

PRO BONO BIO GROUP PLC

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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PRO BONO BIO GROUP PLC

CORPORATE INFORMATION

Directors

George Iliffe (resigned on 4 September 2017)

John Mayo (resigned on 29 May 2017)

Michael Earl

Richard Wolf-Garraway

William Henry (resigned on 10 April 2017)

Company secretary

Throgmorton Secretaries LLP

Registered Office and Number

4th Floor, Reading Bridge House

George Street

Reading

Berkshire RG1 8LS

Company Registration Number: 07802577

Independent Auditor

Grant Thornton UK LLP

30 Finsbury Square

London EC2A 1AG

PRO BONO BIO GROUP PLC

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PRO BONO BIO GROUP PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

The directors present their strategic report for the year ended 31 December 2016.

BUSINESS REVIEW

Pro Bono Bio Group PLC is an intermediate holding company within a group that is principally engaged in the business of developing and selling healthcare products. The company's activities are solely administrative in nature. The company is a public limited liability company incorporated on 7 October 2011 and is domiciled in the United Kingdom.

The company traded at a loss in 2016, making a loss of £20,130 (2015: loss of £6,671).

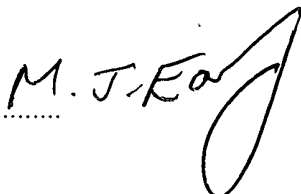
PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the company and kept under review by the board of the company have been summarised below.

Funding: The company is currently loss making and is consuming cash. The company's ultimate parent is in discussions with a number of parties to provide additional funding to the group. These discussions have yet to result in a definitive agreement to provide funds to the group. Although the directors are confident that in due course the group will obtain committed funding to meet its payment obligations there is, nevertheless, a risk that the group will not obtain such funding and as a result the company will not be able to continue as a going concern.

This report was approved by the board and signed on its behalf.

.....
Michael Earl
Director
Date: 17 October 2017



PRO BONO BIO GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report for the year ended 31 December 2016.

Directors of the company

The directors who served during the year and up until the date of this report are shown on page 2.

Result

The statutory loss after tax of the company for 2016 was £20,130 (2015: Loss £6,671)

Dividends

The directors do not recommend any dividend for the year (2015: £ nil).

Business Review

Pro Bono Bio Group PLC is an intermediate holding company within the Pro Bono Bio group. The company's activities are solely administrative in nature.

Future developments

The directors do not anticipate any significant change in the company's activities in the future.

Events since the balance sheet date

There are no events after the reporting period to report.

Financial instruments

The Company did not use derivative financial instruments during the year.

Going Concern

The company is currently loss making and as such is dependent on the support of its ultimate parent company, Pro Bono Bio PLC.

The Directors of Pro Bono Bio PLC have identified the funding needed for the next 12 months, which they plan to obtain from borrowings or by issuing equity to current or new investors or from the sale of assets or the receipts from the sale of product distribution rights. Should these plans not result in the required cash and existing investors are unwilling to continue to provide support, the business may not be able to continue as a going concern. In particular, Pro Bono Bio PLC may not be able to make an interest payment due on 23 December 2017 pursuant to a loan agreement with its largest shareholder unless the interest payment date is deferred or Pro Bono Bio PLC receives additional funding. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the parent and hence the company's ability to continue as a going concern.

PRO BONO BIO GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors reasonably expect that the ultimate parent will be successful in raising the required debt or equity funding and therefore should have adequate resources to support the company for at least the next 12 months after the date of authorisation of these financial statements. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Directors' liabilities

The company has granted an indemnity to each of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying indemnity provision remains in force as at the date of approving the Directors' report.

Political donations

The company has not made any political donations during the year.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor is Grant Thornton UK LLP.

Disclosure of information to the auditor

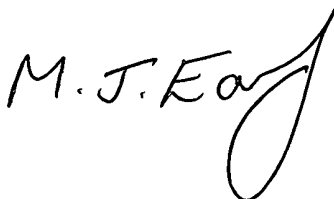
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Small companies exemptions

In preparing this report the directors have taken advantage of the small companies exemptions provided by sections 414B and 415A of the Companies Act 2006.

On behalf of the board of directors

Michael Earl
Director
17 October 2017



Directors' responsibilities statement

The directors are responsible for preparing the Report of the Directors 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;
- state whether applicable accounting standards have been followed; and
- 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. 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.

