Byotrol plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2018

Company Number: 05352525

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I am pleased to report another year of progress, with reported results of EBITDA break-even after accounting for R&D tax credits and our financial position much more secure following the equity raising of £4.6m in September 2017.

In my report last year, I indicated the need to increase the team's focus on product propositions, profit margins and sales and marketing expertise. There has been good progress in all these areas this year, but there is still a lot to do and many challenges remain.

One such challenge is how to invest our cash wisely and generate returns sufficiently quickly to achieve our targets. This is not an easy task for any listed company, but it is particularly difficult for SMEs where small teams generally need to align behind one large project at any time and where the downside of failure cannot then be offset against success in other areas. We frequently debate at Board level about investments that we should be making for the longer term but then decline due to potential adverse impact on the short term.

An example is that we thought long and hard about how to best monetise the intellectual property and commercial opportunities we had established with Solvay on our Actizone project – do we wait for eventual royalty income from jointly-targeted customers, or do we restructure the deal to bring forward funds and achieve short-term targets. In my view, the deal we closed at the year end was the right combination of near-term financial pragmatics and retention of future upside (commission/royalties), for negligible future investment and an excellent ongoing relationship with a world-class polymer company.

I believe that the team has managed the challenges well and has now hit its annual financial targets for three years in a row, all the time improving the quality of the Company behind the scenes. They are doing so in an industry that normally requires a large resource base, in-house manufacturing and a service offer, but they continue to feel that the "excellent science" competitive positioning is going to be a long-term winner, and progress so far seems to be supporting that.

Our three strategic initiatives using separate technology platforms continue to progress although not always as fast as we would like. It remains the case though that Byotrol's risk profile is high and we are all looking forward to the time when we can confidently run several projects in parallel, with a more balanced risk / reward profile across the portfolio. We were certainly helped in that journey with equity raising in September last year from existing and new shareholders. We were delighted to receive such excellent support and are fully committed to using the cash wisely.

We raised the money primarily to invest in sales and marketing, to support commercialising the Company's technologies and to start to get some economies of scale and distribution into the business. That investment is certainly now taking place, slowly and carefully. Our eyes are also open to potential strategic opportunities arising from our changing marketplace, where we are seeing consolidation, much of it driven by regulatory change. The right partner may well get us to critical mass at a lower risk than pure organic growth, although we would only proceed on such a path with great caution.

Whilst we are investing more resources in sales and marketing we remain committed to developing our technologies as we consider that this is what makes our business stand out from the competition. Our challenge is to convert the interest we are generating in those technologies into acceptable returns.

We are a small business but we operate in a number of different sectors and have technologies that can apply across them all. Investment in our traditional sectors has been low as we try to exploit larger opportunities in the US, in healthcare and with Actizone. Our new arrangements with Solvay should mean that we need to commit less resource to the project and can focus more on the US, healthcare and our traditional businesses including petcare where we continue to see good growth opportunities.

Our strategy continues to be a technology-led company that commercialises those technologies by direct product sale, by technology sale and by licensing.

On Brexit we expect the chemical industry to continue to follow EU rules, that we believe are generally appropriate for our industry for which we are already well-positioned. Our greatest concern is that a no-deal exit could create supply chain issues, especially on incoming raw materials, so we watch political progress with some interest and will take precautionary steps should we need to.

While many challenges remain, I am grateful for the support and engagement of the Company's shareholder base. I would also like to extend my thanks to our employees for their efforts and positivity.

The company remains well positioned with good technologies and a sound financial position and I continue to look to our long-term future with optimism and confidence.

John Langlands, Chairman
22 August 2018

Chief Executive's Report

I am pleased to report that we have again hit financial and technical targets for the year. We remain confident that we are doing the right things in the right way and that as the biocide regulatory changes continue to bite, the hard work will pay off for shareholders, employees and other stakeholders.

Our strategy remains in place i.e.

- Developing and designing unique, high-performance anti-microbial technologies that are approved under national and super-national regulatory rules.
- Monetising those technologies by way of IP sale and alliances, license agreements and finished product sale, in both business and consumer markets
- Supporting three particular technologies, where we believe we have good competitive advantage, namely:

    - US surface sanitisation for consumer markets – federal and individual state approvals have been completed and supply chain is in place. Target is one of the largest mass market retailers in the US and our surface sanitiser is now on trial in 10% of their stores (from July 2018) under the brand 'Byotrol24'.
    - EU surface care – this year we completed a restructure of our commercialisation partnership with Solvay to (a) monetise Actizone IP (b) secure more resources for future investment in the project (c) retain rights to sell finished product using the Actizone IP and (d) secure funds for FYE 2018 and FYE 2019, plus ongoing sales commission/royalty on future Actizone sales.
    - Hand hygiene – increasing sales of Invirtu hand sanitisers into healthcare and other institutional markets, including via white-label with existing healthcare supplies.

We have made this progress with only 18 employees and very little cash prior to September 2017, when we raised £4.6m in new share capital from existing and new investors. Since then we have started to invest more but we continue to be cautious with cash and to run as lean an operation as we can. We are very aware of the execution risk in hiring sales and marketing resources, but it is now a necessary spend as we switch the emphasis of investment from technology to sales and marketing (into human and animal health in business and consumer markets).

Senior sales resources have to date been focussed on a small number of larger-ticket relationships. With the extra investment we must now spread our efforts more broadly.

Financial Overview

We are pleased to report EBITDA ahead of plan for the full year. As with the prior year, FYE 2018's result was partially dependent on closing one new particularly large deal (see disclosure of consumer revenue under note 1), but we now have a consistent track record of such transactions and are confident of doing more in the future.

Financial highlights include:

- Gross profit increased by 15% to £2,010k from £1,751k the previous year, with sales broadly flat year on year at £3,140k
- EBITDA amounted to a loss of £84k compared to a prior year profit of £27k.
- We expect to secure R&D tax credits of £129k for the year (versus £65k in the previous year), which offsets costs and effectively takes the Company to report profits at EBITDA level after R & D tax credits for the second year in a row and for the second time in Byotrol's history
- Cash and cash equivalents at year end of £3,852k (versus £951k in the previous year), excluding a further £1,000k that arrived into our account on 3rd April 2018, just past the year end. For the first time under current management the Company has sufficient resources to pursue a growth strategy.

Markets

Professional

Professional revenues totalled £917k (versus £1,181k in the previous year) and gross profit £174k (versus £330k in the previous year).

Each year we report increasing challenges in this business area for Byotrol, which is largely a legacy business for the team and is based on finished product sale, mostly via distributors. We are still battling with (a) the extraordinary amount of regulatory change in food and in healthcare markets (and the technical resources this then absorbs) and (b) severe competition from very large competitors with deeper resources, including broader product and service offering.

We have been expecting more technical sales opportunities to arise as some existing technologies disappear (due to regulation) and as demand for innovation increases from market participants and customers. This does indeed now seem to be happening, most visibly-so in hand hygiene markets where we are getting increasing numbers of incoming customer calls for our alcohol-free product.

In food manufacturing and services, we continue to see product commoditisation and strong competition by way of service offering. We have no intention of building a service offer to compete with the larger players and we are not engaging in the price-cutting that we regularly see in products such as surface care wipes. We are instead concentrating in niche areas such as listeria control, where our products are very high performance and where we can secure decent margins. We believe that regulators will eventually remove the commodity players from highly hygiene-sensitive uses as their technologies will not meet the stringent regulatory-approval standards.

In healthcare, we have been trialling direct sales of alcohol-free hand sanitisers under our brand "Invirtu" to healthcare providers, including the NHS. There is certainly demand for the product and very little competition, but the marketing and service resources required to support direct sales are greater than we expected and the sales cycle considerably longer. This means that despite some excellent, high profile customer wins such as at Essex Partnership University Trust hospitals, we are increasingly pursuing white label and distributor deals, where the return on investment is more attractive at the moment.

Outside of food and health, we service incoming calls reactively but as efficiently as we can. A particularly interesting area to emerge is in elite sports where we are now supplying premier league football teams, Tour de France cycling teams, Olympic athletes and international rugby teams, amongst others. Unfortunately, we cannot name them publicly without cash sponsorship deals.

The Board recognises that this segment needs to improve in performance to remain within the portfolio. We have therefore been investing carefully in senior sales and marketing resource and in product proposition development. This is a slow process though and carries a substantial execution risk, so we are in parallel talking to potential distribution partners/alliances, particularly where those partners are lacking innovative technical product offerings. With the right partner, we think we should be able to accelerate results with lower risk than under the current set-up.

Petcare

Petcare revenues totalled £731k (versus £794k in the previous year) and gross profit increased by 28% to £344k (versus £269k in the previous year).

This segment continued to perform solidly in the year, with progress in gross margin and new customer acquisition, particularly overseas.

We officially launched the new and improved 'Byopet' range (pet environment and pet grooming products) at the China International Pet Show (CIPS) in Shanghai, with updated branding and optimised product range. First orders have been despatched and we are engaging with multiple new leads, especially for Asia, including China. We are hopeful that this initiative will drive progress in the new financial year

We also made good progress in launching hand sanitisers into animal health markets, including a new agreement signed with Medimark Scientific Limited, a premier distributor of hygiene products into vet care markets. Medimark launched the product under the Esense brand (with Byotrol as an ingredient brand), to the UK veterinary market in November at the London Vet Show.

Consumer

Consumer revenues and gross profits totalled £1,493k (versus £1,152k in the previous year).

Revenues in this segment were heavily dependent this year on a large deal near to year end on Actizone. This deal was essentially a sale by Byotrol to Solvay of Actizone patents and intellectual property, in return for:

- payments falling due in financial years ending March 2018 and March 2019;
- an ongoing royalty on all Actizone sales thereafter, with minimum guarantees in years ending March 2020 and 2021;
- a further payment in early 2022 should sales exceed certain sales targets in 2021;
- an ongoing right to sell Actizone technologies in finished product form, which we believe will be of interest to both consumer and business markets

The Company has also made excellent progress in the US, with formal federal and individual-state approvals now in place to sell to consumers our EPA-registered, long-lasting anti-microbial surface sprays, which we are doing under the brand name "Byotrol24". In July 2018 we were delighted to commence our first US mass market trial.in the retailer Target.

In surface care in the UK, sales in Tesco (via our license with Robert McBride plc) of Byotrol ingredient-branded surface sprays continued to increase.

Elsewhere in consumer activities:

- We are now starting to receive royalties in the US from a license with Advanced Hygienics LLC, which is manufacturing and distributing alcohol-free hand sanitisers under the American Red Cross brand, targeted to US consumers via retail. We are excited about the progress being made here.
- Boots has now transitioned across to the new formulation alcohol-free hand sanitiser and we are now back on shelf in most Boots stores in their own-brand healthcare section.
- We are now in discussions with other high street retailers to put our products in their stores under their or our brand.

