Byotrol plc

FINANCIAL STATEMENTS

for the year ended

31 March 2014

Company Number: 05352525

CONTENTS

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Till Medinger (Non-executive Director)

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I am pleased with the transformation that has come about at your Company over the past year. For the sake of balance, I should point out that I was appointed Chairman exactly a day after the end of the period under review here, so I cannot claim the credit myself. It should go instead to Ralph Kugler, our outgoing Chairman of five years, who very calmly and efficiently oversaw a number of key developments including a share placing, the full integration with Byotrol Consumer Products (BCP), a loan note issue and a streamlining of the combined business. Ralph finished the year by stepping down and handing me the reins of a Company that is positioned to prosper.

The transformation has been extensive. We have cut costs, the effect of which is already being felt to our benefit. But more than this, we have rationalised two businesses into one coherent, focused and motivated entity. The benefit of this is only just starting to be felt but we have every expectation that the pace will increase.

The Past

My association with Byotrol goes back to 2007 when I first met Stephen Falder, Byotrol's founder and inventor, and I have been captivated by the story ever since. From the very beginning, it seemed to me that there was a magnitude of ways that the product could be commercialised. Not only did the product have a great technical lead and multiple applications, but the routes to market were varied too, with direct sales, partners selling the product on our behalf and licensing the technology for use within other companies' products.

To date much of the focus has been on the health and food industries. Both of these sectors are categorised by a high need for efficient control of pathogens. Unfortunately for us, both sectors are also categorised by slow, deliberate decision making and a real reluctance to accept a step change. This is not a good backdrop for the commercialisation of technical innovation, and with hindsight, we could not have chosen two more difficult industries into which to introduce a revolutionary technology. The incentive to change to a new technology is just not there for many managers, and even when there is a real and present danger, for example MRSA, a cost effective, safe and effective solution just does not get adopted very quickly if it is "new".

The Present

We have made decent inroads into the food industry, and continue to look at the health industry, but our focus here is to find specialist partners to sell our products on our behalf.

An unforeseen area of commercialisation over the past few years has been our Pet & Vet Division. This has become a little gem in our midst: a profit contributor; a great advertisement for our products in several countries; and a springboard for future expansion. We now have a loyal following of pet owners who appreciate the benefits of Byotrol in their homes, and as a dog owner myself, I can attest that my carpets have benefitted from the use of our products all too frequently.

We will continue to build on our "legacy" business areas of Food, Health, Industrial and Pet. The current contribution from these businesses, together with the contribution from our newly constituted Consumer Division, has brought us close to the point of monthly break-even. Each Division provides a platform for growth, and the diversity of our customers provides a degree of financial security. However, a prime focus for the medium term must be on consumer markets and it was with this in mind that we sought the acquisition of the remaining non-controlling stake in BCP in 2013.

The Future

I would urge you to pay particular attention to the CEO's statement within this Annual Report with respect to our future goals. As we re-set our compass it is important that our shareholders, both present and future, can accurately assess our goals and our direction, which has a noticeably different focus from the past.

Consumer Focus

Our Consumer deals to date have been well aired in the past, and shareholders will hopefully be familiar, for example, with our products in Boots and Tesco stores. Such deals leverage our technological lead in the area of killing germs and continuing to kill them, even when dry. We provide the technology and our partner completes the deal by selling the products to consumers. We now have several years of experience with such licence deals. Each deal, by its nature, tends to be large compared to our overall turnover, and typically there is a long lead time of product development followed by a period of 3 to 5 years of guaranteed minimum revenue.

There is always the risk of an agreement not being finalised despite years of product development, and so it is more difficult to predict future income streams from such licence deals. However, once an agreement is completed at the end of the development phase, then a minimum level of income is locked in for the duration of the contract. Not only that, but the cost of servicing the deal for the remainder of its life is low, and management time is freed up to concentrate on the upcoming deals. The potential income could be described as lumpy but potentially large, so it is an attractive business model, especially when combined with the other Divisions with their steady income.

Despite our cost reduction programme following the full integration of the BCP business, spending on technology will continue as we simply cannot afford to stand still. Dividing that cost between several divisions certainly helps, but we still need to grow our sales significantly, and the most promising way to do that in the medium term is to win new licence deals. We currently have discussions underway, but the timings and quantum of these deals are uncertain for the reasons outlined above.

Risk

All businesses face risk, and an appreciation of the threats and preparation for them is an integral part of the manager's task. For us, the largest threat at any particular time could be summed up in a word: "Regulation". It slows us down, makes decision making by our customers a tortuous process, and then changes in unpredictable and sometimes irrational ways. Our ability to lobby is limited, but we have become adroit at working with the regulations as they change, and our technical lead remains undiminished. We intend to maintain, and indeed capitalise, on this lead. When our competitors struggle with the changes, it will spell opportunity for us.

Fund Raising

We raised £380,000 by way of an Issue of Convertible Loan Notes in December 2013, and this money was used primarily to cover the rationalisation costs of integrating the two companies. As announced on 25 June 2014 and subject to shareholder approval, we will effect a Placing of new shares raising £1.25 million before expenses. We already have a new management team in place, and this money will give them the tools to finish the job.

No shareholder welcomes dilution, and the inevitable result of placing new shares is that the future value of the Company has to be shared between a higher number of shares. In raising the new money your Board has carefully weighed the advantage of being able to invest the cash against the disadvantage of having more shares in issue, and we have put considerable thought into raising the optimum amount.

Included within the Resolutions to be voted upon at this year's AGM are permissions for the Board to use their discretion to issue further new shares in the period of a year following the AGM.

Share Options

This can be a contentious issue and a balance needs to be struck between giving our employees a meaningful incentive to succeed on the one hand, and not diluting the shareholders equity unreasonably on the other hand. Two points are worthy of mention in this regard. First: the vast majority of currently outstanding options are held by ex-employees. Second: the current senior management team hold virtually no options.

The recent period has been more than busy, and something had to give. It is to the credit of our CEO and his team that one of the activities that has been postponed is the discussion and agreement of an incentive scheme. Such a scheme would be appropriate and this will be addressed in due course.

AGM

I urge you to use your vote this year, and indeed every year. Please either return your postal voting card, or even better, why not come to our AGM? It will be held in Daresbury on 29th July 2014, following the successful formula of last year, and we are hoping for strong shareholder attendance – we welcome the interaction.

We are proud of our Company and this is a transitional year. Please come and probe away, ask the searching questions, and hopefully satisfy yourself that the new Board and Management team is working effectively on your behalf.

Nicholas Martel
Chairman
4th July 2014

This has been a year of change at Byotrol: we have formally combined our consumer and business-to-business activities, changed our executive management team, stripped a substantial amount of cost out of the business and have still increased sales.

Financial Overview

On 9 October 2013 Byotrol plc completed the acquisition of the non-controlling interest in Byotrol Consumer Products Ltd ("BCP"). Our previously reported results have been restated to show the combined position for Byotrol group activities, which include BCP on a fully consolidated basis. The comparable period from 1 April 2012 to 31 March 2013 has accordingly been restated. Further details of the restatement are set out in note 1.

Based on this restated basis, and compared to the restated prior period, financial highlights include:

- Revenue increased by 3% from £3,048k to £3,126k
- Operating expenses decreased by 37% from £2,975k to £1,870k (after exceptionals)
- EBITDA loss has reduced by 59% from £1,564k to £671k impacted by several exceptional items, as set out in the notes to the accounts. Normalised EBITDA loss reduced to £634k, also as set out in the notes.

Compared to the previously published audited financial information at 31 March 2013 (which was prepared before restatement), the change in our financial profile over the last year is as follows:

- Revenue increased by 43% from £2,190k to £3,126k
- Operating expenses reduced by 17% from £2,248k to £1,870k
- Gross margin has increased by 96% from £627k to £1,228k, albeit boosted this financial year by a lump sum received from Kimberly-Clark Corporation in respect of the suspension of its licence agreement with BCP, as previously reported

We have made good progress financially during the year and expect the impact of actions taken at the end of the period to further improve our cost profile in the year to 31 March 2015. Indeed in general we have been making good progress across all our market segments in terms of profit contribution, though again some of this will not be seen in our results until the next financial year.

Markets

Professional

Year on year revenues increased by 15% over the reporting period from £1,411k to £1,619k. We are working hard on improving underlying gross margins in this segment, although over the period in review the gross margin in this segment actually declined, largely as a result of some necessary stock write-offs.

In food services, we have continued to roll out our surface cleaning products into Marks and Spencer stores (M&S). At year end Byotrol was in 547 stores and franchises, with further growth into franchise outlets also now being explored.

We are now working on expansion into other food service environments (retail and restaurant) based on the learning and credibility gained from our M&S experience.