PRO BONO BIO GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRO BONO BIO GROUP PLC

We have audited the financial statements of Pro Bono Bio Group PLC for the year ended 31 December 2016 which comprise the statements of financial position, the statements of total comprehensive income, and the statements of changes in equity and the related notes. The financial reporting framework that has been applied is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the company's affairs as at 31 December 2016 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £20,130 during the year ended 31 December 2016 and, at that date, the company had net current liabilities of £136,500. The company is reliant on financial support from related group companies. Based on management's forecasts for the group, the group will need to obtain additional financing through borrowings to fund the company's operations for the next 12 months. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter 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 have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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



Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
17 October 2017

PRO BONO BIO GROUP PLC

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Turnover		-	-
Gross profit		-	-
General and administrative costs	2	(3,239)	(2,724)
Total expenses		(3,239)	(2,724)
Operating loss		(3,239)	(2,724)
Finance costs	4	(16,891)	(3,947)
Loss before income tax		(20,130)	(6,671)
Taxation	5	-	-
Loss for the financial year		(20,130)	(6,671)
		Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Loss/result for the financial year		(20,130)	(6,671)
Total comprehensive income for the year		(20,130)	(6,671)

The notes on pages 13 to 21 are an integral part of these financial statements.

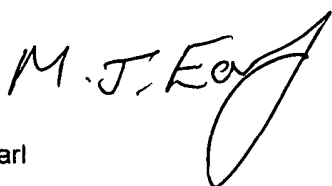
PRO BONO BIO GROUP PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Non-current assets			
Investments	6	10,500	10,500
		<u>10,500</u>	<u>10,500</u>
Current assets			
Trade and other receivables	7	52,486	50,100
Cash and cash equivalents		-	1,186
Total current assets		<u>52,486</u>	<u>51,286</u>
Total assets		<u>62,986</u>	<u>61,786</u>
Current liabilities			
Trade and other payables	8	188,986	167,656
		<u>188,986</u>	<u>167,656</u>
Total liabilities		<u>188,986</u>	<u>167,656</u>
Equity attributable to owners of the parent			
Share capital and share premium	9	50,000	50,000
Deferred Shares		100	100
Dividend Access Share		1	1
Retained earnings		(176,101)	(155,971)
Total equity		<u>(126,000)</u>	<u>(105,870)</u>
Total equity and liabilities		<u>62,986</u>	<u>61,786</u>

The financial statements of Pro Bono Bio Group PLC (registration number 07802577) on pages 10 to 21 were authorised for issue by the board of directors on 17 October 2017 and were signed on its behalf.

Michael Earl
Chairman



Richard Wolf-Garraway
Director



The notes on pages 13 to 21 are an integral part of these consolidated financial statements.

PRO BONO BIO GROUP PLC**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Share capital £	Accumulated losses £	Total equity £
Balance at 1 January 2015		50,101	(149,300)	(99,199)
Loss for the financial year		-	(6,671)	(6,671)
Total comprehensive income for the year		-	(6,671)	(6,671)
Transactions with owners: issue of share capital	9	-	-	-
Balance at 31 December 2015		<u>50,101</u>	<u>(155,971)</u>	<u>(105,870)</u>
Balance at 1 January 2016		50,101	(155,971)	(105,870)
Loss for the financial year		-	(20,130)	(20,130)
Total comprehensive income for the year		-	(20,130)	(20,130)
Balance at 31 December 2016		<u>50,101</u>	<u>(176,101)</u>	<u>(126,000)</u>

The notes on pages 13 to 21 are an integral part of these consolidated financial statements.

PRO BONO BIO GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

Pro Bono Bio Group PLC (the "company") is an intermediate holding company within a group that is principally engaged in the business of developing and selling healthcare products. The company is a public limited liability company incorporated on 7 October 2011 and is domiciled in the United Kingdom.

1. Going concern

The company is currently loss making and as such is dependent on the support of its ultimate parent company, Pro Bono Bio PLC.

The Directors of Pro Bono Bio PLC have identified the funding needed for the next 12 months, which they plan to obtain from borrowings or by issuing equity to current or new investors or from the sale of assets or the receipts from the sale of product distribution rights. Should these plans not result in the required cash and existing investors are unwilling to continue to provide support, the business may not be able to continue as a going concern. In particular, Pro Bono Bio PLC may not be able to make an interest payment due on 23 December 2017 pursuant to a loan agreement with its largest shareholder unless the interest payment date is deferred or Pro Bono Bio PLC receives additional funding. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the parent and hence the company's ability to continue as a going concern.

The Directors reasonably expect that the ultimate parent will be successful in raising the required debt or equity funding and therefore should have adequate resources to support the company for at least the next 12 months after the date of authorisation of these financial statements. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

ANALYSIS OF FIGURES IN THE FINANCIAL STATEMENTS

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;
- analysis and sub-totals, and
- information about estimates and judgements made in relation to particular items.

2. General and administrative costs

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
	£	£
Management and administrative costs	(1,239)	(5,211)
Professional fees	(2,000)	2,487
	<u>(3,239)</u>	<u>(2,724)</u>

General and administrative costs include an amount accrued of £2,000 (2015 - £2,000) for auditor's remuneration for the 2016 audit of the company.

PRO BONO BIO GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Directors Remuneration

No remuneration was paid by Pro Bono Group PLC to directors of the company. Directors of the ultimate parent company Pro Bono Bio PLC did receive remuneration and that is presented at group level and in the accounts of the company that made the payments.