Technology, Supply Chain and Regulatory Environment

Much attention has been given in R & D over the past 12 months on consolidating products and formulations with the imminent impact of the EU Biocidal Product Regulations. Our technologies are now well-positioned here, so efforts are now being targeted to maximising efficiencies by reducing portfolio complexity.

In R & D, we have a new and potentially highly innovative development in the field of anti-viral biocides from natural sources. We have not completed IP protection on this yet, but it is very on-trend in our markets and good progress has been made in verifying that results are repeatable and potentially scalable. We will report more on this in due course.

Over the last 12 months our supply chain has seen a considerable level of development and change. As the Company has been improving its financial stability, it has also been seeking to establish a supply chain that whilst remaining cost conscious, would represent working with manufacturers of higher quality. We have moved hand sanitiser and surface sanitiser manufacture and have upgraded our distribution company

In USA, the launch of Byotrol24 and supply of the 32fl.oz product into Target stores has been an exceptional achievement for a company of our size and one that has required establishing a fully operational co-packer and distribution activity in a very short period of time. Our co-packer, based in Montreal, has helped to quickly establish supply while work continues to establish a fully effective supply chain that can make and ship products across large distances without high freight costs.

Fundraising and Convertible Loan Note redemption

As reported in our Interim results, we were very pleased to complete a £4.6m (net of expenses) fundraising on 5 September 2017 from new and existing equity investors. The funds were raised to invest in sales and marketing and we have since been cautiously investing some of the proceeds in new, senior professionals including VP Sales and Marketing US, a Head of Sales and a Head of Marketing in the UK, all of whom come to us with excellent track records in the respective targeted markets.

In parallel with the refinancing and in response to many investors' wishes, the Company converted its outstanding £380k Convertible Loan Notes. This exercise was completed in early September and resulted in 100% conversion of the notes by investors into Byotrol share capital.

Outlook

There are some similarities in our performance this year to the previous year – steady progress across all activities, improved finances, continued benefits from large, but limited number, of corporate relationships. The difference is that through new shareholder support we are now fully funded to achieve sustainable profitability and to grow. After four years of battling to survive, this is a very exciting point for the team.

We have – as agreed with investors at the time of the fund-raising – been re-orienting our efforts to sales and marketing and have been hiring people and investing in marketing strategy and proposition development. This should start to deliver returns in the new financial year, part by organic growth and part by more alliances with sales and distribution partners.

At the same time, our belief that competitor products would start disappearing as regulations bite seems to be materialising. This has been something of a slow burn to date, but regulatory rules are now having an effect and our telephones are ringing more often from companies that were historically competitors but that are now seeking technically-oriented suppliers and partners.

David Traynor
Chief Executive
22 August 2018

The Directors present their strategic report for Byotrol plc for the year ended 31 March 2018

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Business Review

The principal activity of the Group during the year was the development, patenting, licensing and sale of anti-microbial products and technologies for business and consumer use.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. The Management consider the primary financial KPIs for each segment of the Group to be revenue and gross margin %. These are both measured and monitored closely. Current year revenue is £3.14M (2017: £3.13M) and gross margin for the year is 64% (2017: 56%). In addition to the financial KPIs, the Directors measure and monitor various non-financial KPIs such as the timeliness and efficiency of the research and development team against project timelines and objectives and monitoring the OTIF (on time in full) logistics performance ensuring that customers are being delivered to on time and in full.

The Board believes these KPIs are entirely suited to the needs of a growing business. Further analysis of the Group's performance is set out in the Chief Executive's Report.

Development and financial performance during the year

The results show continued efforts to focus on higher margin business, on more efficient commercial structures, continued investment in sales & marketing initiatives and to de-emphasise many of the legacy products, businesses and initiatives from before the Company was restructured in late 2013.

- Gross profit increased to £2,010k on turnover of £3,140k (compared to gross profit of £1,751k on turnover of £3,127k in the previous year)
- EBITDA loss of £84k versus a profit of £27k the previous year
- Cash and cash equivalents of £3,853k, compared to £951k in the prior year
- On 1 September 2017, the Convertible Loan Notes holders agreed to convert their Convertible Loan Notes into ordinary shares at a conversion price of 3.5p per new Ordinary Share
- On 5 September 2017, the Company raised £4.6m net of expenses in equity capital from new and existing investors.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Regulatory risks

The regulatory environment within Europe's biocides industry continues to change significantly. At the core of this are the Biocidal Products Regulations, under which the European Union is intending to harmonise the market in Europe for biocidal active substances and products containing them. This means industry participants will be required to (a) register all their formulations with the EU and (b) use only active ingredients specifically approved by the EU authorities.

The Group's management must always be pro-active in responding to any changing market conditions and see the changes as an opportunity to build market share and benefit from consolidation within the biocides industry.

Credit risks

The Group's principal financial assets comprise cash and cash equivalents and trade and other receivables. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement.

The Group did not enter into derivative transactions during the year. It is the Group's policy that no speculative trading in financial instruments will be undertaken.

Liquidity risk

As at 31 March 2018, the Group had cash and bank balances of £3,852,446. Funds will be used in the marketing of the group's product range, obtaining regulatory approvals and securing the intellectual property rights. Funds surplus to the Group's short-term requirements will be deposited in an interest- bearing account with UK clearing banks.

Group cash balances are monitored on a weekly basis to ensure that the Group has sufficient funds to meet its needs. Cash flow forecasts are generated and reviewed regularly by management.

The Directors have prepared projected cash flow information for the coming year. The projections take into account the new business opportunities highlighted in the Chairman's and Chief Executive's Statements, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. On the basis of these projections, the Group has sufficient working capital facilities in place.

Foreign currency risk

The majority of the Group's cash flows are denominated in Sterling or US dollars. However, currency revenues and expenditure do not match. During the period the Group used the spot market to balance the inflows and outflows. The foreign currency risk is monitored on a monthly basis.

Supply chain risk

The Group's supply chain is undertaking a period of change with the Group seeking to establish relationships with higher quality manufacturers. Agreements with new hand hygiene and surface sanitiser manufacturers have been initiated and a new distribution company is in place

Other risks

The Group's asset base is founded upon its patent and regulatory approvals. Patent applications and approvals continue to be sought worldwide to protect the intellectual property portfolio. As the products are based upon existing approved biocides, regulatory issues are still complex but not as complex as with a newly designed chemical compound.

Approval

This report was approved by the Board of Directors and signed on its behalf by:

David Traynor
Chief Executive
22 August 2018

Principal activities

The principal activity of the Group during the year was the development, patenting, licensing and sale of anti-microbial products and technologies for business and consumer use.

Results and dividends

The loss for the financial year to 31 March 2018 attributable to ordinary shareholders amounts to £244,939 (2017: £126,427). The Directors do not recommend the payment of an ordinary final dividend.

Review of the business

A review of the business and the future developments of the Group are presented in the Chairman's Statement on page 3 and the Chief Executive's Report on pages 4 to 7.

Going concern

Byotrol plc has prepared financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow from existing customers and opportunities as well as the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. These projections include assumptions around the quantum and timing of receipts from customers. Sensitivity analysis has been performed to take into account the variation in the timing and quantum of the new business opportunities. These significantly affect the Group's cash requirements and are therefore continually monitored by the Board.

In the event that the Group is unable to achieve its forecast cash inflows, the Directors have opportunities available to them which will enable them to reduce costs so that the business can continue to exist within its current funding arrangements. Based on this analysis, available cash resources of £3.9m at year end and our confidence in continuing support from shareholders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting.

Taxation

The Group incurred a loss in the financial period to 31 March 2018 and accordingly no taxation was payable. The tax losses arising will be available to offset against the profits expected from future trading, although no deferred tax asset in relation to these sums has been recognised in the financial statements due to the unpredictability of the timing of future profit streams.

Accounting policies

The Group's accounting policies are detailed on pages 32 to 39.

Post year end

There were no significant events after the end of the reporting period.

Risks and uncertainties

Risks and uncertainties are inherent in all businesses and the Group is no exception. Risk management is seen as an important element of internal control and is used to mitigate the Group's exposure to such risks. In addition to the risks identified in the strategic report and in note 16 to the financial statements, the Directors have identified the following significant risks:

Commercial Risks

- Performance depends on the continued ability to develop and sustain sales;
- Performance also depends heavily on the continued patent protection; and
- The Group is also affected by the lead times in conducting trials by prospective customers and by the lead times involved in converting strong interest into contracts.

Processes to manage the impact on the business of each of the above risks are embedded in the operations. The Directors and other senior management actively monitor these processes, and the actions which arise, to ensure risks are effectively managed.

Operational Risks
Health and safety, employer's and public liability risks are monitored by way of regular updates to the Board.

Financial Risks
The Group manages financial and treasury risk through active working capital management. Monitoring of cash flow and currency exposure is undertaken at Board level on a monthly basis.

Future developments

Reference to future developments can be found within the Chief Executives' Report on page 7 of these financial statements.

Research and development

The Group invests in the research and development of further anti-microbial products and has six employees in its research and development department.

In order to achieve a return on the investment made, Byotrol must ensure that the intellectual property developed is protected so it alone can exploit the developments made. Therefore, Byotrol seeks to apply for patent protection on all new technologies in the key markets where it anticipates exploiting those technologies and will robustly defend any breach of its patent protection.

It also uses the services of highly regarded research institutions to supplement the internal resource. In the opinion of the Directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

Political and charitable donations

The Group made no such donations in the year.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job.

Where existing employees become disabled, the Group's policy wherever practicable is to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Directors meet staff on a regular basis to keep them appraised of important issues within the Group.

Directors

The Directors during the year were:

Executive Directors
David T Traynor (Chief Executive Officer)
Dr Trevor Francis (Chief Technology Officer)

Non - executive Directors
John T Langlands
Dr Till Medinger

The retiring directors are Till Medinger and Trevor Francis who will offer themselves for election at the Annual General Meeting. The Annual General Meeting will be held at 10.30 on 21 September 2018 at 60 New Broad Street, London, EC2M 1JJ. The notice of that meeting, together with a proxy card, accompanies this document.

Directors' interests

The Directors at 31 March 2018 and their interests, including family interests, in the share capital, were as follows:

	31 March 2018 Ordinary Shares	*31 March 2017 Ordinary Shares*
John Langlands	4,100,000	1,100,000
David Traynor	9,691,142	4,850,514
Till Medinger	2,307,224	1,164,367
Trevor Francis	2,253,216	1,110,359

Directors' indemnity

The Company has a Directors and Officers liability policy in force during the year.

