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Registered Number SC177095

Aupec Limited

Annual Report

For year end 30 June 2018

Aupec Limited
Directors' Report and Financial Statements
30 June 2018

Aupec Limited
Strategic report

Principal activities
The Company provides benchmarking consultancy services. It is wholly owned by The Parkmead Group plc.

Business review and future developments
The turnover for the year 2018 was £1,209k compared to £1,039k in the previous year. The Company recorded a net profit before taxation of £425k compared to a net profit before taxation of £279k in the previous year.

The primary focus for the Company in 2019 will be benchmarking consultancy services, building on existing client relationships, particularly with the extended Oil and Gas Benchmarking Group (OGBG). The Company will continue to grow the benchmarking studies and consultancy work by bringing back former clients, finding new clients and identifying fresh benchmarking opportunities in the energy sector.

Principal risks and uncertainties
The Company actively monitors and manages the risks relating to its operations.

The Company is exposed to US Dollar to Sterling and Euro to Sterling exchange risk, due to significant portions of its revenues being denominated in US Dollars and Euros, which are subject to currency exchange fluctuations. The Company mitigates this risk by minimising currency exchange and holding reserves of Dollars and Euros to use in the Company's continued investment programme.

Key Performance Indicators ("KPIs")
The primary focus of the Company is on organic revenue growth to increase profitability of the Company. Revenues in 2018 has risen 16% in the year largely as a result of timing of benchmarks. Gross profit remains strong at 72% (2017: 68%).

Approved by the Board of Directors and signed on behalf of the Board

Thomas Cross
Director
15 November 2018

Aupec Limited
Directors' report

The Directors present their report and financial statements of the Company for the year ended 30 June 2018.

General information
Aupec Limited is a limited company incorporated on 9 July 1997 and is domiciled in the UK. The Company's registered number is SC177095.

Results and dividends
The profit for the year, amounted to £425,000 (2017: £279,000). The Company did not pay a dividend during the year (2017 - nil).

Directors and their interests
The Directors of the Company during the year were as follows:

T P Cross
R A Stroulger
D Rose

Financial risk management policies
Further details of the Company's financial risk management policies are set out in Note 18 to the financial statements.

Going concern
The Directors, after making appropriate enquiries have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Statement of Directors' responsibilities
The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

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

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

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

Aupec Limited
Directors' report

Disclosure of information to the auditors
In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company's auditors were unaware; and
- that Director has taken all steps a Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors
Nexia Smith & Williamson have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

Ryan Stroulger
Director
15 November 2018

Independent auditor's report to the Members of Aupec Limited

Opinion

We have audited the financial statements of Aupec Limited (the 'Company') for the year ended 30 June 2018 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cashflows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the Members of Aupec Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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.

Nexia Smith & Williamson

Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

15 November 2018

Aupec Limited
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue	3	**1,209**	1,039
Cost of sales		**(340)**	(332)
Gross profit		**869**	707
Administrative expenses		**(455)**	(429)
Operating profit	4	**414**	278
Finance income	9	**13**	2
Finance costs	10	**(2)**	(1)
Profit before taxation		**425**	279
Taxation	11	**-**	-
Profit for the year		**425**	279
Other comprehensive income		**-**	-
Total comprehensive income for the year		**425**	279

Aupec Limited
Statement of financial position
As at 30 June 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	12	**-**	-
Property, plant and equipment	13	**8**	2
Deferred tax assets	11	**3**	3
Total non-current assets		**11**	5
Current assets			
Trade and other receivables	14	**1,889**	1,948
Cash and cash equivalents	15	**1,558**	854
Total current assets		**3,447**	2,802
Total assets		**3,458**	2,807
Current liabilities			
Trade and other payables	16	**(326)**	(103)
Total current liabilities		**(326)**	(103)
Non-current liabilities			
Provisions	17	**(4)**	(1)
Total non-current liabilities		**(4)**	(1)
Total liabilities		**(330)**	(104)
Net assets		**3,128**	2,703
Equity attributable to equity holders			
Called up share capital	19	**8**	8
Share premium		**336**	336
Retained earnings		**2,784**	2,359
Total Equity		**3,128**	2,703

The financial statements on pages 6 to 24 were approved by the Board of Directors on 15 November 2018 and signed on its behalf by:

Thomas Cross
Director

Ryan Stroulger
Director

Aupec Limited
Statement of Changes in Equity
As at 30 June 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 July 2016	8	336	2,080	2,424
Total comprehensive income for the year	-	-	279	279
As at 30 June 2017	8	336	2,359	2,703
Total comprehensive income for the year	-	-	**425**	**425**
As at 30 June 2018	**8**	**336**	**2,784**	**3,128**

Aupec Limited
Statement of cashflows
for the year ended 30 June 2018

	Notes	2018 £'000	2017 £'000
Cashflows from operating activities			
Continuing activities	21	**675**	(250)
Net cash generated by / (used in) operating activities		**675**	(250)
Cash flow from investing activities			
Interest received		**13**	2
Acquisition of property, plant and equipment		**(7)**	(2)
Net cash generated by investing activities		**6**	-
Cash flow from financing activities			
Interest paid		**(2)**	(1)
Net cash used in financing activities		**(2)**	(1)
Net increase / (decrease) in cash and cash equivalents		**679**	(251)
Cash and cash equivalents at beginning of year		**854**	1,116
Effect of foreign exchange rate differences		**25**	(11)
Cash and cash equivalents at end of year		**1,558**	854

Aupec Limited
Notes to the financial statements

1. **Corporate information**
The financial statements of the Company for the year ended 30 June 2018 were authorised for issue by the Board of Directors on 15 November 2018 and the Statement of Financial Position was signed on the Board's behalf by T P Cross and R A Stroulger. The Company is a private limited company incorporated in Scotland. The registered office is located at 4 Queen's Terrace, Aberdeen, AB10 1XL.

2. **Accounting policies**
Basis of preparation of the financial statements
The financial information presented in this statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRS Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain fair value adjustments required by those accounting policies.

Revenue recognition
The Company recognise revenue as services are provided and when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenues from long-term fixed-price contracts are recognised under the "percentage-of-completion" method. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs of the contract.

Foreign currency
Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing in the month of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in fair value are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve in equity.

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

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

Aupec Limited
Notes to the financial statements

2. Accounting policies (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Pensions
The Company offers to contribute 10% of employees' gross salary into personal pension plans. The cost of providing pension contributions for employees is charged to the statement of profit or loss as accrued.

Share based payments
The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of profit or loss.

Incentives are provided to employees under an unapproved share option scheme of the parent company, The Parkmead Group plc, on shares in the parent company.

The Company measures the fair value of any share based awards issued by the Company to employees at the date of grant. The fair value at the date of grant is expensed over the vesting period, except where market based conditions make it more appropriate to recognise the costs over the expected life of the options. All share based awards are settled in equity and accordingly the share based payment is credited directly to equity.

The fair value of the share options granted has been calculated using the Black-Scholes-Merton model. The key inputs into the model include share volatility, expected dividend yield, and risk free rate (Note 20).

Property, plant and equipment
Property, plant and equipment are stated at historic purchase cost less depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition. Depreciation is provided on all tangible fixed assets on a straight line basis to write each asset down to its estimated residual value over its expected useful life, as follows:

Short leasehold improvements	5 years
Fixtures, fittings and computer equipment	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

Aupec Limited
Notes to the financial statements

2. Accounting policies (continued)

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. Development costs and contract and customer relations are amortised over the period of expected future sales from the related projects and contracts on a straight line basis.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets with indefinite useful lives are tested for impairment annually (as at 30 June) either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Cash and cash equivalents
Cash and cash equivalents for the purposes of the cash flow statement includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables
Trade receivables are initially stated at fair value and subsequently accreted for interest and adjusted for any provisions for impairment. Trade receivables are assessed individually for impairment. Movements in the provision for doubtful trade receivables are recorded in the profit or loss statement in administrative expenses.

Trade payables
Trade payables are initially recognised at fair value and subsequently at amortised cost.

Leases
Rentals payable and receivable under operating leases are charged or credited to the statement of profit or loss on a straight line basis over the lease term.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Accounting policies (continued)

Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the year end date.

Employer's national insurance in the UK is payable on the exercise of certain share options or when benefits in kind are provided to employees. For share options, provision of national insurance is calculated on the expected gain on the share options at the year end date. For other benefits in kind, provision is made when it is probable that a liability will arise.