In food manufacturing, we have seen very healthy growth, particularly with individual manufacturing sites under our key umbrella accounts Cranswick plc and Bakkavor plc. We are also trialling a complete chemical model in two food manufacturing sites, based on our own core technology alongside a full chemical range to deliver a superior food safety solution for our customers.

In Industrial we are still making progress on very limited resource, but revenues remain small. Rentokil plc is selling Byotrol-based Ultraprotect products in the UK and some limited continental European countries but sales progress has been hampered by (a) EU regulatory processes and rules and (b) Rentokil's sale of its Initial Facilities business in February 2014. We certainly still see an opportunity here, but we may need to reformulate some of our Professional products to benefit properly – this takes time and resources.

In Health, we continue with targeted trials at various UK hospitals, alongside two major facilities services providers. These are likely to be a slow-burn due to the regulatory and approval processes involved but results continue to be encouraging. These tests are due to be completed by October this year, when we will be able to assess the opportunity coolly and place some strategic bets accordingly. In any event we realise that we will need a larger partner in healthcare to get our products to market – we do not have the sales resource to cover individual UK healthcare outlets directly.

Petcare

Our Pet & Vet Division has made strong progress over the year, expanding its sales into Pets at Home and Petface (in particular via its sales into Sainsbury's). We have also been targeting increased exports, currently around 35% of Petcare revenue, two-thirds of which are directed into Asia (especially China, Japan, Singapore and Malaysia).

Consumer

The year under review has been one of investment and consolidation for our consumer products business following the previously-announced suspension of our licence with Kimberly-Clark. Existing licences have all been performing to plan and new product launches into Sports Direct (personal hygiene and equipment sprays under the Karrimor brand) and new norovirus claims on our Tesco trigger sprays (via our licence with Robert McBride plc) have all been successfully completed.

A great deal of effort this year has gone into finalising new wipes and liquid products for consumer markets in continental Europe and the USA. The differing regulatory regimes in these areas make new product development processes quite resource-intensive, but we know (through testing) that the resulting product claims will resonate with consumers. I am pleased to report that we have new regulatory-compliant products ready-to-go in continental Europe and have already started marketing them to EU retailers, both directly and via our wipes partners Albaad.

We have also completed the development of new products for the US domestic market and will be using the recent fund-raising to accelerate our way through the formal US EPA processes, expected to take 12 to 18 months. We built a great deal of expertise in this process (and the market opportunity) during our relationship with Kimberly-Clark and we are now looking to capitalise upon it.

Outlook

In the time period since the acquisition of the non-controlling interest in BCP, management has increased its focus on core existing customers across our three market segments, rationalising our product offers where required, closing down underperforming agents and deprioritising low margin accounts. This process will continue.

The integration of the BCP business into the rest of the Group is now complete and the cost synergies now largely realised, although some of these will not be reflected in our figures until our interim results for the period ending 30 September 2014. We have now moved on to exploiting a number of potential revenue synergies (especially in sales, technical and marketing).

Having achieved our targets for this full financial year we are now able to concentrate on growing the Company from its leaner base. As well as organic growth from current core businesses, we are prioritising:

- continental EU opportunities from liquids and wipes, particularly in Consumer and in due course Professional
- developing US domestic market opportunities, particularly from B2C liquid products
- increasing the proportion of income from licensing and similar deal types

This will require some investment and to that end we were very pleased recently to receive strong shareholder support for a post year-end £1.25 million fundraise (pre-expenses) for investment in growth. This is conditional on shareholder approval at our AGM on 29 July 2014.

I would like to thank the Byotrol team for having weathered such a period of change with such good humour, all the while increasing the quality of our business and increasing sales. We have an excellent team and I am convinced we have much success ahead of us.

David Traynor
Chief Executive

The directors present their strategic report for Byotrol plc for the year ended 31 March 2014.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Business Review

The principal activity of the Company during the year was the development, patenting and sale of products based on microbial technology and although difficult trading conditions continued throughout the financial year, the company is pleased to report that its products continue to be increasingly adopted. In October 2013, the Company acquired the remaining 50% in Byotrol Consumer Products Limited that it did not own. Details of the transaction are dealt with in the Financial Statements section.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. Certain of these are particularly important in the generation of shareholder value and are considered key performance indicators or KPIs. The KPIs used in the business include:

- The current and projected cash resources of the Group
- The level of sales and repeat sales
- The timeliness and efficiency of the research and development team
- Manpower levels and their effectiveness

Prior to the acquisition of Byotrol Consumer Products Limited, professional sales were progressing at a slower rate than required, impacting on financial projections. As a result, manpower levels and other costs have been rationalised, and will be reduced further if necessary. The Board is satisfied with the performance and delivery of the research and development team. The Board retains these KPIs as being entirely suited to the needs of a growing business. Further analysis of the Group's performance is set out in the Chief Executive's Report.

Development and financial performance during the year

Turnover increased to £3,126k from £3,048k in 2013 which was a 3% growth on a like for like basis. Controls over operating expenses continued. These decreased by 37% from £2,975k to £1,870k (after exceptional costs).

Financial position at the reporting date

The cash position was under pressure throughout the year and the balance at the year end was insufficient to meet the Group's forthcoming requirements. This position has been rectified through a fund raising of £1.25m net of expenses which, it is believed, will meet the Group's future needs.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The company believes that there are currently no principal risks and uncertainties facing the business. However, it is fully aware that the changing and increasingly costly regulatory and environmental pressures, especially in the European Union, will mean that the company's management must always be pro-active in responding to any changing market conditions.

Approval

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

David Traynor
Chief Executive
4 July 2014

As at 31 March 2014, the Group had cash of £98,521 and total assets of £1,721,512.

Financial instruments

The Group's principal financial instruments comprise cash, short-term deposits and an invoice finance facility. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement.

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

Interest rate risk

During the period the Group was cash positive. It places surplus cash balances on short-term deposit with UK clearing banks.

Liquidity risk

As at 31 March 2014, the Group had cash and bank balances of £98,521. These funds, together with any facilities, will be utilised in the broadening of the group's product range, obtaining regulatory approvals and securing the intellectual property rights. Funds surplus to the Group's short-term requirements will be deposited in an interest bearing account with UK clearing banks.

The Directors have prepared projected cash flow information for the coming year. The projections take into account the new business opportunities highlighted in the Chairman's and Chief Executive's Statements, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. On the basis of these projections, the Directors raised funds of £1.25m before expenses, through a placing with existing shareholders. On the basis of these projections, the Group has sufficient working capital facilities in place.

Foreign currency risk

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

Other risks

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

Taxation

The Group incurred a loss in the financial period to 31 March 2014 and accordingly no taxation was payable. The tax losses arising will be available to offset against the profits expected from future trading, although no tax asset in relation to these sums has been recognised in the financial statements due to the unpredictability of the timing of future profit streams.

Accounting policies

The Group's accounting policies are detailed on pages 28 to 34.

Post year end

Since the year end, the Group has continued to follow the policies and practices outlined above. The Directors submit their report and the Group financial statements of Byotrol plc for the year ended 31 March 2014.

David Traynor
Chief Executive
4 July 2014

Principal activities

The Group's and the Company's principal activity is the development, patenting and sale of products based on anti-microbial technology.

Results and dividends

The loss for the financial year to 31 March 2014 attributable to ordinary shareholders amounts to £836,449 (2013: £1,671,481), and is dealt with as shown in the consolidated statement of comprehensive income. The Directors do not recommend the payment of an ordinary final dividend.

Review of the business

A review of the business and the future developments of the Group is presented in the Chairman's Statement and the Chief Executive's Report on pages 3 to 6.

Fund raising

During the year the Company raised £0.5m, £0.4m net of expenses, through a placing with existing shareholders. Later in the year the Company raised £380,000 though the issue of convertible loan notes.
In the period since the balance sheet date, the Company has secured funding of £1.25m before expenses, through a placing with existing shareholders.

Going concern

Byotrol plc has prepared financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow from the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. Sensitivity analysis has been performed to take into account the variation in the timing and quantum of the new business opportunities. These significantly affect the Group's cash requirements and are therefore continually monitored by the Board. On the basis of these sensitised projections, the Directors raised funds of £1.25m before expenses, through a placing with existing shareholders, and subject to shareholder approval at the AGM. This has been taken into account in the projections.

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

Financial instruments

The Group's principal financial instruments comprise cash, short-term deposits, an invoice finance facility and convertible bonds. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement.

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

Interest rate risk

During the period the Group was cash positive. It places surplus cash balances on short-term deposit with UK clearing banks.

