

Oxonica Materials Limited

**Director's report and financial
statements**

Registered number 03533639

31 December 2012

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COMPANIES HOUSE

Company information

Company registration number	03533639
Registered office	Squires, Sanders and Dempsey (UK) LLP Rutland House 148 Edmund Street Birmingham B3 2JR
Director	Mr G Shaw
Secretary	Mr S Parker
Bankers	HSBC Bank Plc Midland House Seacourt West Way Botley Oxon OX2 0PL
Solicitors	Squires, Sanders and Dempsey (UK) LLP 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Auditors	Rouse Audit LLP 55 Station Road Beaconsfield Bucks HP9 1QL

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Director's report

The director presents the annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the Company during the year ended 31 December 2012 was the commercialisation of advanced nanomaterials in the field of UV protection. The Company's current activities consist of (i) the management of certain royalty-bearing agreements with Croda, a world-leader in specialty chemicals, including personal care products, and (ii) sub-licensing, subject to royalties, of certain patent rights to BD (formerly Beckton Dickinson) in the field of bio-diagnostics.

Business results

There was a profit for the year after taxation amounting to £78,000 (2011 loss £66,000)

Dividends

The director does not recommend payment of a dividend (2011 *£nil*)

Directors

The directors who held office during the year and up to the date of signing the report were as follows

Mr G Shaw

Supplier payment policy


It is the Company's policy to agree payment terms in advance with individual suppliers at the outset of the contract and abide by those terms.

The Company's average number of days purchases outstanding in respect of trade creditors as at 31 December 2012 was 9 days (2011 2)

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



G Shaw
Director

20/06/2013

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. 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.

In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that its financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Independent auditors' report to the members of Oxonica Materials Limited

We have audited the financial statements of Oxonica Materials Limited for the year ended 31 December 2012 set out on pages 5 to 22. 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.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves 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. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all financial and non financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Oxonica Materials Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Rouse Audit LLP

Bindi Palmer, Senior Statutory Auditor
For and on behalf of Rouse Audit LLP

20/6/13

Chartered Accountants
Statutory Auditor

55 Station Road
Beaconsfield
HP9 1QL

Statement of Comprehensive Income
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 Restated £000
Revenue	<i>1,2</i>	109	389
Cost of sales		(4)	(338)
		<hr/>	<hr/>
Gross profit		105	51
Administrative expenses	<i>3,6</i>	(51)	(109)
		<hr/>	<hr/>
Operating profit/(loss)		54	(58)
		<hr/>	<hr/>
Financial income	<i>5</i>	24	16
Financial expense	<i>5</i>	-	(24)
		<hr/>	<hr/>
Net financing income / (expense)		24	(8)
		<hr/>	<hr/>
Profit / (loss) before tax		78	(66)
Taxation	<i>7</i>	-	-
		<hr/>	<hr/>
Profit / (loss) for the year and total comprehensive income		78	(66)
		<hr/>	<hr/>

There were no items of other comprehensive income in the year

All activities during the year relate to continuing activities (see note 1)

Statement of Financial Position
at 31 December 2012

	Note	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
ASSETS					
Non current assets					
Property, plant and equipment	11	1	-	2	-
Total non current assets		1	-	2	-
Current assets					
Trade and other receivables	12	12	2	9	1
Cash and cash equivalents		122	41	801	565
Total current assets		134	43	810	566
TOTAL ASSETS		135	43	812	566
EQUITY					
Issued share capital	16	656	656	656	656
Share premium	18	4,505	4,505	5,094	5,094
Exchange reserve	18	(225)	-	(225)	-
Other reserves	18	9,953	-	9,953	-
Retained earnings	18	(15,381)	(5,125)	(15,421)	(5,184)
Total equity attributable to the shareholders of the parent	18	(492)	36	57	566
LIABILITIES					
Current liabilities					
Trade and other payables	13	627	7	755	-
Total current liabilities		627	7	755	-
Total liabilities		627	7	755	-
TOTAL EQUITY AND LIABILITIES		135	43	812	566

Company No 05363273

These financial statements were approved by the Board of Directors on 14 June 2013 and were signed on its behalf by



