Company Registration No. 05840813 (England and Wales)

WELNEY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

WELNEY PLC

COMPANY INFORMATION

Directors	Mr D G Edmonston Mr C Luck
Secretary	Nominee Secretaries Limited
Company number	05840813 (England and Wales)
Registered office	Tednambury farm Tednambury Spellbrook Bishop's Strotford CM23 4BD
Auditor	Welbeck Associates 30 Percy Street London W1T 2DB
Registrars	Share Registrars Limited First floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Corporate Advisor	Alexander David Securities Limited 49 Queen Victoria Street London EC4N 4SA

WELNEY PLC

CONTENTS

WELNEY PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

The Board is pleased to present the results for Welney plc for the year ended 30 June 2017.

During the year I have looked to keep the company's operating costs to a minimum whilst I continue to review several different proposals to take the Company forward, which at this stage none of which have been suitable. There are still a couple of proposals being considered and I have been involved in a number of discussions in enabling the Company to raise additional funding, all of which continue to be ongoing.

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 continues to perform poorly and it continues to be very illiquid.

The Company continues to investigate proposals for our subsidiary company Metro Environmental Ltd and will pursue this strategy once further funding is forthcoming.

Semsa International FZC ("Semsa"), the loan note holders, continues 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. In addition, the company has confirmation of further support in relation to the future ongoing costs of the company from its shareholder's.

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

30 November 2017

WELNEY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business

The financial year to 30 June 2017 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.

	2017	**2016**
Loss before tax	£75,649	£75,588
Share price at 30 June	0.0075p	0.004p

Position of the business

At the end of the year, the Company had net liabilities of £196,674 (2016: net liabilities £121,025).

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 2017 the Company has net current liabilities of £24,515, a deficit in shareholders funds of £196,674 and no cash at bank.

Since the year end a further £11,000 has been received via loans to support the ongoing costs of the company.

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 2017/18. 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.

On behalf of the board

....
Mr D G Edmonston
Director
30 November 2017

WELNEY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

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 £75,649 (2016 : £75,588).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D G Edmonston
Mr C Luck

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

	Ordinary shares of 0.1p each	
	30 June 2017	**30 June 2016**
Mr D G Edmonston*	5,000,000	5,000,000
Mr C Luck	-	-

*Through EDS Solutions Limited.

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.

Auditor
In accordance with the company's articles, a resolution proposing that Welbeck Associates be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board.

....
Mr D G Edmonston
Director
30 November 2017

WELNEY PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WELNEY PLC

Opinion

We have audited the financial statements of Welney PLC (the 'company') for the year ended 30 June 2017 set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company incurred a net loss of £76,000 during the year ended 30 June 2017 and, of that date, the Company's current liabilities exceeded its total assets by £23,000. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. *Our opinion is not modified in respect of this matter.*

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How we addressed it*
Going concern – note 2.2 Going concern is considered a key audit matter due to the judgements involved with assumptions made over the timing of cash flows, future activity of the Company, including fund raising activities.	Our procedures included: • Review of management's assumptions in the cash flow forecast to assess whether current cash levels along with expected cash inflows and expenditures can sustain the existence of the Company for the period of at least 12 months from the date of signing of the financial statements; • Assessment of the accuracy of the forecasts by comparing previous forecasts with the Company's actual results; • Assessment of the completeness and accuracy of the matters covered in the going concern disclosure by assessing its consistency with the cash flow forecasts prepared by the Company and the terms of the loan notes issued.

Our application of materiality
Materiality for the Group/Company financial statements as a whole was set at £7,000 (2016: £7,000).

This has been calculated as 10% of the Loss for the year (2016: 10%), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group.

We report to the Director all corrected and uncorrected misstatements we identified through our audit with a value in excess of £350 (2016: £350), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit
We tailored the scope of our audit to ensure that we are able to give our audit opinion on the financial statements of Welney Plc taking into account the nature of the Company's activities, the accounting processes and controls, and the environment in which the Company operates.

