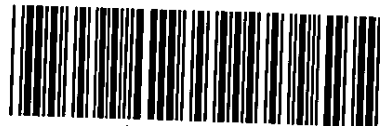


Company Registration No. 2652429 (England and Wales)

PARRY PEOPLE MOVERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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PARRY PEOPLE MOVERS LIMITED

COMPANY INFORMATION

Directors	J P M Parry MBE J S Hilton R S Glendenning G J Lusher C B Holden OBE
Secretary	E J Sansom
Company number	2652429
Registered office	Overend Road Cradley Heath West Midlands B64 7DD
Auditors	Neal and Co Business Services Ltd Shakespeare Buildings 26 Cradley Road Cradley Heath West Midlands B64 6AG
Bankers	HSBC Bank plc 1 Great Cornbow Halesowen B63 3AD
Solicitors	Wrigleys 19 Cookridge Street Leeds LS2 3AG

PARRY PEOPLE MOVERS LIMITED

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PARRY PEOPLE MOVERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the company continued to be that of the development and marketing of flywheel/hybrid powered railcars and the promotion of ultra-light rail systems

Purchase of own shares

At the date of signing these accounts the company had received notification of the following interests in more than 3% of the Company's share capital held by shareholders other than directors

The executors of H F Marriot (Dec'd) 59,186 shares

Directors

The following directors have held office since 1 January 2009

J P M Parry MBE

D R Oldfield

(Resigned 14 November 2009)

J S Hilton

R S Glendenning

G J Lusher

C B Holden OBE

R L Sansom

(Resigned 29 July 2010)

Auditors

The auditors, Neal and Co Business Services Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing the 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,
- 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

PARRY PEOPLE MOVERS LIMITED

DIRECTORS' REPORT (CONTINUED)

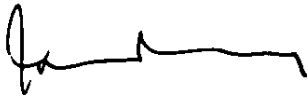
FOR THE YEAR ENDED 31 DECEMBER 2009

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 report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



J P M Parry MBE

Director

14 September 2010

PARRY PEOPLE MOVERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PARRY PEOPLE MOVERS LIMITED

We have audited the financial statements of Parry People Movers Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Basis of audit opinion

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements

- 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,
- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 of the financial statements concerning the ongoing support of shareholders, stockholders and suppliers. In view of the significance of this we consider that it should be drawn to your attention but our opinion is not qualified in this respect.



I C Marsh

Senior Statutory Auditor

for and on behalf of Neal and Co Business Services Ltd

14 September 2010

Accountants and Statutory Auditors

Shakespeare Buildings

26 Cradley Road

Cradley Heath

West Midlands

B64 6AG

PARRY PEOPLE MOVERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover		141,872	374,000
Cost of sales		(103,625)	(387,769)
Gross profit/(loss)		38,247	(13,769)
Administrative expenses		(165,997)	(176,111)
Other operating income		9,935	-
Operating loss	3	(117,815)	(189,880)
Other interest receivable and similar income	4	-	460
Interest payable and similar charges	5	(43,124)	(46,143)
Loss on ordinary activities before taxation		(160,939)	(235,563)
Tax on loss on ordinary activities	6	-	-
Loss for the year	14	(160,939)	(235,563)

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

PARRY PEOPLE MOVERS LIMITED

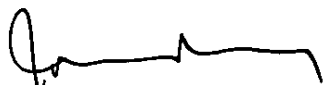
BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Intangible assets	7		408,273		323,429
Tangible assets	8		151,945		174,712
			<u>560,218</u>		<u>498,141</u>
Current assets					
Stocks	9	-		222,000	
Debtors	10	6,125		7,625	
Cash at bank and in hand		3		47	
		<u>6,128</u>		<u>229,672</u>	
Creditors: amounts falling due within one year	11	(501,742)		(409,733)	
Net current liabilities			<u>(495,614)</u>		<u>(180,061)</u>
Total assets less current liabilities			64,604		318,080
Creditors. amounts falling due after more than one year	12		<u>(390,900)</u>		<u>(548,211)</u>
			<u>(326,296)</u>		<u>(230,131)</u>
Capital and reserves					
Called up share capital	13		1,096,805		1,018,547
Share premium account	14		945,537		959,020
Profit and loss account	14		(2,368,638)		(2,207,698)
Shareholders' funds	15		<u>(326,296)</u>		<u>(230,131)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board and authorised for issue on 14 September 2010



J P M Parry MBE
Director

Company Registration No 2652429

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The directors draw your attention to Note 2 below regarding Going Concern but still feel it appropriate for the accounts to be prepared on the going concern basis

1.2 Compliance with accounting standards

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

1.3 Turnover and profits

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred, treated as an intangible asset and amortised over the period during which the company is expected to benefit. The Directors have decided to amortise deferred development expenditure on a straight line basis against the sale proceeds of the first twelve railcars

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Nil depreciation
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.7 Stock

Work in progress is valued at the lower of cost and net realisable value

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies (continued)

1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Going Concern

The order of two railcars for the Stourbridge branch line is hopefully the breakthrough for environmental rail transport. The company has continued its development activities throughout 2009 but is yet to move into profitable trading. As such, the company is still dependent upon its shareholders, stockholders and suppliers to provide the resources with which to carry out its development activities. The company has looked to raise further funds in 2010 through the issue of new loan stock and equity shares. The company considers that with the continuing support of shareholders, stockholders and suppliers it can continue to operate within its agreed facilities.

