MERCER RESOURCES

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2015

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Company Information

Company	**MERCER RESOURCES PLC**
Directors	**Trevor Wells** (Non-Executive Chairman) **Shahed Mahmood** (Non-Executive Director)
Registered office	32 St. James's Street London SW1A 1HD
Registered number	**03861966**
Company secretary	**Trevor Wells**
Nominated adviser	**Cairn Financial Advisers LLP** 61 Cheapside London EC2V 6AX
Broker	**Peterhouse Corporate Finance Limited** New Liverpool House 15 Eldon Street London EC2M 7LD
Auditors	**Welbeck Associates** Chartered Accountants and Registered Auditors 30 Percy Street London W1T 2DB
UK registrars	**Capita Registrars** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Bankers	**Barclays** 27 Soho Square London W1D 3QR

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Strategic Report

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Business Review

The net liabilities of the Company at 31 December 2015 totalled £76,000 (2014: net liabilities £41,000). The net liabilities per ordinary share as at 31 December 2015 were £ (2014: net liabilities £ 0.0005).

Future Developments

Since the delisting from AIM the Company has taken a less proactive approach to reviewing potential investment targets. The Company will maintain its current asset and investment position until it is in a position to introduce a new long term strategy for the business.

Key Performance Indicators

The key performance indicators are set out below:

COMPANY STATISTICS	**31 December 2015**	31 December 2014	**Change %**
Net asset value	(£76,000)	(£41,000)	(85%)
Net asset value – fully diluted per share	£0.0008	£0.0005	60%
Closing share price	-	0.65p	-
Current assets/(liabilities)	£15,000	£88,000	83%
Cash and cash equivalents	£2,000	£4,000	50%

Going Concern

The financial statements have been prepared on the going concern basis because, as set out in detail in Note 1 (Going Concern), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Financial Risk Management Objectives and Policies

The Company's policy in respect of financial instruments and its risk profile is set out in Note 17 to the financial statements.

Principal Business Risks and Uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks. The Directors have set out below the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks. The Company operates a system of internal control and risk management in order to provide assurance that the Board is managing risk whilst achieving its business objectives. No system can fully eliminate risk and, therefore, the understanding of operational risk is central to the management process.

Assessment of Business Risk

The Board regularly reviews operating and strategic risks. The Company's operating procedures *include a system for reporting financial and non-financial information to the Board including:*

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of investments;
- reports on selection criteria of new investments;
- discussion with senior personnel; and
- consideration of reports prepared by third parties.

Trevor Wells
Trevor Wells
Director

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Report of the Directors

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The Directors present their annual report and the audited financial statements of Mercer Resources plc for the year ended 31 December 2015.

The Company's shares of 0.1p each were traded on AIM of the London Stock Exchange until cancellation on 2 February 2015.

Principal activities and review of the business

The principal activity of the Company during the year was that of an investing company, actively seeking and evaluating potential acquisition targets in the oil and gas and precious metals sectors to increase shareholder value. The new investing policy was approved at the EGM dated 26 July 2013. The investment strategy can be found on the Company's website at www.mercerresources.com

The review of the business is contained within the Strategic Report on page 2.

Results and Dividends

The results for the period are shown in the statement of comprehensive income on page 8.

The total loss for the year was £35,000 (2014: £225,000).

The directors do not recommend the payment of a dividend.

Events after the Reporting Period

There were no significant events since the year end.

Directors

The Directors who served during the year are set out below.
Trevor Wells
Shahed Mahmood

Disclosure of Information to the Auditors

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

Welbeck Associates, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.
Signed on behalf of the board

Trevor Wells
Director
27 June 2016

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare 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 also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each person who was a director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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Policy on Executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Company's objectives. Since the disposal of the Company's trading subsidiaries no Executive Directors have been appointed to the board and therefore a separate remuneration committee has yet to be formally established, but the Board will keep this under review.

