Company No. 09709826

Annual Report and Financial Statements

BOTOptions (UK) Plc

for the year ended 2 August 2017

BOTOptions (UK) Plc

Registered Office
7th Floor
7 Old Park Lane
London
W1K 1QR

Registered number
09709826

Directors
V Valasakis
F E Driscoll

Independent auditor
BDO LLP
55 Baker Street
London
W1U 7EU

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Financial review

The 2017 financial year was the second period since the Company's' incorporation and the Company's results in the year and post year-end reflect those of a Company in its development phase. Approval for listing has been received from the Bermuda Stock Exchange for our shipping bond programme.

Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Company's performance and could cause actual results to differ materially from expected and historical results. The principal business risks that the Company faces are the competitive nature of the marketplace as well as currency fluctuations and credit risk.

The directors have the responsibility for risk management and have various strategies for doing so. Key strategies are laid out in note 15.

Financial key performance indicators

The Company's key performance indicators are considered to be Revenue and Liquidity.
The revenue in the period was £332,376 (2016: £190,000). Going forward a KPI will be the amount of funds raised under the approved by the Exchange bond programme as well as the upcoming Pension backed bond programme that the company may be seeking approval for by the Exchange.

The Company also monitors the outcome of their due diligence exercises. During the year 2 projects were evaluated where further work may be undertaken in the upcoming months and additional projects evaluated.

This strategic report was approved by the board on 14/03/2018 and signed on its behalf by

V Valasakis
Director

The directors are pleased to submit their annual report and audited accounts for the year ended 2 August 2017. The prior year comparatives are for the period from 30 July 2015 to 2 August 2016.

Principal Activity

The principal activity of the Company will be the issue of mini bonds for the purpose of financing shipping vessels.

Results

The Company's pre-tax loss for the period was £125,702 (2016: £107,012).

Going concern

The Company has net liabilities of £181,714 (2016: £56,012) and finances its working capital requirements through loans from directors and shareholders, who have confirmed they will continue to make sufficient finance available to BOTOptions (UK) Plc to enable them to meet their liabilities as they fall due. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The directors holding office during the period were:

V Valasakis
F E Driscoll
P F Pelosi - appointed 27 January 2017, resigned 20 January 2018

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 to 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.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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 the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditor is aware of that information.

Auditor

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the members on 14/05/2018 and signed on its behalf.

V Valasakis
Director

Opinion

We have audited the financial statements of BOTOptions (UK) Plc ("the Company") for the year ended 2 August 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 August 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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 at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Bdo LLP

Matthew Hopkins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
14 March 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 2 August 2017

	Notes	2017 £	Restated 2016 £
Revenue		332,376	190,000
Administrative expenses		(466,101)	(298,144)
Loss from operations	3	(133,725)	(108,144)
Finance income		17,613	2,703
Finance costs		(9,590)	(1,571)
Loss on ordinary activities before taxation		(125,702)	(107,012)
Tax payable on loss on ordinary activities	6	-	-
Loss for the period attributable to equity holders		(125,702)	(107,012)
Other comprehensive loss		-	-
Total comprehensive loss attributable to equity holders		(125,702)	(107,012)

All amounts relate to continuing activities.

The notes on pages 11 to 20 form part of these financial statements.

Statement of Financial Position

at 2 August 2017

ASSETS	Notes	2017 £	Restated 2016 £
Current assets			
Trade and other receivables	7	17,081	42,405
Cash and cash equivalents	8	335	6,006
		17,416	48,411
Non-current assets			
Trade and other receivables	7	138,956	92,231
		138,956	92,231
Total assets		156,372	140,642
LIABILITIES			
Current liabilities			
Trade and other payables	9	(217,383)	(112,348)
		(217,383)	(112,348)
Non-current liabilities			
Loans and borrowings	10	(120,703)	(84,306)
		(120,703)	(84,306)
Total liabilities		(338,086)	(196,654)
Net liabilities		(181,714)	(56,012)
Equity			
Called up share capital	11	51,000	51,000
Accumulated profits		(232,714)	(107,012)
Equity attributable to the owners		(181,714)	(56,012)

These financial statements were approved and authorised for issue by the Board of Directors on 24/03/2018 and were signed on its behalf.