We designed our audit to ensure that we obtain sufficient and appropriate audit evidence in respect of:

- The significant transactions and balances;
- Other items, which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or for other reasons;
- The appropriateness of the going concern assumption used in the preparation of the financial statements.

The Company's only subsidiary was dormant throughout the year, therefore our audit was focused on the financial statements of the Company only.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

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

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

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

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Rory Heier (Senior Statutory Auditor)
for and on behalf of Welbeck Associates
Chartered Accountants
Statutory Auditor

30 Percy Street
London
W1T 2DB

30 November 2017

WELNEY PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Administrative expenses		(66,339)	(65,729)
Operating loss	4	(66,339)	(65,729)
Interest payable and similar expenses	7	(9,310)	(9,859)
Loss before taxation		(75,649)	(75,588)
Tax on loss	8	-	-
Loss for the financial year		(75,649)	(75,588)
Earnings per share			
Basic and diluted loss per share		(0.005)p	(0.005)p

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

There are no items of other comprehensive income.

The notes on pages 12 to 19 form an integral part of these financial statements.

WELNEY PLC

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Investments	**9**		1,567		1,567
Current assets					
Debtors	**11**	14,848		15,094	
Cash at bank and in hand		-		52	
		14,848		15,146	
Creditors: amounts falling due within one year	**12**	(39,363)		(37,738)	
Net current liabilities			(24,515)		(22,592)
Total assets less current liabilities			(22,948)		(21,025)
Creditors: amounts falling due after **more than one year**	**13**		(173,726)		(100,000)
Net liabilities			(196,674)		(121,025)
Capital and reserves					
Called up share capital	**15**		1,545,511		1,545,511
Share premium account			1,562,336		1,562,336
Loan note holders reserve	**16**		10,714		10,714
Share option reserve			-		132,240
Profit and loss reserves			(3,315,235)		(3,371,826)
Total equity			(196,674)		(121,025)

The financial statements were approved by the board of directors and authorised for issue on 30 November 2017 and are signed on its behalf by:

....
Mr D G Edmonston
Director

Company Registration No. 05840813

The notes on pages 12 to 19 form an integral part of these financial statements.

WELNEY PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Share capital	Share premium account	Loan note holders reserve	Share option reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 July 2015	1,545,511	1,562,336	10,714	132,240	(3,296,238)	(45,437)
Year ended 30 June 2016:						
Total comprehensive loss for the year	-	-	-	-	(75,588)	(75,588)
Balance at 30 June 2016	1,545,511	1,562,336	10,714	132,240	(3,371,826)	(121,025)
Year ended 30 June 2017:						
Total comprehensive loss for the year	-	-	-	-	(75,649)	(75,649)
Reclassification of share option reserve to the retained earnings	-	-	-	(132,240)	132,240	-
Balance at 30 June 2017	1,545,511	1,562,336	10,714	-	(3,315,235)	(196,674)

The notes on pages 12 to 19 form an integral part of these financial statements.

WELNEY PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash absorbed by operations	**17**		(18,952)		(2,980)
Financing activities					
Loans received from other related parties		18,900		-	
Net cash generated from financing activities			18,900		-
Net decrease in cash and cash equivalents			(52)		(2,980)
Cash and cash equivalents at beginning of year			52		3,032
Cash and cash equivalents at end of year			-		52

The notes on pages 12 to 19 form an integral part of these financial statements.

1 Company information

Welney PLC is an investment company based in the UK. The Company is a public company and is incorporated and domiciled in England. The registered office is Tednambury farm, Tednambury, Spellbrook, Bishop's Strotford, UK, CM23 4BD.

2 Accounting policies

2.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2.2 Going concern

The Company meets its day to day financing through its cash reserves, shareholders' and directors' loans and share issues.

As at 30 June 2017 the Company has net current liabilities of £24,515, a deficit in shareholders' funds of £196,674, and cash of £nil. It also incurred loss of £75,649 (2016: £75,588).

