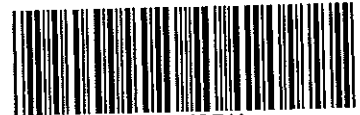


# Welney Plc

## Annual Report and Financial Statements for the Year Ended 30 June 2015

THURSDAY



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COMPANIES HOUSE

Company's registered number: 05840813  
(England & Wales)

# Welney Plc

## COMPANY INFORMATION

Directors	L Tenuta (Chairman) C Luck
Secretary	Nominee Secretaries Limited
Registered Office	2nd Floor Cambridge House Cambridge Road Harlow Essex CM20 2EQ
Auditors	Welbeck Associates Chartered Accountants & Registered Auditors 30 Percy Street London W1T 2DB
Registrars	Share Registrars Limited First floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
ISDX Corporate Adviser	Alfred Henry Corporate Finance Limited Finsgate 5-7 Cranwood Street London EC1V 9EE

# Welney Plc

## *Reports*

Chairman's statement	3
Strategic report	4
Directors' report	5
Independent auditors' report	7

## *Financial statements*

Profit and loss account	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12

# Welney Plc

## CHAIRMAN'S STATEMENT

The Board is pleased to present the results of Welney plc for the year ended 30 June 2015.


The Directors have spent considerable time resolving the Company's problems with a view to stabilising the Company and providing a platform which could provide an opportunity for future growth.

The recent year has seen a good deal of change in the company with the sale of our stake in Aircraft Recycling and one of the subsidiary companies Blaze and Barney. Leaving Metro Environmental Ltd and a small shareholding of GACR the Nasdaq listed company which held a stake in Powabyke our former electric bike business.

Metro Environmental has two options one with an Environment Agency approved tyre recycling business Mitre Rubber Ltd and another with a specialist cleaning company Cleanbrite Facilitation Ltd. The Directors are currently in talks with both companies to ascertain the viability of proceeding with these options.

The Board is also looking at other business to business opportunities and will revert to shareholders in due course.

The Company is also in discussions with various parties to secure new investment, in the meantime the Directors will keep costs to a minimum.



Luca Tenuta  
Chairman  
18 December 2015

# Welney Plc

## STRATEGIC REPORT

### Business review

#### *Development and performance of the business*

The financial year to 30 June 2015 has been challenging as the Board has endeavoured to take the Company forward severely hampered by cash constraints.

#### *Key performance indicators*

As the company is in a transitional stage the board considers reduction in the loss before tax and share price as key targets.

	2015	2014
Loss before tax	£(7,807)	£(1,308,343)
Share price at 30 June	0.008p	0.175p

#### *Position of the business*

At the end of the year, the Company had net liabilities of £45,437 (2014: net liabilities £48,344).

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

#### **Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the continuing trading losses.

The Group meets its day to day financing through its cash reserves, shareholders' loans and share issues. As at 30 June 2015 the Company has net current assets of £42,029 and a deficit in shareholder funds of £45,437.

The Directors have prepared cash flow forecasts for the period to 31 December 2016 which assume no unnecessary costs or expenditure. On the basis of these forecasts and the additional funding detailed in the preceding paragraph the Company is expected to continue to operate within its available financial facilities for at least the next 12 months. The going concern basis is dependent upon the company meeting its forecasts for 2015 and if it does not meet these forecasts further finance will need to be raised which may not be forthcoming.

Whilst the Directors remain confident that the Company will continue as a going concern, this is dependent on their ability to secure the necessary funding to take the Company forwards and 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 foreseeable 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.



Luca Tenuta  
Director  
18 December 2015

# Welney Plc

## REPORT OF THE DIRECTORS

The directors present their annual report together with the financial statements for the year ended 30 June 2015.

### Principal activities

The principal activity of the Company is that of an investment company.

### Results and dividends

The Company's loss for the year from continuing and total operations was £7,807 (2014: £1,308,343)

The directors do not recommend the payment of a dividend (2014: £nil)

### Financial instruments

Details of the Company'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 Company and exposure to financial risk, interest rate, liquidity and credit risk is minimised.

### Principal risks and uncertainties

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

#### *Requirements for further funds*

There may be a requirement for the Company to raise further funds in the future in order to fund 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.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables. This risk is managed daily by the Company'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 Company had no substantial exposure to any individual third party in respect of trade receivables.