Significant accounting judgments, estimates and assumptions
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The resulting accounting estimates may not equate with the actual results which will only be known in time. Significant accounting judgments and accounting estimates used by the Company are discussed in more detail in the following accounting policies:

- Revenue recognition
- Employee Benefits: Share Based Payments

New IFRS accounting standards and interpretations adopted in the year
The following standards, amendments and interpretations are new and effective for the year ended 30 June 2018 and have been adopted. None of the pronouncements had a material impact on the Company's results, assets or liabilities.

- Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses effective from 1 January 2017
- Amendment to IAS 7 Disclosure Initiative effective from 1 January 2017
- Annual improvements to IFRSs 2012-2014 cycle effective from 1 January 2017

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New IFRS accounting standards and interpretations not yet effective
The IASB and IFRIC have issued the following standards and amendments which are effective for reporting periods beginning after the date of these financial statements.

- Amendment to IFRS 2 classifications and measurement of share based payments effective from 1 January 2018
- IFRS 9 Financial Instruments effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers effective 1 January 2018
- IFRS 16 Leases effective 1 January 2019
- Clarifications to IFRS 15 Revenue from Contracts with Customers effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration effective from 1 January 2018
- Annual improvements to IFRS 2014-2016 Cycle effective from 1 January 2018

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets, as well as new rules for hedge accounting. It replaces the old standard of IAS 39 in its entirety. The Company has undertaken an assessment of the standard, and does not expect a significant impact on the financial statements.

2. Accounting policies (continued)

The IASB has issued a new standard for recognition of revenue (IFRS 15) which will replace IAS 18 which covers contracts for goods and services. The new standard is based on the principle that revenue is recognised when control of a good or a service transfers to a customer. Management have performed an analysis of IFRS 15 and concluded that there is no material impact on recognition of revenue within the Company financial statements.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under the new standard all lease contracts, with limited exceptions, are recognised in financial statements by way of right of use assets and corresponding lease liabilities. Compared with the existing accounting for operating leases, it will also impact the classification and timing if expenses and consequently the classification between cash flow from operation activities and cash flow from financing activities. The impact of the adoption of the new standard at 1 January 2019, will be dependent on factors such as the Company's lease contracts at that date and the discount rate applied in accordance with IFRS 16, however the Company does not expect a significant impact on the financial statements.

All other amendments as noted above are not believed to have a material impact on the financial statements of the Company.

3. Revenue

	2018 £'000	2017 £'000
An analysis of the Company's revenue is as follows:		
Rendering of services	**1,209**	1,039
Total revenue	**1,209**	1,039

4. Operating profit

	2018 £'000	2017 £'000
The operating profit is stated after charging		
Depreciation of property, plant and equipment	**1**	-
Operating lease rentals - land & buildings	**118**	127
Foreign exchange gain	**(12)**	(6)

5. Auditor's remuneration

	2018 £'000	2017 £'000
Audit fees payable to the auditor for the audit of the Company's annual financial statements	**15**	12

6. Operating segment information

The Company operates a single class of business being benchmarking services.

Included in revenues are revenues of £159,000 (2017: £98,000) which arose from sales to the Company's largest customer. Five customer (2017: none) of the Company contributed 10% or more of the Company's revenues.

Aupec Limited
Notes to the financial statements

7. Staff costs

	2018 £'000	2017 £'000
Employee benefits expense:		
Wages and salaries	**270**	332
Social security costs	**28**	37
Other pension costs	**48**	34
Total staff costs	**346**	403

The average monthly number of employees (including executive directors) during the year was as follows:

	2018	2017
Management and consultants	**2**	3
Admin, Project & IT support	**5**	5
	7	8

8. Directors' emoluments

	2018 £'000	2017 £'000
Directors remuneration in aggregate comprised:		
Aggregate emoluments	**77**	80
Company pension contributions to money purchase schemes	**12**	9
	89	89

During the year one (2017: one) Director accrued benefits under a money purchase pension scheme. The Company contributions paid to the scheme were £12,000 (2017: £9,000).

T P Cross and R A Stroulger hold office in other group undertakings. Emoluments are paid to T P Cross and R A Stroulger by other group companies and are disclosed within their financial statements.