Liquidity risk

As at 31 March 2014, the Group had cash and bank balances of £98,521. These funds, together with any facilities, will be utilised in the broadening of the group's product range, obtaining regulatory approvals and securing the intellectual property rights. Funds surplus to the Group's short-term requirements will be deposited in an interest bearing account with UK clearing banks.

The Directors have prepared projected cash flow information for the coming year. The projections take into account the new business opportunities highlighted in the Chairman's and Chief Executive's Statements, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. On the basis of these projections, the Directors raised funds of £1.25m before expenses, through a placing with existing shareholders. On the basis of these projections, the Group has sufficient working capital facilities in place.

Risks and uncertainties

Risks and uncertainties are inherent in all businesses and the Group is no exception. Risk management is seen as an important element of internal control and is used to mitigate the Group's exposure to such risks.

Commercial Risks

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

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

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

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

Future development

Having achieved our targets for this full financial year we are now able to concentrate on growing the Company from its leaner base. As well as organic growth from current core businesses, we are prioritising continental EU opportunities from liquids and wipes, particularly in Consumer and in due course Professional, developing US domestic market opportunities, particularly from B2C liquid products and increasing the proportion of income from licensing and similar deal types.

Research and development

The Group invests in the research and development of further anti-microbial products and has six employees in its research and development department. It also uses the services of highly regarded research institutions to supplement the internal resource. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

Political and charitable donations

The Group made no such donations in the year.

Disabled employees

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

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

Employee involvement

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

Directors

The directors during the year were:

Ralph D Kugler (resigned 31 March 2014)
David T Traynor (appointed 9 October 2013)
Gary Millar (resigned 9 October 2013)
Duncan Grosvenor (resigned 31 March 2014)
Nicholas C G Martel (appointed 19 April 2013)
Till Medinger

The retiring director is David Traynor who will offer himself for election at the Annual General Meeting. The Annual General Meeting will be held at 14.00 on 29 July 2014 at The Innovation Centre, Sci-Tech Daresbury WA4 4FS. The notice of that meeting, together with a proxy card, accompanies this document.

Directors' interests

The directors at 31 March 2014 and their interests, including family interests, in the share capital, were as follows:

	31 March 2014 Ordinary Shares	*At date of appointment or 31 March 2013 Ordinary Shares*
Nicholas Martel	18,693,513*	18,443,513*
David Traynor	4,280,001	4,280,001
Till Medinger	593,854	572,667
Gary Millar	-	450,333
Duncan Grosvenor	-	50,000

* of the above shareholding, 17,693,513 shares (2013: 16,843,513 shares) are held non-beneficially

Between the year end and 2 July 2014 there have been no share dealings by directors.

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

Substantial shareholdings

The Company has been notified of the following holdings of persons, other than directors, who held an interest of more than 3% of the ordinary share capital of the Company at 23 June 2014:

	Number of Shares	*% of Ordinary Shares*
Bricon Byotrol	14,599,038	7.96
Maunby Investment Management	22,940,798	12.51
Ruffer Investment Management	41,515,798	22.64
What If Holdings	13,689,569	7.47

Payment policy

Appropriate payment terms have been negotiated with each supplier and undisputed accounts are generally settled, once requested, in accordance with the agreed terms. The Group had 71 days of purchases outstanding in trade payables as at 31 March 2014 (2013: 65 days).

Awareness of relevant audit information

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

Auditors

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

By order of the Board

David Traynor
Chief Executive
4 July 2014

Remuneration Committee

The Company has established a Remuneration Committee comprising the three non-executive directors. The Committee is constituted in accordance with the recommendations of the Quoted Companies Alliance. The members of the committee during the year were Ralph Kugler (Chairman), Nicholas Martel (from 19 April 2013) and Till Medinger.

Remuneration Policy

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

There are four main elements of the remuneration packages for executive directors and senior management:

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

The remuneration packages are regularly reviewed. No changes were made to the basic salary packages and bonus arrangements during the financial year being reported.

Basic salary

Basic salary is reviewed annually with increases taking effect from 1 April. In addition to basic salary, the executive directors also receive a benefit in kind of private medical insurance. There were no increases to basic salaries during the year ended 31 March 2014.

Annual bonus

The committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. The purpose of the bonus is to reward executive directors and other senior employees for achieving above average performance which also benefits shareholders. The maximum performance related bonus that can be paid is 50% of basic salary. There were no incentive payments for the year ended 31 March 2014 nor for the year ended 31 March 2013.

Share options

The Company has two share option schemes, the Executive Scheme and the Enterprise Management Incentive Scheme ('EMI'). Options have been granted under each scheme as follows:

	Number of shares	Exercise Price	Exercise period
Executive Scheme			
Ralph Kugler	700,000	13.0p	23 June 2010 to 22 June 2019
Till Medinger	200,000	13.0p	23 June 2010 to 22 June 2019
Gary Millar	300,000	17.5p	1 April 2011 to 12 April 2020
Duncan Grosvenor	420,000	6.75p	6 July 2013 to 5 July 2022
Gary Millar	420,000	6.75p	6 July 2013 to 5 July 2022

The options granted at 13p are subject to the following performance conditions:

- 40 per cent of the granted options will be exercisable once the Company's share price has reached 30 pence per share and remained so for 30 consecutive days. These options are exercisable between 23 June 2010 and 22 June 2019.
- 30 per cent will be exercisable once the Company's share price has reached 50 pence per share and remained so for 30 consecutive days. These options are exercisable between 23 June 2011 and 22 June 2019.
- 30 per cent of the options granted will be exercisable once the Company's share price has reached 75 pence per share and remained so for 30 consecutive days. These options are exercisable between 23 June 2011 and 22 June 2019.

The options granted at 17.5p are subject to the following performance conditions:

- 150,000 options will be exercisable only if the Company's share price has reached 30 pence per share and remained so for 30 consecutive days between 13 April 2010 and 12 April 2020.
- 150,000 options will be exercisable only if the Company's share price has reached 50 pence per share and remained so for a period of 30 consecutive days between 13 April 2010 and 12 April 2020.

The options granted at 6.75p are subject to the following performance conditions:

- 40 per cent of the granted options will be exercisable once the Company's share price has reached 15 pence per share and remained so for 30 consecutive days. These options are exercisable between 6 July 2013 and 5 July 2022.
- 20 per cent of the granted options will be exercisable once the Company's share price has reached 25 pence per share and remained so for 30 consecutive days. These options are exercisable between 6 July 2014 and 5 July 2022.
- 40 per cent of the granted options will be exercisable once the Company's share price has reached 35 pence per share and remained so for 30 consecutive days. These options are exercisable between 6 July 2015 and 5 July 2022.

Pension arrangements

Executive Directors are entitled to have a percentage of their basic salary paid to a pension scheme of their choice. Each Executive Director is entitled to receive a 10% salary contribution from the company.

Directors' contracts

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

Non-executive directors

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

Non-executive Directors are employed on letters of appointment terminable on three months' notice.

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	2014	2013
	£	£
Emoluments	417,853	308,680
Money purchase pension contributions	14,496	23,116
Total	432,349	331,796

Individual directors' remuneration

The remuneration of the directors for the year ended 31 March 2014 is as follows:

	Basic salary and fees	Bonuses	Other benefits	Total 2014	Pension 2014	Total 2013	Pension 2013
	£	£	£	£	£	£	£
Executive directors							
Gary Millar	170,000	-	135	170,135	6,000	141,177	12,000
Duncan Grosvenor	128,250	-	857	129,107	8,496	64,370	4,956
David Traynor	39,584	-	1,027	40,611	-	-	-
Stephen Falder	-	-	-	-	-	18,466	3,327
Richard Bell	-	-	-	-	-	18,667	2,833
Non-executive directors							
Ralph Kugler	30,000	-	-	30,000	-	30,000	-
Adrian Smith	-	-	-	-	-	12,000	-
Till Medinger	24,000	-	-	24,000	-	24,000	-
Nicholas Martel	24,000	-	-	24,000	-	-	-
	415,834	-	2,019	417,853	14,496	308,680	23,116

(1) Details of directors' shareholdings are set out on page 11.
(2) The total columns show the total emoluments for each year excluding pension payments.
(3) Gary Millar received a termination payment of £100,000.
(4) Duncan Grosvenor received an ex gratia payment of £29,500.

Approval

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

Nicholas Martel
Chairman
4 July 2014

Principles of Corporate Governance

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

Board Structure

The current Board structure comprises the Non-Executive Chairman, the Chief Executive and one Non-Executive Director. The biographies of all serving directors appear on pages 17.

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

A statement of directors' responsibilities in respect of the financial statements is set out on page 18. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Director are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets at least quarterly in person and monthly by conference call. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters. The directors have attended all meetings.