#### *Liquidity risk*

The Company's policy is to finance its operations through working capital. The Company has actively been seeking new sources of liquidity during the year, and has secured new loan agreements and continues to seek additional sources of finance to provide sufficient funds for the foreseeable future.

#### *Interest rate and cash flow risk*

The Company has interest bearing assets and liabilities. Interest bearing assets include only cash balances which earn interest at a fixed rate. The Company 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.

### Directors

The Directors of the Company who held office during the period were as follows:

L Tenula	(appointed 19 June 2015)
C Luck	(appointed 24 September 2013)
G Collier	(resigned 17 July 2014)
M Chapman	(resigned 19 June 2015)

### Directors interests

The Directors had no interests in the share capital of the Company at 30 June 2015.

# Welney Plc

## REPORT OF THE DIRECTORS

### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report 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 Company and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are responsible 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to Auditors

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

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

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

### Auditors

The auditors Welbeck Associates have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Luca Tenuta  
Director  
18 December 2015

# Welney Plc

## Independent Auditor's Report to the Members of Welney PLC

We have audited the financial statements of Welney PLC for the year ended 30 June 2015 which comprise the profit and loss account, balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 (APB'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 Chairman's statement, strategic report and Directors' report to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

A description of the scope of an audit of financial statements is also provided on the APB's website at: [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Basis for qualified opinion on financial statements

The audit evidence available to us was limited due to restrictions placed on the scope of work as a result of the following issue.

As described in note 9, underlying financial records supporting the financial results of the subsidiary undertaking, Blaze and Barney Limited, included within the financial statements as an investment were unavailable for audit purposes. As a result we were unable to carry out direct procedures of our own in relation to Blaze and Barney Limited to obtain audit evidence concerning:

- the reversal of the impairment charge
- the subsequent profit/loss on disposal
- the remaining contingent liabilities as a result of the ownership of this company during the period

Consequently, we are unable to determine whether any adjustments need to be made to the reported loss of the Company for the year ended 30 June 2015 in respect of this investment and whether the amounts included in the financial statements relating to the investment are true and fair. Accordingly we are unable to determine whether the accounting treatment adopted by the Company is in accordance with UK GAAP.

### Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the Company's 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.

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

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



# Welney Plc

## Independent Auditor's Report to the Members of Welney PLC (continued)

### Opinion

#### *Emphasis of matter – Going concern*

In forming our modified opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £7,807 during the year ended 30 June 2015 and, at that date, the Company has net liabilities of £45,537. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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

In respect solely of the limitation on our work to the assessment of the accuracy of the accounting records used in the preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of the audit.

We have nothing else 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.

  
Jonathan Bradley-Hoare  
(Senior Statutory Auditor)

For and on behalf of Welbeck Associates, Registered Auditor  
30 Percy Street  
London  
W1T 2DB

18 December 2015

# Welney Plc

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 2015

	Note	2015 £	2014 £
Administrative expenses		(56,952)	(75,278)
(Loss)/gain on disposal of investments		–	(218,669)
Reversal of impairment/(impairment) of investments		50,000	(1,025,575)
<b>Operating loss</b>	3	<b>(6,952)</b>	<b>(1,319,522)</b>
Reversal of interest charge		–	11,179
Interest payable and similar charges	6	(855)	–
<b>Loss on ordinary activities before taxation</b>		<b>(7,807)</b>	<b>(1,308,343)</b>
Tax on loss on ordinary activities	7	–	–
<b>Loss for the year</b>		<b>(7,807)</b>	<b>(1,308,343)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share	8	(0.001)p	(0.108)p

The 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 profit and loss account.

