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COMPANY NUMBER 4144915

Longborough Capital PLC
CONSOLIDATED REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2007

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Longborough Capital PLC

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Longborough Capital PLC
Company Information

DIRECTORS: M Di Nello
B W D Ripley

SECRETARY: Oxford Corporate Services Ltd
R E Sims

COMPANY NUMBER: 4144915

REGISTERED OFFICE: 7 Petworth Road
Haslemere
Surrey
GU27 2JB

AUDITORS: Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
Aquis House
49-51 Blagrove Street
Reading
RG1 1PL

Longborough Capital PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2007

The directors have pleasure in presenting their report and the accounts of the group for the year ended 31 January 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the group and company's state of affairs at the end of the period and the profit or loss of the group for that period. In preparing those accounts the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities. The directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

DIRECTORS

The directors who served during the year were

M Di Nello
B W D Ripley
R E Sims (resigned 27 February 2008)
H C Bellingham (resigned 26 February 2008)

No right to subscribe for shares or debentures in the company was granted to, or exercised by, the directors during the year.

R E Sims has options over 100,000 shares in the capital of Environmental Recycling Technologies Plc, a shareholder of Longborough Capital Plc.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Longborough Capital PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2007

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £113,295 (2006 £705,173)

The directors do not recommend the payment of a dividend

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company was always intended as an industrial conglomerate. We intended to take new and enterprising technologies, nurture them and ultimately spin them off. As it happens the bulk of our activities have been concentrated in the United States of America. As a result we decided ultimately to spin our US subsidiaries off into an American listed vehicle and so accepted the offer to take a majority stake in LBOC Corporation Inc. Whilst certain intellectual property resides in the main plc, all trading activities of the Group are now conducted through this principal listed American subsidiary LBOC Corporation. Clearly the principal opportunity and risk for us is the shareholding in LBOC Corporation, which is a pink sheet NASDAQ listed company.

The main KPI for the company is return on investment from its subsidiaries but to date there has been no such return (partly due to the lack of accounting information received from the subsidiaries).

PRINCIPAL ACTIVITIES

The principal activity of the group in the year under review was the acquisition and exploitation of innovative intellectual property rights whether by way of ownership or licence and with particular regard to the automotive industry.

CREDITORS POLICY

The group's policy is to pay suppliers within their credit terms.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the appointment of Horwath Clark Whitehill LLP as auditors to the company will be put to the Annual General Meeting.

Approved by the Board on
and signed on its behalf by -

3 September 2008


Oxford Corporate Services Ltd
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONGBOROUGH CAPITAL PLC

We have audited the group and parent company financial statements (the "financial statements") of Longborough Capital plc for the year ended 31 January 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheet, the Group Cashflow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONGBOROUGH CAPITAL PLC

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited due to the following reasons

- We were unable to obtain evidence to support the recoverability of the sums due from shareholders in respect of unpaid share capital amounting to £645,100. Should these amounts not be recovered the debtors, share capital and share premium would need to be reduced by £645,100
- We have been unable to gain sufficient audit evidence to support the going concern basis assumed in the financial statements. Disclosure has been made in note 1a) to the financial statements concerning this issue. However, the key facts are as follows
 - the group incurred a net loss of £113,295 during the year ended 31 January 2007 and
 - at that date, the group's current liabilities exceeded its current assets by £693,876
 - This position assumes the recovery of the share capital debtor of £645,100 referred to above
 - If this amount proves not to be recoverable the group's net current liabilities would be £1,338,976

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. The impact of not preparing the accounts on a going concern basis is more fully explained in note 1a)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONGBOROUGH CAPITAL PLC

BASIS OF AUDIT OPINION continued

- We have been unable to obtain accounts from any of the company's subsidiary undertakings for the year ended 31 January 2007. Consequently we have not been able to confirm the accuracy of any amounts included in the entity's own accounts relating to balances due to or from its subsidiaries. Specifically these include a loan of £250,000 due from Global Technologies Inc, the value of the investment itself in the subsidiaries which is included in the company's balance sheet at £16,954, and creditors due to subsidiary companies of £7,954. In the absence of the accounts of other financial information to support the treatment of the loan we have been unable to form an opinion on the recoverability of the loan debt and its current market value. Neither have we been able to establish whether any further accounting adjustments are required.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Adverse opinion

As more fully explained in note 1 b) to the accounts 'Basis of Consolidation' we were unable to obtain financial information for the company's subsidiaries (Global Technologies Inc, Corrosion Control Inc and Advanced Digital Components Inc) for the year ended 31 January 2007. As a result the group accounts were consolidated using year ended 31 January 2006 accounts in respect of the subsidiaries and the 31 January 2007 accounts of the parent company.

