

**WELNEY PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**



# WELNEY PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr D G Edmonston Mr C Luck
<b>Secretary</b>	Nominee Secretaries Limited
<b>Company number</b>	05840813
<b>Registered office</b>	Tednambury farm Tednambury Spellbrook Bishop's Strotford UK CM23 4BD
<b>Auditor</b>	Edwards Veeder (UK) Limited Ground Floor 4 Broadgate Oldham Broadway Business Park Chadderton Oldham OL9 9XA

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# WELNEY PLC

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# **WELNEY PLC**

## **CHAIRMAN'S STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2019**

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The Board is pleased to present the results for Welney plc for the year ended 30 June 2019.

During the year I have continued to look to keep the company's operating costs to a minimum whilst we continued to review several different proposals to take the Company forward.

I am pleased to announce that a proposal has been approved by the board which allows for a £50,000 fund raise, prior to expenses and has agreed with its creditors to pay them 7.50% in cash and a further issue of equity in relation to full settlement of any claim against the company. This process will enable the company to move forward with a significant reduction in its current levels of debt. A notice containing all the specific details will be released shortly, which will include further details on the company's proposed share consolidation, fund raise and proposed changes in the board of the company.

With the Company having no material value and approximately GBP380,000 in creditors/debts as at 30 April 2020, the Company has taken the decision to put forward the Proposals to Shareholders. The Proposals will also facilitate the agreement under the *informal creditors' arrangement*, outlined in the introduction above. The Proposals are intended to give the Company a future.

The Company was approached by investors and, after review, the board has decided that the proposals are in the best interests for shareholders as a whole. Under the proposals, the overheads of the Company will be reduced and the proposed board changes, subscription and other refinancing described here will give the Company a new direction.

Darren Edmonston  
Chairman

1<sup>st</sup> June 2020

# WELNEY PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2019

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The directors present the strategic report for the year ended 30 June 2019.

#### Fair review of the business

The financial year to 30 June 2019 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.

	2019	2018
Loss before tax	£66,439	£71,098
Share price at 30 June	(0.004) p	(0.004) p

#### Events since year end

Note 17 of the Financial Statements sets out the post balance sheet events.

#### Results and dividends

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

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

#### 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 2019 the Company has net current liabilities of £58,427, a deficit in shareholders' funds of £334,211 and no cash at bank.

The directors have prepared cash flow forecasts for the period to 30 June 2021 which assume no unnecessary costs or expenditure. On the basis of these forecasts, include the intended fund raising of £50,000 and the repayment of existing creditors, 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 on the company's agreement and proposals it has with certain creditors to pay them 7.5% in cash and further settlement by the way of additional equity.

This report was approved by the board of directors on 1<sup>st</sup> June 2020 and signed on its behalf by



Mr D G Edmonston

Director

# WELNEY PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2019

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The directors present their annual report and financial statements for the year ended 30 June 2019.

#### Principal activities

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

#### 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 2019	30 June 2018
Mr D G Edmonston*	5,000,000	5,000,000
Mr C Luck	-	-

\*Through EDS Solutions Limited.

#### 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 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.

#### Substantial shareholdings

As at 22<sup>nd</sup> May 2019, other than the directors' holdings, the following shareholders hold more than 3% of the issued share capital:

Shareholder	Number of ordinary shares	Percentage of issued share capital
Beaufort Nominees Limited	340,405,305	22%
W B Nominees Limited	308,351,224	20%
Winterflood Securities Limited	126,187,034	8%
Lawshare Nominees Limited	111,532,142	7%
Gleeson Bessent Trustee Services Limited	100,000,000	6%
HSBC Global Custody Nominee (UK) Limited	83,800,000	5%
Redmayne (Nominees) Limited	76,000,000	5%
Alliance Trust Savings Nominees Ltd	70,321,020	5%

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# WELNEY PLC

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2019**

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### 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.

### 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:

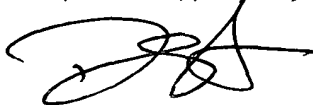
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### Auditor

In accordance with the company's articles, a resolution proposing that Edwards Veeder (UK) Limited be reappointed as auditor of the company will be put at a General Meeting.

This report was approved by the board of directors on 1<sup>st</sup> June 2020 and signed on its behalf by



Mr D G Edmonston  
Director

# WELNEY PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF WELNEY PLC

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#### Opinion

We have audited the financial statements of Welney PLC (the 'company') for the year ended 30 June 2019 which comprise the profit and loss account, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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 2019 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.

#### Emphasis of matter – Going concern

We draw attention to the disclosure made in note 1.2 to the financial statements, under the heading 'Going Concern', concerning the ability of the Company to continue as a going concern and to note 17 regarding events after the balance sheet date.

These conditions, along with other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the ability of the Company 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.

#### 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

##### Accounting Estimates

To assess whether the accounting estimates are prepared on a reasonable and consistent basis and disclosed in the financial statements.

#### How we addressed it

We have considered the basis of the accounting estimates applied when preparing the financial statements and considered the responses to audit questions with professional scepticism.