Emoluments were only paid by the Company to one Director (2017: one), who is also the highest paid Director and comprised as follows:

	Salaries and Fees £'000	Benefits in Kind £'000	Pension £'000	Total 2018 £'000	Total 2017 £'000
Emoluments	77	-	12	89	89
Total	**77**	**-**	**12**	**89**	89

Details of outstanding share options in the parent company, The Parkmead Group plc held by directors as at 30 June 2018:

	Number of share options outstanding	Exercise price	Date from which exercisable	Expiry date
D Rose	66,667	£0.23	11 October 2013	11 October 2020

8. Directors' emoluments (continued)

Details of outstanding share options in the parent company, The Parkmead Group plc held by directors as at 30 June 2017:

	Number of share options outstanding	Exercise price	Date from which exercisable	Expiry date
D Rose	66,667	£0.23	11 October 2013	11 October 2020

9. Finance income

	2018 £'000	2017 £'000
Bank interest receivable	13	2
	13	2

10. Finance costs

	2018 £'000	2017 £'000
Other interest charges	2	1
	2	1

11. Taxation

a) Income tax

The major components of income tax expense for the years ended 30 June 2018 and 2017 are:

	2018 £'000	2017 £'000
Current tax:		
Corporation tax at 19% (2017: 19.75%) based on the profit for the year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit or loss	-	-

Tax has been calculated using an estimated annual effective rate of 19% (2017: 19.75%) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

11. Taxation (continued)

b) Reconciliation of total income tax expense / (credit)

	2018 £'000	2017 £'000
Profit before tax	**425**	279
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.75%)	**81**	55
Effects of:		
Prior year adjustments	**(1)**	-
Group loss taxation relief	**(80)**	(55)
Total tax expense for the year	**-**	-

c) Deferred income taxation

The movement in the deferred tax balance in the Statement of Financial Position is as follows:

Deferred tax asset	**2018 £'000**	2017 £'000
At 1 July	**3**	3
Income statement charge	**-**	-
As at 30 June 2018	**3**	3

Deferred tax included in the Statement of Financial Position is as follows

Deferred tax asset	**2018 £'000**	2017 £'000
Tax losses	**-**	-
Accelerated capital allowances	**3**	3
As at 30 June 2018	**3**	3

12. Intangible assets

Cost	**Development costs £'000**	**Total £'000**
As at 1 July 2017	-	-
As at 30 June 2018	-	-
Amortisation and impairment		
As at 1 July 2017	-	-
As at 30 June 2018	-	-
Net book amount		
At 30 June 2018	-	-
At 30 June 2017	-	-

12. Intangible assets (continued)

The comparable for 2017 is detailed below:

	Development costs	Total
Cost	**£'000**	**£'000**
As at 1 July 2016	34	34
Disposal	(34)	(34)
As at 30 June 2017	-	-
Amortisation and impairment		
As at 1 July 2016	34	34
Eliminated on disposal	(34)	(34)
As at 30 June 2017	-	-
Net book amount		
At 30 June 2017	-	-
At 30 June 2016	-	-

13. Property, plant and equipment

	Short leasehold property	Fixtures, fittings and computer equipment	Total
Cost	**£'000**	**£'000**	**£'000**
As at 1 July 2017	-	67	67
Additions	-	7	7
Disposal	-	(23)	(23)
As at 30 June 2018	-	51	51
Depreciation			
As at 1 July 2017	-	65	65
Depreciation charged in the year	-	1	1
Depreciation eliminated on disposals	-	(23)	(23)
As at 30 June 2018	-	43	43
Net book amount			
At 30 June 2018	-	8	8
At 30 June 2017	-	2	2

13. Property, plant and equipment (continued)

The comparable for 2017 is detailed below:

Cost	Short leasehold property £'000	Fixtures, fittings and computer equipment £'000	Total £'000
As at 1 July 2016	39	91	130
Additions	-	2	2
Disposal	(39)	(26)	(65)
As at 30 June 2017	-	67	67
Depreciation			
As at 1 July 2016	39	91	130
Eliminated on disposal	(39)	(26)	(65)
Depreciation charged in the year	-	-	-
As at 30 June 2017	-	65	65
Net book amount			
At 30 June 2017	-	2	2
At 30 June 2016	-	-	-

14. Trade and other receivables

Current assets	2018 £'000	2017 £'000
Trade receivables	374	147
Receivables due from group companies	1,462	1,685
Other receivables	7	18
Prepayments and accrued income	46	98
	1,889	1,948

Current assets
Trade receivables
Trade receivables are non-interest bearing and generally have a 30 – 90 day term. Due to their short maturities, the fair value of trade receivables approximates their carrying amount.