V Valasakis

V Valasakis
Director

Registered Company Number: 04269656

The notes on pages 11 to 20 form part of these financial statements.

Statement of Changes in Equity

For the year ended 2 August 2017

	Share Capital £	Accumulated Losses £	Total £
At 3 August 2016	51,000	(107,012)	(56,012)
Comprehensive income for the year			
Loss for the period	-	(125,702)	(125,702)
Total comprehensive income for the year	-	(125,702)	(125,702)
At 2 August 2017	51,000	(232,714)	(181,714)

	Share Capital £	Restated Accumulated Losses £	Restated Total £
At 30 July 2015	-	-	-
Comprehensive income for the year			
Loss for the period	-	(107,012)	(107,012)
Total comprehensive income for the year	-	(107,012)	(107,012)
Contributions by and distributions to owners			
Issue of share capital	51,000	-	51,000
Total contributions by and distributions to owners	51,000		51,000
At 2 August 2016	51,000	(107,012)	(56,012)

The notes on pages 11 to 20 form part of these financial statements.

	Notes	2017 £	Restated 2016 £
Cash flows from operating activities			
Loss for the period		(125,702)	(107,012)
Adjustments for:			
Finance income		(17,613)	(2,703)
Finance expense		9,590	1,571
Decrease/(increase) in receivables		45,398	(89,236)
Increase in payables		116,032	196,654
Foreign exchange loss		6,779	986
Operating cash flows		34,484	260
Interest Received		1,957	1,961
Interest Paid		(767)	(1,815)
Net cash generated from operating activities		35,674	406
Investing activities			
Loans advanced to third parties		(66,745)	(20,000)
Net cash absorbed from investing activities		(66,745)	(20,000)
Financing activities			
Share capital issued		25,400	25,600
Net cash inflow from financing activities		25,400	25,600
Net increase in cash and cash equivalents		(5,671)	6,006
Cash and cash equivalents at start of period		6,006	-
Cash and cash equivalents at end of period	8	335	6,006

The notes on pages 11 to 20 form part of these financial statements.

BOTOptions (UK) Plc ("the company") is a limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is 7th Floor, 7 Old Park Lane, London, United Kingdom, W1K 1QR. The nature of the group's operations and its principal activities are outlined in the strategic report and the directors' report.

1. Accounting policies

(1.1) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as endorsed by the European Union ("endorsed IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under endorsed IFRS.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The company has not adopted any standards or interpretations in advance of the required implementation dates. It is expected that the standards or interpretations which have been issued by the International Accounting Standards Board, but which have not been adopted, may have a material impact on the financial statements of the Company in the period of initial application.

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	*EU Endorsement status*	*Mandatory effective date (periods beginning)*
IFRS 15 Revenue from contracts with customers	Endorsed	1 January 2018
IFRS 9 Financial Instruments	Endorsed	1 January 2018
IFRS 16 Leases	Endorsed	1 January 2019

Adoption of the above standards is not mandatory until periods beginning on or after the above stated dates. At this stage, it is not possible to determine the full potential impact, but it is expected that the impact of these standards will be dependent on the specific contractual arrangements entered into a future date. It is likely that IFRS 9 will have a material impact in line with other companies in maritime finance of this nature.

The directors anticipate that the adoption of other standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the company.

1. Accounting policies (continued)

(1.2) Going concern

In view of the loss reported for the year and the net liabilities at the year end, the directors have considered the company's going concern position and its ability to meets its liabilities as they fall due. The company is reliant on shareholders and directors offering continued support via loan accounts. Accordingly, the financial statements are prepared on a going concern basis.

(1.3) Revenue recognition

Revenue represents net invoiced sales of services, excluding value added tax. Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognised in the period in which they are rendered.

(1.4) Foreign currencies

The Company's functional and presentational currency is Pounds Sterling (£) and this is the currency of the primary economic environment in which the Company operates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

(1.5) Trade and other receivables

Trade and other receivables are non-interest bearing and are stated at their nominal amount less provisions made for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on historical experience together with specific amounts that are not expected to be collectible. Individual amounts are written off when management deems them not to be collectible.

