

**OCTAGONAL PLC**

**(formerly Suretrack Monitoring Plc)**

**REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**OCTAGONAL PLC**  
**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**OCTAGONAL PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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<b>DIRECTORS:</b>	Donald Strang Hamish Harris Daniel Maling
<b>SECRETARY:</b>	Donald Strang
<b>REGISTERED OFFICE:</b>	Suite3B 38 Jermyn Street London SW1Y 6DN
<b>REGISTERED NUMBER:</b>	06214926
<b>AUDITORS:</b>	Chapman Davis LLP 2 Chapel Court London SE1 1HH
<b>NOMINATED ADVISOR AND BROKER:</b>	Sanlam Securities UK Ltd 10 King William Street London EC4N 7TW

**OCTAGONAL PLC**  
**CHAIRMAN'S STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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I am pleased to present the annual report and accounts for the year ended 31 March 2014.

This has been a period of considerable change for the Company, with the disposal of the Company's operating subsidiary and the Company continuing under its new status as an investing company.

After significant work from the directors and its advisors, the Company has re-emerged as Octagonal Plc ("Octagonal") with a specific focus on acquiring interests in valuable project opportunities whereby returns can be achieved and with potential for growth.

The board has raised approximately £1.50 million to strengthen the Company's balance sheet and provide funds that are to be invested in accordance with the Company's investing policy.

**Background Events**

During the financial year, the Company announced the following:

**Disposal of IBP Limited ("IBP")**

As announced on 10 September 2013, the Board considered the ongoing viability of the revenue, profits and losses and cash outflows being derived from IBP as not sufficient to fully offset the central costs associated with the Company being quoted on AIM. Disappointingly none of the major contract wins that the Company had been targeting came to fruition and as a result forecast revenues were extremely weak. The Board was therefore of the opinion that the disposal of IBP was in the best interests of shareholders. The disposal of IBP was approved on 2 October 2013.

**Capital re-organisation and fundraising**

On 2 October 2013, at the same time as the disposal of IBP, the Company undertook a capital reorganisation and fundraising.

The existing ordinary shares of 0.05p each were consolidated into ordinary shares of 0.55p each at a ratio of 11 existing ordinary shares for every 1 new ordinary share of 0.55p each; and each of the new ordinary shares of 0.55p each was then subdivided into and reclassified as one Redenominated Share (being an ordinary share in the capital of the Company with a nominal value of 0.05 p each) and one Deferred Share (being a deferred share in the capital of the Company of 0.50 p nominal value).

The Deferred Shares carry negligible value and will not be admitted to trading. The Deferred Shares have limited rights, and are subject to the restrictions, set out in the Company's articles of association.

At the same time the Company raised £250,021 before expenses by way of an issue of 250,021,404 new ordinary shares at an issue price of 0.1p per ordinary share.

**New investing policy**

Following the disposal of IBP, Octagonal was, having disposed of all of its trading businesses, reclassified as an Investing Company under Rule 15 of the AIM Rules.

The Company's new Investing Policy is to invest in and/or acquire companies and/or projects within the natural resources and/or agriculture sector with potential for growth. The Company will also consider opportunities in other sectors as they arise if the new Board considers there is an opportunity to generate an attractive return for Shareholders. Investments may be considered in all regions to the extent that the Board considers that valuable opportunities exist and returns can be achieved.

In selecting investment opportunities, the Board will focus on businesses, assets and/or projects that are available at attractive valuations and hold opportunities to unlock embedded value.

**OCTAGONAL PLC**  
**CHAIRMAN'S STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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The Company changed its name from Suretrack Monitoring plc to Octagonal plc on 22 November 2013.

**Investments**

Octagonal announced on 27 March 2014 that it was in process of acquiring a 9.97% interest in Global Investment Strategy UK Limited ("GIS") which is a London headquartered financial services company trading in the Global Markets, including equities, fixed income, commodities, currency and futures, using its proprietary online trading platforms and clearing and safe custody systems.

GIS's global settlement and safe custody clearing business alone transacts for over 300 global hedge funds and family wealth offices. GIS manage on average over 6,000 transactions per month with monthly settlement values exceeding £400 million on behalf of global institutional accounts. GIS is a London Stock Exchange member firm and is regulated by the FCA.