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

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

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

- The Remuneration Committee, comprising non-executive directors, is responsible for making recommendations to the Board on the Company's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors on the recommendation of the Chief Executive. The Remuneration Committee comprised Ralph Kugler (until 31 March 2014), Till Medinger, and Nicholas Martel (from 19 April 2013). The report on Directors' Remuneration is set out on pages 12 to 14.
- The Audit Committee's prime tasks are to review the scope of internal and external audit, to receive regular reports from Mazars LLP and prior to their appointment from Baker Tilly UK Audit LLP, and to review the half-yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes. The Committee has considered the need for an internal audit function and has concluded that, at the present time, no such function is necessary. This will be reviewed on a regular basis. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors.

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

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

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

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

The Committee members are all the non-executive directors and comprised Till Medinger (Chairman) and Ralph Kugler until 19 April 2013 when Nicholas Martel joined the Committee. Ralph Kugler left the Committee on 31 March 2014.

Internal Control

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

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

The key elements of the control system in operation are:

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

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

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

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2014 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

Relations with Shareholders

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

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

The Annual General Meeting will be held on 29 July 2014. The notice of the Annual General Meeting may be found in the accompanying separate document.

Going Concern

Having taken the steps referred to on page 8, the directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

David Traynor
Chief Executive
4 July 2014

Non-Executive Directors

Nicholas Martel, aged 53 (Non-executive Chairman)

Nicholas Martel is a Chartered Engineer and spent 20 years in the Oil and Gas Construction sector before focusing on Investing, which includes nurturing fledgling businesses, quoted equities, bonds and option trading. He has run two Funds based in the Isle of Man.

Recent companies that Nicholas has invested in or advised have been involved in Oil and Gas, Medical Diagnostics, Food and Technology. He has also advised two of these Companies during restructuring.

He is a consultant to Maunby Investment Management, in Harrogate, North Yorkshire.

Till Medinger, aged 73 (Non-executive Director)

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

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

He is Chairman of PhotoBiotics Limited and a Non-executive Director of Datapharm Communications Ltd and Helperby Therapeutics Group Limited. He has a Doctorate in Chemistry from Oxford University.

Executive Director

David Traynor, aged 48 (Chief Executive)

David's early career saw him spend 16 years in investment banking working in a broad range of corporate finance roles at CS First Boston, UBS and Lehman Brothers, before moving to WhatIf Ventures, the investment arm of the innovation company WhatIf, in 2003.

At WhatIf, David specialised in commercialising new products, in markets as diverse as UK annuities, high street retail, fast food and plastics.

Prior to becoming CEO at Byotrol plc, David ran Byotrol Consumer Products (BCP) from inception in 2007 within his partnership role at WhatIf Ventures, moving to full time early 2012. He led BCP to profitability in 2011 and then to the full acquisition by Byotrol plc in October 2013.

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

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

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

David Traynor
Chief Executive
4 July 2014

We have audited the financial statements of Byotrol plc for the year ended 31 March 2014 which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18 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. 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.

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 web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.

Timothy Hudson (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 4 July 2014

	Notes	2014 £	2013 £ (restated)
REVENUE	1	3,126,406	3,048,270
Cost of sales		(1,897,744)	(1,563,342)
GROSS PROFIT		1,228,662	1,484,928
Administrative expenses excluding depreciation and amortisation		(1,972,762)	(2,975,182)
Exceptional items	2	103,044	-
Share based compensation		(29,703)	(73,983)
LOSS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX	2	(670,759)	(1,564,237)
Amortisation		(70,750)	(63,194)
Depreciation		(65,615)	(45,602)
Finance income	5	-	3,157
Finance costs	5	(29,325)	(1,605)
LOSS BEFORE TAX		(836,449)	(1,671,481)
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR		(836,449)	(1,671,481)
(Loss) / profit attributable to:			
Owners of Parent		(986,144)	(1,738,160)
Non-controlling interest		149,695	66,679
		(836,449)	(1,671,481)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation difference		(40,757)	4,717
Other comprehensive income/(expense)		(40,757)	4,717
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(877,206)	(1,666,764)
Owners of the parent		(1,026,901)	(1,733,443)
Non controlling interest		149,695	66,679
		(877,206)	(1,666,764)
Basic and fully diluted loss per share – pence	7	(0.60)	(1.21)

Company Registration No 05352525

	Notes	2014 £	2013 £ (restated)	2012 £ (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	118,680	77,565	126,744
Intangible assets	9	463,847	479,379	463,790
		582,527	556,944	590,534
Current assets				
Inventories	11	278,351	510,937	392,616
Trade and other receivables	12	762,113	1,056,323	1,072,919
Cash and cash equivalents	13	98,521	358,440	1,907,132
		1,138,985	1,925,700	3,372,667
		1,721,512	2,482,644	3,963,201
LIABILITIES				
Current liabilities				
Trade and other payables	14	1,101,759	1,817,885	1,705,661
		1,101,759	1,817,885	1,705,661
Long term liabilities				
Convertible loan notes	15	310,699	-	-
		310,699	-	-
Equity				
Share capital	21	458,420	358,949	358,949
Share premium account		20,586,758	18,154,985	18,154,985
Merger reserve		1,064,712	1,064,712	1,064,712
Cumulative translation reserve		26,879	(1,665)	(6,382)
Retained deficit		(21,827,715)	(18,299,075)	(16,634,898)
Equity attributable to owners of the Parent		309,054	1,277,906	2,937,366
Non controlling interests		-	(613,147)	(679,826)
TOTAL EQUITY		309,054	664,759	2,257,540
TOTAL EQUITY AND LIABILITIES		1,721,512	2,482,644	3,963,201

These financial statements were approved by the Board of Directors and authorised for issue on 4 July 2014 and are signed on their behalf by:

David Traynor
Chief Executive

Company Registration No 05352525

	Notes	2014 £	2013 £ (restated)	2012 £ (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	-	-	-
Intangible assets	9	379,410	479,379	463,790
Investments in subsidiaries	10	2,480,311	371,564	371,564
		2,859,721	850,943	835,354
Current assets				
Trade and other receivables	12	30,699	116,114	55,732
Cash and cash equivalents		-	51,587	1,243,945
		30,699	167,701	1,299,677
TOTAL ASSETS		2,890,420	1,018,644	2,135,031
LIABILITIES				
Current liabilities				
Trade and other payables	14	276,050	295,025	296,053
		276,050	295,025	296,053
Long term liabilities				
Convertible loan notes	15	310,699	-	-
		310,699	-	-
Equity				
Share capital	21	458,420	358,949	358,949
Share premium account		20,586,758	18,154,985	18,154,985
Merger reserve		1,064,712	1,064,712	1,064,712
Other reserves		69,301	-	-
Retained deficit		(19,875,520)	(18,855,027)	(17,739,668)
TOTAL EQUITY		2,303,671	723,619	1,838,978
TOTAL EQUITY AND LIABILITIES		2,890,420	1,018,644	2,135,031

These financial statements were approved by the Board of Directors and authorised for issue on 4 July 2014 and are signed on their behalf by:

David Traynor
Chief Executive

	Share capital £	Share premium £	Merger reserve £	Other reserves £	Retained earnings reserve £	Sub-total £	Non-controlling interests £	Total equity £
At 1 April 2012 (as previously reported)	358,949	18,154,985	1,064,712	(6,382)	(16,525,649)	3,046,615	-	3,046,615
Prior year adjustment (note 24)	-	-	-	-	(109,249)	(109,249)	(679,826)	(789,075)
At as 1 April 2012 (restated)	358,949	18,154,985	1,064,712	(6,382)	(16,634,898)	2,937,366	(679,826)	2,257,540
Loss for the year	-	-	-	-	(1,738,160)	(1,738,160)	66,679	(1,671,481)
Currency translation difference	-	-	-	4,717	-	4,717	-	4,717
Total comprehensive loss for the year	-	-	-	4,717	(1,738,160)	(1,733,443)	66,679	(1,666,764)
Share based payments	-	-	-	-	73,983	73,983	-	73,983
Equity as at 31 March 2013	358,949	18,154,985	1,064,712	(1,665)	(18,299,075)	1,277,906	(613,147)	664,759
Loss for the year	-	-	-	-	(986,144)	(986,144)	149,695	(836,449)
Currency translation difference	-	-	-	(40,757)	-	(40,757)	-	(40,757)
Total comprehensive loss for the year	-	-	-	(40,757)	(986,144)	(1,026,901)	149,695	(877,206)
Share issue	15,124	468,250	-	-	-	483,374	-	483,374
Share issue costs	-	(60,877)	-	-	-	(60,877)	-	(60,877)
Purchase of non-controlling interest	84,347	2,024,400	-	-	(2,572,199)	(463,452)	463,452	-
Issue of convertible loan notes	-	-	-	69,301	-	69,301	-	69,301
Share based payments	-	-	-	-	29,703	29,703	-	29,703
Equity as at 31 March 2014	458,420	20,586,758	1,064,712	26,879	(21,827,715)	309,054	-	309,054

