Company Registration No. 05840813 (England and Wales)

METROELECTRIC PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

COMPANY INFORMATION

Company registration number:	05840813
Registered office:	c/o Fasken Martineau 17 Hanover Square London W1S 1HU
Directors:	G Collier A Gleave
Secretary:	Nominee Secretaries Limited
Business address:	1 Bacon Lane Hayling Island Hampshire PO11 0DN
Auditors:	White & Company (UK) Limited 4th Floor Blackfriars House Parsonage Manchester M3 2JA
Registrars:	Share Registrars Limited First floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL

INDEX TO THE FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Metroelectric plc, I have pleasure in presenting the results of the Group for the financial year ended 30 June 2009.

Overview

Metroelectric plc is an investment vehicle set up primarily to invest or acquire businesses or companies within the information sector. The Company continues to look for areas to invest or trade in the eco-friendly products and technologies sector, being a continued area of growth in accordance with the change in scope of business made in 2007.

Results

The Company achieved a loss for the year up to 30 June 2009 of £56,735 (2008: £136,980) largely as a result of listing and administration expenses.

Loss per ordinary share amounted to £0.032 (2008: £0.078) in the period.

On the 12th February 2009 the Group announced that it had reached an agreement to exclusively distribute an electric vehicle known as Crossrider in the UK/Eire. Crossrider is particularly suited to delivery use and has good ATV (all terrain vehicle) capabilities.

In June the first demonstrator arrived and further vehicles since, these have been presented to a number of key organisations. Sales are expected to be imminent and the company looks forward to making future announcements in connection with this expectation. In addition, we are in negotiations with a number of other electric vehicle manufacturers in Europe and the Far East.

The Group continues to be aware of its need to generate income and still maintains that it will only commit to a product that is viable. The Group continues to actively pursue potential investments and suitable acquisition targets in this sector.

Cash and going concern

As at 30 June 2009 the Group had cash resources of £4,955.

The high costs associated with the company's investment strategy have resulted in a high level of losses being incurred since incorporation, although the fund raising and other financing activities have enabled the Group to operate at the current trading levels.

This situation is however not sustainable in the longer term hence the Board is considering various methods to increase the company's cash resources by either entering into the distribution agreement with respect to the Crossrider vehicles, and/or a fund raising exercise. Additionally the expenses of running the Group in the coming year are expected to be significantly reduced as the Group does not expect to incur the level of professional fees it has faced in the last two years and it has also been able to reduce its overheads in the light of the change in direction. It is on this basis that the Directors consider it appropriate to prepare the Group's Financial Statements on the going concern basis.

Future outlook

The Directors are confident that they will find a number of opportunities in the present financial climate which the company will be able to take advantage of.

G Collier
Chairman

30 November 2009

REPORT OF THE DIRECTORS'

The Directors present their report together with the Consolidated Financial Statements for the year ended 30 June 2009.

Principal Activity

The principle activity of Metroelectric plc is to invest or trade in eco-friendly products and technologies. In February 2009 the Company announced that it had reached an agreement to exclusively distribute an electric vehicle known as Crossrider in the UK/Eire.

Review of the Business

The Group suffered an operating loss of £56,735 (2008: £136,980).

A detailed review of the business is contained in the Chairman's Report.

Proposed dividends

The directors do not recommend payment of a final dividend.

Going concern

The annual report and financial statements have been prepared on a going concern basis, notwithstanding the trading losses incurred since incorporation.

The Group meets its day to day financing through its available working capital. As at 30 June 2009 the Group has total cash reserves of £4,955 with stock and debtors of £15,983 and £4,877 respectively.

The Group has reached agreement for the provision of a loan facility of £100,000, to support the Group in respect of its ongoing capital requirements. As at 30 June 2009, this facility has yet to be used.

The Directors have prepared cashflow forecasts for the period to 31 December 2010 which assume the commencement of sales from the Crossrider range, and no unnecessary costs or expenditure. On the basis of these forecasts the Group is expected to continue to operate within its financial facilities for at least the next 12 months.