#### Related Parties

We are required to consider if the disclosures made in the financial statements are complete and accurate and to consider whether the processes for the identifying related parties and related party transactions are appropriate.

We have assessed the Company's procedures for identifying related parties and ensuring the completeness of the disclosures that are included in the audit planning pack.



# WELNEY PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF WELNEY PLC

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#### Key audit matter

Management override of controls

We are required to consider how management biases could affect the results of the company.

#### How we addressed it

We have considered the controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk.

#### **Our application of materiality**

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as material, as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined the materiality for the financial statements as a whole to be £3,400 which is based on an average of 5% of loss before tax. We considered this as an appropriate benchmark.

We set performance materiality as 80% of the overall Financial Statement materiality.

#### **An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatements in the Financial Statements. As in all our audits, we addressed the risk of management override of controls, including among other matters consideration of whether there was any evidence of bias that represented a risk of material misstatement due to fraud.

#### **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.

# WELNEY PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF WELNEY PLC

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#### 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, 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.

#### Use of our 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.



**Lee Lederberg**  
**for and on behalf of Edwards Veeder (UK) Limited**  
**Chartered Accountants and Statutory Auditor**

Ground Floor, 4 Broadgate  
Broadway Business Park, Chadderton  
Greater Manchester  
OL9 9XA  
1st June 2020

# WELNEY PLC

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

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		2019	2018
	Notes	£	£
Administrative expenses		(57,616)	(62,026)
Interest payable and similar expenses	6	(7,743)	(8,833)
Fair Value Loss		(1,080)	(239)
<b>Loss before taxation</b>		<b>(66,439)</b>	<b>(71,098)</b>
Tax on loss	7	-	-
<b>Loss for the financial year</b>		<b>(66,439)</b>	<b>(71,098)</b>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

The accompanying accounting policies and notes are an integral part of these financial statements.

# WELNEY PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

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	2019	2018
	£	£
Loss for the year	(66,439)	(71,098)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(66,439)</u>	<u>(71,098)</u>

The accompanying accounting policies and notes are an integral part of these financial statements.

# WELNEY PLC

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		2019		2018 Restated	
	Notes	£	£	£	£
<b>Non-current assets</b>					
Investments	8		1,248		2,328
<b>Current assets</b>					
Debtors	10	6,214		9,358	
Creditors: amounts falling due within one year	11	(64,641)		(49,290)	
<b>Net current liabilities</b>			(58,427)		(39,932)
<b>Total assets less current liabilities</b>			(57,179)		(37,604)
Creditors: amounts falling due after more than one year	12		(277,032)		(230,169)
<b>Net liabilities</b>			(334,211)		(267,773)
<b>Capital and reserves</b>					
Called up share capital	15		1,545,511		1,545,511
Share premium account			1,562,336		1,562,336
Equity reserve			-		10,714
Profit and loss reserves			(3,442,058)		(3,386,334)
<b>Total equity</b>			(334,211)		(267,773)

The financial statements were approved by the board of directors and authorised for issue on 1<sup>st</sup> June 2020 and are signed on its behalf by:



Mr D G Edmonston  
Director

Company Registration No. 05840813

The accompanying accounting policies and notes are an integral part of these financial statements.

# WELNEY PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Share premium account	Equity reserve	Own shares	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 July 2017	1,545,511	1,562,336	10,714	-	(3,315,235)	(196,674)
Year ended 30 June 2018:						
Loss and total comprehensive income for the year	-	-	-	-	(71,098)	(71,098)
Balance at 30 June 2018	1,545,511	1,562,336	10,714	-	(3,386,333)	(267,772)
Year ended 30 June 2019:						
Transfer of equity reserve to profit and loss reserve	-	-	(10,714)	-	10,714	-
Loss and total comprehensive income for the year	-	-	-	-	(66,439)	(66,439)
Balance at 30 June 2019	1,545,511	1,562,336	-	-	(3,442,058)	(334,211)

The accompanying accounting policies and notes are an integral part of these financial statements.

# WELNEY PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

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	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	16		-		
<b>Net cash used in investing activities</b>			-		-
<b>Financing activities</b>					
Repayment of borrowings		-		-	
<b>Net cash generated from financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			-		-
Cash and cash equivalents at beginning of year			-		-
<b>Cash and cash equivalents at end of year</b>			-		-

The accompanying accounting policies and notes are an integral part of these financial statements.

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 1 Accounting policies

##### Company information

Welney PLC is a company incorporated in England and Wales. The registered office is Tednambury farm, Tednambury, Spellbrook, Bishop's Stortford, UK, CM23 4BD. The company is listed on the NEX.

##### 1.1 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.

##### 1.2 Going concern

The Company made a loss for the year of £66,439 (2018: £71,098) and has net liability position of £334,211 (2018: £267,773). The directors continue to adopt the going concern basis of accounting in preparing the financial statements. On 29<sup>th</sup> May 2020, the company has come to an agreement with certain creditors to pay them 7.5% in cash and in equity to settle their debts. Creditors to be paid £27,300 in cash and then a further settlement of the debt in full in equity.

