

Advance Visual Communications Plc

Directors' report and financial statements

For the year ended 30 June 2010

Registered Number 03327108



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Company information

Directors

S J Barclay (Non-executive Chairman)
J R Shaw (Non-executive)

Registered Office

44 Southampton Buildings
London
WC2A 1AP

Secretary

M H W Perrin ACA

Solicitors

Memery Crystal
44 Southampton Buildings
London
WC2A 1AP

Auditors

Littlejohn LLP
Statutory Auditors
1 Westferry Circus
Canary Wharf
London
E14 4HD

Registrars

Share Registrars Limited
Suite E, First floor
9 Lion and Lamb Yard
Farnham
Surrey
GU9 7LL

Bankers

Adam & Company Plc
22 King Street
London
SW1Y 6QY

Chairman's Statement

Year ended 30 June 2010

Results

The Company incurred losses before and after taxation for the year of £13,974 (June 2009 £45,975)

The cash balances at the year end were £38,750 We are endeavouring to minimize the cash outflow

AIM quotation

The Company's shares were cancelled from trading on AIM on 29 June 2007, the Company having not completed a reverse acquisition by that date The Company intends to seek readmission upon the successful completion of an acquisition

Investment Strategy

The Directors are seeking to identify businesses or companies which they consider to have the potential to produce a favourable return in both the short and medium terms

Conversion of Loan Stock

On 30 September 2010, the Company's loan stock, totalling £100,000 was converted into 100,000,000 new Ordinary Shares of 0 1p in accordance with the terms of the loan stock

Stephen Barclay
Non-Executive Chairman

15 November 2010

Directors' Report

The Directors present their report and the financial statements for the year ended 30 June 2010

Principal activities and review of the business

The principal activity of the Company is to establish, invest in or acquire assets, businesses or companies in the financial and business services sector in the UK. During the year, the Company has continued to seek an appropriate acquisition.

The Company's shares were cancelled from trading on AIM on 29 June 2007, the Company having not completed a reverse acquisition by that date. The Company intends to seek readmission upon the successful completion of an acquisition.

Results and dividends

The loss for the year was £13,974 (2009: loss of £45,975). The Directors do not recommend the payment of a dividend. The Directors consider the results for the year to be satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company relate to the activity of establishing, investing in or acquiring assets, businesses or companies in the financial and business services sector in the UK. Despite the opportunities that arise, there is the risk that the Company may not find a suitable investment. A further risk is that the Company may not be able to raise the necessary funding for such an investment or, if necessary, for further working capital whilst investment opportunities are explored.

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Non current assets

The Company has purchased no fixed assets during the year.

Donations

During the year the Company made no payments for charitable purposes.

Post Balance Sheet Event

On 30 September 2010, the Company's loan stock, totalling £100,000 was converted into 100,000,000 new Ordinary Shares of 0.1p in accordance with the terms of the loan stock.

Directors and directors' interests

The Directors who held office from 1 July 2009 to the date of approval of these Financial Statements had the following beneficial interests in the ordinary shares of the Company:

Ordinary shares	Interest at 15 November 2010	Interest at 30 June 2010	Interest at 1 July 2009
	No	No	No
S J Barclay (Chairman)	47,850,418	41,350,418	41,350,418
J R Shaw	18,402,462	18,402,462	18,402,462

The directors also held Convertible Loan Stock and Warrants as set out below:

	Interest at 15 November 2010	Interest at 30 June 2010	Interest at 1 July 2009
	No	No	No
	Convertible Loan Stock	Convertible Loan Stock	Convertible Loan Stock
S J Barclay	-	£25,000	£25,000
J R Shaw	-	£10,000	£10,000
	Warrants	Warrants	Warrants
S J Barclay	75,000,000	75,000,000	75,000,000
J R Shaw	30,000,000	30,000,000	30,000,000

Directors' responsibilities

The Statement of Directors' Responsibilities is shown on page 5

Substantial interests

At the date of this report the following interests of three percent or more of the issued ordinary share capital had been notified to the Company

	%	Number of Ordinary shares
Interactive Horizons Limited	17.25	57,000,000
S J Barclay	14.48	47,850,418
J R Shaw	5.57	18,402,462
G Smith	4.29	14,188,981
Clifton Financial Associates Plc RBS	3.78	12,500,000
Garro Finance Limited	3.03	10,000,000
P Kellner	3.03	10,000,000