Whilst the Directors remain confident of continuing to operate within their current means there can be no certainty in this respect. Nevertheless, after making due and careful enquiries and considering all uncertainties the Directors believe the Group will continue in operational existence for the forseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Post Balance Sheet Events

On 1 October 2009 the company issued 25,000,000 ordinary shares of £0.001 each at par pursuant to the warrant agreement disclosed at note 12.

On 6 November 2009 the company issued 5,000,000 ordinary shares of £0.001 each at par pursuant to the warrant agreement disclosed at note 12.

REPORT OF THE DIRECTORS'

Directors and their interests

Details of the membership of the Board and directors' interests in the Company's ordinary share capital at the year end are disclosed below:

Directors	As at 30.06.09 Number	Shareholding %	As at 30.06.08 Number	Shareholding %
G Collier	1,000,000	< 1%	-	-
A Gleave	-	-	-	-

There have been no changes in the above interests between 30 June 2009 and the date of this report.

Substantial shareholdings

Save for the directors' interests disclosed above and those holdings separately disclosed below, the directors are not aware of any other shareholdings representing 3% or more of the issued share capital of the Company at 27 November 2009.

Shareholders	Number of shares	Shareholding %
Crossfield Investments Limited	33,356,443	14.83%
Rel SA	18,000,000	8.00%
European Pension Management Limited	13,000,000	5.78%
Shane Jones	8,538,943	3.80%

Financial instruments

Details of the Group's risk management objectives and policies together with its exposure to financial risk are set out below. The purpose of the policies is to ensure that adequate cost effective funding is available to the Group and exposure to financial risk, interest rate, liquidity and credit risk is minimised.

Principal risks and uncertainties

The Group's activities expose it primarily to the following financial risks:

Requirements for further funds
There may be a requirement for the Group to raise further funds in the future in order to fund acquisitions and expansion and fund ongoing working capital requirements. Such a funding requirement may be by way of the issue of further ordinary shares or the issue of convertible loan note instruments.

REPORT OF THE DIRECTORS'

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. This risk is managed daily by the Group's credit control function who monitor recovery to ensure that outstanding debts are identified when these become overdue and appropriate action is taken to recover the outstanding amount. The Group had no substantial exposure to any individual third party in respect of trade receivables.

Liquidity risk

The Group's policy is to finance its operations through working capital. The Group has actively been seeking new sources of liquidity during the year, and has now entered into a convertible loan agreement to provide sufficient funds for the foreseeable future.

Interest rate and cash flow risk

The Group has interest bearing assets and liabilities. Interest bearing assets include only cash balances which earn interest at a fixed rate. The Group monitors its interest rate risk primarily through cash flow forecasting and allocating funds to the most relevant accounts in light of forecast balances and outgoings.

Supplier payment policy

It is the Group's policy to settle trade liabilities in accordance with the terms and conditions of each individual supplier.

The Group's trade creditor days for the year ended 30 June 2009 were 88 days. This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

Political and charitable donations

The Group did not make any political or charitable donations during the year.

Auditors

During the year C J Driscoll Chartered Accountants resigned as auditors, having confirmed that there were no circumstances connected with their resignation that they wished to bring to the attention of the creditors or members. White and Company (UK) Limited, whom the Directors appointed to fill the casual vacancy, have indicated their willingness to be reappointed and a resolution to re-appoint them will be proposed at the annual general meeting.

REPORT OF THE DIRECTORS'

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and 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 they are required to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law).

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 Group and of the profit or loss of the Company and Group for that year. In preparing those Financial Statements, the Directors are required to:

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

Statement of disclosure to auditors

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 company's auditors are unaware. Additionally, the directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE BOARD

G Collier
Director

30 November 2009

INDEPENDENT AUDITORS' REPORT

We have audited the Group and Company Financial Statements of Metroelectric plc for the year ended 30 June 2009 which comprise the consolidated profit and loss account, balance sheets, consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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 the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 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.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Company's affairs as at 30 June 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Company's ability to continue as a going concern; in particular, the achievement of cash flow forecasts and the continued availability of sufficient and ultimately alternative finance facilities (including any necessary shareholder approval). These conditions, along with other matters explained in note 2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Opinion on Other Matters Prescribed by the Companies Act 2006

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Matters of which we are required to report by exception

