounts above are amounts paid to third parties in respect of directors services amounting to £6,291.

The average monthly number of employees, excluding directors, during the year was 1 (2015: 1).

3 Operating profit / loss

Operating loss is stated after charging/(crediting):

	2016 £	2015 £
Audit of the financial statements	92	10,750
Depletion of resource	-	8,219
Share based payment expense	11,145	11,146
Exploration costs (credited)/expensed	(70,630)	118,945
Impairment	335,000	40,876

4 Interest payable and similar charges

	2016 £	2015 £
Unwinding of discount on decommissioning provision	1,175	1,068

5 Taxation

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2016 nor for the year ended 31 July 2015.

Factors affecting current tax charge for the year

The tax on loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 37% (2015 - 47%).

The differences are reconciled below:

	2016 £	2015 £
Loss on ordinary activities before tax	(308,934)	(224,936)
Corporation tax at standard rate	(114,306)	(105,720)
Short term timing differences	(17,367)	(31,506)
Expenses not deductible for tax purposes	124,385	19,714
Unrelieved tax losses carried forward	7,288	117,512
Total current tax	-	-

The company is assessed to tax at the standard rate of corporation tax of 20% (2015: 20%) together with the addition of a supplementary charge of 16% (2015: 27%) as the company's activities fall within the definition of a ring fence trade.

Tax losses of £1,923,636 are available to carry forward (2014: £1,903,928).

6 Intangible fixed assets

	Exploration &

	evaluation assets £
Cost	
At 1 August 2015	510,000
Impairment	(335,000)
At 31 July 2016	175,000
Net book value	
At 31 July 2016	175,000
At 31 July 2015	510,000

7 Tangible fixed assets

	Development & production assets £
Cost	
At 1 August 2015	62,164
At 31 July 2016	62,164
Depreciation	
At 1 August 2015	62,164
At 31 July 2016	62,164
Net book value	
At 31 July 2016	-
At 31 July 2015	-

8 Debtors

	2016 £	2015 £
Trade debtors	2,368	2,990
VAT receivable	2,180	983
Prepayments	2,245	27,323
Other debtors	7,475	-

	14,268	31,296

9 Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	6,257	7,841
Other taxes and social security	100	46
Other creditors	317	452
Accruals	2,959	56,614
	9,633	64,953

10 Provisions

	Decommissioning provision £
At 1 August 2015	11,751
Unwinding of discounted amount	1,175
At 31 July 2016	12,926

The decommissioning provision represents the present value of decommissioning costs for the Company's share of existing assets in its oil and gas explorations which are expected to be incurred at the end of the operating licence. The provision has been generated based on the Company's internal estimates, and where available, studies and analysis from external sources. However, the actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning work required at the time assets are decommissioned and abandoned which is inherently uncertain.

11 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary of £1 each	7,500,000	750	7,500,000	750

12 Reserves

	Profit and loss account £	Share premium account £	Other reserves £	Total £
At 1 August 2015	(1,691,424)	2,176,406	25,077	510,059

Loss for the year	(308,934)	-	-	(308,934)
Share based payment expense	-	-	11,145	11,145
At 31 July 2016	(2,000,358)	2,176,406	36,222	212,270

13 Related party transactions

Malcolm Butler is a director and shareholder of Ermine Resources Limited.

In November 2015, a 10% interest in P1918 was sold to Ermine Resources for £200,000, effectively reducing Brigantes Energy's interest in the licence to 14.4%.

In January 2016, the Company signed farmout agreements with Ermine Resources and others in relation to Northern Ireland licence PL/10. Under this agreement, the Company retained a 10% interest in PL/10 and would be carried for the estimated costs of the Woodburn Forest-1 well. In the case of Ermine Resources, the company was carried for all well costs.

14 Post balance sheet events

Following the cost overrun on Woodburn Forest-1 and the withdrawal of HEPL from the P1918 Farmout Agreement, Brigantes finds itself in a position that it will not be able to continue without a further injection of funds. Accordingly, a process was begun in August 2016 to attempt to sell either the company as a whole or some of its assets. Agreement was reached on 23 November 2016 to sell the company's interests in P1918, PEDL330 and PEDL345 to Corallian Energy Limited for £25,000. These funds were received on 30 November 2016 and give the company the ability to continue to trade for at least 6 months, while a decision is made on the way forward. The directors believe that it is in the best interest of shareholders to either sell or liquidate the company in the first quarter of 2017.

15 Ultimate controlling party

The directors consider that no one investor of the Company has the power to govern the financial and operating policies of the Company and therefore no one investor is considered to be ultimate parent and controlling party.

16 Reconciliation of movement in shareholders' funds

	2016 £	**2015** £
Loss for the financial year	(308,934)	(224,936)
Share based payment expense	11,145	11,146
Net reduction to shareholders funds	(297,789)	(213,790)
Shareholders' funds at 1 August	510,809	724,599
Closing shareholders' funds	213,020	510,809

17 Financial assets and liabilities

The company's objective is to minimise financial risk and the policies to achieve this are to fund operations from equity capital.

The company's financial instruments comprise cash and cash equivalents, trade debtors, trade creditors, accruals, and other creditors. The policies as set by the Board of Directors are implemented by the company's finance department.

Credit risk

The credit risk on liquid funds is limited because the company only deals with counterparties with high credit ratings. The balance of cash held in such institutions was £46,311 (2015:£46,217) at the year end.

Trade debtors comprise amounts receivable for the sale of crude oil amounting to £2,368 (2015:£2,990) and trade creditors amount to £6,257 (2015: £7,841). At the year end, the total exposure to credit risk was £49,301 (2015: £198,524).

Liquidity risk

The company's policy is to maintain cash in short terms deposits to ensure sufficient funds are readily available to meet funding and working capital requirements arising from the company's operations. The company will closely monitor working capital requirements to ensure that it has sufficient funds to meet its financial liabilities as they fall due. The company's financial liabilities comprise trade and other creditors and amount to £9,633 (2015: £64,907).

Interest rate risk

The company has cash deposits on which interest is earned at variable rates. At the year end this amounted to £41,311 (2015: £41,217) of the total cash balances. The deposits consist of money market deposits which earn interest set on a daily basis linked to Sterling LIBOR.

This is in line with company policy, although this policy is constantly reviewed as economic conditions change. An effective interest rate increase or decrease of 1% would not have a material effect on the finance income of the company.

18 Share-based payments

The company entered into an unapproved share option agreement with Malcolm Butler on 29 January 2013.

The company granted Malcolm Butler, a director of the company, the right to subscribe for a maximum of 300,000 shares at an exercise price of £0.50 per share. The option period commenced on the date of grant and expires on the business day immediately preceding the tenth anniversary of the date of the grant.

Options are non-transferable except in the case of an option holders death, in which case the outstanding options may be exercised by the personal representatives of the option holder.

The company share options are equity-based payments as defined in FRS 20. This standard requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The total share based payments charge for the year has been derived through applying the Black-Scholes model.

The inputs to the Black-Scholes model were as follows:

Black Scholes	Model
Share price	50p
Exercise price	50p
Expected volatility	70%
Risk free rate of interest	0.86%
Expected dividend yield	0%
Expected life	10 years

The company recognises an expense of £11,145 in respect of options for the year ended 31 July 2016 (2015: £11,146).

The exercise price of 50p is also the weighted average exercise price as there was only one grant.

The expected volatility is based on similar companies in the sector and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.