# Welney Plc

## BALANCE SHEET as at 30 June 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Other investments	9(b)	<u>2,675</u>	<u>2,675</u>
		2,675	2,675
<b>Current assets</b>			
Debtors	10	105,850	5,850
Cash at bank and in hand		<u>3,032</u>	<u>173</u>
		108,882	6,023
<b>Creditors: Amounts falling due within one year</b>	11	<u>(66,853)</u>	<u>(57,042)</u>
<b>Net current assets/(liabilities)</b>		<u>42,029</u>	<u>(51,019)</u>
<b>Creditors greater than one year:</b>			
Convertible loan notes	12	<u>(90,141)</u>	<u>-</u>
<b>Net assets/(liabilities)</b>		<u>(45,437)</u>	<u>(48,344)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,545,511	1,545,511
Share premium	14	1,562,336	1,562,336
Loan note holders reserve	12 & 14	10,714	-
Share option reserve	14	132,240	132,240
Profit and loss account	14	<u>(3,296,238)</u>	<u>(3,288,431)</u>
<b>Shareholders' deficit</b>		<u>(45,437)</u>	<u>(48,344)</u>

The financial statements were approved by the Board of Directors on 18 December 2015 and were signed on its behalf by:



Luca Tenuta  
Director

Company registration number – 05840813 (England and Wales)

# Welney Plc

## CASH FLOW STATEMENT for the year ended 30 June 2015

	Notes	2015 £	2014 £
Net cash outflow from operating activities	16	(147,141)	(54,453)
<b>Investment activities</b>			
Purchase of investments		–	(280,000)
Disposal of investment		50,000	–
Loan to subsidiary undertaking		–	(15,407)
<b>Net cash inflow/(outflow) for investment activities</b>		<u>50,000</u>	<u>(295,407)</u>
<b>Net cash outflow before management of liquid resources and financing</b>		<u>(97,141)</u>	<u>(349,860)</u>
<b>Financing</b>			
Proceeds from issue of shares		–	350,000
Proceeds from issue of convertible loan notes		100,000	–
<b>Net cash inflow from financing</b>		<u>100,000</u>	<u>350,000</u>
<b>Net increase in cash in the year</b>	17	<b>2,859</b>	<b>140</b>
<b>Cash at beginning of year</b>	17	<b>173</b>	<b>33</b>
<b>Cash at end of year</b>	17	<u><b>3,032</b></u>	<u><b>173</b></u>

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 1 ACCOUNTING POLICIES

#### Basis of preparation

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

As referred to in note 9 the Company acquired the entire share capital of Blaze and Barney Limited during the year. The books and records of Blaze and Barney Limited have not been made available to the directors and to endeavour to obtain them would cause undue delay for the preparation of the accounts, so the company's results, assets and liabilities have not been consolidated, in accordance with the exemption available under S.405(3b) of the Companies Act.

#### Going concern

The Company meets its day to day financing through its cash reserves, shareholders' loans and share issues. As at 30 June 2015 the Company has net current assets of £42,029 and a deficit in shareholder funds of £45,437.

The Directors have prepared cash flow forecasts for the period to 30 June 2016 which assume no unnecessary costs or expenditure. On the basis of these forecasts and the additional funding detailed in the preceding paragraph the Company is expected to continue to operate within its available financial facilities for at least the next 12 months. The going concern basis is dependent upon the company meeting its forecasts for 2015 and if it does not meet these forecasts further finance will need to be raised which may not be forthcoming.

Whilst the Directors remain confident that the Company will continue as a going concern, this is dependent on their ability to secure the necessary funding to take the Company forwards and 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 foreseeable 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.

#### 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.

Licence fees are included within Sales and are recognised in full, net of any provisions, in the year in which the agreement is signed. Any royalties due as part of these agreements are recognised as and when they fall due.

Government and EU grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute. To the extent that grants are received as a contribution towards specific expenditure on fixed assets, they are recognised over the useful economic lives of the related assets. Grants received to reimburse costs already incurred are recognised in the profit and loss account in the period in which they become receivable.

#### 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.

#### Investments

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

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 1 ACCOUNTING POLICIES (continued)

#### 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 asset 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.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### Share based payments

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

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The assumptions underlying the number of awards expected to vest are subsequently adjusted for the effects of non market-based vesting to reflect the conditions prevailing at the balance sheet date. Fair value is measured by the use of the Black-Scholes model. The expected life used in the model has been adjusted based on management's best estimate for the effects of the non-transferability exercise restrictions and behavioural considerations.

### 2 Segmental analysis

There is no segmental area of operations, as the directors consider that the Company's operations comprise one business segment; that of the investment or acquisition of 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.