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

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

Emma White (Senior Statutory Auditor)
for and on behalf of White and Company (UK) Limited

30 November 2009

Chartered Accountants
Statutory Auditor

4th Floor Blackfriars House
Parsonage
Manchester
M3 2JA

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2009 £	2008 £
Turnover		-	-
Cost of Sales		(262)	-
Gross Loss		(262)	-
Administrative expenses		(56,473)	(136,980)
Operating loss	**4**	(56,735)	(136,980)
Interest paid		-	-
Loss on ordinary activities before taxation		(56,735)	(136,980)
Tax on loss on ordinary activities	**6**	-	-
Loss for the year	**15**	(56,735)	(136,980)
Earnings Per Share (pence)			
- Basic earnings per share	**7**	(0.032)	(0.078)
- Diluted earnings per share	**7**	(0.027)	(0.061)

The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the consolidated profit and loss account.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company profit and loss account.

The loss for the Parent Company for the period was £54,514 (2008: £136,980).

The notes on pages 13 to 20 form part of these financial statements.

BALANCE SHEETS AS AT 30 JUNE 2009

	Note	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Fixed assets					
Tangible assets	**10**	2,775	-	-	-
Investments	**9**	-	6	-	-
		2,775	6	-	-
Current assets					
Stocks	**11**	15,983	5,000	5,000	5,000
Debtors	**12**	5,627	14,494	10,182	10,182
Cash at bank and in hand		4,955	-	40,878	40,878
		26,565	19,494	56,060	56,060
Creditors: amounts falling due within one year	**13**	(30,164)	(18,103)	(20,148)	(20,148)
Net current assets		(3,599)	1,391	35,912	35,912
Total assets less current liabilities		(824)	1,397	35,912	35,912
Capital and reserves					
Share capital	**14**	195,000	195,000	175,000	175,000
Share premium		-	-	-	-
Profit and loss account	**15**	(195,824)	(193,603)	(139,088)	(139,088)
Shareholders funds	**16**	(824)	1,397	35,912	35,912

The financial statements were approved by the Board of Directors on 30 November 2009 and were signed on its behalf by:

G Collier
Director

Company registration number – 05840813 (England and Wales)

The notes on pages 13 to 20 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Net cash outflow from operating activities	**17**	(52,223)	(60,872)	(110,186)	(110,186)
Cash flows from investing activities					
Purchase of fixed assets		(3,700)	-	-	-
Net cash outflow from acquisitions and disposals		(3,700)	-	-	-
Acquisitions and disposals					
Purchase of subsidiary undertakings		-	(6)	-	-
Net cash outflow for acquisitions and disposals		-	(6)	-	-
Net cash outflow before management of liquid resources and financing		(55,923)	(60,878)	(110,186)	(110,186)
Financing					
Proceeds from issue of shares		20,000	20,000	-	-
Share issue expenses		-	-	-	-
Net (decrease)/increase in cash		(35,923)	(40,878)	(110,186)	(110,186)
Cash at beginning of year		40,878	40,878	151,064	151,064
Cash at end of year	**18**	4,955	-	40,878	40,878

The notes on pages 13 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Metroelectric PLC is a public limited liability company incorporated in England and Wales under the Companies Act 1985 with the registration number 05840813 and quoted on the PLUS-quoted market. The address of the registered office is disclosed on page 1 of the financial statements. The principal activity of the company is disclosed on page 4.

2 ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements are prepared under the historical cost convention. The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

The financial statements are prepared on a going concern basis which assumes that the Group's directors will offer their continued financial support.

Going concern
The financial statements have been prepared on a going concern basis, notwithstanding the trading losses incurred since incorporation.

The Group meets its day to day financing through its cash reserves. As at 30 June 2009 the company has a total of £4,955 in cash reserves.

The Directors have prepared cashflow forecasts for the period to 31 December 2010 which assume increased sales resulting from the Crossrider range and no unnecessary costs or expenditure. On the basis of these forecasts the Group is expected to continue to operate within its financial facilities for at least the next 12 months.