Mr G Shaw, Chief Executive Officer

20/06/2013

Statement of Changes in Equity
for the year ended 31 December 2012

	Share capital £000	Share premium £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2011	3	10,198	(19,561)	(9,360)
Total comprehensive income for the year	-	-	(66)	(66)
Balance at 31 December 2011	<u>3</u>	<u>10,198</u>	<u>(19,627)</u>	<u>(9,426)</u>
Balance at 1 January 2012	3	10,198	(19,627)	(9,426)
Total comprehensive income for the year	-	-	78	78
Balance at 31 December 2012	<u>3</u>	<u>10,198</u>	<u>(19,549)</u>	<u>(9,348)</u>

Statement of Cash Flows
for year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Cash flows from operating activities			
Profit for the year		78	(66)
<i>Adjustments for</i>			
Depreciation, amortisation and impairment	<i>8</i>	1	3
Financial income	<i>5</i>	-	4
Gain / (Loss) on sale of property, plant and equipment		-	(1)
		<hr/>	<hr/>
		79	(60)
 (Increase)/ decrease in trade and other receivables	 <i>9</i>	 (4)	 3
(Decrease)/ increase in trade and other payables	<i>10</i>	(231)	115
		<hr/>	<hr/>
Net cash from operating activities		(156)	58
 Net increase / (decrease) in cash and cash equivalents		 (156)	 58
Cash and cash equivalents at 1 January		237	179
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		81	237
		<hr/>	<hr/>

Notes to the financial statements *(forming part of the financial statements)*

1 Accounting policies

Oxonica Materials Limited (the 'Company') is a company domiciled and incorporated in the UK

The Company financial statements have been prepared and approved by the director in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs')

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, these have not been applied in preparing these financial statements and are not expected to have a material impact at present

Measurement convention

The financial statements are prepared on the historical cost basis

Going concern

The company is reliant on funding from its ultimate parent undertaking, Oxonica Limited in order to continue as a going concern. Oxonica Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as required by the Company, including by not seeking repayment of the intercompany loans and balances outstanding between the two companies

Oxonica Limited has indicated its' ability to provide additional funds to the company

Cash flow forecasts have been prepared for Oxonica Limited and Oxonica Materials Limited for the period ending twelve months from the date of the approval of these financial statements. The preparation of the forecasts requires the directors of both entities to make certain assumptions regarding measurement and timing of cash flows. On the basis of these cash flow forecasts, the directors of both entities believe Oxonica Limited would continue to operate within its existing resources and meet its obligations as they fall due as well as provide the required financial support to the Company

Accordingly, the director believes it is appropriate to adopt the going concern basis of preparing these financial statements

The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern, which might include reducing assets to their recoverable amounts, providing for additional liabilities and reclassifying non-current assets as current

Notes (continued)

1 Accounting policies (continued)

Revenue

Revenue represents the total amount receivable by the Company for goods supplied and services provided, excluding value added tax and other sales-related taxes. Revenue from product sales is recognised when substantially all the risks and rewards have been transferred to the customer. Revenue received under assignment and license agreements is accounted for as deferred revenue and will be released to the Statement of Comprehensive Income on a straight line basis over the estimated life of the agreement.

Revenue derived in the UK is from a third party royalty agreement. This is calculated in arrears and is recognised on a quarterly basis. Revenue is recognised as it is earned.

Expenses

Net financing costs

Net financing costs comprise interest receivable on funds invested and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currency

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 balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Notes *(continued)*

1 Accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for separately

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Plant, machinery and laboratory equipment 3 years
- Office equipment 4 years

Depreciation methods, useful lives and residual balances are reviewed at each balance sheet date

Impairment excluding deferred tax assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Trade and other receivables

Trade and other receivables are recorded at their fair value amount less an allowance for any doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise of the fair value of cash balances and call deposits.

Trade and other payables

Trade and other payables are stated at their fair value.

Equity instruments

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

Notes *(continued)*

1 **Accounting policies** *(continued)*

Key sources of estimation uncertainty

The preparation of Oxonica Materials Limited's financial statements, in accordance with IAS 1, Presentation of Financial Statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 1 above.

