

**PRO BONO BIO GROUP PLC**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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## **PRO BONO BIO GROUP PLC**

### **CORPORATE INFORMATION**

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#### **Directors**

Michael Earl (resigned on 01 June 2018)  
Richard Wolf-Garraway  
George Iliffe (resigned on 4 September 2017)  
John Mayo (resigned on 29 May 2017)  
William Henry (resigned on 10 April 2017)  
Biresh Roy (appointed on 01 June 2018)

#### **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

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## PRO BONO BIO GROUP PLC

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### INTRODUCTION

The directors present their strategic report for the year ended 31 December 2017.

#### 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 profit in 2017, making a profit of £4,118 (2016: loss of £20,130).

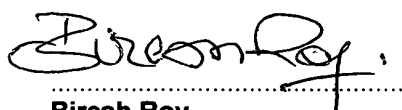
#### PRINCIPAL RISKS AND UNCERTAINTIES

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

**Funding:** Despite the current year profit, historically the company has been operationally loss making and consuming cash. However the directors are confident of continued support from the company's ultimate parent, Pro Bono Bio PLC, which will enable it to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

A fuller consideration of the risks that the group is exposed is contained in the notes of the consolidated accounts of Pro Bono Bio PLC.

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



**Biresh Roy**

Director

Date: 27 June 2018

## **PRO BONO BIO GROUP PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report for the year ended 31 December 2017.

#### **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 profit after tax of the company for 2017 was £4,118 (2016: Loss £20,130)

#### **Dividends**

The directors do not recommend any dividend for the year (2016: £ 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.

The company has chosen in accordance with section 414c(ii) of the Companies Act 2006 to include such matters of strategic importance to the company in the Strategic Report, which would otherwise be disclosed in the Director's Report

#### **Future developments**

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


#### **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.

#### **Auditor**

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

#### **On behalf of the board of directors**



**Biresh Roy**  
**Director**  
**27 June 2018**

**Directors' responsibilities statement**

The directors are responsible for preparing the directors' report 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 UK Generally Accepted Accounting Practice (UKGAAP), including FRS101 'Reduced Disclosure Framework. 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 and 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 UK Accounting Standards have been followed
- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Opinion**

We have audited the financial statements of Pro Bono Bio Group plc (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 Auditor's 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.

**Who we are reporting to**

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.

**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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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 directors are responsible for the other information. The other information comprises the information included in the financial report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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**Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 strategic report or the directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors for the financial statements**

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, and for such internal control as the directors determine is 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 an auditor's report 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Christopher Smith  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
28 June 2018



**PRO BONO BIO GROUP PLC**

**STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	Year ended 31 Dec 2017 £	Year ended 31 Dec 2016 £
General and administrative costs	2	(4,546)	(3,239)
Total expenses		<u>(4,546)</u>	<u>(3,239)</u>
<b>Operating loss</b>		<b>(4,546)</b>	<b>(3,239)</b>
Finance income	4	8,664	-
Finance costs	4	-	(16,891)
Profit/(loss) before income tax		<u>4,118</u>	<u>(20,130)</u>
Taxation	5	-	-
<b>Profit/(loss) for the financial year</b>		<b><u>4,118</u></b>	<b><u>(20,130)</u></b>
		Year ended 31 Dec 2017 £	Year ended 31 Dec 2016 £
<b>Profit/(loss) for the financial year</b>		<b>4,118</b>	<b>(20,130)</b>
<b>Total comprehensive income for the year</b>		<b><u>4,118</u></b>	<b><u>(20,130)</u></b>

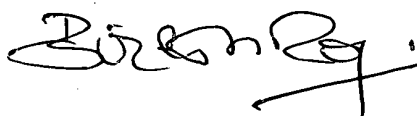
The notes on pages 12 to 19 are an integral part of these financial statements.

**PRO BONO BIO GROUP PLC**

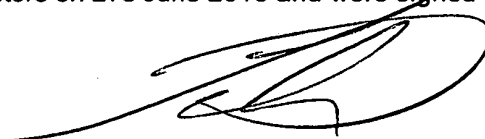
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Non-current assets</b>			
Investments	6	10,500	10,500
		<u>10,500</u>	<u>10,500</u>
<b>Current assets</b>			
Trade and other receivables	7	50,100	52,486
Total current assets		<u>50,100</u>	<u>52,486</u>
<b>Total assets</b>		<u>60,600</u>	<u>62,986</u>
<b>Current liabilities</b>			
Trade and other payables	8	182,482	188,986
		<u>182,482</u>	<u>188,986</u>
<b>Total liabilities</b>		<u>182,482</u>	<u>188,986</u>
<b>Equity attributable to owners of the parent</b>			
Share capital and share premium	9	50,101	50,101
Retained earnings		(171,983)	(176,101)
<b>Total equity</b>		<u>(121,882)</u>	<u>(126,000)</u>
<b>Total equity and liabilities</b>		<u>60,600</u>	<u>62,986</u>

The financial statements of Pro Bono Bio Group PLC (registration number 07802577) on pages 9 to 19 were authorised for issue by the board of directors on 27s June 2018 and were signed on its behalf.



