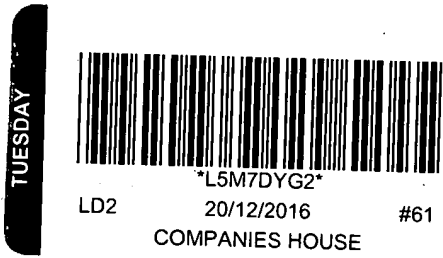


WELNEY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016



WELNEY PLC

COMPANY INFORMATION

Directors	Mr D G Edmonston (Appointed 21 April 2016) Mr C Luck
Secretary	Nominee Secretaries Limited
Company number	05840813
Registered office	2nd Floor, Cambridge House Cambridge Road Harlow Mill Harlow Essex CM20 2EQ
Auditors	Welbeck Associates 30 Percy Street London W1T 2DB
Registrars	Share Registrars Limited First floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
ISDX Corporate Advisor	Alexander David Securities Limited 49 Queen Victoria Street London EC4N 4SA

WELNEY PLC

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WELNEY PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The Board is pleased to present the results for Welney plc for the year ended 30 June 2016.

Since my appointment late April 2016, I have reviewed several different proposals to take the Company forward, which I am continuing to review and have been involved in a number of discussions in enabling the Company to raise additional funding, all of which continue to be ongoing.

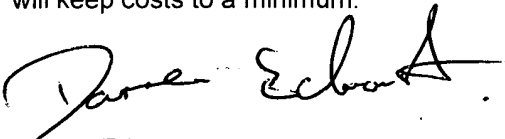
The Company also appointed a new advisor, namely Alexander David Securities, and I am working closely with them on a number of possible investments.

Separately the board are currently in discussions with several other parties both for investment into and out of the company.

The Company's investment in GACR the Nasdaq listed Company has performed badly and it is very illiquid despite the strength of the US dollar.

Semsa International FZC ("Semsa"), the loan note holders continue to support the Company by way of the loan note within the financial statements. The directors are now pleased to report that the loan note holders "Semsa" have agreed to not call in the loans outstanding for at least another 12 months.

I hope to be able to report further developments to shareholders at the AGM, in the meantime the directors will keep costs to a minimum.



Darren Edmonston

Chairman

WELNEY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report and financial statements for the year ended 30 June 2016.

Review of the business

The financial year to 30 June 2016 has continued to be challenging with the board continuing to review the ability to raise additional investment and as a consequence this year continues to be hampered by cash constraints.

The Company continues to be in a transitional stage and the board continues to consider the loss before tax and share price as key targets.

	2016	2015
Loss before tax	(£75,588)	(£7,807)
Share price at 30 June	0.004p	0.008p

Position of the business

At the end of the year, the Company had net liabilities of £121,025 (2015 : net liabilities £45,437).

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, equity or debt financing in the form of shareholders' loans and new share issues. As at 30 June 2016 the Company has net current liabilities of £22,592, a deficit in shareholders' funds of £121,025 and cash at bank of only £52.


There has been no additional funding received since year end.

The directors have prepared cash flow forecasts for the period to 30 June 2018 which assume no unnecessary costs or expenditure. On the basis of these forecasts, the fact that the loan note holders have agreed in writing to not call in the loans for at least the next 12 months from the date of this report, and that the directors have agreed not to take any salary or fees until such time as there is sufficient cash reserves in the business, 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 2016/17. These forecasts show that further finance will need to be raised for the Company to continue, 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 forward and there can be no certainty in this respect.

Nevertheless, after making due and careful enquires 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.



Mr D G Edmonston
Director

19/12/16

WELNEY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and financial statements for the year ended 30 June 2016.

Principal activities

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

Results and dividends

The results for the year are set out on page 8.

The Company's loss for the year from continuing and total operations was £75,588 (2015 : £7,807).

The directors do not recommend the payment of a dividend (2015 : nil).