Substantial shareholdings

The Company has been notified of the following holdings of persons, other than Directors, who held an interest of more than 3% of the ordinary share capital of the Company at 22 August 2018:

	Number of Shares	*% of Ordinary Shares*
Ruffer Investment Management	55,901,528	13.88
Walker Crips	26,407,059	6.56
Hargreaves Lansdown	26,427,312	6.56
Amati Global Investors	25,000,001	6.21
Fidelity International	25,000,000	6.21
Bricon Byotrol	14,599,038	3.62
Maven Capital Partners	14,266,312	3.54
?What! If Holdings	13,689,569	3.40
Fiske	12,973,816	3.22
Maunby Investment Management	12,173,953	3.02
The Share Centre	12,082,757	3.00

Payment policy

Appropriate payment terms have been negotiated with each supplier and undisputed accounts are generally settled, once requested, in accordance with the agreed terms. The Group had 67 days of purchases outstanding in trade payables as at 31 March 2018 (2017: 65 days).

Awareness of relevant audit information

At the date of approval, so far as each of the Directors is aware, there is no relevant audit information of which the auditor is unaware and they have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution for the appointment of Mazars LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

David Traynor
Chief Executive
22 August 2018

Remuneration Committee

The Group has established a Remuneration Committee comprising the two non-executive Directors. The Committee is constituted in accordance with the recommendations of the Quoted Companies Alliance. The members of the committee during the year were John Langlands (Chair) and Till Medinger.

Remuneration Policy

The policy of the committee is to reward Executive Directors in line with the current remuneration of Directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive market place.

There are four main elements of the remuneration packages for Executive Directors and senior management:

- Basic annual salary (including Directors' fees) and benefits;
- Annual bonus payments which cannot exceed 50% of basic salary;
- Share option incentives; and
- Pension arrangements.

The remuneration packages are regularly reviewed.

Basic salary

Basic salary is reviewed annually with increases taking effect from 1 April. In addition to basic salary, the Chief Executive Officer also receives a benefit in kind of private medical insurance.

Annual bonus

The committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. The purpose of the bonus is to reward Executive Directors and other senior employees for achieving above average performance which also benefits shareholders. The maximum performance related bonus that can be paid is 50% of basic salary. There were no incentive payments for the year ended 31 March 2018 nor for the year ended 31 March 2017.

Share options

The Company has two share option schemes, the Executive Scheme and the Enterprise Management Incentive Scheme ('EMI'). As at 31 March 2018, the Directors had options to subscribe for ordinary shares under the Company's share option schemes as follows:

	Options held at 1 April 2017	Movement in the period	**Options held at 31 March 2018**	Exercise Price	Date of grant	Expiry Date
Non-Executive Directors						
John Langlands	2,700,000	-	**2,700,000**	4.125p	01/02/2017	14/10/2021
Dr Till Medinger	500,000	-	**500,000***	3.5p	24/07/2014	24/01/2022
Executive Directors						
David Traynor	4,500,000	(1,800,000)	**2,700,000***	3.5p	24/07/2014	24/01/2022
Dr Trevor Francis	2,250,000	(900,000)	**1,350,000***	3.5p	24/07/2014	24/01/2022
David Traynor	1,200,000	-	**1,200,000***	3.5p	03/12/2015	03/06/2023
Dr Trevor Francis	600,000	-	**600,000***	3.5p	03/12/2015	03/06/2023
David Traynor	2,000,000	-	**2,000,000**	4.125p	14/10/2016	14/10/2021
Dr Trevor Francis	2,000,000	-	**2,000,000**	4.125p	14/10/2016	14/10/2021
David Traynor	-	1,000,000	**1,000,000***	4.0p	09/11/2017	09/05/2025
Dr Trevor Francis	-	2,375,000	**2,375,000***	4.0p	09/11/2017	09/05/2025
Total	15,750,000	675,000	**16,425,000**			

*options granted subject to performance conditions and will lapse if the conditions are not satisfied.
During the year, a proportion of the share options awarded to the Executive Directors in July 2014 lapsed due to share price performance conditions not being met.

Pension arrangements

The Chief Executive Officer is entitled, but has waived his right, to receive a 10% salary contribution from the company to a pension scheme of his choice for the year ended 31 March 2018.

Directors' contracts

It is the Group's policy that Executive Directors should have contracts with an initial fixed period of one year and then an indefinite term providing for a maximum of six months' notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

Non-Executive Directors

The fees of Non-Executive Directors are determined by the board, on the recommendation of the Chief Executive, as a whole having regard to the commitment of time required and the level of fees in similar companies. Non-Executive Directors are not eligible to participate in the Company's pension scheme.

The Chairman and other non-executive Directors are employed on letters of appointment terminable on three months' notice.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2018 £	2017 £
Emoluments	266,221	245,264
Money purchase pension contributions	-	-
	266,221	245,264

No other distributions or payments were made to the Directors.

Individual Directors' remuneration

The remuneration of the Directors for the year ended 31 March 2018 is as follows:

	Basic salary £	Fee £	Other benefits £	Total 2018 £	Total 2017 £
Executive Directors					
David Traynor	116,500	-	1,721	118,221	114,597
Trevor Francis	84,000	-	-	84,000	80,000
	200,500	-	1,721	202,221	194,597
Non-Executive Directors					
John Langlands	40,000	-	-	40,000	6,667
Till Medinger	-	24,000	-	24,000	24,000
Nicholas Martel	-	-	-	-	20,000
	40,000	24,000	-	60,000	50,667

(1) Details of Directors' shareholdings are set out on page 12.
(2) The total columns show the total emoluments for each year excluding pension payments.

Approval
This report was approved by the Board of Directors and signed on its behalf by:

John Langlands
Chairman
22 August 2018

Principles of Corporate Governance

The Group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a company has met the requirements of a number of specific rules and regulations. Rather the issue is one of applying corporate governance principles (including those set out in the Corporate Governance Guidelines for Smaller Quoted Companies published in September 2010) in a sensible and pragmatic fashion having regard to the individual circumstances of a particular company's business. The key objective is to enhance and protect shareholder value. The Group has not formally adopted any recognised Corporate Governance code.

Board Structure

The current Board structure comprises the Non-Executive Chairman, the Chief Executive, the Chief Technology Officer and one Non-Executive Director. The biographies of all serving Directors appear on page 18.

The Board is responsible to shareholders for the proper management of the Group. The Board is aware of the need for independence amongst its Non-Executive Directors and is satisfied that it has sufficient independence amongst its Non-Executive Directors.

A statement of Directors' responsibilities in respect of the financial statements is set out on page 19. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets at least quarterly in person and monthly by conference call. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters. The Directors have attended all meetings.

All Directors are subject to re-election at least every three years.

At this stage of the Group's development there are no formal systems of appraisal of Board members. When the Group's size and resources justify it, such appraisal systems will be implemented.

The following committees, which have written terms of reference, deal with specific aspects of the Group's affairs.

- The Remuneration Committee, comprising Non-Executive Directors, is responsible for making recommendations to the Board on the Group's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors on the recommendation of the Chief Executive. The Remuneration Committee comprised Till Medinger and John Langlands (Chairman). The report on Directors' Remuneration is set out on pages 13 to 15.
- The Audit Committee's prime tasks is to review the scope of internal and external audit, to receive regular reports from Mazars LLP and to review the half-yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes. The Committee has considered the need for an internal audit function and has concluded that, at the present time, no such function is necessary. This will be reviewed on a regular basis. It advises the Board on the appointment of external auditor and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditor.

The Committee, which meets at least three times per year, provides a forum for reporting by the Group's external auditor. Meetings are also attended, by invitation, by the Executive Directors.

The Audit Committee also undertakes a formal assessment of the auditor's independence each year which includes:

- a review of the non-audit services provided to the Group and related fees;
- discussion with the auditor of a written report detailing all relationships with the Group and any other parties that could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditor that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 2 to the financial statements.

The Committee members are all the Non-Executive Directors and comprised Till Medinger (Chairman) and John Langlands.

Internal Control

The Directors are responsible for the Group's system of internal control and reviewing its effectiveness.

The Board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority; and
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts.

The departmental heads are required annually to undertake a full assessment process to identify and quantify the risks that face their businesses and functions and assess the adequacy of the prevention, monitoring and modification practices in place for those risks. In addition, regular reports about significant risks and associated control and monitoring procedures are made to the Executive Committee. They are responsible for reviewing the risk assessment for completeness and accuracy. The consolidated results of these reviews are reported to the Board to enable the Directors to review the effectiveness of the system of internal control. The process adopted by the Group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the ICAEW.

The Audit Committee receives reports from the external auditor on a regular basis and from Executive Directors of the Group. During the period, the Audit Committee has reviewed the effectiveness of the system of internal control as described above. The Board receives periodic reports from all committees.

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2018 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

Relations with Shareholders

The Group values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the period the Directors had meetings with institutional investors whose combined shareholdings represented over 60% of the total issued share capital of the Group.

Private investors are encouraged to participate in the Annual General Meeting at which the CEO presents a review of the results and comments on current business activity. The Chairmen of the Audit and Remuneration Committees will be available at the Annual General Meeting to answer any shareholder questions.

The Annual General Meeting will be held on 21 September 2018. The notice of the Annual General Meeting may be found in the accompanying separate document.

Going Concern

The Directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

David Traynor
Chief Executive
22 August 2018

Non-Executive Directors

John Langlands (Non-executive Chairman)

John was Chief Executive from 2013 to 2016 of British Polythene Industries PLC, one of the largest polythene film producers in Europe. Following a period of successful growth, the BPI group was acquired by RPC Group PLC in August 2016.

John had joined BPI in 1994 as Finance Director after similar roles at Eclipse Blinds plc, Scottish Enterprise and United Wire Group plc

He has served on various committees for the Institute of Chartered Accountants of Scotland, the London Metal Exchange and the Bank of England

John has an LLB from Dundee University and Qualified as a Chartered Accountant in 1976 with KPMG

Dr Till Medinger (Non-executive Director)

Till was formerly Senior Vice President for Corporate Strategy at AstraZeneca Plc and prior to that had a long and distinguished career with Zeneca Plc and ICI Pharmaceuticals, directing business and marketing operations internationally and overseeing the launch of several global blockbuster products.

He is a past President of the Association of the British Pharmaceutical Industry and has many years international industry experience, serving on the Boards of both the European and the International Pharmaceutical Industry Federations. He has also served on the Board of the Chemical Industries Association. His business career has spanned R&D, territorial and marketing management, strategic planning, business operations, licensing and acquisitions/divestments, and public and government affairs. He has also acted as a corporate consultant to a number of high-tech companies within the US and the UK.