Other reserves comprise of:	Translation reserve £	Convertible loan note reserve £	Other reserves £
At 1 April 2012	(6,382)	-	(6,382)
Currency translation difference	4,717	-	4,717
Other comprehensive income	-	-	-
Total comprehensive income for the year	4,717		4,717
Equity as at 31 March 2013	(1,665)	-	(1,665)
Currency translation difference	(40,757)	-	(40,757)
Total comprehensive income for the year	(40,757)	-	(40,757)
Issue of convertible loan notes	-	69,301	69,301
Equity as at 31 March 2014	(42,422)	69,301	26,879

	Share capital	Share premium	Merger reserve	Convertible loan note reserve	Retained earnings reserve	Total
	£	£	£	£	£	£
At 1 April 2012 (as previously reported)	358,949	18,154,985	1,064,712	-	(17,630,419)	1,948,227
Prior year adjustment (note 24)	-	-	-	-	(109,249)	(109,249)
As at 1 April 2012 (restated)	358,949	18,154,985	1,064712	-	(17,739,668)	1,838,978
Loss for the year				-	(1,189,342)	(1,189,342)
Total comprehensive loss for the year	-	-	-	-	(1,189,342)	(1,189,342)
Share based payments	-	-	-	-	73,983	73,983
At 31 March 2013	358,949	18,154,985	1,064,712	-	(18,855,027)	723,619
Loss for the year	-	-	-	-	(1,031,632)	(1,031,632)
Total comprehensive loss for the year	-	-	-	-	(1,031,632)	(1,031,632)
Share issue	99,471	2,492,650	-	-	-	2,592,121
Share issue costs	-	(60,877)	-	-	-	(60,877)
Issue of convertible loan notes	-	-	-	69,301	-	69,301
Share based payments	-	-	-	-	11,139	11,139
At 31 March 2014	458,420	20,586,758	1,064,712	69,301	(19,875,520)	2,303,671

	2014 £	2013 £ (restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(836,449)	(1,671,481)
Adjustments for:		
Share based payments	29,703	73,983
Depreciation	65,615	45,602
Amortisation	70,750	63,194
Loss on disposal of property, plant and equipment	715	18,129
Impairment of intangible assets	80,362	-
Finance income	-	(3,157)
Finance costs	29,325	1,605
Loan forgiveness	(684,289)	-
Changes in working capital		
(Increase)/decrease in inventories	232,586	(118,321)
Decrease in trade and other receivables	294,210	16,596
(Decrease) / increase in trade and other payables	(72,594)	121,954
CASH USED IN OPERATING ACTIVITIES	(790,066)	(1,451,896)
Income taxes credit received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(790,066)	(1,451,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(107,445)	(28,294)
Proceeds from sale of property, plant and equipment	-	13,742
Payments to acquire intangible assets	(135,580)	(78,783)
Finance income	-	3,157
NET CASH USED IN INVESTING ACTIVITIES	(243,025)	(90,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	483,374	-
Proceeds on issue of convertible loan notes	380,000	
Share issue costs	(60,877)	-
Capital element of finance lease rental payments	-	(5,013)
Interest paid	(29,325)	(1,605)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING	773,172	(6,618)
Net (decrease) in cash and cash equivalents	(259,919)	(1,548,692)
Cash and cash equivalents at the beginning of the financial year	358,440	1,907,132
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at the end of the financial year	98,521	358,440

Byotrol plc
COMPANY CASH FLOW STATEMENT
for the year ended 31 March 2014

	2014 £	2013 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(1,031,632)	(1,189,342)
Adjustments for:		
Share based payments	11,139	73,983
Amortisation	70,750	63,194
Finance income	(56,829)	(143,080)
		-
Impairment of intangible assets	80,362	-
Changes in working capital		
Decrease in trade and other receivables	85,415	(60,382)
Decrease in trade and other payables	(18,975)	(1,028)
CASH USED IN OPERATING ACTIVITIES	(859,770)	(1,256,655)
Income taxes credit received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(859,770)	(1,256,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire intangible assets	(51,143)	(78,783)
Interest received	56,829	143,080
NET CASH GENERATED BY / USED IN INVESTING ACTIVITIES	5,686	64,297
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	483,374	-
Share issue costs	(60,877)	-
Convertible loan notes	380,000	
Interest paid	-	-
NET CASH INFLOW FROM FINANCING	802,497	-
Net (decrease) in cash and cash equivalents	(51,587)	(1,192,358)
Cash & cash equivalents at the beginning of the financial year	51,587	1,243,945
Effect of foreign exchange rate changes	-	-
Cash & cash equivalents at the end of the financial year	-	51,587

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the AIM rules, international financial reporting standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31st March 2014 and the applicable provisions of the Companies Act 2006.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The registered office address is shown on page 2. The consolidated financial information of Byotrol plc is presented in Pounds Sterling (£), which is also the functional currency of the parent. Details of the group operations and principal activities are shown on page 9.

Restatement – Prior Year Adjustments

The Directors of the Company have re-assessed the accounting treatment of the Group's investment in Byotrol Consumer Products Limited ("BCP") in the consolidated financial statements. The Directors have concluded that the nature of the shareholders agreement together with the associated technology and service agreements had the effect of giving Byotrol plc control of BCP and as such the results and financial position of BCP have been fully consolidated into the Group results. Previously, BCP was treated as a joint venture and accounted for using the equity method of accounting.

Comparative amounts for the prior period and the related amount as at 1 April 2012 have been restated in accordance with this change in accounting treatment. The change in the assessment of control has resulted in a change in certain line items. This prior year adjustment has resulted in a decrease to the Group's equity position as at 1 April 2012 of £679,826. Refer to note 24 for further details of the financial effect of this prior year adjustment.

The Directors have also ascertained that a further prior year adjustment charge of £109,249 is required to restate the opening reserves at 1 April 2012 to reflect accounting errors made in those accounts. These comprise a VAT adjustment, an imbalance on intra group balances and an exchange variance. Further detail is shown in note 24.

BASIS OF CONSOLIDATION

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

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

The Company Statement of Comprehensive Income has not been disclosed in accordance with Section 408 Companies Act 2006. The loss for the year of the parent company amounted to £ 1,031,632 (2013: £1,189,342).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Going concern

Byotrol plc has prepared financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow from the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. Sensitivity analysis has been performed to take into account the variation in the timing and quantum of the new business opportunities. These significantly affect the Group's cash requirements and are therefore continually monitored by the Board. On the basis of these sensitised projections, the Directors raised funds of £1.25m before expenses, subject to approval at the AGM, through a placing with existing shareholders and this has been taken into account in the projections.

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

Impairment of assets

In line with the policy stated on impairment, the directors have considered the carrying value of assets. They have determined that there is reasonable evidence to suggest certain trade receivables will not be recovered in full and have therefore reflected an impairment in the value of trade receivables in the Group financial statements. They have also determined that, due to the trading losses incurred by the subsidiaries of the Company, it is reasonable to reflect an impairment in the value of loans made to its subsidiaries by the Company. This impairment has been reflected in the financial statements of the Company. All other assets are considered to be unimpaired.

Share based payment charge

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS

Standards, amendments and interpretations adopted in the year

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

- *IAS 1 (amendment) 'Presentation of Financial Statements' – Revision to items presented within other comprehensive income*

  The amendment states that items presented within other comprehensive income should be grouped together for those that may be reclassified to the profit or loss section, and those that may never be reclassified. The amendment also requires income tax which arises on the items of other comprehensive income, to be presented in line with the appropriate grouping.
- *IFRS 13 'Fair Value Measurement'*

  The standard sets out a comprehensive framework for defining and measuring fair value and also includes additional disclosure requirements about fair value measurements.
- *IFRS 7 (amendment) 'Financial instruments: Disclosure'– Offsetting financial assets and financial liabilities*
- *Annual Improvements to IFRS (2009 - 2011)*
- *IAS 19 (amendment) 'Employee Benefits' – Revision to post-employment benefits and termination benefits*
- *IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'*

Standards, amendments and interpretations in issue but not yet effective

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

	Effective date
- *IFRS 10 'Consolidated Financial Statements'*	*1 January 2014*

The standard replaces the consolidation requirements in IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities', building on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also sets out the accounting requirements for the preparation of consolidated financial statements.