Of the trade receivables balance at the end of the year £17,000 (2017: £nil) was due from the Company's largest customer. There were nine (2017: seven) customers who represent more than 5% of the total balance of trade receivables.

A provision for impairment of trade receivables is established when there is no objective evidence that the Company will be able to collect all amounts due according to the original terms. The Company considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

Trade receivables that are less than three months past due are not considered impaired. As of 30 June 2018, trade receivables of £nil (2017: £nil) were three months past due but not impaired.

The carrying amounts of the Company's trade and other receivables (current and non-current) are denominated in the following currencies:

	2018 £'000	2017 £'000
Pound Sterling	1,515	1,801
Other currencies	374	147
	1,889	1,948

15. Cash and cash equivalents

	2018 £'000	2017 £'000
Unrestricted cash in bank accounts	**1,558**	854
	1,558	854

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

16. Trade and other payables

	2018 £'000	2017 £'000
Current liabilities		
Trade payables	**56**	56
Amounts owed to group companies	**26**	-
Other taxes and social security costs	**9**	13
Accruals and deferred income	**235**	34
	326	103

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the outstanding balance.

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

17. Other provisions

	Employers taxes on options £'000	Total £'000
As at 1 July 2017	1	1
Arising during the year	3	3
As at 30 June 2018	**4**	**4**

The comparable for 2017 is detailed below:

	£'000	£'000
As at 1 July 2016	1	1
Arising during the year	-	-
As at 30 June 2017	**1**	**1**

Employer's taxes on options represent the provision for National Insurance arising on the expected gain on share based awards granted to employees. The cashflows are expected to arise over the remaining life of the options.

18. Financial instruments and financial risk factors

Financial risk management

The Company actively monitors and manages the financial risks relating to its operations on a continuous basis. The Company's operations expose it to a variety of financial risks that include capital risk, credit risk, liquidity risk and currency risk. The Company's financial instruments comprise cash and cash equivalents, and various items such as trade receivables and trade payables that arise directly from its operations.

The Company has not entered into any derivative or other hedging instrument.

Cash and treasury credit risks are mitigated through the exclusive use of institutions that carry published "A-1" (Standard & Poor's) or better credit ratings in order to minimise counterparty risk.

Capital risk

The Company considers its capital under management to be its free cash and cash equivalents. The Company's overall objective from its trading activities is to increase its net assets.

Credit risk

The Company's credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, primarily receivables due from group companies.

Customer credit risk is primarily attributable to its trade receivables. Customer credit risk is managed subject to the Company's established policy, procedures and control. Outstanding customer receivables are regularly monitored. At 30 June 2018, the Company had one customer that owed the Company more than £50,000 (2017: one).

The requirement for impairment is analysed each reporting date on an individual basis for each client. The maximum exposure to credit risk at the reporting date amounted to £374,000 (2017: £147,000). The Company does not hold collateral as security.

The Company's maximum exposure to credit risk from receivables due from group companies is the carrying value. At 30 June 2018, the Company was owed £1,462,000 by other group companies (2017: £1,685,000)

Liquidity risk

The Company monitors its levels of working capital to ensure that it can meet its obligations as they fall due. The Directors consider that with its current available cash and cash equivalents and with the support of its parent company, The Parkmead Group plc, the Company has sufficient working capital.

The following table shows the contractual maturities of the financial liabilities, all of which are measured at amortised cost:

	2018	2017
	£'000	£'000
Trade payables and other liabilities		
6 months or less	**326**	103
6-12 months	**-**	-
More than 1 year	**-**	-
	326	103

18. Financial instruments and financial risk factors (continued)

Currency risk
The Company is exposed to foreign currency risk on its trade receivables and cash balances. The currencies giving rise to the risk are United States Dollars and Euros. The value of the Company's financial assets denominated in foreign currencies at 30 June 2018 was £374,000 (2017: £147,000). A 25% change in Sterling exchange rate will result in an increase or decrease of £94,000 (2017: £37,000) in the Company.