He is Chairman of Antikor Biopharma Limited and a Non-executive Director of Helperby Therapeutics Group Limited. He has a Doctorate in Chemistry from Oxford University.

Executive Directors

David Traynor (Chief Executive)

David's early career saw him spend 15 years in investment banking, working in a broad range of corporate finance roles at CS First Boston, UBS and Lehman Brothers, before moving to WhatIf Ventures, the investment arm of the innovation company WhatIf, in 2003.

At WhatIf, David specialised in commercialising new products, in markets including pensions, high street retail, fast food and industrial plastics.

Prior to becoming CEO at Byotrol plc, David ran Byotrol Consumer Products (BCP) from inception in 2007 within his partnership role at WhatIf Ventures, moving to full time early 2013. He led BCP to profitability in 2011 and then to the full acquisition by Byotrol plc in October 2013.

David has an MBA from London Business School and a BA from Oxford University.

Dr Trevor Francis (Chief Technology Officer)

Trevor is an ex Vice President of Global R & D at Unilever with over 28 years in the Consumer Goods industry. His multi-national experience working in various roles in Research and Development and previously in Manufacturing saw him lead a number of new innovations in Homecare that were successfully commercialized in various regions.

Trevor left Unilever in 2005 and established his own technology consultancy company. This in turn led him to work with Byotrol plc where he has worked in a number of different roles before being appointed to the Executive Board.

During 2012, Trevor was invited to attend the UK Science and Technology Select Committee review of "Bridging the valley of death: improving the commercialisation of research" and to be a Panel Member of the Royal Society's review by Sir Tim Wilson of Business-University collaboration in the UK. He has also been a Board Trustee at Liverpool School of Tropical Medicine from 2007 until earlier this year.

Trevor has a Doctorate in Applied Chemistry from Queen's University of Belfast and prior to joining Unilever as a management trainee, he carried out post-doctoral research at DWI Aachen, Germany.

Directors' Responsibilities Statement

The Directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company 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 IFRS adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Byotrol plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

David Traynor
Chief Executive
22 August 2018

Independent auditor's report to the members of Byotrol Plc

Opinion

We have audited the financial statements of Byotrol Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Cash Flow Statement 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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, as applied to SME listed entities, 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.

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 group's or the parent 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>Our response and key observations</th></tr>
<tr><td>Revenue recognition

As revenue is a key performance indicator for the group, revenue could be at a higher risk of fraudulent reporting.

The group entered into a significant contract ("Sale and Purchase of Technology Agreement" ("the Agreement")) close to the year end. We identified accounting for amounts receivable under the Agreement as giving rise to particularly critical management judgement around revenue recognition. In particular we identified risks around the audit assertions of cut off, completeness, presentation and disclosure.</td><td>We obtained a copy of the Agreement and the analysis undertaken by management to determine their proposed accounting treatment.
We challenged the nature, timing and quantum of the revenue arising from the Agreement, both for amounts to be recognised in the year to 31 March 2018 and amounts arising from the Agreement which are to be deferred to future financial years. Consistent with the disclosures in the accounting policy for revenue and the related critical judgements, from the results of our audit procedures we have concluded that:
the substantive rights to control the intangible assets – the patents and intellectual property – that are the subject of the Agreement transfer effective from the date of the Agreement;
the sale of intangible assets can be appropriately recorded within revenue as this is consistent with the business model of the group at this stage of its development;
the amount of revenue recorded reflects consideration received shortly after signature of the Agreement and the discounted value of amounts receivable beyond 31 March 2019 other than as reasonably attributed to the provision of other services under the Agreement; and
the net book value of the intangible assets sold offset against revenue have been accurately assessed.
We further consider that the disclosure and presentation is appropriate.</td></tr>
<tr><td>Intangible assets – patents and licences and development costs

The intangible assets of the group include patents and licences and development costs. We considered this a key audit matter due to the judgement required in assessing the criteria for capitalisation and the judgements and estimates required in assessing the recoverability of the amounts that are capitalised at 31 March 2018.</td><td>We corroborated a sample of the amounts capitalised in the year to supporting documentation including invoices for external costs and an approximate evaluation of internal resource/time capitalised. We also reviewed expenditure to identify costs that may have been eligible for capitalisation. Our testing did not identify any anomalies.
We obtained and reviewed management's reviews for indications of potential impairment and assessed the appropriateness of the amortisation periods in the context of the continuing development of technologies which may give rise to obsolescence and the expected recovery of the assets against future sales.
Based on the results of our procedures we concur with management that no additional impairment of intangible assets is required for the year ended 31 March 2018.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on the financial statements, and in forming our audit opinion. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements.

Based on our professional judgement, we determined materiality for Byotrol Plc as follows:

	Group	Parent company
Overall materiality	£47.1k	£44.8k
Basis for determining materiality	1.5% of revenue	4% of net assets, subject to restriction to limit parent company materiality to less than group materiality
Rationale for benchmark applied	Revenue is a key measure of financial performance for users of the financial statements and considered the most appropriate benchmark in the context of a loss before tax	As this is principally a holding company, we considered net assets to be the most appropriate benchmark

Overall materiality levels applied to subsidiary entities within the group ranged between £1.0k and £32.7k, being all below group financial statement materiality

Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality was set at 65% of the respective overall materiality levels.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 3% of overall materiality, being £1.4k for the group and £1.3k for the parent company as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the group's and parent company's accounting processes and controls, and the industry in which it operates. We used the outputs of a risk assessment, our understanding of the group and the parent company, and we also considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

The legal entities within the group account for 100% of the group's operating loss, 100% of net assets and 100% of total assets, all of which were subject to full scope audits for the year ended 31 March 2018 with the exception of Byotrol Inc, which accounts for 3.7% of the group's operating loss, 0.1% of total assets and 0.2% of current assets for the year ended 31 March 2018 and has been subject to analytical procedures at group audit level. The audit of all the entities within the group was undertaken by the group audit team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

As explained more fully in the directors’ responsibilities statement set out on page 19, 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 group’s and the parent 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 group or the parent 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. This description forms part of our auditor's report.

Use of the audit report

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.

Timothy Hudson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester M2 3DE
Date: 22 August 2018

	Notes	2018 £	2017 £
REVENUE	1	3,140,031	3,127,182
Cost of sales	1	(1,129,348)	(1,375,553)
GROSS PROFIT		2,010,683	1,751,629
Sales and marketing costs	1	(549,326)	(386,032)
Research and development costs	1	(450,561)	(412,269)
Other administrative costs	1	(1,094,461)	(926,501)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)		(83,665)	26,827
Share based compensation	18	(67,337)	(92,722)
Expense on amendment of convertible loan note terms	5	(26,000)	-
Depreciation	8	(18,769)	(15,504)
Amortisation	9	(156,962)	(94,204)
OPERATING LOSS		(352,733)	(175,603)
Finance income	5	3,309	184
Finance costs	5	(24,540)	(16,443)
Research and development (R & D) tax credits	1	129,025	65,435
LOSS BEFORE TAX	2	(244,939)	(126,427)
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR		(244,939)	(126,427)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		2,919	20,520
Other comprehensive income		2,919	20,520
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(242,020)	(105,907)
Basic and fully diluted loss per share – pence	7	(0.07)	(0.05)

Company Registration No 05352525

	Notes	2018 £	2017 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	44,478	44,067
Other intangible assets	9	487,078	690,987
Trade and other receivables	12	425,291	-
		956,847	735,054
Current assets			
Inventories	11	185,316	200,795
Trade and other receivables	12	2,025,626	860,236
Cash and cash equivalents	13	3,852,446	951,088
		6,063,388	2,012,119
		7,020,235	2,747,173
LIABILITIES			
Current liabilities			
Trade and other payables	14	593,660	750,074
		593,660	750,074
Non-current liabilities			
Convertible loan notes	15	-	352,096
		-	352,096
Equity			
Share capital	21	1,007,092	670,129
Share premium account		27,468,576	22,849,284
Merger reserve		1,064,712	1,064,712
Convertible loan note reserve		-	69,301
Retained deficit		(23,113,805)	(23,008,423)
TOTAL EQUITY		6,426,575	1,645,003
TOTAL EQUITY AND LIABILITIES		7,020,235	2,747,173

These financial statements were approved by the Board of Directors and authorised for issue on 22 August 2018 and are signed on their behalf by:

David Traynor
Chief Executive

Company Registration No 05352525

	Notes	2018 £	2017 £
ASSETS			
Non-current assets			
Other intangible assets	9	229,524	311,914
Investments in subsidiaries	10	2,674,490	2,597,723
Trade and other receivables	12	425,291	-
		3,329,305	2,909,637
Current assets			
Trade and other receivables	12	1,516,353	281,507
Cash and cash equivalents	13	3,517,134	17,503
		5,033,487	299,010
TOTAL ASSETS		8,362,792	3,208,647
LIABILITIES			
Current liabilities			
Trade and other payables	14	216,447	146,467
		216,447	146,467
Non-current liabilities			
Convertible loan notes	15	-	352,096
		-	352,096
Equity			
Share capital	21	1,007,092	670,129
Share premium account		27,468,576	22,849,284
Merger reserve		1,064,712	1,064,712
Other reserves		-	69,301
Retained deficit		(21,394,035)	(21,943,342)
TOTAL EQUITY		8,146,345	2,710,084
TOTAL EQUITY AND LIABILITIES		8,362,792	3,208,647

The Company reported a profit for the financial year ended 31 March 2018 of £412,669 (2017: loss of £720,850)

These financial statements were approved by the Board of Directors and authorised for issue on 22 August 2018 and are signed on their behalf by:

David Traynor
Chief Executive

	Share capital £	Share premium £	Merger reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total equity £
At as 1 April 2016	670,129	22,849,284	1,064,712	69,301	(22,995,238)	1,658,188
Loss for the year	-	-	-	-	(126,427)	(126,427)
Exchange differences on translation of foreign operations	-	-	-	-	20,520	20,520
Total comprehensive loss for the year	-	-	-	-	(105,907)	(105,907)
Share based payments	-	-	-	-	92,722	92,722
Equity as at 31 March 2017	670,129	22,849,284	1,064,712	69,301	(23,008,423)	1,645,003
Loss for the year	-	-	-	-	(244,939)	(244,939)
Exchange differences on translation of foreign operations	-	-	-	-	2,919	2,919
Total comprehensive loss for the year	-	-	-	-	(242,020)	(242,020)
Share issue	309,820	4,647,293	-	-	-	4,957,113
Share issue costs	-	(380,858)	-	-	-	(380,858)
Share based payments	-	-	-	-	67,337	67,337
Conversion of convertible loan notes	27,143	352,857	-	(69,301)	69,301	380,000
Equity as at 31 March 2018	1,007,092	27,468,576	1,064,712	-	(23,113,805)	6,426,575