- *IFRS 11 'Joint Arrangements'* — *1 January 2014*

The standard classifies joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form as is currently the case. Furthermore, the standard permits only two classifications for joint arrangements; being either joint operations or joint ventures, thereby reducing the number of classifications from three as per the previous standard.

- *IFRS 12 'Disclosure of Interests in Other Entities'* — *1 January 2014*

The standard sets out new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- *IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (Revised)* — *1 January 2014*

Following the issue of IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements', consequential changes have been made to these standards.

- *IFRS 10 (amendment) 'Consolidated Financial Statements', IFRS 11 (amendment) 'Joint Arrangements' and IFRS 12 (amendment) 'Disclosure of Interest in Other Entities', Amendments in relation to the transitional guidance and accounting for investment entities*	*1 January 2014*
- *IAS 32 (amendment) 'Financial instruments: Presentation'*	*1 January 2014*
- *IFRIC 21 'Levies'*	*1 January 2014*
- *IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement', Novation of derivatives*	*1 January 2014*
- *IAS 36 (amendment) 'Impairment of Assets', Recoverable amounts disclosures for non-financial assets*	*1 January 2014*
- *IAS 19 (amendment) 'Employee Benefits', Defined benefit plans, employee contributions*	*1 July 2014*
- *Annual Improvements to IFRS (2010 - 2012) and (2011 - 2013)*	*1 July 2014*
- *IFRS 14 'Regulatory Deferral Accounts'*	*1 January 2016*
- *IFRS 11 (amendment) 'Joint Arrangements', Accounting for acquisitions of interests in joint operations*	*1 January 2016*
- *IAS 16 (amendment) 'Property, Plant and Equipment', IAS 38 (amendment) 'Intangible Assets', Clarification of acceptable methods of depreciation and amortisation*	*1 January 2016*
- *IFRS 9 'Financial instruments: Classification and measurement'*	*To be determined*
- *IFRS 15 Revenue from Contracts with Customers*	*1 January 2017*

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

REVENUE

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

Sales of goods are recognised when goods are delivered and the significant risks and rewards have passed, subject to any reservation of title in the event of non-payment.

Revenue from licensing agreements is recognised on an accruals basis based upon the period under contract.

Non-refundable licence fees are recognised in the period when they are due.

OPERATING SEGMENTS

Byotrol plc manufactures products based on anti-microbial technology in the United Kingdom ("UK") and also generates revenues from licensing agreements. Its customers are based in the UK, North America and the Rest of the World. Financial information is reported to the board on three reportable segments, being Professional, Consumer and Pet with revenue and operating profits split by operating segments. Segment revenue comprises of sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before the allocation of central overheads, directors' salaries, restructuring costs, finance costs and tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments other than tax balances. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned. All liabilities are allocated to individual segments other than for tax. Information is reported to the board of directors on a product sale and licence fee basis as management believe that each product offering and licensing of its products exposes the Group to differing levels of risk and rewards due to their intrinsic nature. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements, as set out in the accounting policies.

INTANGIBLE ASSETS

Research and development

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

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

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

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The Group has capitalised development expenditure during the year.

Patents and licenses

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

Intellectual property - patents	over 10 years on a straight line basis
Licenses	over 10 years on a straight line basis

Software

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

IMPAIRMENT

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

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

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

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

INVESTMENTS

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

INVENTORY

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

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

FINANCIAL INSTRUMENTS

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are classified accordingly in the financial statements.

Trade and other payables

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

Equity instruments

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

Compound instruments

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

LEASING

The Group as lessee

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

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

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

GOVERNMENT GRANTS

Grants from the government are recognised where there is assurance that the amount of grant claimed will be received and the group will comply with all attached conditions. Government grants towards research and development costs are recognised over the periods necessary to match them with the related costs and are deducted in reporting the related expense. Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

TAXATION

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

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

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

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

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

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

FOREIGN CURRENCIES

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

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

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

DEFINED CONTRIBUTION PLANS

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

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 share-based payment.

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

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

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

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

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

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

1 SEGMENTAL INFORMATION

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

Segmental information is presented using Group policies.

	Continuing operations			
Year ended 31 March 2014	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	1,448,520	278,909	456,010	2,183,439
North America	76,099	451,613	-	527,712
Rest of World	94,900	55,239	265,116	415,255
Total revenue	1,619,519	785,761	721,126	3,126,406
Cost of sales	(1,385,745)	-	(511,999)	(1,897,744)
Gross profit	233,774	785,761	209,127	1,228,662
Centrally incurred income and expenditure not attributable to individual segments:				
Administrative costs				(1,972,762)
Exceptional items				103,044
Depreciation and amortisation				(136,365)
Share based payments				(29,703)
Finance income				-
Finance costs				(29,325)
Loss before tax				(836,449)

Included within the revenues of the Professional segment is revenue of £339,158 relating to one customer (2013: £ 360,323).

	Continuing operations			
Year ended 31 March 2013 (restated)	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	1,136,693	238,854	536,037	1,911,584
North America	160,843	548,712	-	709,555
Rest of World	113,174	69,953	244,004	427,131
Total revenue	1,410,710	857,519	780,041	3,048,270
Cost of sales	(1,009,513)	-	(553,829)	(1,563,342)
Gross Profit	401,197	857,519	226,212	1,484,928
Central income and expenditure not attributable to individual segments:				
Administration costs				(2,975,182)
Depreciation and amortisation				(108,796)
Share based payments				(73,983)
Finance income				3,157
Finance Costs				(1,605)
				(1,671,481)

1 SEGMENTAL INFORMATION (continued)

Geographical segments

The Group's operations are located in the United Kingdom and the United States of America.

The following table provides an analysis of the Group's sales by geography based upon location of the Group's customers.

Geographical segments	United Kingdom	North America	Rest of the World	Total
Year ended 31 March 2014	£	£	£	£
External revenue	2,183,439	527,712	415,255	3,126,406
Segment current assets	1,692,834	28,678	-	1,721,512
Segment non – current assets	582,527	-	-	582,527

	United Kingdom	North America	Rest of the World	Total
Year ended 31 March 2013 (restated)	£	£	£	£
External revenue	1,911,584	709,555	427,131	3,048,270
Segment current assets	2,365,146	117,498	-	2,482,644
Segment non-current assets	556,944	-	-	556,944

The Group generated total revenues, which comprise both in 2014 and 2013 UK product sales from its largest customer, of £339,158 (2013: £360,323).

2 LOSS BEFORE TAX

As part of the acquisition of the non-controlling interest in BCP, a loan of £684,289 was forgiven by Whatif Joint Ventures Ltd, a related party. This is treated as an exceptional income item in the period under review.

During this period the Company has been going through an extensive process of reorganisation. As part of that process, it has incurred considerable one-off costs as set out in more detail below. Included within these items is a specific and once-only write-off of (previously-identified but not actioned) obsolete and damaged stock.

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

	2014 £	2013 £
Exceptional items:		
Loan forgiveness	(684,289)	-
Patent writedown	80,362	-
Legal costs	15,820	-
Wind down of USA office	25,000	-
Stock writeoff	79,361	-
Director & staff settlement costs	380,702	-
	(103,044)	-

During the year, considerable duplication of resources has been removed from the Group. Based on the following further one-off costs, we calculate Normalised EBITDA as follows:

EBITDA (excluding exceptional items)	(773,803)	
Bad debt write off	76,000	
Relocation costs for head office	6,000	
Directors & staff costs (duplication)	58,000	
Normalised EBITDA	(633,803)	

Amortisation	70,750	63,194
Depreciation of property, plant and equipment	65,615	45,602
Loss on sale of property, plant and equipment	716	18,129
Auditor's remuneration		
- as auditor	15,000	23,800
- other services	23,950	28,725
Research & development costs	364,979	489,324
Government grant income		(123,744)
Operating lease costs – office rent	66,497	43,505
Impairment of trade receivables	78,067	68,000
Foreign exchange differences	-	4,867

Amounts payable to Mazars LLP and their associates (2013: Baker Tilly Audit LLP) in respect of both audit and non-audit services:

	2014 £	2013 £
Audit Services		
- Statutory audit of parent and consolidated financial statements	15,000	23,800
Other Services		
Audit of subsidiaries where such services are provided by Mazars LLP and their associates	10,000	10,175
Review of interim results (Baker Tilly UK Audit LLP)	9,950	9,950
Other services	-	2,000
Corporate tax compliance services	4,000	6,600
	38,950	52,525

3 PARTICULARS OF EMPLOYEES

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

	2014 No	2013 No (restated)
Executive directors	2	2
Research and development	8	9
Administration	12	15
	22	26

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

	2014 £	2013 £ (restated)
Wages and salaries	1,179,020	1,466,358
Social security costs	136,098	154,851
Other pension costs	46,257	59,894
	1,361,375	1,681,103

4 DIRECTORS' EMOLUMENTS

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

	2014 £	2013 £
Emoluments receivable	417,853	308,680
Pension contributions	14,496	23,116
Total emoluments	432,349	331,796

The emoluments of the highest paid director were:

	2014 £	2013 £
Emoluments receivable	170,135	141,177
Pension contributions	6,000	12,000
	176,135	153,177

Number of directors accruing benefits under money purchase scheme

	2014 Number	2013 Number
	2	2

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

5 FINANCE (COST) / INCOME

	2014 £	2013 £
Bank loans and overdrafts – interest payable	-	(1,605)
Convertible loan interest	(9,500)	-
Invoice discounting interest	(19,825)	-
Interest Payable	(29,325)	(1,605)
Bank interest receivable	-	3,157

6 INCOME TAX

	2014 £	2013 £
Corporation tax at 23% (2013: 24%)	-	-
Research and development tax credits received	-	-
Adjustment in respect of prior periods	-	-
Total current tax	-	-
Deferred tax	-	-
	-	-

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2014 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £ 3,843,484 (2013: restated £3,809,844).