Notes (continued)

2 Revenue

	2012 £'000	2011 £'000
Product Sales	-	337
Royalty Income	56	-
Licence Income	53	52
	<u>109</u>	<u>389</u>

3 Auditors remuneration

	2012 £000	2011 £000
Auditors' remuneration – audit of these financial statements	<u>5</u>	<u>5</u>

4 Remuneration

Staff numbers and costs

The average number of persons employed by the Company during the year was nil (2011 1)

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	-	35
Social security costs	-	4
Contributions to defined contribution plans	-	3
	<u>-</u>	<u>42</u>

Remuneration of directors

Mr G Shaw was remunerated on a group basis (by Oxonica Limited) for his services as director of the group and his remuneration is shown in the accounts of Oxonica Limited

Notes (continued)

5 Financial income and expense

	2012 £000	2011 Restated £000
Financial income		
Bank interest received	-	4
Net foreign exchange profit	24	12
	<u>24</u>	<u>16</u>
Financial expense		
Net foreign exchange loss	-	24
	<u>-</u>	<u>24</u>

6 Administrative Expenses

	2012 £000	2011 Restated £000
Auditors Remuneration	5	5
Depreciation	1	3
Staff Costs	-	42
Professional & Consultancy	33	20
Office Costs	2	14
Patent Fees	7	11
Insurance	-	4
Loss on sale of property, plant and equipment	-	3
IT Support costs	2	5
Bank Charges	-	1
Other	1	1
	<u>51</u>	<u>109</u>

7 Taxation

Recognised in the income statement

	2012 £000	2011 £000
<i>Current tax expense</i>		
Total tax in income statement	-	-

	2012 £000	2011 £000
<i>Reconciliation of effective tax rate</i>		
Profit / (Loss) for the year	78	(66)
Total income charge	-	-
Profit / (Loss) excluding income tax	78	(66)
Current tax at 24.50% (2011: 26.49%)	19	(17)
<i>Effects of</i>		
Depreciation	-	1
Capital allowances	(8)	(12)
Utilisation of tax losses and other deductions	(11)	-
Losses not utilised carried forward	-	27
Non deductible expenses	-	1
Total current tax charge (see above)	-	-

Notes (continued)

Provision for deferred taxation

The unrecognised deferred tax asset is set out below

	2012 £000	2011 £000
Accelerated capital allowances	33	41
Tax losses	3,182	3,332
	<hr/>	<hr/>
Unrecognised deferred tax asset	3,215	3,373
	<hr/>	<hr/>

The deferred tax asset has not been recognised as the timing of realisation is uncertain (2011 £nil)

8 Property, plant and equipment

	Laboratory Equipment £000	Office Equipment £000	Total £000
Cost			
Balance at 1 January 2012	20	5	25
Disposals	(20)	-	(20)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	-	5	5
	<hr/>	<hr/>	<hr/>
Depreciation			
Balance at 1 January 2012	20	3	23
Charge for year	-	1	1
Disposals	(20)	-	(20)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	-	4	4
	<hr/>	<hr/>	<hr/>
Net book value			
	<hr/>	<hr/>	<hr/>
At 31 December 2011	-	2	2
	<hr/>	<hr/>	<hr/>
At 31 December 2012	-	1	1
	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Trade and other receivables

	2012 £000	2011 £000
Trade receivables	380	395
Provision for bad debts	(380)	(393)
Prepayments	1	1
Sundry receivables	10	4
	<hr/>	<hr/>
	11	7
	<hr/>	<hr/>

10 Trade and other payables

	2012 £000	2011 £000
<i>Current</i>		
Trade payables	63	64
Other taxation and social security	-	1
Accruals	11	46
Deferred Revenue	547	626
Amounts owed to group undertakings	8,820	8,935
	<hr/>	<hr/>
	9,441	9,672
	<hr/>	<hr/>

11 Financial instruments

The Company's financial instruments comprise short term deposits and cash. No interest bearing loans, borrowings or derivatives were used by the Company during the period under review.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board. The Company does not trade in financial instruments.

Notes (continued)

(a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. Any impairment in value is also taken into consideration.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.)

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and members of the Oxonica Limited group (see note 1).

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful receivables, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, receivables in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. Should the outcome differ from the assumptions and estimates, revisions to the estimated valuation allowances would be required.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £461,000 (2011 £632,000) being the total of the carrying amount of financial assets, excluding equity investments.