GIS offer a broad scope of settlement, custody, banking, broking and advisory services to professional, retail, corporate and eligible counterparty clients. GIS have over 100 counterparty relationships including most of the major local and international investments banks transacting in the UK. In addition to its core business of global settlement and custodial settlement services, GIS has an Investment Management Division, managing funds for both domestic and overseas clients on a discretionary basis.

This acquisition is expected to be completed during April 2014.

Your board of directors will continue to seek out further investments in line with the Company's investment strategy and will work closely with GIS on ways of potentially increasing our percentage interest in their operating business.

**Directors**

Hamish Harris and Daniel Maling joined the board on 2 October 2013, at which time Brian Wise stood down. I joined the board as Non-Executive Chairman on 22 November 2013.

**Results for the period**

Operating loss for the year to 31 March 2014 amounted to £187,636 (2013: £1,394,591 operating loss).

**Outlook**

The present Board considers that the adoption of the new Investing Policy is in the best interests of the Company and its Shareholders as a whole. The Board acknowledges this exciting period for the Company as it proceeds to implement its investment strategy and has already commenced acquiring new investments and continues to evaluate further investment opportunities as they arise.

We believe the Company is now best placed to move forward and to enhance future shareholder value.

The Board would like to take this opportunity to thank our shareholders for their continued support.

I look forward to reporting further progress over the next period and beyond.

Donald Strang  
**Chairman**  
2 April 2014

**OCTAGONAL PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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The directors present their report with the financial statements of the Company for the year ended 31 March 2014.

**PRINCIPAL ACTIVITY**

The principal activity of the Company in the period under review was that of an investing company.

**REVIEW OF BUSINESS**

The results for the year and financial position of the Company are shown in the financial statements. In summary, the Company has made a loss for the period of £187,636 (2013: loss £1,394,591).

**DIVIDENDS**

No dividends will be distributed for the period ended 31 March 2014 (2013: £nil).

**FUTURE DEVELOPMENTS**

Future Developments are outlined in the Chairman's Statement on pages 2 – 3..

**DIRECTORS**

The directors shown below have held office during the period from 1 April 2013 to the date of this report.

Donald Strang (Non-executive Chairman) (appointed 22 November 2013)

H Harris (Executive Director) (appointed 2 October 2013)

D Maling (Executive Director) (appointed 2 October 2013)

S G Barrell (resigned 19 December 2013)

B Wise (resigned 2 October 2013)

**Directors' remuneration**

Directors' remuneration is disclosed in note 3 of the financial statements.

**Directors Share Options**

As at 31 March 2014 directors retained the following rights to acquire shares:

<b>Director</b>	<b>Rights over shares</b>	<b>Option price</b>	<b>Expiry Date</b>
D Strang	5,166,667	0.30p	06/02/2019
H Harris	5,166,667	0.30p	06/02/2019
D Maling	5,166,667	0.30p	06/02/2019

**EVENTS AFTER REPORTING PERIOD**

Events After the Reporting Period are outlined in Note 18 to the Financial Statements.

**CHARITABLE CONTRIBUTIONS**

During the year the Company made charitable donations amounting to £Nil (2013 - £Nil).

**OCTAGONAL PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**SUBSTANTIAL SHAREHOLDINGS**

As at 31 March 2014, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

	Number Ordinary Shares	of Holding %
WB Nominees Limited	119,966,666	16.7
Vidacos Nominees Limited	72,000,000	10.0
Ferlim Nominees Limited	59,700,000	8.3
Peel Hunt Holdings Limited	47,647,189	6.7
Fitel Nominees Limited	44,266,666	6.1
Beaufort Nominees Limited	35,634,129	5.0
Principal Nominees Limited	33,044,364	4.6
Parkgrove Investments Limited	27,000,000	3.8
TD Direct Investing Nominees (Europe) Limited	26,422,095	3.7
Redmayne (Nominees) Limited	25,000,000	3.5

**GROUP'S POLICY ON PAYMENT OF CREDITORS**

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

**RISKS AND UNCERTAINTIES**

The Group faces a difficult time in an unstable economic environment, listed below are the key risks facing the company;

**Market risk**

The directors assess the overall business environment to monitor the level of market risk on the trading performance of the Company. Since the company became an investment company the market risk will be that of finding suitable investments for the company to invest in and the returns that those investments will return given the markets that in which investments are made.