Going Concern

The financial statements have not been prepared on a going concern basis. The Company had in issue, at 30 June 2010, £100,000 of loan notes which, if not converted, would be repayable on 30 September 2010. On 30 September 2010, this loan stock, totalling £100,000 was converted into 100,000,000 new Ordinary Shares of 0.1p in accordance with the terms of thereof. Whilst the Directors are resolved to take responsible steps to ensure that capital and other financing is put in place so as to enable the Company to meet its obligations as they fall due and to execute the strategy of the Company, they recognise that this may not be possible and have prepared the accounts accordingly.

Fair Value Estimation

The Directors consider that the carrying amount of the Company's financial assets and liabilities approximate to their fair value at each balance sheet date.

Supplier payment policy

Whilst there is no formal code or standard, it is Company policy to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the creditors' terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions. At 30 June 2010 the number of creditors days in respect of trade creditors was 127 days (2009 nil days).

Research and development activities

The Company has not made any investment in research and development.

Relevant audit information

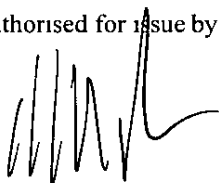
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint Littlejohn LLP as auditors to the Company will be proposed at the Annual General Meeting.

Approved and authorised for issue by the Board on 15 November 2010, and signed on its behalf by

Martin Perrin
Secretary



4th floor, 44 Southampton Buildings
London WC2A 1AP

Corporate Governance Statement

Introduction

The Company's system of corporate governance, which is summarised below, has been formulated with the Combined Code in mind. However, not every provision and principle of this code has been dealt with as it is considered by the Directors to be inappropriate due to the current size of the Company. Although not required, the Directors have decided to provide the following corporate governance information.

Committees

Given the size of the Board, there are no separate Committees of the Board.

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 International Financial Reporting Standards as adopted by the European Union. 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members

Year ended 30 June 2010

We have audited the Financial Statements of Advance Visual Communications Plc for the year ended 30 June 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibility 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.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of Matter - non-going concern status

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements in respect of the going concern status of the Company. The financial statements have not been prepared on a going concern basis as the Directors' recognise that it may not be possible for the Company to meet its obligations as they fall due.

Opinion on other matter prescribed by the Companies Act 2006

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

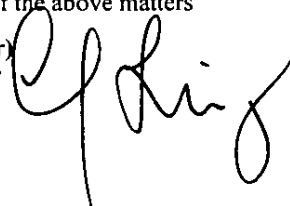
Matters on which we are required to report by exception

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.

We have nothing to report in respect of the above matters.

Mark Ling (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory auditor



1 Westferry Circus
Canary Wharf
London
E14 4HD

15 November 2010

Statement of Comprehensive Income
for the year ended 30 June 2010

	<i>Note</i>	30 June 2010 £	30 June 2009 £
Administration expenses		14,038	15,878
Loss for the year	2	(14,038)	(15,878)
Interest income		64	745
Interest payable	3	-	(30,842)
Loss for the year before taxation		(13,974)	(45,975)
Taxation	4	-	-
Loss for the year from continuing operations		(13,974)	(45,975)
Total comprehensive income for the year attributable to equity shareholders		(13,974)	(45,975)
Loss per share – basic and diluted	5	(0.01) p	(0 02) p

The Company's expenses all relate to continuing operations. The Company has no recognised gains or losses other than the loss for the year, which has been calculated on the historical cost basis.

Statement of Financial Position
at 30 June 2010

	<i>Note</i>	30 June 2010 £	30 June 2010 £	30 June 2009 £	30 June 2009 £
Current assets					
Trade and other receivables	7	23		15	
Cash and cash equivalents		38,750		39,754	
Total current assets			38,773		39,769
Total assets			38,773		39,769
Equity and liabilities					
Capital and reserves					
Issued capital	10		1,684,672		1,684,672
Share premium account			6,640,976		6,640,976
Other reserves	11		-		-
Retained earnings			(8,415,062)		(8,401,088)
Total equity			(89,414)		(75,440)
Current liabilities					
Trade and other payables	8	128,187		15,209	
Non-current liabilities					
Loan notes	9	-		100,000	
Total liabilities			128,187		115,209
Total equity and liabilities			38,773		39,769