The remuneration of the Directors, for their employment with the Company, was as follows:

COMPANY STATISTICS	Salary and fees	31 December 2015 TOTAL	31 December 2014 TOTAL
	£	£	£
Shahed Mahmood	-	-	11,000
Trevor Wells	1,000	**1,000**	6,000
	1,000	**1,000**	17,000

The following share options had been granted to directors on 16 October 2013:

	Number of options granted	Number of options lapsed	At 31 December 2014	Average Exercise Price	Earliest date of exercise	Average date of expiry
Shahed Mahmood	100,000	-	100,000	1.175P	16/10/2013	15/10/2018
Trevor Wells	100,000	-	100,000	1.175p	16/10/2013	15/10/2018

There were no other options in force as at 31 December 2015.

Pensions and benefits in kind

There are no pension schemes in operation and the Directors do not receive any benefits in kind.

Bonuses

There were no contractual or discretionary bonuses paid to the Directors during the year ended 31 December 2015.

Trevor Wells

Trevor Wells
Director
27 June 2016

Report of the Independent Auditor

We have audited the financial statements of Mercer Resources plc for the year ended 31 December 2015, which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and the related notes on pages 13 to 26. 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 applied in accordance with the provisions of the Companies Act 2006.

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 auditor

As explained more fully in the Director's Responsibilities Statements set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 included 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 Strategic Report, Report of the Directors, Statement of Directors' Responsibilities and Report on Remuneration to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we draw your attention to the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern.
These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. The directors have plans to manage the cash flows of the Company to enable it to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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Report of the Independent Auditor

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union and in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Bradley-Hoare, FCA (Senior Statutory Auditor)
For and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
30 Percy Street
London
W1T 2DB

27 June 2016

Statement of Comprehensive Income

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FOR THE YEAR ENDED 31 DECEMBER 2015

Continuing operations	Notes	2015 £'000	2014 £'000
Administrative expenses		**(28)**	(167)
Net change in investments		**(76)**	(58)
Operating loss	**6**	**(104)**	(225)
Other gains and losses		**69**	-
Loss on ordinary activities before taxation		**(35)**	(225)
Taxation	**5**	**-**	-
Loss for the year from continuing operations		**(35)**	(225)
Loss for the year and total comprehensive loss		**(35)**	(225)

The accounting policies and notes are an integral part of these financial statements.

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Statement of Changes in Equity

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	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2014	**2,954**	**2,042**	**1,844**	**(6,749)**	**91**
Total comprehensive loss for the period					
	-	-	-		
Issue of share capital	10	83	-	-	**93**
Share issue costs	-				
Conversion of preference shares					
Loss for the period	-	-	-	(225)	**(225)**
Balance as at 31 December 2014	**2,964**	**2,125**	**1,844**	**(6,974)**	**(41)**
Loss for the period	-	-	-	(35)	**(35)**
Total comprehensive loss for the period					
Balance as at 31 December 2015	**2,964**	**2,125**	**1,844**	**(7,009)**	**(76)**

The accounting policies and notes are an integral part of these financial statements.

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Statement of Financial Position

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AS AT 31 DECEMBER 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Non-current assets			
Investment in subsidiaries		-	-
Current assets			
Investments held at fair value through profit or loss	9	6	82
Cash and cash equivalents	10	2	4
Trade and other receivables	11	7	2
Total current assets		15	88
Total assets		15	88
Non-current liabilities			
Long term borrowings	13	90	90
Current liabilities			
Trade and other payables	12	1	39
Total liabilities		91	129
Net assets / (liabilities)		(76)	(41)
Equity			
Issued Share Capital	15	2,964	2,964
Share premium	15	2,125	2,125
Capital redemption reserve		1,844	1,844
Retained earnings		(7,009)	(6,974)
Equity Attributable to owners of the company		(76)	(41)

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2016 and were signed on its behalf by:

Trevor Wells
Director

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Statement of Cash Flows

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FOR THE YEAR ENDED 31 DECEMBER 2015