(1.6) Loans and advances

Loans and advances receivable are carried at their amortised cost.

(1.7) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

(1.8) Trade and other payables

Trade and other payables are non-interest bearing and are stated at their nominal value.

1. Accounting policies (continued)

(1.9) 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 Statement of Comprehensive Income 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 reporting 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(1.10) Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, e.g. trade receivables. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement.

1. Accounting policies (continued)

(1.10) Financial assets (continued)

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents include cash in hand, deposits held at call and overdrafts with banks.

(1.11) Financial liabilities

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

(1.12) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. Prior Period Adjustment

(1.13) Prior Period Adjustment

A loan agreement was entered into in the prior year with a related company by nature of common ownership. A non-current liability of £84,306 in relation to this agreement was not disclosed in the prior year financial statements. A non-current receivable of £72,231 in relation to the onward lending of the loan to an unconnected third party was also not disclosed in the prior year financial statements. These items have been adjusted for in the comparative Statement of Financial Position in the current year.

A foreign exchange loss of £5,625 representing foreign exchange movements on the aforementioned borrowings during the period, interest expense of £1,561 and interest income of £2,160 should have also been recognised in the prior period. There were an additional £3,013 worth of expenses undisclosed in the prior year. These amounts have been adjusted for in the comparative Statement of Comprehensive Income and the impact on the comparative period loss for the period and retained earnings was £8,039.

2. Critical accounting estimates and judgements

In preparing these financial statements the directors have had to make the following judgement:

Determine whether there are any indicators of impairment of the Company's assets. Factors taken into consideration in reaching such a decision include the financial circumstances of the borrower, the financial performance of the asset and additional security thereon.

3. Operating profit

The operating result is stated after charging	2017 £	2016 £
Operating lease rentals	12,960	11,490
Auditors remuneration:		
- Audit services	18,000	21,000
- Non audit services	2,000	39,750

4. Directors emoluments

	2017 £	2016 £
Remuneration in respect of directors was as follows:		
Total salary and benefits in kind	63,342	109,831

The number of directors to whom retirement benefits are accruing is £Nil.

5. Staff costs

The average monthly number of employees, including directors, employed by the company during the period was 1 (2016: 3).

	2017 £	2016 £
Their aggregate remuneration comprised:		
Wages and salaries	58,460	100,405
Social Security costs	4,882	9,426
Total	63,342	109,831

6. Taxation on ordinary activities

	2017 £	Restated 2016 £
Current tax		
Current tax on profits for the year	-	-
Total income tax expense	-	-

The tax charge for the year is lower than the charge resulting from the profit before tax at the standard rate of corporation tax in the UK - 19.66% (2016: 20%). The differences are explained below.

	2017 £	Restated 2016 £
Tax reconciliation		
Loss on ordinary activities before tax	(125,702)	(107,012)
Tax at 19.66% (2016: 20%)	(24,713)	(21,402)
Effects at 19.66% (2016: 20%) of:		
Expenditure not deductible for tax purposes	942	3,070
Adjustment to closing rate of deferred tax	2,648	1,070
Tax recoverable on losses carried forward	21,123	17,262
Current tax charge for the period	-	-

Factors that may affect future tax charges

The company has a potential deferred tax asset of £38,385 (2016: £17,262), which has not been recognised due to the uncertainty over future recoverability. This has been calculated on trading losses of £225,794 (2016: £95,900) multiplied at a future tax rate of 17%.

7. Trade and other receivables

	2017 £	Restated 2016 £
Other receivables	4,871	42,405
Prepayments	12,210	-
Loans and advances	138,956	92,231
Total trade and other receivables	156,037	134,636
Less: non-current portion - loans and advances	(138,956)	(92,231)
Current portion	17,081	42,405

7. **Trade and other receivables (continued)**

Of the amounts listed the directors have provided against balances on an individual basis with the total provision against debtors required at the period end considered to be £62,434 (2016: £5,000).

The total of trade receivables past due but not impaired is £Nil. Other receivables include a balance of £Nil relating to unpaid share capital (2016: 25,400).