These financial statements were approved and authorised for issue by the board of directors on 15 November 2010 and were signed on its behalf by

J R Shaw
Director



Statement of Changes in Equity
for the year ended 30 June 2010

	Share Capital £	Share Premium £	Other Reserves £	Retained Earnings £	Total £
Balance at 1 July 2008	1,684,672	6,640,976	50,000	(8,405,113)	(29,465)
Reverse equity component of convertible loan	-	-	(50,000)	50,000	-
Loss for the year	-	-	-	(45,975)	(45,975)
Balance at 30 June 2009	1,684,672	6,640,976	-	(8,401,088)	(75,440)
Total comprehensive income for the year	-	-	-	(13,974)	(13,974)
Balance at 30 June 2010	1,684,672	6,640,976	-	(8,415,062)	(89,414)

Cash Flow Statement
for the year ended 30 June 2010

	30 June 2010 £	30 June 2009 £
Cash flows from operating activities		
Operating loss	(14,038)	(15,878)
Net cash outflow from operating activities	(14,038)	(15,878)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(8)	403
Increase/(decrease) in trade and other payables	12,978	3,553
Net cash applied to operations	(1,068)	(11,922)
Cash flows from investing activities		
Interest received	64	745
Net cash generated from investing activities	64	745
Net (decrease)/increase in cash and cash equivalents	(1,004)	(11,177)
Cash and cash equivalents at the beginning of financial year	39,754	50,931
Cash and cash equivalents at the end of financial year	38,750	39,754

Notes to the Financial Statements

1 Accounting policies

General information

Advance Visual Communications Plc is a limited company incorporated in England and Wales under the Companies Act 1985. The address of its registered office and principal place of business are disclosed in the Company Information page of the financial statements.

The principal activities of the Company are described in the Directors' Report.

Adoption of new and revised standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for companies' annual reporting periods beginning on or after 1 July 2009.

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board, as approved by the European Union, and parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared using the historical cost convention.

The preparation of Financial Statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The preparation of Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, including the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The following standards and interpretations issued by the International Accounting Standards Board (IASB) and IFRIC have been adopted in these financial statements:

IFRS1, IAS27 Cost of an investment in subsidiary Jointly controlled entity or associate

IFRS2 Share-based Payment – Amendment relating to vesting conditions and cancellations

IFRS8 Operating Segments

IAS23 Borrowing Costs – Comprehensive revision to prescribed treatment

IAS28 Investments in Associates – Consequential amendments arising from amendments to IFRS3

IAS31 Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS3

IAS32 Financial Instruments Presentation – Amendments relating to puttable instruments and obligations arising on liquidation

IAS38 Intangible Assets - Accounting for advertising and promotional costs

IFRIC11, IFRS2 Group and treasury share transactions

IFRIC12 Service Concession Arrangements

IFRIC14 IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction

IFRIC15 Agreements for the construction of real estate

IFRIC16 Hedges of a net investment in a foreign operation

IFRIC17 Distribution of non-cash assets to owners

IFRIC18 Transfer of assets from customers

All of the above have no impact on the financial statements of the Company. The following standards, amendments and interpretations have been issued by the IASB and IFRIC with an effective date, subject to EU endorsement in some cases, which does not impact on these financial statements:

IFRS various Annual improvements 2009

IFRS3 Business Combinations – Comprehensive revision on applying the acquisition method

IFRS9 Financial instruments

IAS1 Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income and amendments relating to disclosure of puttable instruments and obligations arising on liquidation

IAS27 Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS3

IAS39 IFRS7 Financial Instruments Recognition and measurement– amendments for eligible hedged items

IFRIC13 Customer Loyalty Programmes

IFRIC19 Extinguishing financial liabilities with equity instruments

The impact on the Company's financial statements of the future standards, amendments and interpretations is still under review, but the Company does not currently expect any of these changes to have a material impact on the results or the net assets of the Company

Going Concern

United Kingdom company law requires the Directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company is a going concern. In considering this matter the Directors have evaluated the expected outturn for the year to June 2011. This included consideration of the cash flow and access to additional capital. The Directors are resolved to take responsible steps to ensure that capital and other financing is put in place so as to enable the Company to meet its obligations as they fall due and to execute the strategy of the Company. Whilst the Directors anticipate that the Company will continue in operational existence for the foreseeable future, they recognise that this may not be possible and accordingly they have not adopted the going concern basis in preparing the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement.