Biresh Roy  
Director



Richard Wolf-Garraway  
Director

The notes on pages 12 to 19 are an integral part of these financial statements.

**PRO BONO BIO GROUP PLC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Share capital £</b>	<b>Profit and loss reserve £</b>	<b>Total equity £</b>
Balance at 1 January 2016	50,101	(155,971)	(105,870)
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>
Balance at 1 January 2017	50,101	(176,101)	(126,000)
Total comprehensive income for the year	-	4,118	4,118
Balance at 31 December 2017	<u>50,101</u>	<u>(171,983)</u>	<u>(121,882)</u>

Profit and loss reserve is accumulated profits and losses for each financial year.

The notes on pages 12 to 19 are an integral part of these financial statements.

## PRO BONO BIO GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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 historically has been loss making and as such is dependent on the support of its ultimate parent company, Pro Bono Bio PLC.

The directors have reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have received confirmation of continued support from the group. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### 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 2017	Year ended 31 Dec 2016
	£	£
Management and administrative costs	(1,946)	(1,239)
Professional fees	(2,600)	(2,000)
	<u>(4,546)</u>	<u>(3,239)</u>

General and administrative costs include an amount accrued of £2,000 (2016 - £2,000) for auditor's remuneration for the 2017 audit of the company.

#### 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 in the accounts of that company.

**PRO BONO BIO GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4. Finance income and costs**

	<b>Year ended 31 Dec 2017</b>	<b>Year ended 31 Dec 2016</b>
	<b>£</b>	<b>£</b>
Foreign exchange gain	8,664	-
<b>Finance income</b>	<b>8,664</b>	<b>-</b>
Foreign exchange loss	-	(16,891)
<b>Finance costs</b>	<b>-</b>	<b>(16,891)</b>
<b>Net finance income/(costs)</b>	<b>8,664</b>	<b>(16,891)</b>

**5. Income tax expense**

In 2017 the company recorded no income tax expense (2016: nil)

The company has estimated losses of £92,023 (2016 - £92,847) available for carry forward against future trading profits.

	<b>Year ended 31 Dec 2017</b>	<b>Year ended 31 Dec 2016</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of tax expense</b>		
Profit/(loss) before tax	4,118	(20,130)
Tax calculated at standard rate of UK corporation tax of 20% (2016: 20%)	824	(4,026)
Tax effects of:		
Unrelieved tax losses/taxable profits carried forward	(824)	4,026
<b>Tax expense</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

6. Investments

	2017 £	2016 £
Opening cost and net book amounts	10,500	10,500
Cost and closing net book amount	<u>10,500</u>	<u>10,500</u>

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%

7. Trade and other receivables

	2017 £	2016 £
Amounts owed by group undertakings	50,000	52,386
Other debtors	100	100
	<u>50,100</u>	<u>52,486</u>

During 2017 the company made no provision against non-performing receivables (2016: £ nil).

Amounts owed from group undertakings relate to group funding and are repayable on demand, unsecured and interest free. The directors have considered the ultimate recovery of these amounts and although repayable on demand, full recovery may not be effected within one year.

8. Trade and other payables

	2017 £	2016 £
Trade payables	2,359	2,359
Amounts owed to group undertakings	168,501	176,293
Other creditors	7,622	8,334
Accruals	4,000	2,000
	<u>182,482</u>	<u>188,986</u>

Amounts owed to group undertakings relate to group funding and are repayable on demand, unsecured and interest free. The directors have considered the ultimate recovery of these amounts and although repayable on demand, full recovery may not be effected within one year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. Share capital and share premium**

	Number of ordinary shares	Number of deferred shares	Number of divident access shares	Share capital £	Total £
At 31 December 2015, 2016, and 2017	50,000	100	1	50,101	50,101

**9.1 Ordinary Shares**

The ordinary shares have a par value of £1.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. The rights are subject to prior entitlements of the Deferred and Dividend access shares.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote

**9.2 Deferred Shares**

Deferred shares have a par value of £100.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held, only as set out in the articles of association.

The holders of the Deferred share, may attend general meetings but may not vote unless per the circumstances in the articles of association have been triggered.

**9.3 Dividend Access Share**

Dividend access shares have a par value of £1.00. They entitle the holder to participate in dividends as set out in articles of association.

The holders of the Dividend access share, may attend general meetings but may not vote unless per the circumstances in the articles of association have been triggered.

**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. There are no 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.

**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 2017 the Company had no outstanding capital commitments.

**b) Operating lease commitments**

At 31 December 2017 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.

**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:

No transactions were carried out with external related parties to Pro Bono Bio PLC and its subsidiaries.

**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 4<sup>th</sup> Floor Reading Bridge House, George Street, Reading RG1 8LS.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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 2016. 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 2017. 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 its ultimate parent. These financial statements are separate financial statements.

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

- 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'.
  - 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.
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### **Adoption of new and revised standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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 de-recognition 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. This standard is expected to have no material impact on the company's financial statements.
- **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 2018. This standard is expected to have no material impact on the company's financial statements.
- **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. This standard is expected to have no material impact on the company's financial statements.

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**

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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 Statement of financial position, 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.

**15.8 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of total comprehensive income, 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 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.