Directors

The following directors have held office since 1 July 2015:

Mr L Tenuta	(Resigned 21 April 2016)
Mr D G Edmonston	(Appointed 21 April 2016)
Mr C Luck	

Directors' interests

The directors' interests in the shares of the Company were as stated below:

	Ordinary shares of p each	
	30 June 2016	30 June 2015
Mr L Tenuta	-	-
Mr D G Edmonston	-	-
Mr C Luck	-	-

Financial instruments

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

Requirement 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 the way of the issue of further ordinary shares or the issue of convertible loan note instruments.

Principal risks and uncertainties

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

Liquidity risk

The Company's policy is to finance its operations through working capital. The Company continues to seek additional sources of finance to provide sufficient funds for the foreseeable future.

Interest rate 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.

WELNEY PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

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.

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

WELNEY PLC

DIRECTORS' REPORT (CONTINUED)

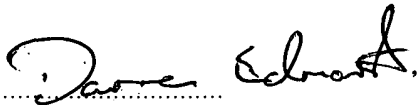
FOR THE YEAR ENDED 30 JUNE 2016

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the 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.

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

On behalf of the board



.....
Mr D G Edmonston

Director

..... 19/12/16

WELNEY PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WELNEY PLC

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANY ACT 2006

We have audited the financial statements of Welney Plc for the year ended 30 June 2016 set out on pages 8 to 20. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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 pages 3 - 5, 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 Annual Report to identify material inconsistencies with the audited financial statements and 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 implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 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.

WELNEY PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF WELNEY PLC

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANY ACT 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Emphasis of matter - Going concern

We draw your attention to the disclosures made in Note 1 to the Financial Statements concerning the Company's ability to continue as a going concern. 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

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.



19th December 2016

Jonathan Bradley-Hoare
(Senior Statutory Auditor)

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

WELNEY PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Administrative expenses		(65,729)	(56,952)
Reversal of impairment of Investments		-	50,000
Operating loss	2	(65,729)	(6,952)
Interest payable and similar charges	3	(9,859)	(855)
Loss on ordinary activities before taxation		(75,588)	(7,807)
Tax on loss on ordinary activities	4	-	-
Loss for the year		(75,588)	(7,807)
Earnings per share			
Basic and diluted loss per share		(0.004)p	(0.001)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.

The notes on pages 12 to 20 form an integral part of these financial statements.

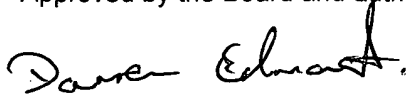
WELNEY PLC

BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Investments	6		1,567		2,675
Current assets					
Debtors	7	15,094		105,850	
Cash at bank and in hand		52		3,032	
		<u>15,146</u>		<u>108,882</u>	
Creditors: amounts falling due within one year	8	<u>(37,738)</u>		<u>(66,853)</u>	
Net current liabilities/(assets)			<u>(22,592)</u>		<u>42,029</u>
Total assets less current liabilities			<u>(21,025)</u>		<u>44,704</u>
Creditors: amounts falling due after more than one year	9		<u>(100,000)</u>		<u>(90,141)</u>
			<u>(121,025)</u>		<u>(45,437)</u>
Capital and reserves					
Called up share capital	11		1,545,511		1,545,511
Share premium account			1,562,336		1,562,336
Loan note holders reserve	12		10,714		10,714
Share option reserve	12		132,240		132,240
Profit and loss account			<u>(3,371,826)</u>		<u>(3,296,238)</u>
Shareholders' funds			<u>(121,025)</u>		<u>(45,437)</u>

Approved by the Board and authorised for issue on ...19/12/16...



Mr D G Edmonston
Director

Company Registration No. 05840813

The notes on pages 12 to 20 form an integral part of these financial statements.