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

	2014 £	2013 £ (restated)
Loss for the year	(836,449)	(1,671,481)
Income tax credit	-	-
Loss on ordinary activities before tax	(836,449)	(1,671,481)
Tax at the UK corporation tax rate of 23% (2013: 24%)	(192,383)	(401,155)
Expenses not deductible for tax purposes		-
Unrecognised, unrelieved tax losses	192,383	401,155
Total tax	-	-

7 LOSS PER SHARE

	2014	2013
	£	£
Loss on ordinary activities after taxation	(986,144)	(1,738,160)
Weighted average number of shares (No)		
For basic and fully diluted loss per ordinary share	163,854,920	143,579,676
Loss per ordinary share – basic and fully diluted	(0.60)p	(1.21)p

The weighted average number of shares and the loss for the year for the purposes of calculating the fully diluted earnings per share are the same as for the basic loss per share calculation. This is because the outstanding share options and warrants would have the effect of reducing the loss per ordinary share and would, therefore, not be dilutive under the terms of IAS 33.

8 PROPERTY, PLANT & EQUIPMENT

Group – 2014	Leasehold Improvements	Computer equipment	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 April 2013	22,647	64,711	177,611	264,969
Additions	-	-	107,446	107,446
Disposals	-	-	(2,093)	(2,093)
At 31 March 2014	22,647	64,711	282,964	370,322
Depreciation				
At 1 April 2013	22,647	53,543	111,214	187,404
Charge for the year	-	8,897	56,718	65,615
On disposals	-	-	(1,377)	(1,377)
At 31 March 2014	22,647	62,440	166,555	251,642
Net Book Value				
At 31 March 2014	-	2,271	116,409	118,680

Group – 2013	Leasehold Improvements	Computer equipment	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 April 2012	22,647	63,039	225,329	311,015
Additions	-	1,672	26,622	28,294
Disposals	-	-	(74,340)	(74,340)
At 31 March 2013	22,647	64,711	177,611	264,969
Depreciation				
At 1 April 2012	22,647	43,205	118,419	184,271
Charge for the year	-	10,338	35,264	45,602
On disposals	-	-	(42,469)	(42,469)
At 31 March 2013	22,647	53,543	111,214	187,404
Net Book Value				
At 31 March 2013	-	11,168	66,397	77,565

8 PROPERTY, PLANT & EQUIPMENT (continued)

Company	2014 Plant & machinery £	2013 Plant & machinery £
Cost		
At 1 April and 31 March	5,996	5,996
Depreciation		
At 1 April	5,996	5,996
Charge for the year	-	-
At 31 March	5,996	5,996
Net Book Value		
At 31 March	-	-

9 INTANGIBLE ASSETS

Group – 2014	Development costs	Software intangibles £	Patents and licenses £	Total £
Cost				
At 1 April 2013	-	42,946	672,792	715,738
Additions	84,437	-	51,143	135,580
		-		
Impairment	-	-	(139,189)	(139,189)
At 31 March 2014	84,437	42,946	584,746	712,129
Amortisation				
At 1 April 2013	-	42,946	193,413	236,359
Charge for the year	-	-	70,750	70,750
Impairment	-	-	(58,827)	(58,827)
At 31 March 2014	-	42,946	205,336	248,282
Net Book Value				
At 31 March 2014	84,437	-	379,410	463,847

The Directors having reviewed the Company's patent base, have concluded that certain patents are no longer of use in the business and have no residual value. They have therefore determined to impair these patents and such impairment is included in the table above. The impairment has been charged in both the consolidated statement of comprehensive income and the segmental reporting in the line exceptional items (note 1 and note 2).

9 INTANGIBLE ASSETS (continued)

Group – 2013	Development costs	Software intangibles £	Patents and licenses £	Total £
Cost				
At 1 April 2012	-	42,946	594,009	636,955
Additions	-	-	78,783	78,783
At 31 March 2013	-	42,946	672,792	715,738
Amortisation				
At 1 April 2012	-	42,946	130,219	173,165
Charge for the year	-	-	63,194	63,194
At 31 March 2013	-	42,946	193,413	236,359
Net Book Value				
At 31 March 2013	-	-	479,379	479,379

Company	2014 Patents and licenses £	2013 Patents and licenses £
Cost		
At 1 April	672,792	594,009
Additions	51,143	78,783
Impairment	(139,189)	
At 31 March	584,746	672,792
Amortisation		
At 1 April	193,413	130,219
Charge for the year	70,750	63,194
Impairment	(58,827)	
At 31 March	205,336	193,413
Net Book Value		
At 31 March	379,410	479,379

The intangible assets relate to the development of patents and also to the acquisition of the Byofresh licence.

10 INVESTMENTS IN SUBSIDIARIES

COMPANY	Shares in Subsidiary Undertakings £ (restated)
At 1 April 2013	371,564
Purchase of non-controlling interest	2,108,747
At 31 March 2014	2,480,311

Details of subsidiaries included in the consolidated financial statements are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Byotrol Technology Limited	England	Ordinary share capital	100%	Anti-microbial products
Byotrol Inc	United States	Ordinary share capital	100%	Anti-microbial products
Byotrol Consumer Products	England	Ordinary share capital	100%	Anti-microbial products

During the year the Company acquired the remaining 50% of the share capital of its subsidiary undertaking, Byotrol Consumer Products, for the consideration of 33,740,000 ordinary shares issued in Byotrol plc. The fair value of shares issued as consideration was £2,108,747.

11 INVENTORIES

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Raw materials and consumables	70,063	105,972	-	-
Finished goods and goods for resale	208,288	404,965	-	-
	278,351	510,937	-	-

Included above are inventories of £ Nil (2013: £ Nil) carried at net realisable value.

The cost of Inventories expensed, included in the Consolidated Statement of Comprehensive Income as Cost of Sales is £ 1,897,744 (2013: £1,563,342).

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

12 TRADE AND OTHER RECEIVABLES

	Group 2014 £	Group (restated) 2013 £	Company 2014 £	Company (restated) 2013 £
Trade receivables	448,400	637,327	-	-
Tax repayable	36,775	112,656	2,895	65,557
Other receivables	50,974	67,840	7,263	3,756
Prepayments and accrued income	225,964	238,500	20,541	46,801
	762,113	1,056,323	30,699	116,114

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group had 53 days of revenue outstanding in trade receivables as at 31 March 2014 (2013: 85 days). Included within trade receivables is £ 58,604 (2013: £129,998) denominated in US dollars.

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

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances of £75,780 (2013: £14,163) for doubtful receivables. This allowance has been based on the knowledge of the financial circumstances of individual receivables at the reporting date. The Group has some concentration of credit risk with some exposure to two major customers whose year end balances totalled £128,749 (2013: £66,238). The majority of the exposure is spread over a number of counterparties and customers.

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Impairment brought forward	14,163	183,563	-	-
Amounts written off	(16,450)	(237,400)	-	-
Impairment charge	78,067	68,000	-	-
Impairment carried forward	75,780	14,163	-	-

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

Debt age – "days overdue"

2014	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 days	Total
Trade receivables Value (£)	243,801	146,342	29,094	11,734	3,842	13,587	448,400
%	54	33	6	3	1	3	100

2013	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	Total
Trade receivables Value (£)	396,205	83,588	62,831	8,604	42,962	43,137	637,327
%	62	13	10	1	7	7	100

As at 31 March 2014 there was £58,257 (2013: £157,534) worth of trade receivables overdue but not impaired.

