International TechneGroup Limited

Registered Number 1364362

Directors' report and financial statements

for the year to 30th June 2016

Contents

OFFICERS AND PROFESSIONAL ADVISORS

Directors

Dr G A Butlin
Mr D Hemmelgarn
Mr T A Gregory
Mr A R Chinn
Mr M R Gammon
Mrs T G McEwan

Secretary

Mrs T G McEwan

Registered Office

4 Carisbrooke Court
Anderson Road
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Swavesey
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Bankers

JPMorgan Chase Bank N.A.
Chaseside
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Solicitors

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Shakespeare House
42 Newmarket Road
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CB5 8EP

Auditors

Grant Thornton UK LLP
101 Cambridge Science Park
Milton Road
Cambridge
Cambridgeshire
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Directors' report

The directors present their annual report and the audited financial statements for the year to 30th June 2016.

Principal activities
The company's principal activities are the development, marketing and sale of computer programs and related consultancy services.

Business review
On 16 July 2015 a special resolution was passed to change the name from Transcendata Europe Limited to International TechneGroup Limited.

The results for the year show a movement in turnover from £2,185,811 to £1,638,085.

It is anticipated that 2016/17 will see increased grant and project income as well as some growth in the underlying core business. The taxation charge is slightly below the UK standard rate due to an adjustment from R&D tax credits.

No final dividend is proposed. The balance sheet and cash positions remain strong.

Going concern
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Political and charitable donations
No political or charitable donations were made during the year.

Directors

The directors who held office during the year were as follows:

Dr G A Butlin
Mr D Hemmelgarn
Mr T A Gregory
Mr M R Gammon was appointed as director on 5th October 2015
Mr A R Chinn was appointed as director on 5th October 2015
Mrs T G McEwan was appointed as director on 5th October 2015

Directors' report (continued)

Statement of Directors Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statement 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that

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

Auditors Appointment

Grant Thornton UK LLP was appointed as auditors during the prior year and has indicated its willingness to continue in office.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

By Order of the Board

T G McEwan
Director

Date : 21/2/17

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Independent auditors report to the members of International TechneGroup Limited

We have audited the financial statements of International TechneGroup Limited for the year ended 30 June 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of cash flow, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 International TechneGroup 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Grant Thornton UK LLP

David Newstead
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Date: 1 March 2017

Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	Year to 30/06/2016 £	Year to 30/06/2015 £
Turnover	5	**1,638,085**	**2,185,811**
Staff costs	7	(1,076,972)	(1,130,307)
Depreciation and amortisation	6	(10,160)	(10,608)
Other operating charges		(785,038)	(1,020,431)
Total administrative expenses		**(1,872,170)**	**(2,161,346)**
Other operating income		394,666	235,607
Operating profit		**160,581**	**260,072**
Interest receivable and similar income	8	5,429	2,147
Interest payable and similar charges	9	(861)	(2,220)
Profit on ordinary activities before taxation		**165,149**	**259,999**
Taxation on profit or loss on ordinary activities	10	17,104	(67,619)
Profit for the financial year and total comprehensive income		**182,253**	**192,380**

There are no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 12 to 28 form part of these financial statements.

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Balance Sheet

As at 30th June 2016

	Note		At 30/6/2016 £		At 30/6/2015 £
Intangible assets	12		-		-
Tangible assets	13		24,194		19,502
Investments	14		-		-
			24,194		**19,502**
Current assets					
Debtors	15	802,591		832,799	
Cash at bank and in hand		1,258,501		617,042	
		2,061,092		**1,449,841**	
Creditors: amounts falling due within one year	16	(1,290,513)		(857,982)	
Net current assets			**770,579**		**591,859**
Provision for liabilities					
Deferred taxation	11	(1,159)		-	
			(1,159)		-
Net assets			**793,614**		**611,361**
Capital and reserves					
Called up share capital	17		2,772		2,772
Profit and loss account			790,842		608,589
Shareholders' funds			**793,614**		**611,361**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the board of directors and authorised for issue on 21February 2017 and were signed on its behalf by:

T G McEwan
Director

The notes on pages 12 to 28 form part of these financial statements.