**Financial risk management objectives and policies**

The Company's principal financial instruments are available for sale assets, trade receivables, trade payables and cash at bank. The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees policies for managing this risk and this is summarised below.

**Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern'.

**OCTAGONAL PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**CORPORATE GOVERNANCE STATEMENT**

Audit and Remuneration Committees have been established and in each case comprise D Strang and H Harris.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Company's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Company's year and its accounting policies.

**KEY PERFORMANCE INDICATORS**

Due to the current status of the Company, the Board has not identified any performance indicators as key.

**ANNUAL GENERAL MEETING**

Notice of the forthcoming Annual General Meeting will be enclosed separately.



**OCTAGONAL PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of Business on page 4, and is the financial position of the Company and its cash flows and liquidity position.

In addition, note 1 to the financial statements includes the Company's objectives, policies and processes for managing its capital and its exposures to credit and liquidity risk.

The Directors have prepared cash flow forecasts and budgets that show that, for a period of at least twelve months from the date of signing these Financial Statements, the Company expects to have sufficient resources to continue its business. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**AUDITOR**

The auditor, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Hamish Harris  
**Director**  
2 April 2014

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OCTAGONAL PLC

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## **Independent Auditor's Report To The Members Of Octagonal plc**

We have audited the financial statements of Octagonal plc for the year ended 31 March 2014 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Cash Flow Statements, the Statement of Changes in Equity and the related notes numbered 1 to 18.

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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

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

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

## **Opinion on financial statements**

In our opinion:

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

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OCTAGONAL PLC

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## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Keith Fulton  
Senior Statutory Auditor  
For and on behalf of Chapman Davis LLP  
Statutory Auditor, Chartered Accountants  
London

2 April 2014

**OCTAGONAL PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	<i>Note</i>	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Administrative expenses		(132,472)	(108,164)
Loans to subsidiaries recovered/(written-off)		28,516	(392,779)
Impairment of goodwill in IBP	8	-	(885,028)
Share based payment charge		(83,691)	(8,620)
<b>Total administrative expenses</b>		<b>(187,647)</b>	<b>(1,394,591)</b>
<b>Loss from operations</b>	5	<b>(187,647)</b>	<b>(1,394,591)</b>
Finance revenue	4	11	-
<b>Loss before taxation</b>		<b>(187,636)</b>	<b>(1,394,591)</b>
Taxation	6	-	-
<b>Loss before and after taxation, and loss attributable to the equity holders of the Company</b>		<b>(187,636)</b>	<b>(1,394,591)</b>
<b>Other comprehensive income</b>			
Change in value of available for sale asset		-	-
Total other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the year, attributable to owners of the company</b>		<b>(187,636)</b>	<b>(1,394,591)</b>
<b>Loss per ordinary share</b>			
Basic and diluted loss per share (pence)	7	<b>(0.08)</b>	<b>(0.20)</b>

The accompanying notes form an integral part of these financial statements.

**OCTAGONAL PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014**

	Notes	As at 31 March 2014 £	As at 31 March 2013 £
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	8	-	-
Available for sale investments	9	<u>100,000</u>	-
		<u>100,000</u>	-
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	23,808	11,362
Cash and cash equivalents	11	<u>1,312,583</u>	<u>35,858</u>
		<u>1,336,391</u>	<u>47,220</u>
<b>TOTAL ASSETS</b>		<u>1,436,391</u>	<u>47,220</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	12	639,737	309,404
Share premium		1,148,187	-
Share based payment reserve	14	83,691	-
Retained earnings		<u>(571,000)</u>	<u>(383,364)</u>
<b>TOTAL EQUITY</b>		<u>1,300,615</u>	<u>(73,960)</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<u>135,777</u>	<u>121,180</u>
<b>TOTAL LIABILITIES</b>		<u>135,777</u>	<u>121,180</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,436,392</u>	<u>47,220</u>

The financial statements were approved and authorised for issue by the Board of Directors on 2 April 2014 and were signed on its behalf by:

Hamish Harris  
**Director**

The accompanying notes form an integral part of these financial statements.