Continuing operations	31-Dec 2015	31-Dec 2014
Cash flows from operating activities		
Continuing operations		
Loss before taxation	**(35)**	(225)
Loss/(profit) on principal trading	**76**	58
(Increase)/Decrease in trade and other receivables	**(5)**	13
(Decrease)/increase in trade and other payables	**(38)**	106
Net cash (outflow)/inflow from operating activities from continuing operations	**(2)**	(48)
Investing activities		
Purchase of investment securities	-	(110)
Net cash outflow used in investing activities from continuing operations	-	(110)
Financing activities		
Repayment of borrowings	-	-
Issue of share capital	-	94
Net cash inflow generated from financing activities from continuing operations	-	94
Net increase / (reduction) in cash and cash equivalents	**(2)**	(64)
Cash and cash equivalents at beginning of period	**4**	68
Cash and cash equivalents at end of period	**2**	4

1. Accounting Policies

General Information
Mercer Resources plc is a limited company incorporated and domiciled in the United Kingdom. The principal activity of the Company was that of investment in the natural resource sector.

Principal Accounting Policies
The Principal Accounting Policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The financial statements have also been prepared under the historical cost convention.

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

The financial statements are presented in sterling (£), the functional currency, rounded to the nearest thousand.

Going Concern
The financial statements have been prepared on the going concern basis.

In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future. At 31 December 2015 the Company had cash resources of £2,000 and net liabilities of £76,000.

However, since the delisting of the Company shares from AIM the operating expenses of the Company have fallen considerably. This allied to the fact that the Directors will either raise funds externally, or liquidate the investments the Company holds, means they believe there will be sufficient funds to support the Company for the foreseeable future.

The Directors have prepared cash flow forecasts through to October 2017, which show that the Company will have sufficient available cash resources to provide for its future requirements. In preparing their forecasts they have given due regard to the risks and uncertainties affecting the business as set out in the Strategic Report and the liquidity risk disclosed in note 17.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

Statement of Compliance
The financial statements comply with IFRS as adopted by the European Union. The following new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the group.

IFRS 12 Disclosures of interests in other entities
A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the Company's financial statements..

1. Accounting Policies (continued)

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

Financial Assets

Classification

The Company classifies its financial assets into one of the following categories: cash and cash equivalents, loans and receivables and investments available for sale. The Company has not classified any of its financial assets as held to maturity, held for trading or designated at fair value through profit or loss.

All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans and receivables

Loans receivable from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Investments held at fair value through profit or loss

All investments are determined upon initial recognition as held at fair value through profit or loss or were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Financial Liabilities

Classification

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise trade and other payables.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

1. Accounting Policies (continued)

Equity

Classification

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

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share capital account represents the amount subscribed for shares at nominal value.

The share based payment reserve represents the fair value, calculated at the date of grant, of warrants or options unexercised at the balance sheet date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position reporting date. All exchange differences are dealt with through the profit or loss as they arise except where they arise from translation on consolidation, where they are recognised in other comprehensive income and reclassified to profit or loss on the disposal of the foreign operation.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. Accounting Policies (continued)

Taxation (continued)
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Investment income
Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis. Interest on fixed interest debt securities is recognised using the effective interest rate method.

2. Critical Judgments and Key Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

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.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

Fair value of financial instruments
The Company holds investments that have been designated as held at fair value through profit or loss on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted (Level 3) using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

3. Segmental Reporting

The Company is organised around one business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the natural resource sector.

Given that there is only one continuing class of business, no further segmental information has been provided.