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Statement of cash flow
For the year ended 30 June 2016

	2016	2015
	£	£
Cash flows from operating activities		
Profit for the financial year	182,253	192,380
Adjustments for:		
Depreciation of tangible assets	10,160	10,608
Interest paid	861	2,220
Interest received	(5,429)	(2,147)
Taxation	(17,104)	67,619
Profit on disposal of tangible fixed assets	(245)	(35)
Decrease in trade and other debtors	37,338	509,045
Increase in trade creditors	483,746	61,494
Cash from operations	**691,580**	**841,184**
Income taxes paid	(40,082)	4,889
Net cash generated from operating activities	**651,498**	**846,073**
Cash flows from investing activities		
Proceeds from sale of tangible assets	245	35
Purchase of tangible assets	(14,852)	(7,217)
Interest received	5,429	2,147
Net cash from investing activities	**(9,178)**	**(5,035)**
Cash flows from financing activities		
Interest paid	(861)	(2,220)
Dividends paid	-	(553,333)
Net cash used in financing activities	**(861)**	**(555,553)**
Net increase in cash and cash equivalents	**641,459**	**285,485**
Cash and cash equivalents at the beginning of the year	617,042	331,557
Cash and cash equivalents at the end of the year	1,258,501	617,042

The notes on pages 12 to 28 form part of these financial statements.

Statement of changes in equity

For the year ended 30th June 2016

	Called up share capital	Profit and Loss account	Total
	£	£	£
At 1 July 2014	2,772	969,542	972,314
Profit and total comprehensive income for the year	-	192,380	192,380
Dividends paid	-	(553,333)	(553,333)
As at June 2015	**2,772**	**608,589**	**611,361**
Profit and total comprehensive income for the year	-	182,253	182,253
Dividends paid	-	-	-
As at June 2016	**2,772**	**790,842**	**793,614**

The notes on pages 12 to 28 form part of these financial statements

Notes to the financial statements
For the year ended 30th June 2016

1 Company information
International TechneGroup Limited is a limited liability company incorporated and registered in England and Wales with its registered office and principal place of business located at a 4 Carisbrooke Court, Anderson Road, Buckingway Business Park, Swavesey, Cambridgeshire, UK.

The company's principal activity continued to be the development, marketing and sales of computer programs and related consultancy services.

2 Basis of preparation
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 23 for an explanation of the transition. The date of transition is 1 July 2014. The application of FRS 102 has not resulted in any material adjustments to the accounts as a result of transition.

The financial statements are presented in Sterling (£).

Consolidation
The subsidiary of the company has been dormant for several years. Consequently, these accounts present the financial position of the company as an individual entity and not as the parent of a group.

Going Concern
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3 Significant judgements and estimates
The most significant judgements and estimates made in the preparation of these financial statements relate to turnover from the rendering of services which is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Notes to the financial statements (continued)

4 Principal accounting policies

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development expenditure is recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs 20% per annum straight line
- Purchased know-how 5% per annum straight line

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Computer equipment 4 years
- Office equipment 4 to 7 years
- Motor vehicles 4 years

Impairment of assets

- At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.
- If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the financial statements (continued)

Investments

Investments comprise investments in subsidiaries which are measured at cost less impairment.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

Short term trade creditors are measured at the transaction price. The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Leases

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Notes to the financial statements (continued)

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements (continued)

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the supply of software products and related services and of research consultancy made in the ordinary course of business.

Sale of licenses and support fees

Turnover from the sale of software licenses and support fees is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually upon system acceptance or licence renewal by customers. Sub-licence fees receivable from selling agents are accounted for as they are earned.

Rendering of services in research consultancy

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Employee benefits

The company operates a money-purchase pension scheme for its employees. Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Called-up share capital

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes all current and prior period retained profits and losses.

Foreign currency translation

Functional currency and presentation currency

The individual financial statements of the company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements transactions in currencies other than the functional currency of the are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the financial statements (continued)

Deferred Income

Income is deferred for maintenance and support contracts and for term licences over the duration of the term licence or support contract.

Other operating income

Other operating income relates to Government Grants. Grant income is recognised when the conditions for its receipt have been complied with and there is reasonable assurance that it will be received.

Related party transactions

FRS 102 *does not require disclosure of transactions entered into between two or more members* of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group. The company has utilised this exemption and therefore not disclosed transactions relating to the group headed by International TechneGroup Inc, or its investees.