**OCTAGONAL PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Share capital £	Share premium £	Share Based Payment Reserve £	Profit and loss account £	Total equity £
<b>Balance at 1 April 2012</b>	4,170,844	2,091,897	-	(4,762,667)	1,500,074
<b>Transactions with owners</b>					
Cancellation of deferred share capital	(3,802,670)	-	-	3,802,670	-
Purchase of own shares	(58,770)	-	-	(129,293)	(188,063)
Cancellation of share premium account	-	(2,091,897)	-	2,091,897	-
Share based payment charge	-	-	-	8,620	8,620
<b>Total transactions with owners</b>	<b>(3,861,440)</b>	<b>(2,091,897)</b>	<b>-</b>	<b>5,773,894</b>	<b>(179,443)</b>
Loss & total comprehensive income for the year	-	-		(1,394,591)	(1,394,591)
<b>Balance at 31 March 2013</b>	<b>309,404</b>	<b>-</b>	<b>-</b>	<b>(383,364)</b>	<b>(73,960)</b>
<b>Transactions with owners</b>					
Shares issued	330,333	1,159,687	-	-	1,490,020
Share issue costs	-	(11,500)	-	-	(11,500)
Share based payment charge	-	-	83,691	-	83,691
<b>Total transactions with owners</b>	<b>330,333</b>	<b>1,148,187</b>	<b>83,691</b>	<b>-</b>	<b>1,562,211</b>
Loss & total comprehensive income for the year	-	-		(187,636)	(187,636)
<b>Balance at 31 March 2014</b>	<b>639,737</b>	<b>1,148,187</b>	<b>83,691</b>	<b>(571,000)</b>	<b>1,300,615</b>

The accompanying notes form an integral part of these financial statements.

**OCTAGONAL PLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
<b>Cash flow from operating activities</b>		
Loss after taxation	(187,647)	(1,394,591)
Impairment of goodwill	-	885,048
Provision for amounts due from subsidiaries	-	392,779
Equity settled share based payments	83,691	8,620
(Increase) in trade and other receivables	(12,446)	46,628
Increase in trade and other payables	(65,384)	15,414
<b>Net cash (outflow) from operating activities</b>	<u>(181,786)</u>	<u>(46,102)</u>
<b>Cash flows from investing activities</b>		
Interest received	11	-
<b>Net cash inflow from investing activities</b>	<u>11</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	1,470,000	-
Share issue costs	(11,500)	-
<b>Net cash inflow from financing activities</b>	<u>1,458,500</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,276,725	(46,102)
Cash and cash equivalents at beginning of period	35,858	81,960
<b>Cash and cash equivalents at end of period</b>	<u><u>1,312,583</u></u>	<u><u>35,858</u></u>

The accompanying notes form an integral part of these financial statements.

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES**

**Background information**

Octagonal plc is incorporated and domiciled in Great Britain. The address of Octagonal plc's registered office is Suite 3B, 38 Jermyn Street, London, SW1Y 6DN which is also the Company's principal place of business. Octagonal plc's shares are listed on the AIM of the London Stock Exchange. The Company changed its name from Suretrack Monitoring Plc by resolution on 21 November 2013

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except that they have been modified to include the presentation of certain non-current financial assets and liabilities at fair value.

The financial statements of Octagonal plc are presented in pounds sterling, which is also the functional currency the company.

**Going Concern**

The financial statements have been prepared on a going concern basis as outlined in the Directors Report.

The Directors note the losses that the Company has made for the Year ended 31 March 2014. The Directors have prepared cash flow forecasts for the period ending 30 April 2015 which take account of the current cost and operational structure of the Company. The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

**Adoption of new or amended IFRS**

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

*IFRS 13 Fair Value Measurement*

The Company has applied IFRS13 for the first time in the current year. IFRS13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS13 includes extensive disclosure requirements.

IFRS13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.

In accordance with these transitional provisions, the Company has not made any new disclosures required by IFRS13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS13 has not had any impact on the amounts recognised in the consolidated financial statements.