4. Auditors' Remuneration

Loss before taxation includes auditors' remuneration as follows:

	31 Dec 2015 £'000	31 Dec 2014 £'000
Fees payable to auditors for the audit of the Company's financial statements	**5**	13
Fees payable to auditors for other services:		
Taxation	**1**	1
Other Services	**1**	-
	7	14

5. Taxation

	31 Dec 2015 £'000	31 Dec 2014 £'000
Loss before tax from total operations	**(35)**	(225)
Loss before tax multiplied by rate of corporation tax in the UK of 20% (2014:20%)	**(7)**	(45)
Expenses not deductible for tax purposes	-	-
Unutilised tax losses carried forward	**7**	45
Exceptional items	-	-
Tax charge for the period	-	-

6. Operating Loss

	31 Dec 2015 £'000	31 Dec 2014 £'000
Loss from continuing operations has been arrived at after charging:		
Auditors' remuneration	**5**	13
Directors' remuneration	**1**	17

7. Remuneration

The average monthly number of employees (including Directors) during the year was:

	31 Dec 2015	31 Dec 2014
Administration	**2**	2

Additional details of the Directors' remuneration is provided in the report on remuneration on page 5.

Directors' remuneration
Expenditure relating to Directors' remuneration during the year is as follows:

	31 Dec 2015 £'000	31 Dec 2014 £'000
Salaries and fees	1	17
	1	17

8. Fair Value Measurement

The table below sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:
Level 1 – valued using quoted prices in active markets for identical assets.
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between Level 1 and Level 2 in 2015 or 2014.

9. Investments held at fair value through profit or loss

	31 Dec 2015 £'000	31 Dec 2014 £'000
Investments at fair value brought forward	**82**	31
Cost of share purchases	**8**	110
Proceeds from disposal of investments	**(81)**	-
Market value adjustments to investment	**(3)**	(58)
Market value of investments carried forward	**6**	82
Categorised as:		
Level 1 - Quoted investments	**-**	82
Level 3 - Unquoted investments	**6**	-

The valuation techniques used by the Company are explained in the accounting policy note, "investments held at fair value through profit or loss".

10. Cash and cash equivalents

	31 Dec 2015 £'000	31 Dec 2014 £'000
Cash at bank and on hand	**2**	4
	2	4

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

11. Trade and other Receivables

	31 Dec 2015 £'000	31 Dec 2014 £'000
Current		
Other receivables	**7**	2
	7	2

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

12. Trade and other Payables

	31 Dec 2015 £'000	31 Dec 2014 £'000
Current		
Trade payables	**-**	29
Accruals and deferred income	**1**	10
	1	39

The Directors consider that the carrying amount of trade and other payables is approximately equal to their fair value.

All trade and other payables are due in less than one year.

13. Long Term Borrowings

	31 Dec 2015 £'000	31 Dec 2014 £'000
Non-current		
Convertible loan notes – principal	**90**	90
	90	90

On 27 May 2014 the Company issued Unsecured Convertible loan notes totalling £90,000. The loan notes do not accrue any interest and are convertible into the ordinary shares of the Company at any time up to 19 May 2017.

14. Issued Share Capital

	Number of shares	Nominal value £'000	Share premium £'000
Issued and fully paid:			
At 31 December 2014 :			
Deferred shares 4.9p each	43,676,629	2,140	-
Deferred shares of 9.3p each	7,899,410	735	-
Ordinary shares of 0.1p each	89,479,136	89	2,135
		2,964	2,135
Shares issued in the period	-	-	-
At 31 December 2015:		**2,964**	**2,135**
Deferred shares of 4.9p each	43,676,629		
Deferred shares of 9.3p each	7,899,410		
Ordinary shares of 0.1p each	89,479,136		
		2,964	**2,135**

The ordinary shares carry one vote each and on a winding up of the Company, the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the members.

In 2013 a capital reorganisation took place during the period that had the following conditions. Every £1 preference share be converted into ordinary shares at a ratio of 1:10.63 and new deferred shares by a ratio of 1:10.63, that every 94 of the ordinary shares be consolidated into one ordinary share of £0.094 and that every one ordinary share with a par value of £0.094 be sub-divided into one ordinary share with a par value of £0.001 and one new deferred share with a par value of £0.093.

On 27 May 2014 the Company raised £103,333 before expenses through the placing of 10,333,333 new ordinary shares of £0.001 each.