4. Finance income and costs

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
	£	£
Foreign currency result	(16,891)	(3,912)
Other finance/bank charges	-	(35)
Finance costs	(16,891)	(3,947)
 Net finance costs	 (16,891)	 (3,947)

5. Income tax expense

In 2016 the company recorded no income tax expense (2015: nil)

The company has estimated losses of £175,684 (2015 - £155,554) available for carry forward against future trading profits.

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
	£	£
Reconciliation of tax expense		
Loss/result before tax	(20,130)	(6,671)
Tax calculated at standard rate of UK corporation tax of 20% (2015: 20%)	(4,026)	(1,334)
Tax effects of:		
Unrelieved tax losses carried forward	4,026	1,334
Tax expense	-	-

6. Investments

Subsidiary	Country of incorporation	Nature of Business	Proportion of ordinary shares held by the company	Proportion of ordinary shares held by the group
Pro Bono Bio Entrepreneur Limited	UK	Healthcare products supplier	100%	
Pro Bono Bio International Trading Limited	Malta	Healthcare products supplier		100%

PRO BONO BIO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****7. Trade and other receivables**

	2016	2015
	£	£
Amounts owed by group undertakings	52,386	-
Other Debtors	100	50,100
	<u>52,486</u>	<u>50,100</u>

During 2016 the company made no provision against non-performing receivables (2015: £ nil).

8. Trade and other payables

	2016	2015
	£	£
Trade payables	2,359	3,079
Amounts owed to group undertakings	176,293	143,130
Other creditors	8,334	19,447
Accruals	2,000	2,000
	<u>188,986</u>	<u>167,656</u>

9. Share capital and share premium

	Number of ordinary shares	Share capital £	Total £
At 31 December 2014	50,100	50,100	50,100
Issues during the year	1	1	1
At 31 December 2015	<u>50,101</u>	<u>50,101</u>	<u>50,101</u>
Issues during the year	-	-	-
At 31 December 2016	<u>50,101</u>	<u>50,101</u>	<u>50,101</u>

No ordinary shares have been issued during 2016.

10. Critical accounting judgements and estimates

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

10.1 Critical judgements in applying the entities' accounting policies

The financial statements have been prepared on a going concern basis as stated in note 1.

10.2 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

11. Commitments

a) Capital commitments

At 31 December 2016 the Company had no outstanding capital commitments.

b) Operating lease commitments

At 31 December 2016 the Company had no outstanding operating lease commitments.

12. Events after the reporting period

There are no events after the reporting period to report.

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

The following transactions were carried out with related parties to Pro Bono Bio PLC and its subsidiaries.

	Amounts owed to related party £
2015	12,500
2016	-
	<hr/>
	12,500

14. Ultimate Group undertaking

The Company's immediate parent is Pro Bono Bio Holdings LLC and the ultimate parent undertaking is Pro Bono Bio PLC. The company is included within the consolidated accounts of the ultimate parent undertaking which are publicly available. Copies of the consolidated financial statements of Pro Bono Bio PLC are available at 4th Floor Reading Bridge House, George Street, Reading RG1 8LS.

15. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

15.1 Basis of preparation of the financial statements

The financial statements of Pro Bono Bio Group PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 10.

The comparatives relate to the year ending on 31 December 2015. All amounts are in sterling unless stated otherwise.

The Company's financial statements are included in the Pro Bono Bio PLC consolidated financial statements for the year ended 31 December 2016. The Company is exempt, under Section 400 of the Companies Act 2006, from the preparation of consolidated financial statements because it is included in the Annual Report and Financial Statements of the its ultimate parent. These financial statements are separate financial statements

Adoption of new and revised standards

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The company also elected to adopt the following amendment early:

- Disclosure Initiative: Amendments to IAS 7.

As this amendment merely clarifies existing requirements, it does not affect the company's accounting policies or any of the disclosures.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the company. These are summarised below:

- IFRS 9 Financial Instruments: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The standard is effective for accounting periods beginning on or after 1 January 2018. The company is yet to assess IFRS 9's full impact.
- IFRS 15 Revenue from Contracts with Customers: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard is effective for annual periods beginning on or after 1 January 2017. The company is yet to assess the full impact of IFRS 15.
- IFRS 16 Leases: IFRS 16 specifies how companies will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. The company is yet to assess IFRS 16's full impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

As these amendments merely clarify the existing requirements, they do not affect the company's accounting policies or any of the disclosures.

15.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using £ sterling.

(b) Transactions and balances

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions or dates of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

15.3 Investments in subsidiary

Investments in subsidiaries held as fixed assets are shown at cost.

15.4 Trade and other receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised and carried at fair value.

Receivables from related parties are recognised and carried at cost less an allowance for any non- collectable amounts.

15.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

15.6 Share capital

Ordinary shares are classified as equity. Ordinary share capital is recognised at the nominal value of the consideration received. Any difference between the fair value of the consideration received and the nominal value of the issued shares is recognised as share premium, after deducting related financing costs.

15.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

15.8 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.