Financial instruments

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

Deferred taxation

The Company has adopted IAS 12, Deferred Taxation. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements *(continued)*

Financial assets and financial liabilities

The financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

Borrowings

Interest-bearing loans and overdrafts are recorded initially at the proceeds received. Finance charges are accounted for on an accrual basis to the income statement using the effective interest method

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value

Financial liabilities and equity

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

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note

Share-based payments

The Company has applied the requirements of IFRS 2 Share-based Payment. The Company has issued equity-settled payments to certain shareholders and their connected parties. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Instruments which vest immediately are expensed at the date of grant

Taxation

The charge for taxation is based on the result for the year at current rates of tax, and this takes into account deferred taxation on all timing differences between the treatment of certain items for accounts purposes and their treatment for Corporation tax purposes, except where it can be demonstrated that no Corporation tax liabilities will arise in the foreseeable future

2 Loss for the year and segmental analysis

Adoption of IFRS 8, Operating Segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. Nevertheless, as a result, following the adoption of IFRS 8, the identification of the Group's single reportable segment has not changed

Notes to the Financial Statements *(continued)*

Within this single reportable segment, the loss is stated after charging	30 June 2010	30 June 2009
	£	£
Audit fees	4,000	2,000
Other administrative expenses	10,038	13,878
	14,038	15,878

3 Interest payable

	30 June 2010	30 June 2009
	£	£
Interest charge on convertible loan (see Note 9)	-	30,842
	-	30,842

4 Tax on loss on ordinary activities

Tax charge for the year

No taxation arises on the result for the year because of the trading loss (2009 £Nil)

Factors affecting the tax charge for the year

The tax charge for the year does not equate to the loss for the year at the standard rate of UK small companies corporation tax of 21% (2009 21%) The differences are explained below

	30 June 2010	30 June 2009
	£	£
Loss for the year before taxation	(13,974)	(45,975)
Loss for the year before tax multiplied by the standard rate of UK small companies corporation tax of 21% (2009 21%)	(2,935)	(9,655)
Expenses not deductible for tax	-	6,477
Tax losses for the year not relieved	2,935	3,178
	-	-

Factors affecting the tax charge of future years

Tax losses available to be carried forward by the Company at 30 June 2010 against future profits are estimated at £1,252,192 (2009 £ 1,238,218) There is an unprovided deferred tax asset based on these losses of £262,960 (2009 £260,026)

It is difficult to determine with certainty how and when the available tax losses will be utilised Therefore, the element of the potential deferred tax asset relating to losses has not been recognised in the financial information

Notes to the Financial Statements *(continued)*

5 Loss per Share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average of ordinary shares in issue being 230,492,847 (2009 230,492,847) during the year. As the Company has incurred a loss for the year, no option or warrant is potentially dilutive, and hence basic and diluted loss per share are the same.

6 Directors

The average monthly number of persons (including directors) employed by the Company was	30 June 2010	30 June 2009
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Directors	2	2
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No director's emoluments were paid in the year.

7 Debtors

	30 June 2010	30 June 2009
	£	£
Accrued interest receivable	23	15
	23	15

8 Creditors: amounts falling due within one year

	30 June 2010	30 June 2009
	£	£
Trade creditors	4,971	-
Accruals and deferred income	23,216	15,209
Loan notes	100,000	0
	128,187	15,209

9 Creditors: amounts falling due after more than one year

On 28 September 2007 the Company issued £100,000 of loan stock together with warrants over 300,000,000 Ordinary shares. The Loan Notes convert into new ordinary shares of the Company at par, 0.1p, at any time from the year following issue to the 30 September 2010 and were converted into new ordinary shares in the Company on 30 September 2010.