Notes to the financial statements (continued)

5 Analysis of Turnover

Turnover, analysed geographically by markets, is as follows:

	2016	2015
	£	£
United Kingdom	444,766	476,799
Other EU countries	750,829	1,071,721
USA	297,883	395,535
Rest of World	144,607	241,756
Total	**1,638,085**	**2,185,811**

Turnover, analysed by category, is as follows

	2016	2015
	£	£
Sale of licences and support fees	1,451,162	1,908,799
Consultancy services	186,923	277,012
Total	**1,638,085**	**2,185,811**

6 Profit on ordinary activities before taxation

	2016	2015
The profit on ordinary activities before taxation is stated after:	£	£
Depreciation and amortisation		
Owned computers and equipment	10,160	10,608
Rentals under operating leases		
Hire of office equipment and vehicles	1,182	589
Land and buildings	44,100	44,778
Auditor's remuneration		
Audit fees	9,950	9,650
Non-audit fees taxation	9,350	6,100
Non-audit fees grant reviews	3,400	0
Profit from sale of fixed assets	(245)	(35)
Foreign exchange	(48,184)	19,987

Notes to the financial statements (continued)

7 Directors and Employees

Staff costs

The aggregate payroll costs were as follows:	2016 £	2015 £
Wages and salaries	932,510	980,675
Social security costs	105,342	110,255
Pension costs	39,120	39,377
	1,076,972	**1,130,307**

The average number of persons employed was as follows:	2016	2015
Administration	3	3
Technical and sales	16	16
	19	**19**

Remuneration of directors

	2016 £	2015 £
Directors' emoluments	227,185	78,398
Contributions to money purchase pension schemes	8,232	494
	235,417	**78,892**

Retirement benefits are accruing to the following number of directors under Money purchase schemes:

	Numbers of directors	
	2016	2015
	3	1

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Notes to the financial statements (continued)

8 Other interest receivable and similar income

	2016	2015
	£	£
Bank interest receivable	2	2
Other interest receivable	-	274
Interest receivable from parent company	-	1,871
Exchange gain on finance activities	5,427	-
	5,429	**2,147**

9 Interest payable and similar charges

	2016	2015
	£	£
Exchange loss on finance activities	-	2,220
Other interest payable	861	-
	861	**2,220**

Notes to the financial statements (continued)

10 Taxation

	Note	2016	2015
		£	£
UK corporation tax:			
Corporation tax on profits for the year		(16,880)	33,391
Foreign tax		3,155	-
Adjustments in respect of prior years:			
- Corporation tax overprovided in previous years		(14,288)	20,192
- Foreign tax		-	13,366
		(28,013)	**66,949**
Deferred tax	11	10,909	670
Tax on profit on ordinary activities		**(17,104)**	**67,619**

Factors affecting the tax charge for the current period:
The current tax charge for the period differs from the standard rate of corporation tax in the UK. The differences are explained below.

Tax reconciliation

	2016	2015
	£	£
Profit on ordinary activities before tax	165,149	259,999
Current tax at 20% (2015 20.75%)	33,030	53,950
Effects of:		
- Expenses not deductible for tax purposes	2,965	2,381
- Additional deduction for R & D expenditure	-	(22,270)
- R&D expenditure credits	9,671	-
- RDEC 2016	(48,353)	-
- Deferred tax adjustment average rate	(129)	-
Adjustment for tax in respect of previous years	(14,288)	33,558
	(17,104)	**67,619**

Notes to the financial statements (continued)

11 Deferred tax asset/(liability)

	2015	Transfers to/from profit and loss	2016
	£	£	£
The elements of deferred taxation are as follows:			
Short-term timing differences	9,270	(9,270)	-
Capital allowances carried forward in excess of written down values in the accounts	480	(1,639)	(1,159)
	9,750	(10,909)	(1,159)
Deferred tax asset / (liability)	9,750	(10,909)	(1,159)

12 Intangible fixed assets

	Development expenditure	Purchased know how	Total
	£	£	£
Cost			
As at 1st July 2015 and 30th June 2016	438,322	200,000	638,322
Amortisation			
As at 1st July 2015 and 30th June 2016	438,322	200,000	638,322
Net book value			
As at 1st July 2015 and 30th June 2016	-	-	-

Notes to the financial statements (continued)