The directors have prepared cash flow forecasts for the period to 30 June 2018 which assume no unnecessary expenses. On the basis of these forecasts, the fact that the loan note holders extended the loan period for at least 12 months from the date of this report, and that the directors have agreed not to take any salaries 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 2017/2018. 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 enquiries and considering the 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 the financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.3 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2 Accounting policies (continued)

2.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

2.5 Compound 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 instrument 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 no re-measured subsequent to initial recognition except on conversion or expiry.

2.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Accounting policies (continued)

2.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.8 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 investments operations comprise one business segment. 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 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4 Operating loss

	2017	**2016**
Operating loss for the year is stated after charging:	**£**	**£**
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	8,000

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	**2016**
	Number	**Number**
	2	2

5 Employees (continued)

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	24,000	22,200

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	24,000	22,200

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on convertible loan notes	6,000	6,735
Amortised cost adjustment	3,310	3,124
	9,310	9,859

8 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Loss before taxation	(75,649)	(75,588)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20%)	(14,943)	(15,118)
Increase of tax losses	14,943	15,118
Taxation charge in the financial statements	-	-

No provision for tax has been made as the Company has estimated losses carried forward of £3,264,237 (2016: £3,185,588).

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.

9 Fixed asset investments

	2017	2016
	£	£
At 1 July	1,567	2,675
Change in value during the year	-	(1,108)
At 30 June	1,567	1,567

10 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Cash at bank	-	52
Debt instruments measured at amortised cost	8,998	9,244
Equity instruments measured at fair value	1,567	1,567
Carrying amount of financial liabilities		
Measured at amortised cost	215,779	137,738

11 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Other debtors	8,998	9,244
Prepayments and accrued income	5,850	5,850
	14,848	15,094

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

12 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	29,252	9,383
Accruals and deferred income	10,111	28,355
	39,363	37,738

13 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Convertible loan notes	14	96,575	93,265
Interests on convertible loan notes		12,735	6,735
Due to the directors		35,000	-
Due to other related parties		29,416	-
		173,726	100,000

The amounts due to the directors and the related parties are unsecured and interest free. The amounts are repayable after 12 months provided the Company has sufficient cash resources.

14 Convertible loan notes

	2017 £	2016 £
Liability component at 1 July	93,265	90,141
Amortised cost adjustment	3,310	3,124
Liability component at 30 June	96,575	93,265
Total equity component	10,714	10,714

On 28th May 2015 the Company issued £100,000 convertible loan notes bearing interest at 6% per annum. The loan's original maturity date was 28th May 2018 which was extended to not earlier than 30 November 2018.

At the maturity date the notes are convertible into 100,000,000 ordinary shares in Welney plc with a nominal value of £0.001.

15 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,545,511,000 Ordinary shares of 0.1p each	1,545,511	1,545,511
	1,545,511	1,545,511

16 Loan note holders reserve

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

17 Cash generated from operations

	2017	2016
	£	£
Loss for the year after tax	(75,649)	(75,588)
Adjustments for:		
Finance costs	9,310	9,859
Fair value adjustment to investments	-	1,108
Movements in working capital:		
Decrease in debtors	246	90,756
Increase/(decrease) in creditors	47,141	(29,115)
Cash absorbed by operations	(18,952)	(2,980)

18 Control

The directors consider that there is no ultimate controlling party.

19 Events after the balance sheet date

Since the year end a further loan of £11,000 has been received from a shareholder to support the ongoing costs of the company. The loan is interest free and is repayable after 12 months provided the Company has sufficient cash resources.

20 Reconciliation of net cash flow to movement in net debt

	2017	2016
	£	£
Decrease in cash in the year	(18,952)	(2,980)
Increase in debt	(57,516)	(9,859)
Movement in net debt in the year	(76,468)	(12,839)
Opening net debt	(99,948)	(87,109)
Closing net debt	(176,416)	(99,948)

21 Related parties

In addition to the balances with the related parties disclosed in note 13, amounts owed to the directors in respect of unpaid director's fees and expenses are as follows:

	2017	2016
	£	£
Mr C Luck	21,000	9,000
Mr D Edmonston	14,000	3,000
	35,000	12,000