**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES – continued**

**Adoption of new or amended IFRS (continued)**

*Amendments to IAS1 Presentation of Financial Statements  
(as part of the Annual Improvements to IFRSs 2009; 2011 Cycle issued in May 2012)*

The Annual Improvements to IFRSs 2009; 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

This has no impact for the 2014 financial statements.

*Amendments to IFRS7 Disclosures*

The Company has applied the amendments to IFRS7 Disclosures–Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

As the Company does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements.

*At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):*

IFRS9	Financial Instruments
IFRS10	Consolidated Financial Statements
IFRS12	Joint Arrangements#
IAS27 (revised)	Investment Entities
IAS28 (revised)	Investments in Associates and Joint Ventures
IAS32 (revised)	Offsetting Financial Assets and Financial Liabilities
IAS36 (revised)	Recoverable Amount Disclosures for Non Financial Assets
IAS39 (revised)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation21	Levies

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future periods, except as that IFRS9 will impact both the measurement and disclosures of Financial Instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, however, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES – continued**

**Revenue recognition**

The Company has no revenue for the years ended 31 March 2014, and 31 March 2013.

**Investments in subsidiary undertakings**

Investments in subsidiary undertakings are held as a non-current asset and are shown at cost less any provision for impairment.

**Available-for-Sale Financial Assets**

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in other comprehensive income. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired. In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The available for sale asset, held by the Company which is not traded in an active market, and its fair value is therefore determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Company has used discounted cash flow analysis for this financial assets.

An assessment for impairment is undertaken at least at each Statement of Financial Position date.

**Financial Instruments**

Financial instruments are initially recognised at fair value. Fair value is the amount at which such an instrument could be exchanged in an arm's-length transaction between informed and willing parties.

Unquoted investments with no reliable measure of fair value are stated at cost less impairment. Income from these investments is recognised in the income statement when entitlement is established.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset is impaired.

Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents comprise cash at bank and in hand as well as short term bank deposits.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, less settlement payments. Interest related charges are recognised as an expense in finance costs in the income statement.

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES – continued**

**Financial Instruments - continued**

Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged to the income statement on an accruals basis using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are obligations to pay for goods, services and fees that have been either acquired or incurred in the ordinary course of business. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

**Income Tax**

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted and substantively enacted by the balance sheet date.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: The initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Share based payments**

The Company operates equity settled share based compensation plans for remuneration of its Directors and employees. All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2 'Share based payments'.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES – continued**

**Share based payments - continued**

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to equity.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate, share premium.

Where the equity settled award is cancelled it is treated as if it had vested on the date of cancellation and any cost not recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award is deducted from equity with any excess over fair value being treated as an expense in the income statement.

**Critical accounting estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and assumptions that could have a significant effect upon the company's financial results relate to impairment matters of investments.

Further details of estimates and assumptions are set out in each of the relevant accounting policies and detailed notes to the financial statements.

The principal judgements made by management that could have a significant impact upon the company's financial results relate to the following:

- the assertions in the preparation of the financial statements on a going concern basis;
- the assessment and appropriateness of recognition of deferred tax assets;
- the assessment of investments and receivables for impairment.

**Reserves**

The following describes the nature and purpose of each reserve within equity:-

<b>Reserve</b>	<b>Description and purpose</b>
Share premium	Amount subscribed for share capital in excess of nominal value
Other reserves	Amounts arising out of share issues as consideration for business combinations for a period before transition to IFRS.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement and consolidated statement of comprehensive income

**OCTAGONAL PLC**  
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**2. SEGMENTAL REPORTING**

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. The chief operating decision maker has defined that the Company's only reportable operating segment during the period administrative.

Following the disposal of the Company's major trading business subsidiary in 2013//2014 the Company is now operating as a single UK based segment, represented as continuing operations in the income statement. The single reporting entity's primary activity is to invest in businesses so as to generate a return for the shareholders.

Subject to further acquisitions the Company expects to further review its segmental information during the forthcoming financial year.

The Company has not generated any revenues from external customers during the period.