### 3 Operating loss

Operating loss is stated after charging:

	2015 £	2014 £
Auditors' remuneration: - audit services	10,000	10,000

### 4 Particulars of employees

The average number of employees, including executive directors, was 2 (2014: 3)

	2015 £	2014 £
Wages and salaries	14,480	46,000
Social security costs	-	-
	<u>14,480</u>	<u>46,000</u>

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 5 Directors' remuneration

The directors' remuneration for the year is as follows:

	2015 £	2014 £
Directors' remuneration (including benefits in kind)	<u>14,480</u>	<u>46,000</u>
	<u>14,480</u>	<u>46,000</u>

### 6 Interest payable and similar charges

	2015 £	2014 £
Interest on convertible loan notes	<u>855</u>	<u>—</u>
	<u>855</u>	<u>—</u>

### 7 Taxation

	2015	2014 £
UK corporation tax credit on loss for the year	<u>—</u>	<u>—</u>
Tax on loss on ordinary activities	<u>—</u>	<u>—</u>
Loss on ordinary activities before tax	<u>(7,807)</u>	<u>(1,308,343)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014: 20%)	<u>(1,561)</u>	<u>(261,669)</u>
Effects of:		
Expenses not deductible for tax purposes	<u>—</u>	<u>9,080</u>
Unutilised tax losses	<u>1,561</u>	<u>252,589</u>
Current tax credit for the year	<u>—</u>	<u>—</u>

No provision for tax has been made as the Company has estimated tax losses of £3,110,000 (2014: £3,105,000). 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.

### 8 Earnings per share

	2015 £	2014 £
Basic and fully diluted loss per share	<u>(0.001p)</u>	<u>(0.108p)</u>
<b>Earnings</b>		
Losses for the purposes of basic and fully diluted earnings per share	<u>(7,807)</u>	<u>(1,308,343)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,545,511,405</u>	<u>1,210,007,295</u>

The effect of conversion into ordinary shares of warrants is anti-dilutive when the Company has made a loss and so is disregarded. As the Company made a loss in both 2014 and 2015 the basic and diluted loss per share is the same for each of the two years.

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 9 Investments

#### (a) Investment in subsidiaries

	£
Net book value at 1 July 2014	–
Reversal of provision for diminution in value	50,000
Disposal of subsidiary (see Note below)	<u>(50,000)</u>
Net book value at 30 June 2015	–
Net book value at 30 June 2014	<u>–</u>

Investments in group undertakings are stated at cost less provision for diminution in value.

#### Note

In June 2015 the Company disposed of its entire shareholding in Blaze and Barney Limited for a cash consideration of £50,000. The original acquisition price was for £266,250.

The books and records of Blaze and Barney Limited were never provided to the directors of the Company. The gain on disposal of £nil cannot therefore be verified.

	£
Net book value at 30 June 2014	–
Reversal of provision for diminution in value	50,000
Disposal consideration	<u>50,000</u>

#### (b) Other investments

	£
Net book value at 30 June 2014 and 30 June 2015	<u>2,675</u>

Investments are shown at cost less provision for diminution in value

### 10 Debtors

	2015	2014
	£	£
Other debtors	100,000	–
Prepayments and accrued income	<u>5,850</u>	<u>5,850</u>
	<u>105,850</u>	<u>5,850</u>

Other debtors comprises funds held on behalf of the Company in a regulated client account

### 11 Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	16,373	12,125
Other creditors	14,000	17,500
Accruals and deferred income	<u>36,480</u>	<u>27,417</u>
	<u>66,853</u>	<u>57,042</u>



# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 12 Convertible loan notes

The convertible loan notes contain two components liability and equity elements. The equity element is presented as loan note holders reserve, representing the fair value of the embedded option to convert the liability into equity of the Company, and the loan notes issued have been adjusted in this respect, as set out below.

	2015 £	2014 £
Liability component at beginning of period	-	200,040
Nominal value of loan notes issued	100,000	-
Equity component of loan notes issued	(10,714)	-
Equity component of loan notes converted	-	61,139
Conversion of loans	-	(250,000)
	<u>89,286</u>	<u>11,179</u>
Transfer to reserves		
Interest charged	855	-
Reversal of interest charge	-	(11,179)
	<u>90,141</u>	<u>-</u>
Liability component at end of period	<u>90,141</u>	<u>-</u>
Total equity component	<u>10,714</u>	<u>-</u>

In June 2015, the Company issued £100,000 convertible loan notes bearing interest at 6% per annum.