The loan notes were non-interest bearing. However under IAS 39 the effective rate of interest was 19% to take account of the time value of money. The net proceeds received from the issue of the convertible loan were split between the liability component and the equity component, representing the fair value of the embedded options to convert the liability into equity, and associated warrants, in the Company as follows:

Notes to the Financial Statements *(continued)*

9 *continued*

	30 June 2010	30 June 2009
	£	£
Principal amount of loan	100,000	100,000
Re-allocation of deemed equity component of loan	-	(50,000)
Rolled up interest on liability component		
- brought forward	-	19,158
- charged in the year		
- on a going concern basis	-	11,521
- brought forward upon change of basis	-	19,321
	<u>-</u>	<u>30,842</u>
Liability component	<u>100,000</u>	<u>100,000</u>
Being		
Current liability	100,000	-
Non-current liabilities	-	100,000
	<u>100,000</u>	<u>100,000</u>

In the prior year, the effect of switching from preparing the accounts on a going concern basis was to bring forward into the charge for the year to June 2009, a rolled up interest on liability component that otherwise would have fallen to be charged in later periods. In the year to June 2010, no further charge arises.

10 Called up share capital

	30 June 2010	£	30 June 2009	£
	No		No	
Authorised				
Ordinary shares of 0.1p each	845,820,626	845,821	845,820,626	845,821
Deferred shares of 0.9p each	161,575,486	1,454,179	161,575,486	1,454,179
		<u>2,300,000</u>		<u>2,300,000</u>
Allotted, issued and fully paid				
Ordinary shares of 0.1p each	230,492,847	230,493	230,492,847	230,493
Deferred shares of 0.9p each	161,575,486	1,454,179	161,575,486	1,454,179
		<u>1,684,672</u>		<u>1,684,672</u>

Significant shareholders are as disclosed in the Directors' report. There is no overall controlling party.

The Deferred Shares are non-voting and are not entitled to receive a dividend. The Deferred Shares shall on a return of assets on a winding up entitle holders only to a repayment of the amount paid up on each share after payment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per Ordinary Share.

Notes to the Financial Statements *(continued)*

11 Other reserves

	30 June 2010 £	30 June 2009
Equity Component of loan		
At 1 July 2009	-	50,000
Release back to revenue reserves	-	(50,000)
At 30 June 2010	-	-

12 Warrants

On 28 September 2006 the Company issued a total of 300,000,000 warrants to subscribers to £100,000 loan stock

On 20 December 2006 the Company issued 12,500,000 warrants in consideration for services received

In total there are 312,500,000 warrants in issue and at 30 June 2010 none of these warrants had been exercised, nor have been at the date of this report

The Warrants entitle the holder to subscribe for 1 new ordinary share of the Company at par and may be exercised at any time from year 1 following issue to 27 September 2011 or in certain other circumstances, including the acquisition of a company or business by the issue of new ordinary shares of the Company representing in excess of 30% of the then enlarged share capital of the Company

13 Treasury Policy and financial instruments

The Company operates informal treasury policies which include continuing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

Facilities are arranged, based on criteria determined by the Board, as required to finance the long term requirements of the Company. To date the Company has financed its activities by the raising of funds through the issue of shares and convertible loans.

The risks arising from the Company's financial instruments are liquidity and interest rate risk. The Directors review and agree policies for managing these risks and they are summarised below.

Liquidity and interest rate risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by the close control of the Directors of Advance Visual Communications Plc in the day to day management of liquid resources. Cash is invested in deposit accounts which provide a modest return on the Company's resources whilst ensuring there is limited risk of loss to the Company. The deposit accounts are held at Adam and Company Plc and the Company earns interest at rates that depend on the amount of money deposited at any one time.

There is no difference between the book values and fair values of the financial instruments in the current year or prior Year.

14 Capital commitments

There were no capital commitments authorised by the Directors or contracted for at 30 June 2010 (2009: £nil).

15 Related party transactions

The Company has contracted with Webb Capital Advisory Limited for the provision of administrative support in respect of which £7,050, inclusive of disbursements and VAT, (2009: £8,285) had been accounted for in the year to 30 June 2010. John Shaw is a Director of Webb Capital Advisory Limited. As at 30 June 2010 the balance accrued or outstanding was £12,925.

16 Post Balance Sheet Event

On 30 September 2010, the Company's loan stock, totalling £100,000 was converted into 100,000,000 new Ordinary Shares of 0.1p in accordance with the terms of the loan stock.