	Share capital £	Share premium £	Merger reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total £
As at 1 April 2016	670,129	22,849,284	1,064,712	69,301	(21,335,529)	3,317,897
Loss for the year	-	-	-	-	(720,850)	(720,850)
Total comprehensive loss for the year	-	-	-	-	(720,850)	(720,850)
Share based payments					92,722	92,722
Share options issued to staff	-	-	-	-	20,315	20,315
At 31 March 2017	670,129	22,849,284	1,064,712	69,301	(21,943,342)	2,710,084
Profit for the year	-	-	-	-	412,669	412,669
Total comprehensive profit for the year	-	-	-	-	412,669	412,669
Share issue	309,820	4,647,293	-	-	-	4,957,113
Share issue costs	-	(380,858)	-	-	-	(380,858)
Conversion of convertible loan notes	27,143	352,857	-	(69,301)	69,301	380,000
Share based payments	-	-	-	-	34,570	34,570
Share options issued to subsidiary employees	-	-	-	-	32,767	32,767
At 31 March 2018	1,007,092	27,468,576	1,064,712	-	(21,394,035)	8,146,345

	2018 £	2017 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(244,939)	(126,427)
Adjustments for:		
Share based payments	67,337	92,722
Expense on the amendment of convertible loan note terms	26,000	-
Depreciation	18,769	15,504
Amortisation	156,962	94,204
Loss on disposal of property, plant and equipment	-	139
Impairment of intangible asset	-	23,586
Finance income	(3,309)	(184)
Finance costs	24,540	16,443
Disposal of intangibles (see note 9)	198,474	-
Changes in working capital		
Decrease in inventories	15,479	19,523
(Increase) / decrease in trade and other receivables	(1,590,681)	(76,355)
(Decrease) / increase in trade and other payables	(156,414)	159,350
CASH USED IN / GENERATED FROM OPERATING ACTIVITIES	(1,487,782)	218,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(19,180)	(37,288)
Payments to acquire intangible assets	(151,527)	(243,699)
Interest received	3,309	184
NET CASH USED IN INVESTING ACTIVITIES	(167,398)	(280,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	4,957,113	-
Share issue costs	(380,858)	-
Interest paid	(22,636)	(24,322)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING	4,553,619	(24,322)
Net increase / (decrease) in cash and cash equivalents	2,898,439	(86,620)
Cash and cash equivalents at the beginning of the financial year	951,088	1,017,188
Effect of foreign exchange rate changes	2,919	20,520
Cash and cash equivalents at the end of the financial year	3,852,446	951,088

	2018 £	2017 £
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the year before tax	412,669	(720,850)
Adjustments for:		
Share based payments	34,570	92,722
Expense on amendment of convertible loan note terms	26,000	-
Amortisation	65,671	69,571
Finance costs	24,540	30,121
Disposal of intangibles (see note 9)	99,329	-
Impairment of intangible assets	-	23,586
Changes in working capital		
(Increase) / Decrease in trade and other receivables	(1,660,137)	508,129
Increase / (Decrease) in trade and other payables	69,979	(45,433)
CASH USED IN OPERATING ACTIVITIES	(927,379)	(42,154)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	-	(70,000)
Contingent consideration – acquisition of subsidiary	(44,000)	
Payments to acquire intangible assets	(82,609)	(67,128)
NET CASH USED IN INVESTING ACTIVITIES	(126,609)	(137,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	4,957,113	-
Share issue costs	(380,858)	-
Interest paid	(22,636)	(38,000)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING	4,553,619	(38,000)
Net increase / (decrease) in cash and cash equivalents	3,499,631	(217,282)
Cash & cash equivalents at the beginning of the financial year	17,503	234,785
Cash & cash equivalents at the end of the financial year	3,517,134	17,503

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis in accordance with the AIM rules, International Financial Reporting Standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31st March 2018 and the applicable provisions of the Companies Act 2006.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The registered office address is shown on page 2. The consolidated financial information of Byotrol plc is presented in Pounds Sterling (£), which is also the functional currency of the parent. Details of the Group operations and principal activities are shown on page 10.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Company Statement of Comprehensive Income has not been disclosed in accordance with Section 408 Companies Act 2006. The profit for the year of the parent company amounted to £412,669 (2017: loss of £720,850).

GOING CONCERN

Byotrol plc has prepared financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow from existing customers and opportunities as well as the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. These projections include assumptions around the quantum and timing of receipts from customers. Based on this analysis and on the result of the fundraising of £4.6m in September 2017, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting. The cash and cash equivalents of the Group as at 31 March 2018 was £3,852,446.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are both readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements that have a significant effect on the amounts recognised in the financial statements are detailed below.

Revenue

In determining the trigger event for recognising licence, patent and intellectual property sales and other revenues in accordance with the accounting policy, the Directors assess the appropriate milestones and make judgements as to the level of achievement of the contractual performance obligations.

Agreements with customers and/or with trading partners may include multiple revenue elements. Determination of the appropriate revenue recognition is considered a critical judgement. The critical judgement includes but is not limited to assessment as to whether a transfer of the substantive risk and rewards has taken place, allocation of revenue where such agreements involve more than one revenue stream and assessment of any contingent variable future amounts receivable, net of net book value of intangible assets disposed of. As set out in note 1, this particular judgement was used in the assessment and determination of the sale of patents and associated intellectual property of £1,320k.

Impairment of assets

In line with the accounting policy stated on impairment, the Directors have considered the carrying value of assets. They have determined that there is reasonable evidence to suggest certain trade receivables will not be recovered in full and have therefore reflected an impairment in the value of trade receivables in the Group financial statements. They have also determined that, due to the trading losses incurred by the subsidiaries of the Company in previous periods, it is reasonable to continue to reflect an impairment in the value of short-term loans and trading advance made to its subsidiaries by the Company, with no change to impairment in the current year. This impairment has been reflected in the financial statements of the Company. All other assets are considered to be unimpaired.

Research and development activities

The Directors have reviewed the R & D activities and have made judgements on the amount of development expenditure it is appropriate to capitalise.

The policy is that an internally-generated intangible asset arising from the Group's development expenditure is capitalised only if all of the following conditions are met:

- an asset is created that can be identified (such as new products and processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Intangible assets

In assessing impairment, the Directors estimate the recoverable amount of each asset based on expected future cash flows and use an interest rate to discount them. Estimation uncertainty principally pertains to estimating expected cash flows arising from future revenue and margin attributable to specific developments and the assessment of duration of cash flows. The carrying value as at the end of the reporting period is shown in note 9.

Deferred tax recognition

The Directors consider, given the current stage of the development of the business, that deferred tax assets should not be recognised at this stage due to the unpredictability of the timing of future taxable profit streams.

R & D tax credits

As noted within the accounting policy, the Group claims R & D tax credits. Credits recognised in the current year of £129,025 include an assumption of R & D credits in relation to the year ended 31 March 2018. This claim is yet to be submitted.

Share based payment charge

The fair value of options granted under the scheme is measured by use of the Black-Scholes model, selected by the Directors as the most appropriate model for this purpose. Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free rate approximation was taken as the UK Government 10 year bond yield. Vesting conditions relating to staff retention were based on historical average turnover levels for the appropriate staff levels. Vesting conditions relating to market-based performance conditions were made based upon the best estimates of the Directors.

STANDARDS, AMENDMENTS AND INTERPRETATIONS

Standards, amendments and interpretations adopted in the year

The following new standards, amendments and interpretations became effective for the first time during the current financial year. The adoption of these new standards, amendments and interpretations were neither relevant for the Group nor the Company have not led to any significant impact on the Group's and Company's financial statements, unless otherwise stated:

IAS1 (amendment) Presentation of Financial Statements – Disclosure Initiative

IAS16 (amendment) Property, Plant and Equipment and IAS38 Intangible Assets: Clarification of acceptable methods of depreciation

IAS7 (amendment) Statement of Cash Flows – Disclosure initiative

IAS12 (amendment) Income Taxes – Recognition of deferred tax assets for unrealised losses

Standards, amendments and interpretations in issue but not yet effective

At the date of the authorisation of these financial statements, the following more significant and relevant standards, amendments and interpretations, which have not been adopted early in this financial year, were in issue but not yet effective:

- *IFRS9 'Financial instruments: Classification and measurement'*	*1 January 2018*
- *IFRS16 'Leases'*	*1 January 2019*
- *IFRS15 Revenue from Contracts with Customers*	*1 January 2018*
- *IFRS2 Share-based Payments*	*1 January 2018*
- *IFRIC22 Foreign Currency Transactions and Advanced Consideration*	*1 January 2018*

The Directors do not anticipate that the adoption of these standards, amendments and interpretations, with the exception of IFRS15 and IFRS16, in future financial periods will have a material impact on the financial statements for the Group and Company.

IFRS15 is mandatory for the financial years commencing on or after 1 January 2018 and the Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as at 1 April 2018 and that comparatives will not be restated.

Whilst in the early stage of review the Group has not identified any material impact of IFRS15. The relative low level of leases held within the Group leads us to believe that there will be little impact from the adoption of IFRS16.The possible impact of IFRS15 and IFRS16 is still being considered for the Group and Company.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided and license fees and royalties earned in the normal course of business, net of discounts and other sales related taxes.

The Group's principal revenue streams and their respective accounting treatments are as follows:

Product Sales
Sales of goods are recognised when the goods are delivered and the material risks and rewards of ownership have been transferred to a third party (subject to any reservation of title in the event of non-payment)

Royalty income
Royalty income from licensing agreements is recognised on an accruals basis in accordance with the substance of the relevant agreement and is based on receipt from the licensee of the relevant information to enable calculation of the royalty due.

Other licensing revenues
Other licensing revenues include revenues from milestone payments and from initial up-front payments to the Company at inception of the license.

Milestone payments are sometimes made by a licensee to the Group, contingent on achieving certain specific performance obligations. These payments are recognised on achievement of such milestones if the milestones are considered substantive or, if they are not considered substantive, are recognised over the period the Company has the continuing performance obligation. If milestone payments are creditable against future royalty payments, the milestone payments are deferred and released over the period in which the royalties are anticipated to be paid.
Initial upfront payments are sometimes made to the Company on entering into licensing agreements. Where these payments are non-refundable and non-creditable and the payments are not linked to specific and substantive ongoing performance objectives, these revenues are recognized as consideration for entering into the agreement when due. Where initial upfront payments are potentially refundable and/or creditable and are contingent on the Group providing specific and substantive ongoing services, revenue is recognized over the duration of those services.