Whilst the Directors remain confident of continuing to operate within their current means there can be no certainty in this respect. Nevertheless, after making due and careful enquiries and considering all uncertainties the Directors believe the company will continue in operational existence for the forseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Consolidation
Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The financial statements have been prepared under historical cost convention. The entities that have been consolidated within these financial statements include:

Entity name	Principal activity	Domicile	Ownership
Metro Cars Limited	Supply and distribution of electric motor vehicles	England	100%
Metro Vans Limited	Dormant	England	100%
Park Electric Limited	Dormant	England	100%

Foreign currency
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Revenue recognition
Revenue represents the amounts derived from the sale of goods during the year stated net of Value Added Tax. Sales are recognised in the profit and loss account and recorded as sales upon the delivery of goods to customers.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic segments.

Research and development
Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Group is expected to benefit.

Investments
Fixed asset investments are stated at cost less provision for diminution in value.

Stock
Stock is valued at the lower of cost and net realisable value.

Fixed assets

Fixed assets are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such costs include the cost of replacing part of the asset when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful life of the assets, which are as follows:

Vehicles and machinery - 4 years

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Taxation

The charge for taxation is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred taxation is provided on the comprehensive basis computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

3 Segmental analysis

There is no segmental area of operations, as the director considers that the company's operations comprise one business segment; that of the investment or acquisition in businesses or companies within the eco-friendly technology sector. The disclosures for this primary segment are therefore given by the primary financial statements and related notes. All income and trading activity currently arises in the United Kingdom.

4 Operating loss

Operating loss is stated after charging:

	2009	2008
	£	£
Directors' emoluments		
Emoluments for qualifying services	24,000	23,000
Auditors' remuneration		
- audit services	4,025	300
Depreciation of owned assets	925	-
Adviser and listing fees	16,627	38,446

5 Employees and directors

The Group has no employees other than the directors.
The Group paid director's emoluments totalling £24,000 (2008: £23,000) during the year.
The average number of directors during the period was two.

NOTES TO THE FINANCIAL STATEMENTS

6 Taxation

	2009 £	2008 £
Current tax charge	-	-
	-	-

No provision for tax has been made as the Group has an estimated tax loss of £198,598 (2008: £139,088). The deferred tax asset arising on these losses has not been provided as the directors cannot satisfy themselves that the losses will be relieved within the next 12 months.

7 Earnings per share

The calculation of basic loss per Ordinary Share of £0.032 (2008: £0.078) each is based upon the losses after taxation for the year of £56,735 (2008: £139,980) and the weighted average number of Ordinary Shares in issue during the year of 177,575,342 (2008: 175,000,000).

The calculation of diluted earnings per Ordinary Share is based upon the losses after taxation for the year of £56,735 (2008: £139,980). Reconciliation between the shares used in calculating Basic and Diluted earnings per Ordinary Share is as follows:

	2009 £	2008 £
Average shares used in basis earnings per share calculation	177,575,342	175,000,000
Potential Ordinary Shares outstanding	30,000,000	50,000,000
	207,575,342	225,000,000

8 Dividends

The directors propose no dividend to be paid for the year (2008: £nil).

9 Fixed asset investments

Investments in subsidiary undertakings

	2009 £	2008 £
Company		
Cost and net book value brought forward	-	-
Additions	6	-
Cost and net book value carried forward	6	-

Investments in group undertakings are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

Subsidiary undertakings	Country of incorporation	Principal activity	% of equity and votes held
Metro Cars Limited	England	Supply and distribution of electric cars	100
Metro Vans Limited	England	Dormant	100
Park Electric Limited	England	Dormant	100

All Subsidiary undertakings prepare accounts for the year ended 31 May. Interim accounts have therefore been prepared for each company up to 30 June and these results have been included in the group consolidation.