**3. EMPLOYEES AND DIRECTORS**

	<b>2014</b>	<i>2013</i>
	<b>£</b>	<i>£</i>
Wages and salaries	<b>35,943</b>	<i>26,610</i>
Share based payment charge - Directors	<b>83,691</b>	<i>-</i>
	<b>119,634</b>	<i>26,610</i>

The average monthly number of employees during the period was as follows:

	<b>2014</b>	<i>2013</i>
	<b>No.</b>	<i>No.</i>
Directors	<b>3</b>	<i>2</i>
Administration	<b>-</b>	<i>-</i>
	<b>3</b>	<i>2</i>
	<b>£</b>	<i>£</i>
Directors' remuneration	<b>119,634</b>	<i>26,610</i>

**OCTAGONAL PLC**  
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**3. EMPLOYEES AND DIRECTORS (continued)**

The following table provides details of the remuneration and fees excluding share options of all the directors holding office at 31 March 2014:

	2014 £	2013 £
<b>Executive Directors</b>		
H Harris (appointed 2 October 2013)	6,000	-
D Maling (appointed 2 October 2013)	6,000	-
<b>Non Executive Directors</b>		
D Strang (appointed 22 November 2013)	6,000	-
S Barrell* (resigned 19 December 2013)	11,943	14,510
B Wise* (resigned 2 October 2013)	6,000	12,100
	-	-
	<u>35,943</u>	<u>26,610</u>
Key Management	<u>35,943</u>	<u>26,610</u>

\*The services of S Barrell were provided through a consultancy agreement with SGB Consulting dated 3 August 2010. Mr Barrell did not receive any fees as a director of the company.

\*The services of B Wise were provided through a consultancy agreement with Belton Consulting Limited dated 3 August 2010. Mr Wise did not receive any fees as a director of the company.

Mr Strang's, Mr Harris's and Mr Maling's fees for the year were accrued and are still outstanding.

**4. FINANCE REVENUE**

	2014 £	2013 £
Finance income:		
Deposit account interest	<u>11</u>	-

**5. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging/(crediting):

	2014 £	2013 £
Share based payment charge - options	83,691	8,620
Impairment of goodwill in IBP Ltd	-	885,028
Auditors' remuneration	15,000	10,000
Loans to subsidiaries written-off	<u>(28,516)</u>	<u>392,779</u>

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. INCOME TAX**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2014 nor for the period ended 31 March 2013.

**Factors affecting the tax charge**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<u><b>(187,636)</b></u>	<u><b>(1,394,591)</b></u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23/24 %	<b>(43,156)</b>	<b>(334,702)</b>
Effects of:		
Disallowed items	<b>12,691</b>	<b>308,742</b>
Unutilised losses	<u><b>30,465</b></u>	<u><b>25,960</b></u>
Total income tax	<u><b>-</b></u>	<u><b>-</b></u>

**Factors that may affect future tax charges**

The Company has tax losses in the UK, subject to Her Majesty's Revenue and Customs approval, available for offset against future operating profits. The Company has not recognised any deferred tax asset in respect of those losses, due to there being insufficient certainty regarding its recovery.

**7. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

The diluted loss per share is the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

	<b>Earnings</b>	<b>2014</b>	<b>Per-share</b>
	<b>£</b>	<b>Weighted</b>	<b>amount</b>
		<b>average number</b>	<b>pence</b>
		<b>of shares</b>	
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders from continuing operations	<u><b>(187,647)</b></u>	<u><b>227,895,130</b></u>	<u><b>(0.08)</b></u>
		<i>2013</i>	
	<i>Earnings</i>	<i>Weighted</i>	<i>Per-share</i>
	<i>£</i>	<i>average number</i>	<i>amount</i>
		<i>of shares</i>	<i>pence</i>
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders from continuing operations (*)	<u><b>(1,394,591)</b></u>	<u><b>694,692,433</b></u>	<u><b>(0.20)</b></u>

(\*) Pre 2 October 2013 capital re-organisation.