13 Tangible fixed assets

Tangible fixed assets	Motor vehicle £	Computer equipment £	Office equipment £	Total £
Cost				
As at 1st July 2015	15,485	105,079	48,075	168,639
Additions	-	12,287	2,565	14,852
Disposals	(15,485)	-	-	(15,485)
As at 30th June 2016	**-**	**117,366**	**50,640**	**168,006**
Depreciation				
As at 1st July 2015	15,485	89,448	44,204	149,137
Charge for the year	-	8,317	1,843	10,160
Disposals	(15,485)	-	-	(15,485)
As at 30th June 2016	**-**	**97,765**	**46,047**	**143,812**
Net book value				
As at 30th June 2015	-	15,631	3,871	19,502
As at 30th June 2016	**-**	**19,601**	**4,593**	**24,194**

Notes to the financial statements (continued)

14 Fixed asset investments

	Shares in subsidiary undertaking £
Cost	
As at 1st July 2015 and 30th June 2016	59,606
Provision	
As at 1st July 2015 and 30th June 2016	(59,606)
Net book value	
As at 1st July 2015 and 30th June 2016	**0**

The investment is in a subsidiary company FEGS Inc. which is incorporated in the United States of America, and is dormant. The company's investment represents a 100% (2015: 100%) shareholding in FEGS Inc's one cent shares.
Group accounts have not been prepared as the company has taken advantage of the exemption granted under section 383 of the Companies Act 2006, as the group qualifies as a small group.
The aggregate amount of the company's total investment in FEGS Inc's share capital was £190 out of the subsidiary's share capital and reserves of £237. Provision has been made in full against the cost of the investment to reflect the subsidiary's negligible asset value.

15 Debtors

	Note	**2016** £	**2015** £
Trade debtors		238,948	302,541
Amounts owed by parent undertaking		247,946	331,057
Accrued income from parent undertaking		4,555	3,436
Accrued income		223,183	119,966
Corporation Tax		16,880	-
Deferred tax asset	*11*	-	9,750
Prepayments		71,079	66,049
		802,591	832,799

Notes to the financial statements (continued)

16 Creditors

Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	18,348	22,817
Amounts owed to parent undertaking	51,476	160,710
Amounts owed to fellow subsidiaries	66,224	12,157
Corporation tax	-	51,215
Other taxation and social security	32,076	32,870
Deferred Income	544,383	477,586
Amounts received in advance	507,667	51,071
Accruals	70,339	49,556
	1,290,513	857,982

17 Called up share capital

	2016 Number	2016 £	2015 Number	2015 £
Allotted, called up, and fully paid				
Equity: Founder ordinary shares of half penny each	269,775	1,349	269,775	1,349
Equity: Ordinary shares of half penny each	284,661	1,423	284,661	1,423
		2,772		2,772

Notes to the financial statements (continued)

18 Commitments

Capital commitments

No capital expenditure, other than that included in these financial statements, had been committed by the year end.

Operating lease commitments

The company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	**2015**
	£	**£**
Operating leases expiring within one year		
- Property	44,100	44,100
- Other	941	488
Operating leases expiring within two to five years		
- Property	55,125	99,225
- Other	2,672	460
	102,838	144,273

19 Transactions with related parties

All directors and certain senior employees who have authority and responsibility for directing and controlling the activities of the company are considered to be key personnel. Total remuneration in respect of these is £327,259 (2015 £88,513).

Notes to the financial statements (continued)

20 Financial Risk Management

The company has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the company is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The company is exposed to currency exchange rate risk due to a proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The risk is not too significant so no active management of this risk is undertaken.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company and its directors are confident that it would have access to credit facilities. At the moment, the company is in position to meet its commitments and obligations as they come due.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

21 Financial Assets and Liabilities

	2016 £	2015 £
Financial assets measured at amortised cost	1,745,395	1,250,640
Financial liabilities measured at amortised cost	714,054	296,311

Notes to the financial statements (continued)

22 Ultimate parent company and controlling party

The ultimate parent company and controlling party is International TechneGroup Inc. (ITI) which is registered in the United State of America. The largest and smallest group in which the results of the company are consolidated is that headed by ITI.

The consolidated financial statements of the group are available from ITI at:

5303 DuPont Circle
Milford
Ohio
45150-2734
USA

23 First time adoption of FRS102

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.