	Carrying amount	
	2012	2011
	£000	£000
Trade receivables	380	395
Cash and cash equivalents	81	237
Total	461	632

Notes (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was

	Carrying amount	
	2012 £000	2011 £000
Domestic	74	74
Euro-zone countries	0	1
USA	185	195
Australia	121	125
	<hr/>	<hr/>
Total	380	395
	<hr/>	<hr/>

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was

	Carrying amount	
	2012 £000	2011 £000
End-user customers	380	395
	<hr/>	<hr/>

The aging of trade receivables at the reporting date was

	2012 Gross £000	2011 Gross £000
Not past due	-	-
Past due 0-30 days	-	-
Past due 31-60 days	-	-
Past due 61-120 days	-	-
Past due 121-365 days	-	2
Past due 365+ days	380	393
	<hr/>	<hr/>
	380	395
	<hr/>	<hr/>

The charge made for impairment in respect of trade receivables during the year was £(12,543) (2011 £2,440)

11 (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due

The company is reliant on funding from its ultimate parent undertaking, Oxonica Limited in order to continue as a going concern, see the going concern paragraph in note 1 regarding the Oxonica Limited's ability to provide this support

Notes (continued)

11 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments

Interest rate risk

	Assets floating rate £'000	Assets fixed rate £'000	Total £'000
At 31 December 2011			
Cash at bank	87	150	237
Total	87	150	237
At 31 December 2012			
Cash at bank	81	-	81
Total	81	-	81

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have decreased the loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular, foreign currency rates remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss. The analysis is performed on the same basis for 2011, there is expected to be no difference between the impact on equity and the Company's result for the year.

	2012 £	2011 £
Profit or loss		
Income	1	3

Currency risk

During the period under review the Company has entered into only a limited number of transactions with overseas customers and suppliers in currencies other than sterling. The Company's foreign currency exposure is currently small. The Company will continue to monitor any exposure to foreign currency risk and manage accordingly.

The Company's exposure to foreign currency risk is set out in Sterling in the table below.

£000	31 December 2011			
	GBP	USD	AUD	Euro
Cash and cash equivalents	164	-	-	73
Trade receivables	74	195	125	1
Trade Payables	(12)	(9)	(43)	-
Gross balance sheet exposure	226	186	82	74

Notes (continued)

£000	31 December 2012			
	GBP	USD	AUD	Euro
Cash and cash equivalents	61	-	-	20
Trade receivables	74	185	121	-
Trade Payables	(13)	(9)	(41)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross balance sheet exposure	122	176	80	20
	<hr/>	<hr/>	<hr/>	<hr/>

At the balance sheet date there were no forward exchange contracts in place

The exchange rates that were applied during the year were

	Average Rate		Reporting Date Spot Rate	
	2012	2011	2012	2011
USD	1.593	1 610	1 626	1 554
Euro	1.234	1 151	1.233	1 197
AUD	1.535	1 542	1.560	1 516

Sensitivity analysis

A 10 percent weakening of the following currencies against the pound sterling at 31 December 2012 would have increased / (decreased) the loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2011.

	Profit or (loss)	
	2012 £000	2011 £000
Euro	2	7
USD	16	17
AUD	7	7
	<hr/>	<hr/>
Total	25	31
	<hr/>	<hr/>

A 10 percent strengthening of the above currencies against the pound sterling at 31 December 2011 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Fair values of financial assets and liabilities

There are no material differences between the fair value of any of the Company's financial assets or liabilities and their book value as at the balance sheet date.

Notes (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business (See also going concern paragraph in note 1)

12 Capital and reserves

Share capital

	2012 No	2012 £000	2011 No	2011 No
<i>Allotted, called up and fully paid</i>				
Equity Ordinary shares of £0.01 each	330,319	3	330,319	3

Reserves

The following describes the nature and purpose of each reserve within owners' equity

Share premium	Amount subscribed for share capital in excess of nominal value
Retained earnings	Cumulative net losses

13 Related parties

Oxonica Materials Limited is part of the Oxonica Limited group of companies. However, it did not trade with these entities during the current or prior year. The intercompany balances with these entities are shown below

	Payables outstanding	
	2012 £000	2011 £000
Ultimate parent	8,820	8,936
	<u>8,820</u>	<u>8,936</u>

14 Pension scheme

The Company no longer operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £0 (2011 £3,000)

15 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Oxonica Limited, incorporated in England and Wales

The largest group in which the results of the Company are consolidated is that headed by Oxonica Limited, incorporated in England and Wales. The consolidated accounts of the group are available to the public and may be obtained from Oxonica Limited, C/o Squires, Sanders and Dempsey (UK) LLP, Rutland House, 148 Edmund Street, Birmingham, B3 2JR, UK