15. Related Party Transactions

The Company previously entered into an agreement with Stanhill Capital Partners Holdings Limited ("Stanhill Capital" or "SCPH") for the provision of general management, accounting, office facilities and company secretarial services at an annual cost of £42,000 per annum. On 31 August 2015 this agreement was cancelled. Stanhill is part of the same group as Stanhill Special Situations Fund Limited ("SSSF"), which owns 12.27 per cent of the issued share capital of the Company. Trevor Wells is the legal and compliance Director of Stanhill capital.

During the year the Company provided a short term loan of £5,000 (2014: £nil) to SSSF and a loan of £12,000 (2014: £nil) to Stanhill Operations Limited ("SOL"). The amount outstanding at year end from SSSF and SOL was £5,000 and £5,670 (2014: £nil) respectively. Both loans are free of interest and repayable on demand.

Also during the year SOL invoiced the Company £28,000 (2014: £42,000) in relation to the general management contract with Stanhill Capital, as referred to above.

16. Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

CREDIT RISK

The Company's financial instruments, that are subject to credit risk, are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Company's maximum exposure to credit risk is £9,000 (2014: £6,000) comprising cash and cash equivalents and trade and other receivables.

FOREIGN CURRENCY RISK

The Directors do not consider the Group has significant exposure to movements in foreign currency in respect of its monetary assets.

16. Risk Management Objectives and Policies (continued)

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following:

-monitoring undrawn credit facilities;
-obtaining funding from a variety of sources; and
-maintaining a reputable credit profile.

The Directors are confident that adequate resources exist to finance current operations.

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market.

The Company's exposure to price risk on quoted investments is as follows:

	31 Dec 2015 £'000	31 Dec 2014 £'000
Change in equity		
Increase in quoted investments by 10%	1	8
Decrease in quoted investments by 10%	(1)	(8)

INTEREST RATE RISK MANAGEMENT

The Company is exposed to interest rate risk because entities in the Company borrow funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate level and mix of the floating rate borrowings. The Company's sensitivity to the risk has decreased in the current period due to the reduction in variable rate debt instruments.

17. Financial Instruments

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	31 Dec 2015 £'000	31 Dec 2014 £'000
Financial assets		
Investments held at fair value through profit or loss	**6**	82
Loans and receivables	**7**	2
Cash and cash equivalents	**2**	4
Total	**15**	88

FINANCIAL LIABILTIES BY CATEGORY

The IAS 39 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	31 Dec 2015 £'000	31 Dec 2014 £'000
At 31 December 2014		
Long term borrowings	**90**	90
Total	**90**	90

18. Contingent Liabilities and Capital Commitments

The Company had no contingent liabilities or capital commitments as at 31 December 2015 (2014: £nil).

19. Share Based Payments

On 16 October 2013 the Company granted options of 100,000 shares each to Shahed Mahmood and Trevor Wells. The options are exercisable at any time until 15 October 2018 at 1.175p per share.

The estimated fair value of the options granted was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

Share price at date of grant	1.06 pence
Exercise price	1.175 pence
Expected volatility	50%
Expected dividend	Nil
Vesting criteria	Exercisable on date of grant
Contractual life	5 years
Risk free rate	3%
Estimated fair value of each warrant	0.46 pence

Details of the options outstanding during the year are as follows:

	2015		2014	
	Number of options 000's	**Weighted average exercise price pence**	Number of options 000's	Weighted average exercise price pence
Outstanding at the beginning of the year	**200**	**1.175**	200	1.175
Granted during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Cancelled during the year	**(200)**	**1.175**		
Outstanding at the end of the year	-	**1.175**	200	1.175
Exercisable at the end of the year	-	**1.175**	200	1.175

The options outstanding at 31 December 2014 were cancelled during the year following an agreement with the option holders following the cancellation of the shares of the Company from AIM.

20. Events after the Reporting date

There were no significant events since the year end.

21. Ultimate Controlling Party

The Company does not consider there to be one single controlling party.