WELNEY PLC

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2016

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 July 2015	1,545,511	1,562,336	142,954	(3,296,238)	(45,437)
Year ended 30 June 2016:					
Loss and total comprehensive income for the year	-	-	-	(75,588)	(75,588)
Balance at 30 June 2016	<u>1,545,511</u>	<u>1,562,336</u>	<u>142,954</u>	<u>(3,371,826)</u>	<u>(121,025)</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

WELNEY PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities	17		(2,980)		(147,141)
Interest paid			(9,859)		-
			<hr/>		<hr/>
Net cash generated from operating activities			(12,839)		(147,141)
Cash flows from investing activities					
Proceeds from sales of tangible assets			-		50,000
Cash flows from financing activities					
Increase long term loans			9,859		100,000
			<hr/>		<hr/>
Net increase/(decrease) in cash and cash equivalents			(2,980)		2,859
Cash at the beginning of the year			3,032		173
			<hr/>		<hr/>
Cash at the end of the year			52		3,032
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 12 to 20 form an integral part of these financial statements.

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Accounting policies

1 General Information

Welney plc (the "Company") is an investment company based in the UK. The Company is a public company and is incorporated and domiciled in England. The address of its registered office is 2nd Floor Cambridge House, Cambridge Road, Harlow, Essex, CM20 2EQ.

1.1 Accounting convention

The financial statements have been prepared in accordance with FRS 102 which have been applied consistently. See note 20 for explanation of transition to FRS 102.

1.2 Going concern

The Company meets its day to day financing through its cash reserves, shareholders' loans and share issues. As at 30 June 2016 the Company has net current liabilities of £22,592 a deficit in shareholders funds of £121,02 and cash at bank of only £52. It also incurred a loss of £75,588 (2015 : £7,807).

There has been no additional funding received since year end.

The directors have prepared cash flow forecasts for the period to 30 June 2018 which assume no unnecessary costs or expenditure. On the basis of these forecasts, the fact that the loan note holders have agreed in writing to not call in the loans for at least 12 months from the date of this report, and that the directors have agreed not to take any salary or fees until such time as there is sufficient cash reserves in the business, 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 2016/17. These forecasts show that further finance will need to be raised for the Company to continue, 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 forward and there can be no certainty in this respect.

Nevertheless, after making due and careful enquires 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.

1.3 Revenue recognition

Revenue represents the amounts derived from the sale of goods during the year stated at 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.

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

1.4 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.

The Directors consider that the Company's continuing investment operations comprise one segment. The Company's operations are solely in the United Kingdom. Its primary trading operation and trading activity is that of an investment company, as a result the segmental financial information is the same as that set out in the Profit and Loss, Balance Sheet, Statement of Changes in Equity and the Statement of Cash Flows.

1.5 Investments

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

1.6 Taxation and Deferred taxation

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 be available against which the deductible temporary difference can be used.

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.

1.7 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, 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.

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1.8 Compound financial instruments

Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest bearing securities with maturities of three months or less.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are current borrowings in liabilities on the balance sheet.

1.10 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 useful 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.

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

2	Operating loss	2016	2015
		£	£
	Operating loss is stated after charging: Fees payable to the Company's auditor for the audit of the Company's annual accounts.	<u>8,000</u>	<u>12,000</u>
3	Interest payable	2016	2015
		£	£
	Interest on convertible loans	<u>9,859</u>	<u>855</u>
4	Taxation	2016	2015
		£	£
	Total current tax	<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(75,588)</u>	<u>(7,807)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2015 - 20.00%)	<u>(15,118)</u>	<u>(1,561)</u>
	Effects of: Unutilised tax losses	<u>15,118</u>	<u>1,561</u>
		<u>15,118</u>	<u>1,561</u>
	Current tax charge for the year	<u>-</u>	<u>-</u>

No provision for tax has been made as the Company has estimated losses of £3,185,588 (2015 : £3,110,000).

The deferred tax asset arising on these losses has not been provided as the directors cannot satisfy themselves that the losses will be relived within the next 12 months.

5 Dividends

The directors have not voted a dividend during the year.