**OCTAGONAL PLC**  
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**8. INVESTMENTS IN SUBSIDIARIES**

	<b>£</b>
<b>COST</b>	
At 1 April 2012	1,697,272
At 31 March 2013	1,697,272
Disposal	(1,697,272)
<b>At 31 March 2014</b>	<b>-</b>
<b>IMPAIRMENT</b>	
At 1 April 2012	812,224
Charges	885,048
At 31 March 2013	1,697,272
Reversed on disposal	(1,697,272)
<b>At 31 March 2014</b>	<b>-</b>
<b>NET BOOK VALUE</b>	
<b>At 31 March 2014</b>	<b>-</b>
At 31 March 2013	-

The investment in IBP Limited was impaired to nil in the year ending 31 March 2013, on the basis of the company's proposed disposal for consideration of £1. This was the Company's only subsidiary and the disposal was completed on 2 October 2013 following approval at a General Meeting of Shareholders on that date.

The Company's has no investments/interest in over 20% of the share capital of companies at the balance sheet date.

**9. AVAILABLE FOR SALE INVESTMENTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Non-current assets – Unlisted Investments</b>		
Balance at the beginning of the year	-	-
Additions	100,000	-
Balance at the end of the year	100,000	-

On 26 March 2014 the Company completed the signing of a Binding Term Sheet to acquire a 9.97% interest (294,000 ordinary shares) in Global investment Strategy UK Limited. The initial cost on signing the agreement was a cash payment of £100,000, followed by a further cash payment of £700,000 on signing the Sale and Purchase Agreement, and Shareholders' Agreement, which is expected to be completed by 11 April 2014.

Available-for-sale investments comprise investments in unlisted securities which are not traded on any stock market throughout the world, and are held by the Company as a strategic investment.



**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**10. TRADE AND OTHER RECEIVABLES**

	2014 £	2013 £
<b>Current Trade and other receivables</b>		
VAT	16,308	6,633
Prepayments and accrued income	7,500	4,729
	<u>23,808</u>	<u>11,362</u>

The directors consider that the carrying amount of trade and other receivables approximates to their value.

Amounts that were owed from the disposed of subsidiary undertaking in respect of IBP Ltd of £392,779 was fully provided for in 2013, after having regard to the proposed disposal of IBP. In 2014, the Company recovered an amount of £28,516 in respect of IBP Ltd prior to completion of the disposal.

**11. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amount:

	2014 £	2013 £
UK Sterling (£) bank accounts	<u>1,312,583</u>	<u>35,858</u>

**12. SHARE CAPITAL**

Ordinary Shares	Number of ordinary share	Nominal Value £	Total Value £
Issued at 31 March 2012	736,347,670	0.0005	368,174
Purchase of own shares in conjunction with the sale of Sure-Track Europe Limited (see (1) below)	(117,538,809)	0.0005	(58,770)
Issued at 31 March 2013	<u>618,808,861</u>	<u>0.0005</u>	<u>309,404</u>
Capital Reorganisation on 2 October 2013 (see (2) below); Consolidation on 11:1 basis, ordinary shares of 0.55p each	56,255,351	0.0055	309,404
- Sub-division into deferred shares of 0.50p	56,251,351	0.0050	281,277
- Sub-division into ordinary shares of 0.05p	56,251,351	0.0005	28,127
Ordinary shares carried forward at 2 October 2013	56,251,351	0.0005	28,127
On 2 October 2013, placing for cash at 0.1p per share	250,021,404	0.0005	125,010
On 3 January 2014, issue of shares for services	4,000,000	0.0005	2,000
On 7 February 2014, placing for cash at 0.3p per share	223,333,334	0.0005	111,667
On 28 February 2014, placing for cash at 0.3p per share	183,333,333	0.0005	91,667
Issued at 31 March 2014	<u>716,943,422</u>	<u>0.0005</u>	<u>358,471</u>

**OCTAGONAL PLC**  
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**12. CALLED UP SHARE CAPITAL (continued)**

- (1) On 17 October 2012 the Company received court approval for the cancellation of the deferred shares and the share premium account. The company enacted a Call Option on the former Chief Executives shares. On 22 November 2012 the Company completed the purchase of 117,538,809 shares and this was settled by the cancellation of the long term loan of £188,062.
- (2) On 2 October 2013, at a General Meeting the shareholders approved a capital reorganisation. The existing ordinary shares of 0.05p were consolidated into 0.55p ordinary shares on an 11:1 basis. These 0.55p ordinary shares were then sub-divided into an ordinary share of 0.05p each and a deferred share of 0.50p each. The rights attached to the new ordinary shares are in all material aspects the same as the rights attaching to the existing ordinary shares.