The actual interest charged for the year is calculated by applying an effective interest rate of 12% to the liability component for the period since the loan notes were issued.

### 13 Called up share capital

	2015 £	2014 £
Allotted and fully paid		
1,545,511,405 ordinary shares of 0.1p each	1,545,511	1,545,511
	<u>1,545,511</u>	<u>1,545,511</u>

### 14 Statement of movement in reserves

	Share premium £	Loan note holders reserve £	Option reserve £	Profit and loss account £	Total £
Balance at 1 July 2014	1,562,336	-	132,240	(3,288,431)	(1,593,855)
Loss for the year	-	-	-	(7,807)	(7,807)
Issue of convertible loan notes	-	10,714	-	-	10,714
Balance at 30 June 2015	<u>1,562,336</u>	<u>10,714</u>	<u>132,240</u>	<u>(3,296,238)</u>	<u>(1,590,948)</u>

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 15 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Loss for the financial year	(7,807)	(1,308,343)
Proceeds from issue of shares	–	1,186,250
Issue of convertible loan notes	10,714	–
Conversion of convertible loan notes	–	(61,139)
Net addition to/(depletion in) shareholders' funds	2,907	(183,232)
Opening shareholders' funds	(48,344)	134,888
Closing shareholders' funds	<u>(45,437)</u>	<u>(48,344)</u>

### 16 Reconciliation of operating loss to net cash flow from operations

	2015 £	2014 £
Operating loss	(6,952)	(1,319,522)
Provision for diminution in value of investment	–	1,025,575
Loss on disposal of subsidiary	–	218,669
Reversal of provision for diminution in value of investment	(50,000)	–
Increase in debtors	(100,000)	–
Increase in creditors within one year	9,811	20,825
Net cash outflow from operating activities	<u>(147,141)</u>	<u>(54,453)</u>

### 17 Analysis of net funds/net debt

	1 July 2014 £	Cash flow £	Other non-cash changes £	30 June 2015 £
Net cash:				
Cash at bank and in hand	173	2,859	–	3,032
	<u>173</u>	<u>2,859</u>	<u>–</u>	<u>3,032</u>
Debt:				
Falling due within one year	–	–	–	–
Falling due after one year	–	–	(90,141)	(90,141)
Net (debt)/funds	<u>173</u>	<u>2,859</u>	<u>(90,141)</u>	<u>(87,109)</u>

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 18 Reconciliation of net cash flow to movement in net funds

	2015 £	2014
Increase in cash in the year	2,859	140
(Increase)/decrease in debt in the year	(90,141)	200,040
<b>Movement in net funds in the year</b>	<b>(87,282)</b>	<b>200,180</b>
Opening net funds/(debt)	173	(200,007)
<b>Closing net (debt)/funds</b>	<b>(87,109)</b>	<b>173</b>

### 19 Share based payments

On 30 November 2010 the Company granted share options totalling 30,000,000 shares to directors and key executives. The options, exercisable at 0.5p per share, vested on the date of grant and have a contractual life of 5 years.

A summary of the options outstanding during the year is shown below.

	No of options	Exercise price
Outstanding at the beginning of the year	30,000,000	0.5p
Outstanding at the end of the year	30,000,000	0.5p
Exercisable at the end of the year	30,000,000	0.5p

The value of the options granted has been measured by the use of the Black-Scholes pricing model. The inputs into the model were as follows:

Share price at grant date	0.8p
Exercise price	0.5p
Volatility	40%
Expected life	5 years
Risk free rate	3%
Expected dividend yield	0%

Expected volatility rate used was the estimated weighted average volatility of the share prices of comparable companies listed on the ISDX market. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability exercise restrictions and behavioural considerations.

The Company recognised total expenses of £nil (2014: £nil) related to equity-settled share-based payment transactions in the year to 30 June 2015.

# Welney Plc

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

### 20 Related party transactions

As at 30 June 2015, £18,000 was owed to Mr C Luck in respect of unpaid directors' fees and expenses. (2014: £6,000).

### 21 Ultimate controlling party

The Directors consider that there is no ultimate controlling party.

### 22 Post balance sheet events

There have been no material post balance sheet events.