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

6 Fixed asset investments

	Listed investments £
Cost	
At 1 July 2015	2,675
Revaluation	(1,108)
At 30 June 2016	<u>1,567</u>
Net book value	
At 30 June 2016	<u>1,567</u>
At 30 June 2015	<u>2,675</u>

7 Debtors	2016 £	2015 £
Other debtors	9,244	100,000
Prepayments and accrued income	5,850	5,850
	<u>15,094</u>	<u>105,850</u>

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

8 Creditors: amounts falling due within one year	2016 £	2015 £
Trade creditors	9,383	16,373
Other creditors	-	14,000
Accruals and deferred income	28,355	36,480
	<u>37,738</u>	<u>66,853</u>

Included within other creditors for 30 June 2015 were amounts owed to Mr G Collier and Mr C Luck, £2,000 and £12,000 respectively. These amounts were repaid in full during the year to 30 June 2016.

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

9	Convertible loan notes	2016 £	2015 £
	Liability component b/fwd	90,141	-
	Nominal value of loan notes issued	-	100,000
	Equity component of loan notes issued	-	(10,714)
		<u>90,141</u>	<u>89,286</u>
	Interest charged	9,859	855
	Liability component at end of period	<u>100,000</u>	<u>90,141</u>
	Total equity component	<u>10,714</u>	<u>10,714</u>

On 28th May 2015 the Company issued £100,000 convertible loan notes bearing interest at 6% per annum. The loan is repayable in three years.

The notes are convertible into 100,000,000 £0.001 ordinary shares in Welney plc from the date of issue to the maturity of the debt.

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

10 Share-based payment transactions

On 30th 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 the grant and had a contractual life of 5 years and accordingly lapsed during our year.

11	Share capital	2016 £	2015 £
	Allotted, called up and fully paid		
	1,545,511,000 Ordinary shares of 0.1p each	<u>1,545,511</u>	<u>1,545,511</u>

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

12 Other reserves

Loan note holders reserve	£
Balance at 1 July 2015 & at 30 June 2016	10,714
	<u> </u>
Option reserve	
Balance at 1 July 2015 & at 30 June 2016	132,240
	<u> </u>

The loan note holders reserve represents the equity component of the loan at initial issue.

The Option reserve is used to recognise the value of equity-settled share-based payments provided to key management personnel as part of their remuneration.

13 Directors' remuneration	2016	2015
	£	£
Remuneration for qualifying services	22,200	14,480
	<u> </u>	<u> </u>

14 Employees

Number of employees

There were no employees during the year apart from the directors.

Employment costs	2016	2015
	£	£
Wages and salaries	22,200	14,480
	<u> </u>	<u> </u>

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

15 Control

The directors consider that there is no ultimate controlling party.

16 Post balance sheet events

There have been no material post balance sheet events.

17 Reconciliation of operating loss to net cash outflow from operating activities	2016	2015
	£	£
Operating loss	(65,729)	(6,952)
Reversal of provisions for diminution in value of investment	-	(50,000)
Provision for diminution in value of investment	1,108	-
Decrease/(increase) in debtors	90,756	(100,000)
(Decrease)/Increase in creditors within one year	(29,115)	9,811
Net cash outflow from operating activities	(2,980)	(147,141)

18 Reconciliation of net cash flow to movement in net debt	2016	2015
	£	£
(Decrease)/increase in cash in the year	(2,980)	2,859
Cash inflow from increase in debt	(9,859)	(90,141)
Movement in net debt in the year	(12,839)	(87,282)
Opening net (debt)/funds	(87,109)	173
Closing net debt	(99,948)	(87,109)

WELNEY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

19 Related party relationships and transactions

As at 30 June 2016, £9,000 was owed to Mr C Luck in respect of unpaid director's fees and expenses (2015 : £18,000).

As at 30 June 2016, £3,000 was owed to Mr D Edmonston in respect of unpaid director fees and expenses (2015 : £nil).

20 Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2014. Ordinarily the changes in accounting policies would be prescribed below in a table which reconciles profit for the financial year ended 30 June 2015 and the total equity as at 1 July 2014 and 30 June 2015 between UK GAAP as previously reported and FRS 102. However, the Directors are of the opinion that there were no material changes, either in the financial results, or in the accounting policies between the previously reported results under UK GAAP and the newly adopted FRS 102.