13 CASH AND CASH EQUIVALENTS

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

Cash held by the Group is with government supported UK based banks £71,732 (2013: £357,398) and a limited amount £26,789 (2013: £1,042) with one US bank. All amounts held by the Company are with government supported UK based banks.

14 TRADE AND OTHER PAYABLES

	Group	Group (restated)	Company	Company (restated)
	2014	2013	2014	2013
Current:	£	£	£	£
Trade payables	693,200	580,226	162,621	72,348
Invoice discounting facility	184,628	133,337	-	-
Other payables	1,119	718,447	-	113,069
Other taxes	102,674	238,183	25,039	33,097
Accruals and deferred income	120,138	147,692	88,390	76,511
	1,101,759	1,817,885	276,050	295,025

The carrying amount of trade and other payables approximates to their fair values.

Included in trade payables is £ 27,537 (2013: £11,358) denominated in US dollars.

Byotrol Technology Limited, a 100% subsidiary, is party to an invoice discounting arrangement. The invoice discounting facility is secured by a fixed charge debenture on the assets of the Byotrol Technology Limited. Byotrol plc has provided a cross guarantee to Byotrol Technology Limited to support the invoice discounting facility.

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

Payables age – "days overdue"

2014	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 days	Total
Trade payables value (£)	257,240	198,552	55,593	33,860	54,036	93,919	693,200
%	37	29	8	5	8	13	100

2013	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	Total
Trade payables value (£)	299,185	204,232	39,563	88	617	36,541	580,226
%	52	35	7	0	0	6	100

15 BORROWINGS

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Non-current:				
Convertible loan notes	310,699	-	310,699	-

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

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

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

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Proceeds of issue of convertible loan note	380,000	-	380,000	-
Equity component	(69,301)	-	(69,301)	
Liability component at date of issue	310,699	-	310,699	-
Interest charged	9,500	-	9,500	-
Interest paid	(9,500)	-	(9,500)	-
Liability component at 31 March	310,699	-	310,699	-

At 31 March 2014, the carrying value of the liability component of the convertible loan note is considered to approximate its fair value.

16 FINANCIAL INSTRUMENTS

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

Foreign currency risk

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

Interest rate risk

The Group's principal interest-bearing financial instrument is the convertible loan note (note 15). This instrument requires interest to be paid at a fixed rate of 10% per annum. The Group is also exposed to minimal interest rate risk arising on cash and cash equivalent balances and bank loans and overdrafts in the prior year. The Group does not consider that it is significantly exposed to interest rate risk, either in the current or prior year, and therefore an interest rate sensitivity analysis is not presented.

Fair values of financial liabilities and financial assets

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

Liquidity risk

All of the Group's financial instruments have been classified as current with the exception of its convertible loan note which is repayable (if not converted) within the following three years. The Group's ability and approach to manage its liquidity position is set out in its going concern accounting policy.

17 OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its plant and machinery under finance leases. For the years ended 31 March 2014 and 2013 there were no finance lease agreements.

18 COMMITMENTS UNDER OPERATING LEASES

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

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Amounts due:				
Within one year	96,031	43,505	-	43,505
In second to fifth years inclusive	32,776	87,010	-	87,010
	128,807	130,515	-	130,515

Operating lease payments represent rentals payable by the Group for its office property and laboratory facilities. The laboratory lease is negotiated for a term of one year and the office lease is negotiated for a terms of two years. Both rentals are fixed for these periods.

19 SHARE BASED PAYMENTS

The Company has granted equity settled share options to selected employees. The exercise price is the market value of the shares at the date of grant. The vesting period is two years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

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

	2014		2013	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of year	10,184,000	13.01	6,954,000	16.80
Share options granted during the year	-	-	4,590,000	6.75
Share options lapsed during the year	(1,974,000)	6.70	(1,360,000)	11.19
Outstanding at the end of the year	8,210,000	14.40	10,184,000	13.01

The number of options exercisable at 31 March 2014 is 2,018,000 (2013: 2,091,600).

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

	2014 £	2013 £
Charged to Consolidated Statement of Comprehensive Income	29,703	73,983

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

The options outstanding at 31 March 2014 had a weighted average exercise price of 14.40p (2013:13.01p) and a weighted average remaining contractual life of 6.1years (2013: 7.4 years).

The aggregate of the estimated fair values of the options granted in the year is Nil (2013: £183,600).

At 31 March 2014 there were options outstanding over 8,210,000 (2013: 10,184,000) ordinary shares of 0.25p each which are exercisable at prices in the range from 6.75p to 79.5p under the company's various share option schemes exercisable at various times until 5 July 2022.

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

20 RELATED PARTY TRANSACTIONS

Directors

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

Fees and expenses payable to Mr Kugler are paid to Kugler Associates Limited. The amount for the year ended 31 March 2014 was £32,681 (2013: £30,497). The amount owing at the year end was £27,000 (2013: £ 9,596).

Fees for Dr Medinger are paid to Medinger Associates and amounted to £24,000 (2013: £24,000). Expenses are paid direct to Dr Medinger and amounted to £1,833 (2013: £393). The amounts outstanding at the year end totalled £20,702 (2013: £ Nil).

The services of Mr Bell, formerly the Company Secretary, are provided by Bedingham Bell Limited and amounted to £27,602 (2013: £11,900). The amount outstanding at the year end was £12,632 (2013: £5,791).

?Whatif! Joint Ventures Ltd held a non-controlling interest in BCP until 9th October 2013, when Byotrol plc acquired the non- controlling interest. At the year end, £Nil (2013:£617,409) was owed to ?What If! Joint Ventures Limited. The balance did not accrue interest.

Key management personnel

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

	2014	2013
	£	£
Short term benefits	417,853	308,680
Long term benefits	14,496	23,116
Share based payments	11,139	15,420
Total	443,488	347,216

Subsidiaries

During the year the Company has provided short term funding to two of its subsidiaries on a commercial basis. The funding provided in the year to Byotrol Technology Limited was £ 521,644 (2013: £328,551) on which no interest was charged, and to Byotrol Inc £57,106 (2013: £78,501) on which interest of £56,366 was charged (2013: £140,019). The balances due from Byotrol Consumer Products Limited, Byotrol Technology Limited and Byotrol Inc at 31 March 2014 were impaired in view of uncertainty over the timing or repayment of the balances, leaving £nil included in the Company's statement of financial position (2013: £nil) in respect of both companies.

21 SHARE CAPITAL

	No	£
Issued and fully paid (par value 0.25 pence):		
At 1 April 2013	143,579,676	358,949
Shares issued	39,788,425	99,471
At 31 March 2014	183,368,101	458,420

Capital management

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

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

The Group has no long-term gearing ratio target as it believes that it currently has no assets on which to secure funding.

Reserves

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

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

22 ULTIMATE CONTROLLING PARTY

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

23 POST BALANCE SHEET EVENTS

In the period since the reporting date, Byotrol Plc, has conditionally raised £1,250,000 before expenses, by placing for cash of 41,666,668 new ordinary shares of 0.25 pence each at 3 pence per share. The estimated expenses related to the issue are approximately £0.1M.

24 FINANCIAL EFFECT OF PRIOR YEAR ADJUSTMENTS

Impact on equity (increase/(decrease) in net equity):

Consolidation restatement	2013	2012
	£	£
Trade and other receivables	(182,520)	(538,410)
Cash and cash equivalents	74,202	282,512
Trade and other payables	(766,686)	(749,820)
Interests in joint ventures	261,857	325,892
Net impact on equity	(613,147)	(679,826)
Attributable to:		
Non-controlling interests	(613,147)	(679,826)

Impact on equity (increase/(decrease) in net equity):

Accounting errors	2013	2012
	£	£
Trade and other receivables	-	-
Trade and other payables	(109,249)	(109,249)
Net impact on equity	(109,249)	(109,249)
Attributable to:		
Equity attributable to owners of the Parent	(109,249)	(109,249)

Impact on statement of comprehensive income (increase/ (decrease) in profit):

	2013
	£
Revenue	857,519
Administrative expenses	(726,805)
Share of joint venture profit	(64,035)
Reduction in loss for the financial year	66,679
Attributable to:	
Non-controlling interests	66,679

The prior year adjustments relating to the accounting errors have no effect on the profit or loss for the year ended 31 March 2013.

The Group's basic and diluted earnings per share for the year ended 31 March 2013 remained unchanged at (1.21) pence per share.

The adjustment did not have any impact on other comprehensive income for the year ended 31 March 2013.

Impact on statement of cash flows (increase/(decrease) in cash flows):

	2013
	£
Operating	(208,460)
Investing	5,163
Financing	(5,013)
Net decrease in cash and cash equivalents	(208,310)

The prior year adjustments relating to the accounting errors have no effect on the cash flow.