Sale of patents and associated intellectual property

Sales of patents and associated intellectual property are recognised as revenue transactions where considered to be in the normal course of business as a route to market. Sales are recognised when the substantive risk and rewards of ownership are transferred and amounts due and expected to be recoverable based on best estimates, discounted where amounts receivable includes amounts falling due after more than one year, where such discount amounts are expected to be material.

Other agreements
The Group also enters into other forms of agreement including development agreements and joint marketing agreements. In those circumstances, payment schedules can have characteristics similar to licensing agreements, including initial upfront payments, milestone linked payments and success fees, including royalty payments. The Group recognises revenue from such transactions using the same principles as for licensing agreements.

OPERATING SEGMENTS

Byotrol plc manufactures products based on anti-microbial technology in the United Kingdom (“UK”) and also generates revenues from licensing, joint development agreements and sale of patents and associated intellectual property where considered to be in the normal course of business as a route to market. Its customers are based in the UK, North America and the Rest of the World. Financial information is reported to the board on three reportable segments, being Professional, Consumer and Pet with revenue and gross profits split by operating segments. Segment revenues comprise sales to external customers and excludes gains arising on the disposal of property, plant & equipment and finance income. Segment profit reported to the board represents the profit earned by each segment before the allocation of central overheads, Directors’ salaries, finance costs and tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All trade receivable assets are allocated to reportable segments. Other current assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned. All liabilities are allocated to individual segments on the basis of revenue earned. Information is reported to the board of Directors on a product sale, licence & royalty fee and other development fee basis as management believe that each product offering and licensing of its products exposes the Group to differing levels of risk and rewards due to their intrinsic nature. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements, as set out in the accounting policies.

OTHER INTANGIBLE ASSETS

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development expenditure is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as new products and processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The Group has capitalised development expenditure during the year. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over 10 years on a straight-line basis.

In determining the amortisation policy of an intangible asset, its useful economic life in terms of years is considered. Where a finite useful economic life of an asset can be estimated, amortisation is calculated from the point to which the asset is brought into use, and charged to the income statement over its lifetime.

Patents, licenses and access to framework agreements

The costs incurred in purchasing licenses and establishing patents are measured at cost, net of any amortisation and any provision for impairment. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intellectual property - patents	over 10 years on a straight-line basis
Licenses	over 10 years on a straight-line basis
Framework agreements	over the term of the agreement

Any gain or loss arising on the disposal of intangible assets is recognised within revenue where considered to be in the normal course of business as a route to market.

Software

Software is capitalised when purchased and amortised over 3 years on a straight-line basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost or valuation of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery	20% - 50%	on straight line
Computer equipment	33.3%	on straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised on goodwill is not reversed in a subsequent period.

INVESTMENTS

Investments consist of the Company's subsidiary undertakings. Investments are initially recorded at cost, being the fair value of the consideration given and including directly attributable charges associated with the investment. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

INVENTORY

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material cost, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

Provision is made where necessary for obsolete, slow moving inventory where it is deemed that the costs incurred may not be recoverable.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables, classified as loans and receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

C**ash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and are classified accordingly in the financial statements.

Trade and other payables

Trade payables, classified as 'other liabilities' are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of the compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

LEASING

The Group as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are expensed on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

RESEARCH AND DEVELOPMENT TAX CREDITS

The Group claims research and development tax credits and these credits are judged to have characteristics akin to grants. Credits are recognised to the extent there is reasonable assurance they will be received which, given the necessary claims processes, can be some time after the original expense was incurred.

TAXATION

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit/loss for the financial year using tax rates enacted or substantively enacted at the reporting date, less any adjustments to tax payable or receivable in respect of previous periods.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

No provision is made relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than those acquired as part of a business combination.

Provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group can control the reversal of the temporary differences.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the reporting date into sterling. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Exchange differences arising on monetary items that form part of the Company's net investment in its foreign operations are recognised in the profit or loss in the reporting entity. However, in the consolidated financial statements which include the foreign operations, such exchange differences are recognised in equity.

DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution retirement benefit plans are charged as an expense as they fall due.

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS2 share-based payment.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments, which incorporates the market condition, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of share options that will eventually vest, or warrants that will be exercised, and a corresponding amount credited to retained earnings.

Share-based payments associated with share options granted to employees of subsidiaries of the parent company are treated as an expense of the subsidiary company to be settled by equity of the parent company. The share based payment expense increases the value of the parent company's investment in the subsidiaries and is credited to retained earnings.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received on exercise of share options and warrants are credited to share capital (for the nominal value) and share premium account (for the excess over nominal value).

Cancelled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in the consolidated statement of comprehensive income in the year that the options are cancelled.

Certain employee bonuses can be paid in shares rather than cash or a combination thereof. An estimate of the liability under such schemes is made at each period end and an appropriate charge is made to the statement of comprehensive income.

1 SEGMENTAL INFORMATION

Revenue recognised in Consolidated Statement of Comprehensive Income is analysed as follows:

	2018 £	2017 £
Product sales	1,647,306	1,974,824
Royalty and licensing income	172,450	1,152,358
Sale of patents and associated intellectual property	1,320,275	-
Revenue	3,140,031	3,127,182

The Group considers the Group's revenue lines to be split into three reportable segments; being Professional (including food service, food manufacturing, industrial and health), Consumer and Pet. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the Board. The Group's revenue, result before taxation and net assets were all derived from its principal activities.

Segmental information is presented using Group policies.

	Continuing operations			
Year ended 31 March 2018	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	890,584	172,450	282,535	1,345,569
North America	3,037	1,320,275	-	1,323,312
Rest of World	22,899	-	448,251	471,150
Total revenue	916,520	1,492,725	730,786	3,140,031
Cost of sales	(742,245)	-	(387,103)	(1,129,348)
Gross profit	174,275	1,492,725	343,683	2,010,683
Centrally incurred income and expenditure not attributable to individual segments:				
Sales and marketing costs				(549,326)
Research and development costs				(450,561)
Other administrative costs				(1,094,461)
Depreciation and amortisation				(175,731)
Share-based payments				(67,337)
Expense on amendment of convertible loan note terms				(26,000)
Finance income				3,309
Finance costs				(24,540)
Research and development (R & D) tax credits				129,025
Loss before tax				(244,939)

Included within the revenues of the Professional segment is revenue of £235,171 relating to customer A (2017: £289,963) and £100,426 relating to customer B (2017: £69,694). Included within the revenues of the Consumer segment is revenue of £1,320,275 (2017: £1,000,000) relating to customer C. Included within the revenues of the Pet segment is revenue of £251,190 relating to customer D (2017: £254,163), £179,094 from customer E (2017: £143,985) and £141,875 from customer F (2017: £94,714).

1 SEGMENTAL INFORMATION (continued)

	Continuing operations			
Year ended 31 March 2017	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	1,151,840	1,146,956	408,408	2,707,204
North America	25,228	5,402	-	30,630
Rest of World	3,763	-	385,585	389,348
Total revenue	1,180,831	1,152,358	793,993	3,127,182
Cost of sales	(850,699)	-	(524,854)	(1,375,553)
Gross Profit	330,132	1,152,358	269,139	1,751,629

Central income and expenditure not attributable to individual segments:	
Sales and marketing costs	(386,032)
Research and development costs	(412,269)
Other administrative costs	(926,501)
Depreciation and amortisation	(109,708)
Share-based payments	(92,722)
Finance income	184
Finance costs	(16,443)
Research and development (R & D) tax credits	65,435
Loss before tax	(126,427)

The Group's operations are located in the United Kingdom.

The following table provides an analysis of the Group's current assets and current liabilities, where identifiable, by segment.

Year ended 31 March 2018	Professional £	Pet £	Consumer £	Total £
Segment current assets	1,629,982	1,327,662	3,075,420	6,033,064
Segment current liabilities	195,585	120,866	246,885	563,336

Year ended 31 March 2017	Professional £	Pet £	Consumer £	Total £
Segment current assets	877,900	654,749	479,470	2,012,119
Segment current liabilities	283,230	190,444	276,400	750,074

2 LOSS BEFORE TAX

Loss before tax is stated after charging / (crediting):

	2018	2017
	£	£
Loss before tax is stated after charging / (crediting):		
Amortisation	156,962	94,204
Depreciation of property, plant and equipment	18,769	15,504
Loss on sale of property, plant and equipment	-	139
Impairment of patents	-	23,586
Auditor's remuneration		
- as auditor	34,500	33,500
- other services	1,500	1,500
Research & development costs	450,561	412,269
Research and development (R & D) tax credits	(129,025)	(65,435)
Operating lease costs – office rent	81,780	64,446
Impairment of trade receivables	81,968	4,036
Foreign exchange differences	4,712	(19,370)

Amounts payable to Mazars LLP and their associates (2017: Mazars LLP) in respect of both audit and non-audit services:

	2018	2017
	£	£
Audit Services		
Statutory audit of parent and consolidated financial statements	28,000	23,500
Other Services		
Audit of subsidiaries where such services are provided by Mazars LLP and their associates	6,500	10,000
Other services	1,500	1,500
	36,000	35,000

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group, including Executive Directors, during the financial period amounted to:

	2018	2017
	No	No
Executive Directors	2	2
Research and development	8	6
Administration and sales	8	9
	18	17

The aggregate payroll costs, including Directors' emoluments, of the above were:

	2018	2017
	£	£
Wages and salaries	854,476	787,945
Social security costs	97,172	89,630
Other pension costs	18,948	24,869
	970,596	902,444

4 DIRECTORS' EMOLUMENTS

The Directors' aggregate emoluments in respect of qualifying services were:

	2018	2017
	£	£
Emoluments receivable	266,221	245,264
Total emoluments	266,221	245,264

The emoluments of the highest paid director were:

	2018	2017
	£	£
Emoluments receivable	118,221	114,597
	118,221	114,597

Number of Directors accruing benefits under money purchase scheme

	2018	2017
	Number	Number
	-	-

The Directors remuneration report can be found on pages 12 to 14.

5 FINANCE (COST) / INCOME

	2018	2017
	£	£
Convertible loan interest	(24,540)	(16,443)
Interest payable	(24,540)	(16,443)
Bank interest receivable	3,309	184

6 TAXATION

	2018	2017
	£	£
Corporation tax at 19% (2017: 20%)	-	-
Research and development tax credits received	-	-
Total current tax	-	-
Deferred tax	-	-
	-	-

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2018 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,006,963 (2017: £3,099,249).