The directors therefore feel it appropriate that the accounts are prepared on the going concern basis.

3 Operating loss	2009 £	2008 £
Operating loss is stated after charging		
Amortisation of intangible assets	24,579	35,244
Depreciation of tangible assets	22,767	30,355
Loss on disposal of tangible assets	-	431
Auditors' remuneration (including expenses and benefits in kind)	2,000	2,000
and after crediting		
Government grants	(9,935)	-

4 Investment income	2009 £	2008 £
Bank interest	-	460
	-	460

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

5	Interest payable	2009 £	2008 £
	Included in interest payable is the following amount		
	Bank interest	2,119	827
	Lease finance charges	7,108	16,085
	Loan stock interest	27,539	17,052
	Interest on other loans	400	-
		<u>46,143</u>	<u>35,835</u>

6	Taxation	2009	2008
	Current tax charge	<u>-</u>	<u>-</u>

The company has estimated losses of £ 2,664,247 (2008 - £ 2,521,010) available for carry forward against future trading profits

7	Intangible fixed assets	Deferred Development Expenditure £
	Cost	
	At 1 January 2009	380,504
	Additions	109,424
	At 31 December 2009	<u>489,928</u>
	Amortisation	
	At 1 January 2009	57,076
	Charge for the year	24,579
	At 31 December 2009	<u>81,655</u>
	Net book value	
	At 31 December 2009	<u>408,273</u>
	At 31 December 2008	<u>323,429</u>

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

8 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2009 & at 31 December 2009	83,650	389,710	473,360
Depreciation			
At 1 January 2009	-	298,648	298,648
Charge for the year	-	22,767	22,767
At 31 December 2009	-	321,415	321,415
Net book value			
At 31 December 2009	83,650	68,295	151,945
At 31 December 2008	83,650	91,062	174,712

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
Net book values	
At 31 December 2009	63,281
At 31 December 2008	84,375
Depreciation charge for the year	
At 31 December 2009	21,094
At 31 December 2008	28,125

9 Stocks

	2009 £	2008 £
Long term contract balances		
- Net cost less foreseeable losses	-	222,000

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

10 Debtors	2009 £	2008 £
Trade debtors	4,600	-
Other debtors	1,525	7,625
	<u>6,125</u>	<u>7,625</u>
11 Creditors, amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	66,065	74,066
Net obligations under finance leases	17,111	62,833
Trade creditors	32,335	21,728
Taxation and social security	72,418	18,913
Other creditors	313,813	232,193
	<u>501,742</u>	<u>409,733</u>

Any amounts owing to HSBC Bank are secured by a fixed and floating charge over all assets of the company

Other creditors include amounts due to JPM Parry and Associates Ltd of £61,374 (2008 £126,390)

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

12 Creditors: amounts falling due after more than one year	2009 £	2008 £
Net obligations under finance leases	-	17,111
Unsecured, convertible 6 5% Loan Stock 2008-2010	-	191,250
Unsecured, convertible 7 5% Loan Stock 2011-2013	288,550	237,500
Unsecured 7 0% Debenture	5,000	5,000
Other Unsecured Loan stock	97,350	97,350
	<u>390,900</u>	<u>548,211</u>
Net obligations under finance leases		
Repayable within one year	17,111	-
Repayable between one and five years	-	79,944
	<u>-</u>	<u>79,944</u>
Included in liabilities falling due within one year	(17,111)	(62,833)
	<u>-</u>	<u>17,111</u>

Unsecured Loan Stock of £83,850 is repayable to the Railcar 11 Syndicate from the proceeds of sale or revenue arising from the deployment of Railcar 11 when that occurs

13 Share capital	2009 £	2008 £
Allotted, called up and fully paid		
1,096,805 Ordinary Shares of £1 each	<u>1,096,805</u>	<u>1,018,547</u>

14 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 January 2009	959,020	(2,207,699)
Loss for the year	-	(160,939)
Share premium - other movements	(13,483)	-
Balance at 31 December 2009	<u>945,537</u>	<u>(2,368,638)</u>

PARRY PEOPLE MOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

15 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Loss for the financial year	(160,939)	(235,563)
Proceeds from issue of shares	78,258	6,316
Cost of share issue written off to share premium account	(13,483)	(6,316)
	<hr/>	<hr/>
Net depletion in shareholders' funds	(96,164)	(235,563)
Opening shareholders' funds	(230,131)	5,432
	<hr/>	<hr/>
Closing shareholders' funds	<u>(326,296)</u>	<u>(230,131)</u>