##### 1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

##### 1.4 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.



# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 1 Accounting policies...(continued)

##### 1.5 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.

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 1 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 through 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.

#### 1.6 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

#### 1.7 Equity instruments

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

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies...(continued)

#### 1.8 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 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.

### 3 Operating loss

	2019	2018
	£	£
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	3,600	9,600
	<u>          </u>	<u>          </u>

### 4 Employees

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

	2019	2018
	Number	Number
	2	2
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	24,000	24,000
	<u>          </u>	<u>          </u>

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>24,000</u>	<u>24,000</u>

### 6 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on convertible loan notes	<u>7,743</u>	<u>8,833</u>

### 7 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:

	2019 £	2018 £
Loss before taxation	<u>(66,439)</u>	<u>(71,098)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(12,623)	(13,509)
Unutilised tax losses carried forward	<u>12,623</u>	<u>13,509</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

### 8 Fixed asset investments

	2019 £	2018 £
Listed investments	<u>248</u>	<u>1,328</u>
Listed investments carrying amount	<u>248</u>	<u>1,328</u>

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 8 Fixed asset investments

#### Movements in fixed asset investments

	Investments other than loans £ Restated
<b>Cost or valuation</b>	
At 1 July 2018 & 30 June 2019	2,328
Loss: Fair value loss on investment	(1,080)
<b>Carrying amount</b>	
At 30 June 2019	1,248
At 30 June 2018	2,328

Details of the company's subsidiaries as 30<sup>th</sup> June 2019 are as follows :

Name of undertaking	Registered office	Profit for Period	Net assets
Metro Environmental Ltd	Tednambury Farm, Herts, CM23 4BD	£Nil	£1,000

### 9 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	94	9,358
Equity instruments measured at cost less impairment	1,248	2,328
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	333,173	269,859

### 10 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Other debtors	94	9,358
Prepayments and accrued income	6,120	-
	6,214	9,358

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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

	2019 £	2018 £
Trade creditors	56,141	38,690
Amounts owed to group undertakings	1,000	1,000
Accruals and deferred income	7,500	9,600
	<u>64,641</u>	<u>49,290</u>

#### 12 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Convertible loans	14	124,242	118,193
Other borrowings	13	152,790	111,976
		<u>277,032</u>	<u>230,169</u>

#### 13 Loans and overdrafts

	2019 £	2018 £
Loans from related parties	69,790	52,976
Other loans	83,000	59,000
	<u>152,790</u>	<u>111,976</u>
Payable after one year	<u>152,790</u>	<u>111,976</u>

The long-term loans are secured by fixed charges over 0%.

#### 14 Convertible loan notes

	2019 £	2018 £
Liability component of convertible loan notes	<u>124,242</u>	<u>118,193</u>

The effective rate of interest is 6.00%.

# WELNEY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 15 Share capital

	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,545,511,000 Ordinary shares of 0.1p each	1,545,511	1,545,511
	<u>1,545,511</u>	<u>1,545,511</u>

### 16 Cash generated from operations

	2019	2018
	£	£
Loss for the year after tax	(66,439)	(71,098)
<b>Adjustments for:</b>		
Finance expense	7,743	8,833
Fair value loss on investment	1,080	239
<b>Movements in working capital:</b>		
Decrease in debtors	3,144	5,490
Increase in creditors	62,215	65,369
Finance Cost	(7,743)	(8,833)
<b>Cash absorbed by operations</b>	<u>-</u>	<u>-</u>

### 17 Post balance sheet

On 29<sup>th</sup> May 2020, the company has come to an agreement with certain creditors to pay them 7.5% in cash and the remainder of the debt in equity. Creditors are due to be paid £27,300 in cash and a further amount in equity. As part of this exercise the company is intending to raise £50,000 prior to costs in order to support the company for the next 12 months.

### 18 Related party note

During the year Bushwood Accountants raised invoices totalling £4,140 (2018 - £5,040). As at 30<sup>th</sup> June 2019 the balance owing to Bushwood Accountants was £16,296 (2018 - £12,156) and there is no interest chargeable, a company owned by the director Mr Darren Edmonston.

As at 30<sup>th</sup> June 2019, an amount of £16,800 was owed to Toddbrook Investments Limited with no interest chargeable, a company owned by the director Mr Darren Edmonston

During the year charges were incurred of £12,000 (2018 - £12,000) in relation to directors fees to Darren Edmonston. As at 30<sup>th</sup> June 2019 the balance owing to Darren Edmonston was £38,000 (2018 - £26,000), and no interest is chargeable.

During the year charges were incurred of £12,000 (2018 - £12,000) in relation to directors fees to Cameron Luck. As at 30<sup>th</sup> June 2019 the balance owing to Cameron Luck was £45,000 (2018 - £33,000), and no interest is chargeable.

All transactions with related parties are conducted at arm's length.

**WELNEY PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2019***

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**19 Controlling party**

There is no overall controlling party.