Fair values of financial assets and liabilities

The following is a comparison by category of the carrying amounts and fair values of the Company's financial assets and liabilities at 30 June 2018. Set out below the table is a summary of the methods *and assumptions used for each category of instrument.*

	2018		2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Receivables at amortised cost	**1,889**	**1,889**	1,948	1,948
Financial liabilities at amortised cost	**(326)**	**(326)**	(103)	(103)
	1,563	**1,563**	1,845	1,845

Receivables at amortised cost
The fair value approximates to the carrying amount because of the short maturity of these instruments.

Financial liabilities at amortised cost
The fair value approximates to the carrying amount because the majority are associated with variable-rate interest payments that are re-aligned to market rates at intervals of less than one year.

19. Share capital and reserves

	2018 & 2017
	No.
Allotted, called up and fully paid: Ordinary shares of £1 each	**7,692**

Share capital
The balance classified in share capital is the nominal value on issue of the Company's share capital, comprising £1 Ordinary Shares.

20. Share based payments

Share options are awarded for shares in the parent company, The Parkmead Group plc. They are granted from time to time at the discretion of the remuneration committee of The Parkmead Group plc. All employees are eligible to receive share options. At 30 June 2018, one employee (2017: one) held share options.

Movements in the year

The movement in share option awards during the year ended 30 June 2018 is as follows:

	2018		2017	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 July	**66,667**	**£0.23**	66,667	£0.23
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Outstanding at 30 June	**66,667**	**£0.23**	66,667	£0.23
Exercisable at 30 June	**66,667**	**£0.23**	66,667	£0.23

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	**Exercise price**	**2018**	2017
11 October 2020	**£0.23**	**66,667**	66,667

The options outstanding at 30 June 2018 had a weighted average remaining contractual life of 2 years (2017: 3 years).

The fair value of the share options granted has been calculated using the Black-Scholes-Merton model. The inputs into the model and resulting fair values were as follows:

	Share price	**Exercise price**	**Volatility**	**Vesting Period**	**Expected life**	**Expected dividend yield**	**Risk free rate**	**Fair value**
October 2010	£0.23	£0.23	68%	3 years	10 years	0%	3.02%	£0.16

Volatility was calculated from an average of The Parkmead Group plc's shares monthly volatility from March 2000.

21. Notes to the cashflow statement

Reconciliation of operating profit to net cashflow from operations

	2018 £'000	2017 £'000
Operating profit for the year	**414**	278
Depreciation	**1**	-
Currency translation adjustments	**(25)**	11
Decrease / (increase) in amounts due from related parties	**249**	(409)
Increase in receivables	**(168)**	(85)
Increase / (decrease) in payables	**201**	(45)
Increase in provisions	**3**	-
Net cash outflow from operating activities	**675**	(250)

Aupec Limited
Notes to the financial statements

22. Reconciliation of liabilities arising from financing activities

The Company has no liabilities from financing activities.

23. Other financial commitments

The Company has entered into commercial property leases. These non-cancellable leases have remaining terms of between two and ten years. All leases include a clause to enable upward revision of rental charges according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2018	2017
	£'000	£'000
Within one year	**110**	110
Within two to five years	**441**	441
More than five years	**258**	368
	809	919

24. Ultimate controlling party and related party transactions

The ultimate parent company is The Parkmead Group plc, a company registered in England and Wales.

During the year the Company entered into transactions, in the ordinary course of business, with other related parties all within the Parkmead Group plc Group. Transactions comprise purchase of services in the ordinary course of business at normal commercial terms and in total amounted to £56,000 (2017: £28,000) and provision of services in the ordinary course of business at normal commercial terms and in total amounted to £26,000 (2017: £19,000).

The following amounts were outstanding at the balance sheet date:

	2018	2017
	£'000	£'000
Amounts due from related parties		
Amounts owed (to) / by parent company	**(26)**	308
Amounts owed by other subsidiary undertakings of parent company	**1,462**	1,377
	1,436	1,685

Amounts repayable by The Parkmead Group plc related parties have no fixed repayment terms and do not carry any interest charge.

In November 2015, the Company entered into a 10 year lease with Tilestamp Limited, a company where T P Cross is a director and a shareholder. Rents charged during the period amounted to £110,000 (2017: £110,000).

Key management

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the directors of Aupec Limited. Emoluments to T P Cross and R A Stroulger are paid by the parent company, The Parkmead Group plc, and are disclosed within their financial statements, which are publically available. Emoluments paid to D Rose are disclosed in Note 8.