Non-current receivables relate to a facility of up to £500,000 bearing interest at 10.68% which is repayable by 30 January 2019. Details of prior year adjustments relating this facility can be found in Note 1.

8. **Cash and cash equivalents**

	2017 £	2016 £
Cash and cash equivalents	335	6,006

9. **Trade and other payables**

	2017 £	2016 £
Trade payables	106,235	13,230
Other payables	54,094	25,190
Accruals	54,060	32,400
Tax and social security payments	2,994	41,528
	217,383	112,348

10. **Loans and borrowings**

	2017 £	Restated 2016 £
Other loans	120,703	84,306

Other loans consist of a related party balance which bears interest of 9.1% and is repayable by 4 May 2019. Details of prior year adjustments relating to this loan can be found in Note 1.

11. Share capital	2017 No.	2017 £	2016 No.	2016 £
Authorised				
Ordinary shares of £1 each	51,000	51,000	51,000	51,000
Allotted, called up and fully paid				
Ordinary B shares of £1 each	1,000	1,000	1,000	1,000
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

Ordinary shares

Each share has full voting rights in the company with respect to voting, dividends and distributions.

Ordinary B shares

No voting rights. Each share is entitled pari passu to dividend payments or any other distribution.

12. Equity

Accumulated profits

Accumulated profits represents cumulative profits or losses, net of dividends paid and other adjustments.

13. Related party transactions

At the period end there was a balance included within other creditors of £22,659 (2016: £38,369 other debtors) owed to V Valasakis, a director and shareholder of the company. There was a further £31,435 included within other creditors (2016: £25,190) owed to V Popotas, a shareholder of the company.

V Popotas received £47,096 (2016: £27,556) for services provided to the company during the period, and a related party of V Popotas received £2,714 (2016: £Nil) for services provided to the company during the year.

As at 2 August 2017 an amount of £120,703 (2016: £84,306) was due to Opavel SA, a company that is controlled by V Popotas. During the year interest of £9,590 (2016: £1,571) was charged on this loan.

14. **Events after the reporting date**

On 31 January 2018 the company issued 92,000 preference shares. These shares were issued at par of £1 each.

15. **Financial instruments**

Credit risk

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. The Company is mainly exposed to credit risk from credit sales. It is Company policy, to assess the credit risk of new customers before entering contracts and on a regular basis once a contract has commenced.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The company reviews its cash holdings regularly to ensure that it is not over exposed.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 7.

Foreign exchange risk

Foreign exchange risk arises when the Company entities enter into transactions denominated in a currency other than their functional currency. The Company mitigates this risk wherever possible by only entering transactions in GBP and the Directors regularly monitor exposures designated in foreign currencies.

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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Capital risk

The company monitors its level of capital which comprises all components of equity.
The company's objective when maintaining capital is to safeguard the company's ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Sensitivity analysis

Whilst the company takes steps to minimise its foreign exchange risk as described above, changes in and foreign exchange rates will have an impact on profit. A 5% strengthening in the GBP/EUR exchange rate would decrease losses for the year by £5.7k and decrease net liabilities, and a corresponding 5% weakening in the exchange rate would increases losses by £6.3k and increase net liabilities.

15. Financial instruments (continued)

At 2 August 2017, the company's financial assets consisted of trade and other receivables and cash and cash equivalents. The company had financial liabilities being trade and other payables. There is no material difference between the carrying and fair values of these financial assets and liabilities.

The carrying amounts for each category of financial instruments held at 2 August 2017, as defined in IAS 39, are as follows:-

	2017 £	2016 £
Assets:		
Trade and other receivables	156,037	134,636
Cash and cash equivalents	335	6,006
Trade and other payables	283,992	171,464

All financial assets are categorised as loans and receivables and all financial liabilities are categorised as financial liabilities measured at amortised cost.

Cash and cash equivalents comprise cash and short term deposits, net of outstanding bank overdrafts. The carrying value of these assets and liabilities is approximately equal to their fair value.

16. Operating Lease Commitments

At 2 August 2017 the company had minimum lease payments under non-cancellable operating leases as set out below:

	2017	2016
Not later than one year	10,800	10,800
Later than one year and not later than five years	1,800	12,600
	12,600	23,400