6 TAXATION (continued)

The charge for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

	2018 £	2017 £
Loss for the year	(244,939)	(126,427)
Loss on ordinary activities before tax	(244,939)	(126,427)
Tax at the UK corporation tax rate of 19% (2017: 20%)	(46,538)	(18,285)
Expenses not deductible for tax purposes	3,474	2,155
Unrecognised, unrelieved tax losses	43,064	16,130
Total tax	-	-

Unrecognised and unrelieved tax losses are calculated at 17% being the substantively enacted rate effective 1 April 2020.

7 LOSS PER SHARE

	2018 £	2017 £
Loss on ordinary activities after taxation	(244,939)	(126,427)
Weighted average number of shares (No) For basic and fully diluted loss per ordinary share	345,229,785	268,051,565
Loss per ordinary share – basic and fully diluted	(0.07)p	(0.05)p

The weighted average number of shares and the loss for the year for the purposes of calculating the fully diluted earnings per share are the same as for the basic loss per share calculation. This is because the outstanding share options and warrants would have the effect of reducing the loss per ordinary share and would, therefore, not be dilutive under the terms of IAS33.

8 PROPERTY, PLANT & EQUIPMENT

Group – 2018	Computer equipment	Plant and Machinery	Total
	£	£	£
Cost			
At 1 April 2017	74,710	80,429	155,139
Additions	6,058	13,122	19,180
Disposal	(28,964)	-	(28,964)
At 31 March 2018	51,804	93,551	145,355
Depreciation			
At 1 April 2017	43,576	67,496	111,072
Charge for the year	13,676	5,093	18,769
On disposal	(28,964)	-	(28,964)
At 31 March 2018	28,288	72,589	100,877
Net Book Value At 31 March 2018	23,516	20,962	44,478

Group – 2017	Computer equipment	Plant and Machinery	Total
	£	£	£
Cost			
At 1 April 2016	37,978	239,995	277,973
Additions	37,288	-	37,288
Disposal	(556)	(159,566)	(160,122)
At 31 March 2017	74,710	80,429	155,139
Depreciation			
At 1 April 2016	36,584	218,967	255,551
Charge for the year	7,409	8,095	15,504
On disposal	(417)	(159,566)	(159,983)
At 31 March 2017	43,576	67,496	111,072
Net Book Value At 31 March 2017	31,134	12,933	44,067

9 OTHER INTANGIBLE ASSETS

Group – 2018	Development costs £	Patents and licences £	Framework access rights £	Total £
Cost				
At 1 April 2017	352,907	743,013	70,000	1,165,920
Additions	24,918	82,609	44,000	151,527
Disposal	(146,904)	(148,636)	-	(295,540)
At 31 March 2018	230,921	676,986	114,000	1,021,907
Amortisation				
At 1 April 2017	43,835	431,098	-	474,933
Charge for the year	35,291	65,671	56,000	156,962
Disposal	(47,759)	(49,307)	-	(97,066)
At 31 March 2018	31,367	447,462	56,000	534,829
Net Book Value				
At 31 March 2018	199,554	229,524	58,000	487,078

During the year, patents and associated intellectual property were sold and the net book value at the date of sale was offset against revenue.

In the prior year, The Directors, reviewed the Company's patent base, and concluded that due to regulatory changes within Europe's biocide industry, that certain patents were no longer of use to the business and therefore the appropriate impairment was made. A similar review has taken place for this financial year and no impairment was deemed to be required.

Group – 2017	Development costs	Patents and licences £	Framework access rights £	Total £
Cost				
At 1 April 2016	246,336	675,885	70,000	922,221
Additions	106,571	67,128	-	243,699
At 31 March 2017	352,907	743,013	70,000	1,165,920
Amortisation				
At 1 April 2016	19,201	337,942	-	357,143
Charge for the year	24,634	69,570	-	94,204
Impairment	-	23,586	-	23,586
At 31 March 2017	43,835	431,098	-	474,933
Net Book Value				
At 31 March 2017	309,072	311,915	70,000	690,987

9 OTHER INTANGIBLE ASSETS (continued)

Company	2018 Patents and Licences £	2017 Patents and Licences £
Cost		
At 1 April	743,013	675,885
Additions	82,609	67,128
Disposal	(148,636)	-
At 31 March	676,986	743,013
Amortisation		
At 1 April	431,098	337,942
Charge for the year	65,671	69,571
Impairment	-	23,586
Disposal	(49,307)	
At 31 March	447,462	431,099
Net Book Value		
At 31 March	229,524	311,914

The intangible assets relate to the development of patents and also to the acquisition of the Byofresh licence.
All patent and licences of the Group are developed internally.

10 INVESTMENTS IN SUBSIDIARIES

COMPANY	Shares in Subsidiary Undertakings 2018 £	Shares in Subsidiary Undertakings 2017 £
At 1 April	2,597,723	2,507,408
Additions	44,000	70,000
Additions relating to share options issued to subsidiary employees	32,767	20,315
At 31 March	2,674,490	2,597,723

On 17 March 2017, the Company acquired the entire share capital of Winchpharma (Consumer Healthcare) Limited for an initial cash consideration of £70,000. The only assets of Winchpharma (Consumer Healthcare) Limited were two framework agreements to supply hand sanitising and surface disinfection products to one customer. The entire fair value of the consideration has been attributed to these framework agreements and this intangible asset will be amortised over the remaining term of the agreement.

10 INVESTMENTS IN SUBSIDIARIES (continued)

As noted in note 20, under the terms of the purchase agreement, further consideration of up to £44,000 would be payable in cash if the framework agreements were renewed in 2018. Post year-end, notification has been received from the NHS Business Services Authority that the frameworks have been extended and therefore the Group's Directors have recognised the additional liability of £44,000 in the current financial statements.

Details of all subsidiary undertakings included in the consolidated financial statements are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business	Address
Byotrol Technology Limited	England	Ord SC	100%	Anti-microbial products	Address is same as Byotrol PLC
Byotrol Inc	United States	Ord SC	100%	Anti-microbial products	PO Box 18514, GA, 30326, USA
Byotrol Consumer Products	England	Ord SC	100%	Anti-microbial products	Thornton Science Park, Ince, CH2 4NU
Winchpharma (Consumer Healthcare)	England	Ord SC	100%	Anti-microbial products	Thornton Science Park, Ince, CH2 4NU

11 INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	42,111	44,110	-	-
Finished goods and goods for resale	143,205	156,685	-	-
	185,316	200,795	-	-

Included above are inventories of £ Nil (2017: £ Nil) carried at net realisable value.

Inventories recognised as an expense during the year ended 31 March 2018 amounted to £955,749 (2017: £1,213,497). These were included in cost of sales in the Consolidated Statement of Comprehensive Income.

Write-downs of inventories to net realisable value amounted to £37,931 (2017: £NIL). These were recognised as an expense during the year ended 31 March 2018 and included in 'cost of sales' in the Consolidated Statement of Comprehensive Income.

No earlier write downs were reversed during the current or preceding period.

12 TRADE AND OTHER RECEIVABLES

	Group 2018 Current	Group 2018 Non- Current	Group 2018 TOTAL	Group 2017 Current	Group 2017 TOTAL
	£	£	£	£	£
Trade receivables	1,475,705	-	1,475,705	639,909	639,909
Tax repayable	92,273	-	92,273	-	-
Other receivables	253,748	-	253,748	102,237	102,237
Prepayments and accrued income	203,900	425,291	629,191	118,090	118,090
	2,025,626	425,291	2,450,917	860,236	860,236

	Company 2018 Current	Company 2018 Non- Current	Company 2018 TOTAL	Company 2017 Current	Company 2017 TOTAL
	£	£	£	£	£
Trade receivables	1,000,000	-	1,000,000	-	-
Tax repayable	55,045	-	55,045	8,118	8,118
Amount owed by group undertakings	339,479	-	339,479	247,514	247,514
Other receivables	7,263	-	7,263	7,263	7,263
Prepayments and accrued income	114,566	425,291	539,857	18,612	18,612
	1,516,353	425,291	1,941,644	281,507	281,507

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group had 43 days of revenue outstanding in trade receivables as at 31 March 2018 (2017: 75 days). Included within trade receivables is £125,839 (2017: £217,981) denominated in US dollars and £NIL (2017: £NIL) denominated in Euros.

The Group's maximum exposure to credit risk equates to the carrying value of cash held on deposit and trade and other receivables.

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances of £86,004 (2017: £4,036) for doubtful receivables. This allowance has been based on the knowledge of the financial circumstances of individual receivables at the reporting date. The Group has concentration of credit risk with exposure to three major customers whose year end balances totalled £1,193,360 (2017: £166,842).

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Impairment brought forward	4,036	30,285	12,058,729	12,058,729
Amounts written off	-	(26,249)	-	-
Amounts recovered	-	-	-	-
Impairment charge	81,968	-	-	-
Impairment carried forward	86,004	4,036	12,058,729	12,058,729

The Company continues to reflect an impairment of historic group undertaking amounts totalling £12,058,729 (2017: £12,058,729). Amounts owed by group undertakings have been reviewed and no further impairment is required.

12 TRADE AND OTHER RECEIVABLES (continued)

The age profile of the net trade receivables for the Group at the year end was as follows:

Debt age – "days overdue"

2018	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 Days	Total
Not impaired	1,249,563	73,298	36,643	40,982	34,310	40,909	1,475,705
Impaired	-	-	-	-	16,120	69,884	86,004
Trade receivables Value (£)	1,249,563	73,298	36,643	40,982	50,430	110,793	1,561,709
%	85	5	2	3	2	3	100

2017	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 days	Total
Not impaired	255,862	118,334	75,279	48,113	77,149	65,172	639,909
Impaired	-	-	-	-	-	4,036	4,036
Trade receivables Value (£)	255,862	118,334	75,279	48,113	77,149	69,208	643,945
%	40	18	12	7	12	11	100

External trade receivables are generally on 30 to 90 day terms and are not considered to carry any significant risk of impairment as at the year end date.

As at 31 March 2018 there was £116,201 (2017: £102,315) worth of trade receivables overdue but not impaired.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and Company. The carrying amount of the asset approximates the fair value.

Cash held by the Group is with UK based banks £3,842,744 (2017: £934,406) and a limited amount £9,702 (2017: £16,682) with one US bank. All amounts held by the Company are with UK based banks.

14 TRADE AND OTHER PAYABLES

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Current:				
Trade payables	335,065	448,944	56,930	85,677
Other taxes & social security taxes	30,324	216,077	10,378	9,670
Accruals and deferred income	184,271	85,053	105,139	51,120
Other payables	44,000	-	44,000	-
	593,660	750,074	216,447	146,467

In both the Group and Company, the carrying amount of trade and other payables approximates to their fair values. Included in trade payables is £26,778 (2017: £32,742) denominated in US dollars and £8,916 (2017: £9,174) denominated in Euros.