10 Fixed assets

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Motor vehicles				
Cost				
Cost brought forward	-	-	-	-
Additions	3,700	-	-	-
Cost carried forward	3,700	-	-	-
Depreciation				
Depreciation brought forward	-	-	-	-
Charge for the year	925	-	-	-
Depreciation carried forward	925	-	-	-
Net book value carried forward	2,775	-	-	-
Net book value brought forward	-	-	-	-

11 Stocks

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Finished goods and goods for resale	15,983	5,000	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS

12 Debtors

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Amounts owed by subsidiary undertakings	-	9,623	-	-
Other debtors	6	-	4,361	4,361
VAT recoverable	750	-	-	-
Prepayments	4,871	4,871	5,821	5,821
	5,627	14,494	10,182	10,182

13 Creditors: amounts falling due within one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade creditors	13,668	1,607	17,950	17,950
Other creditors	758	758	758	758
Accruals and deferred income	15,738	15,738	1,440	1,440
	30,164	18,103	20,148	20,148

14 Share capital

Authorised

Group and company	2009 £	2008 £
10,000,000,000 ordinary shares of £0.001 each	10,000,000	10,000,000

Allotted, issued and fully paid

	2009 £	2008 £
Ordinary shares of £0.001 each	195,000	175,000

The movement in the number of issued shares for the year was as follows:

	2009 No.	2008 No.
Balance at 1 June	175,000,000	175,000,000
Shares issued	20,000,000	-
Balance at 30 June	195,000,000	175,000,000

NOTES TO THE FINANCIAL STATEMENTS

Persuant to a warrant instrument dated 6 November 2006 the company has granted warrants over 50,000,000 ordinary £0.001 shares. The warrants entitle the registered owners to subscribe for ordinary £0.001 shares at ay time up to 6 November 2009.

On 21 April 2009 the company issued 10,000,000 new ordinary shares of £0.001 per share at par, pursuant to a warrant agreement. On 8 June 2009 a further 10,000,000 new ordinary shares of £0.001 each were issued at par under the warrant agreement.

As disclosed at note 21 all warrants under the aforementioned agreement have now been issued.

15 Statement of movements on profit and loss account

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Balance at beginning of year	(139,089)	(139,089)	(1)	(1)
Loss for the year	(56,735)	(54,514)	(139,088)	(139,088)
Balance at end of year	(195,824)	(193,603)	(139,089)	(139,089)

16 Reconciliation of movement in shareholders funds

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Loss for the financial year	(56,735)	(54,514)	(139,088)	(139,088)
Proceeds from issue of shares	20,000	20,000	-	-
Net depletion in shareholders' funds	(36,735)	(34,514)	(139,088)	(139,088)
Opening shareholders' funds	35,911	35,911	174,999	174,999
Closing shareholders' funds	(824)	1,397	35,911	35,911

17 Reconciliation of operating loss to net cash outflow from operations

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Operating loss	(56,735)	(54,514)	(136,980)	(136,980)
Depreciation of tangible assets	925	-	-	-
Increase in stocks	(10,983)	-	(5,000)	(5,000)
Decrease in debtors	5,304	5,310	13,443	13,443
Increase / (decrease) in creditors	9,266	(11,668)	18,351	18,351
Net cash outflow from operating activities	(52,223)	(60,872)	(110,186)	(110,186)

NOTES TO THE FINANCIAL STATEMENTS

18 Analysis of net funds

	At 1 July 2008 £	Cash flow £	Other non-cash changes £	30 June 2009 £
Net Cash:				
Cash at bank and in hand	40,878	(35,923)	-	4,955
Net funds / (debt)	40,878	(35,923)	-	4,955

19 Reconciliation of net cash flow to movement in net funds

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Decrease in cash in the year	(35,923)	(40,878)	(110,186)	(110,186)
Movement in net (debt) / funds in the year	(35,923)	(40,878)	(110,186)	(110,186)
Opening net funds	40,878	40,878	151,064	151,064
Closing net funds	4,955	-	40,878	40,878

20 Related party transactions

There were no related party transactions requiring disclosure in accordance with FRS 8.

21 Events after the balance sheet date

On 1 October 2009 the company issued 25,000,000 ordinary shares of £0.001 each at par pursuant to the warrant agreement disclosed at note 14.

On 6 November 2009 the company issued 5,000,000 ordinary shares of £0.001 each at par pursuant to the warrant agreement disclosed at note 14.

As at 6 November 2009 the warrant agreement disclosed at note 14 has been satisfied in full.

22 Contingent liabilities and financial commitments

There were no contingent liabilities or financial commitments as at 30 June 2009.

23 Control

The company's shares are widely held and there is no single shareholder that owns more than 25% of the company's share capital.