**Deferred shares**

Since 31 July 2010 there have been 400,281,000 deferred shares at a nominal value of £0.0095. These shares were cancelled on 17 October 2012 following the capital reconstruction (1 above) at that date.

As in (2) above, 56,255,351 deferred shares of 0.50p each were issued. These deferred shares do not carry voting rights.

**Total ordinary and deferred shares**

The issued share capital as at 31 March 2014 is as follows:

	<b>Number of shares</b>	<b>Nominal Value £</b>	<b>Total Value £</b>
Ordinary shares	716,943,422	0.0005	358,471
Deferred shares	56,255,351	0.0050	<u>281,277</u>
			<u><u>639,748</u></u>

**Warrants issued**

On 2 October 2013 subscribers to the share issue were awarded one warrant per share at an exercise price of 0.1 pence, resulting in the issue of 250,021,404 warrants. All of these warrants expire on 2 October 2018.

**Share Options**

The Company has as at 31 March 2014, 28,726,954 share options issued through its share schemes.

As a result of the resignation of the existing directors, and disposal of IBP, 31,000,000 options lapsed during the year. 15,500,001 options were issued during the year.

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. TRADE AND OTHER PAYABLES**

	2013 £	2013 £
<b>Current trade and other payables:</b>		
Trade payables	2,327	97,180
Accruals and deferred income	133,450	24,000
	135,777	121,180

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

**14. SHARE BASED PAYMENTS**

The expense recognised for employee services received during the period is shown in the following table:

	2014 £	2013 £
Expenses arising from equity settled share-based payments;		
Share options issued and vested	83,691	8,620

Share options held by directors, employees and third parties are as follows:

Outstanding 1 April 2013	Granted During period	Exercised during period	Lapsed during period	Outstanding 31 March 2014	Date of Grant	Expiry date
18,000,000*	-	-	18,000,000	-	03/08/2010	N/A
6,000,000	-	-	6,000,000	-	03/08/2010	N/A
13,226,953	-	-	-	13,226,953	03/08/2010	03/08/2014
7,000,000	-	-	7,000,000	-	13/02/2011	N/A
-	15,500,001	-	-	15,500,001	07/02/2014	06/02/2019

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk free rate of interest and the expected level of dividends in future periods.

The inputs into the model for the 7 February 2014 issue were as follows:

<b>Granted</b>	<b>2014</b>
Weighted average share price	0.54p
Expected volatility	337%
Expected life	5 years
Risk-free rate	2.3%
Expected dividend yield	0%

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. RELATED PARTY TRANSACTIONS**

The company had the following amounts outstanding with its disposed subsidiary at the period end:

	2014 £	2013 £
IBP Limited	392,779	392,779
Written-off/Provided against amounts due	<u>(392,779)</u>	<u>(392,779)</u>
	<u>-</u>	<u>-</u>

**TRANSACTIONS WITH DIRECTORS**

There were no other transactions with Directors, other than remuneration or fees as disclosed in note 3.

**16. RISK MANAGEMENT**

**General objectives, policies and procedures**

The directors have overall responsibility for the determination of the Company's risk management objectives and operating processes that ensure effective implementation of the policies set out below. Directors receive monthly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details of these policies are set out below:-

**Financial risk management**

*Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**OCTAGONAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. RISK MANAGEMENT (continued)**

**Credit risk**

The Company's exposure to credit risk is limited to the carrying amount of trade receivables. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by Company and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Company's policy is to deal only with creditworthy counterparties.

**Liquidity risk**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The directors receive rolling 12 month cash flow projections on a quarterly basis as well as information regarding cash investments. At the period end these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to secure new facilities with the bank.

**Market risks**

As the company is now being classed as an investment company, the market risk will be that of finding suitable investments for the company to invest in and the returns that those investments will return given the markets that in which investments are made.

**17. CONTROLLING INTEREST**

There is no overall controlling party.

**18. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events after end of the reporting period to disclose.