14 TRADE AND OTHER PAYABLES (continued)

The age profile of the net trade and other payables for the Group at the year end was as follows:

Payables age – "days past due" at balance sheet date

2018	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 Days	Total
Trade payables value (£)	209,877	75,040	14,185	94	35,869	-	335,065
%	63	22	4	0	11	-	100
Convertible loan notes	-	-	-	-	-	-	-

2017	Current	0-30 Days	31-60 Days	61-90 Days	91-120 days	Over 120 Days	Total
Trade payables value (£)	286,971	126,052	16,609	3,759	15,553	-	448,944
%	64	28	4	1	3	-	100
Convertible loan notes	359,975	-	-	-	-	-	359,975

15 CONVERTIBLE LOAN NOTES

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Current:				
Convertible loan notes	-	352,096	-	352,096

The Company issued 380 10% convertible bonds of £1,000 each, totalling a value of £380,000 on 20th December 2013. The bonds were originally due to mature three years from the issue date at their nominal value of £380,000 or to be converted into shares at the holder's option at any time up to the maturity date at the rate of 18,315 shares per £1,000. The values of the liability component and the equity conversion component were determined at the issuance of the bond.

The fair value of the liability component was calculated using a market interest rate that would be available to the Company for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves.

On 30 September 2016, the Noteholders agreed to rollover the maturity of the Loan Notes to extend the original term by two years, resulting in a total term of the Loan Notes of five years. No other terms were adjusted.

On 1 September 2017, the Noteholders agreed to convert their Convertible Loan Notes into ordinary shares at a conversion price of 3.5p per new Ordinary Shares.

15 CONVERTIBLE LOAN NOTES (continued)

The convertible bond recognised in the balance sheet is calculated as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Proceeds of issue of convertible loan note	380,000	380,000	380,000	380,000
Equity component	(69,301)	(69,301)	(69,301)	(69,301)
Liability component at date of issue	310,699	310,699	310,699	310,699
Interest charged cumulative	189,437	164,897	189,437	164,897
Interest paid cumulative	(146,136)	(123,500)	(146,136)	(123,500)
Expense on amendment of convertible loan note terms	26,000	-	26,000	-
Transferred to equity on conversion	(380,000)	-	(380,000)	-
Liability component at 31 March	-	352,096	-	352,096

16 FINANCIAL INSTRUMENTS

Details of the methods adopted for the categorisation and measurement of financial assets and liabilities are set out in the accounting policies.

Foreign currency risk

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in particular, with respect to the US dollar. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. Although the countries that the Group trades with have relatively stable economies, management has set up a policy which requires Group companies to manage their foreign exchange risk against their functional currency by closely monitoring spot rate to balance inflows and outflows. A sensitivity analysis of the Group's foreign exchange exposure is not presented as the risk is considered to be insignificant.

Interest rate risk

The Group is exposed to minimal interest rate risk arising on cash and cash equivalent balances and bank loans and overdrafts in the prior year. The Group does not consider that it is significantly exposed to interest rate risk, either in the current or prior year, and therefore an interest rate sensitivity analysis is not presented.

Fair values of financial liabilities and financial assets

The fair values based upon the market value or discounted cash flows of financial liabilities and financial assets, held in the Group was not materially different from their book values.

Liquidity risk

All of the Group's financial instruments have been classified as current. The Group's ability and approach to manage its liquidity position is set out in its going concern accounting policy.

Credit risk

The Group's principal financial assets comprise cash and cash equivalents and trade and other receivables. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement. Further details on trade receivables, including analysis of bad debts and ageing, are given in note 12.

In order to manage credit risk, the Group sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Balances that are beyond agreed terms, are actively followed up to ensure collection.

17 COMMITMENTS UNDER OPERATING LEASES

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts due:				
Within one year	34,766	75,656	34,766	75,656
In second to fifth years inclusive	1,209	1,901	1,209	1,901
More than five years	-	-	-	-
	35,975	77,557	35,975	77,557

Operating lease payments represent rentals payable by the Group and the Company for its office property. laboratory facilities and office equipment. The office property and laboratory lease were originally negotiated for a term of two years on 1 March 2016 and the office equipment is for a term of five years. The office property and laboratory lease was extended on 1st February 2018 for a further 6 months.

18 SHARE BASED PAYMENTS

The Company has granted equity settled share options to certain directors and employees. The exercise price is equal to or more than market value of the shares at the date of grant. If the options remain unexercised after a period of ten years from the date of grant the options expire.

Details of the share options and warrants outstanding during the year are as follows:

	2018		2017	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of year	33,532,500	5.40	26,762,500	6.45
Share options granted during the year	14,516,750	4.00	8,100,000	4.125
Share options lapsed during the year	(8,710,000)	4.02	(1,330,000)	18.86
Outstanding at the end of the year	39,339,250	5.19	33,532,500	5.40

The number of options exercisable at 31 March 2018 is 7,200,000 (2017: 2,700,000).

The Group recognised the following expenses related to share based payments:

	2018 £	2017 £
Charged to Consolidated Statement of Comprehensive Income	67,337	92,722

Of this amount, £32,767 relates to costs of share options issued to subsidiary employees.

The fair value of options granted under the employee option schemes is measured using the Black-Scholes model.

18 SHARE BASED PAYMENTS (continued)

	New Grants EMI Scheme	Executive Scheme
Grant date	9 November 2017	14 December 2017
Share price at grant date	3.50p	3.38p
Exercise price	4.00p	4.00p
Number of employees	14	1
Share options granted	9,516,750	5,000,000
Vesting period (years)	1	-
Expected volatility	41.5%	41.5%
Option life (years)	10	3
Expected life (years)	7	3
Risk free rate	2.61	2.61
Expected dividends expressed as a dividend yield	-	-
Fair value per option	1.45p	1.16p

The options outstanding at 31 March 2018 had a weighted average exercise price of 5.19 p (2017: 5.40p) and a weighted average remaining contractual life of 5.1 years (2017: 6.1 years).

The aggregate of the estimated fair values of the options granted in the year is £580,670 (2017: £ 334,125).

At 31 March 2018 there were options outstanding over 39,339,250 (2017: 33,532,500) ordinary shares of 0.25p each which are exercisable at prices in the range from 3.5p to 13p under the company's various share option schemes exercisable at various times until 14 April 2025.

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

19 RELATED PARTY TRANSACTIONS

Directors

Fees for Directors' services are set out in the Directors' Remuneration Report and in Note 4 to the financial statements.

Fees for Dr Medinger are paid to Medinger Associates and amounted to £24,000 (2017: £24,000). Convertible loan note interest for Dr Medinger is paid direct to Dr Medinger and amounted to £2,236 (2017: £3,427). The £40,000 of convertible loan notes previously held were converted into equity at 3.5p per share during the year.

Convertible loan note interest for Dr Francis is paid direct to Dr Francis and amounted to £2,236 (2017: £1,742). The £40,000 of convertible loan notes previously held were converted into equity at 3.5p per share during the year.

Convertible loan note interest for David Traynor is paid direct to Mr Traynor and amounted to £NIL (2017:£2,809).

19 RELATED PARTY TRANSACTIONS (continued)

Key management personnel

The Board is of the opinion that the key management personnel are the Executive Directors & Non-Executive Directors. In addition to their salaries the Group also provides certain non-cash benefits to the Executive Directors. The total compensation comprised:

	2018	2017
	£	£
Short term benefits	266,221	245,264
Share based payments	34,570	72,408
Total	300,791	317,672

20 CONTINGENT LIABILITIES

During the previous reporting period, the Group acquired 100% of the entire share capital of Winchpharma (Consumer Healthcare) Limited for an initial cash consideration of £70,000, specifically to acquire the framework agreements with the NHS Business Services Authority.

Under the terms of the purchase agreement, deferred consideration of up to £44,000 would be payable in cash if the framework agreements are renewed in 2018. Post year-end, notification has been received from the NHS Business Services Authority that the frameworks have been extended and therefore the Group's Directors have recognised an additional liability of £44,000 in the current financial statements.

21 SHARE CAPITAL

	2018	2017
Authorised:		
537,115,321 (2017: 375,057,945) Ordinary shares of 0.25p each	1,342,788	937,645

The Ordinary Shares have full equal voting rights, equal participation in dividends, equal participation in distribution on winding up with no redemption rights.

	No	£
Issued and fully paid Ordinary Shares (par value 0.25 pence):		
At 1 April 2017	268,051,565	670,129
Shares issued	134,784,926	336,963
At 31 March 2018	402,836,491	1,007,092

Shares issued comprise 10,857,139 shares issued on conversion of convertible loan notes at 3.5p per share and 123,927,787 shares issued at 4p per share.

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group considers its capital to include share capital, share premium, merger reserve and the retained deficit. The Group has no external debt.

The Group has no long-term gearing ratio target as it believes that it currently does not have sufficient assets to secure meaningful levels of funding.

21 SHARE CAPITAL (continued)

Reserves

The nature and purpose of each of the reserves included within equity is as follows:

- Share capital represents the nominal value of ordinary shares issued and fully paid.
- Share premium represents the excess of funds raised from the placing of equity shares over the nominal value of the shares after deducting directly attributable placing costs.
- The merger reserve was established in respect of previous acquisitions, which qualify for Section 131 merger relief.
- The convertible loan note reserve is the equity component for the convertible loan notes issued by the Group, see note 15.
- Retained deficit represent accumulated losses to date.

Previous financial statements presented translation reserve and shares to be issued reserve separately from retained deficit reserve but there is no requirement to do so, therefore the translation reserve and the shares to be issued reserve have been merged with the retained deficit reserve in these financial statements

22 DEBT RECONCILIATION

GROUP	1 April 2018		Non-cash changes			31 March 2018
		Cash flows	Interest charged	Expense on the amendment of the terms	Extinguished on Equity on Conversion	
	£	£	£	£	£	£
Convertible loan note	352,096	(22,636)	24,540	26,000	(380,000)	-
Total liabilities from financing activities	352,096	(22,636)	24,540	26,000	(380,000)	-

COMPANY	1 April 2018		Non-cash changes			31 March 2018
		Cash flows	Interest charged	Expense on the amendment of the terms	Extinguished on Equity on Conversion	
	£	£	£	£	£	£
Convertible loan note	352,096	(22,636)	24,540	26,000	(380,000)	-
Total liabilities from financing activities	352,096	(22,636)	24,540	26,000	(380,000)	-

23 ULTIMATE CONTROLLING PARTY

The Company is listed on AIM. It has no single ultimate controlling party.

24 POST BALANCE SHEET EVENTS

There were no significant events after the end of the reporting period.