In view of the failure to provide the accounting information required in order to prepare accurate consolidated accounts and the consequent failure to prepare accurate consolidated accounts, and also in view of the possible effect of limitations in evidence available to, as set out above, in our opinion the financial statements do not give a true and fair view of the state of the company's affairs, in accordance with United Kingdom Generally Accepted Accounting Practice, as at 31 January 2007 and of its loss for the year ended

Further, in our opinion the financial statements have not been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitations in our work referred to above

- we have not received all the information and explanations that we considered necessary for the purpose of our audit.

Notwithstanding our adverse opinion on the accounts, in our opinion the information given in the directors' report is consistent with the financial statements.

15th September 2008 Horwath Clark Whitehill LLP

Reading

HORWATH CLARK WHITEHILL LLP
Chartered Accountants and
Registered Auditors

Longborough Capital PLC
Group Profit and Loss Account
for the year ended 31 January 2007

	Notes	2007 £	2006 £
Turnover	2	-	-
Cost of sales		<u>-</u>	<u>-</u>
Gross Profit		-	-
Administrative expenses		<u>(113,295)</u>	<u>(663,420)</u>
Operating Loss		(113,295)	(663,420)
Interest payable		<u>-</u>	<u>(41,753)</u>
Loss on ordinary activities before taxation		<u>(113,295)</u>	<u>(705,173)</u>
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
Retained loss after interest and taxation		<u>£ (113,295)</u>	<u>£ (705,173)</u>

All amounts relate to continuing operations

Statement of Total Recognised Gains and Losses

	2007 £	2006 £
Loss for the financial year	(113,295)	(705,173)
Exchange (loss)/gain	<u>-</u>	<u>(29,643)</u>
Total recognised gains and losses for the year	<u>(113,295)</u>	<u>(734,816)</u>
Total gains and losses recognised since last annual report	<u>£ (113,295)</u>	<u>£ (734,816)</u>

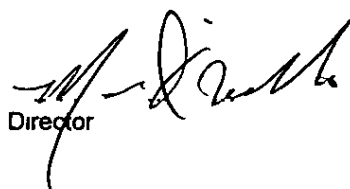
The notes on pages 10 to 17 form part of these accounts

Longborough Capital PLC
Balance Sheet
31 January 2007

	Notes	GROUP		COMPANY	
		2007 £	2006 £	2007 £	2006 £
FIXED ASSETS					
Goodwill	6	6,144	6,144	-	-
Investments	7	-	-	16,954	10,000
Intangible assets	8	262,798	262,798	-	-
Tangible assets	9	<u>136,865</u>	<u>158,106</u>	<u>99,130</u>	<u>120,372</u>
		405,807	427,048	116,084	130,372
CURRENT ASSETS					
Cash		7,770	10,357	5,464	8,048
Debtors	10	<u>727,246</u>	<u>724,979</u>	<u>899,749</u>	<u>897,482</u>
		735,016	735,336	905,213	905,530
CREDITORS. Amounts falling due within one year	11	<u>(1,428,892)</u>	<u>(1,337,158)</u>	<u>(297,287)</u>	<u>(197,599)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(693,876)</u>	<u>(601,822)</u>	<u>607,926</u>	<u>707,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ (288,069)</u>	<u>£ (174,774)</u>	<u>£ 724,010</u>	<u>£ 838,303</u>
CAPITAL AND RESERVES					
Called up share capital	12	80,700	80,700	80,700	80,700
Share premium account	13	1,036,400	1,036,400	1,036,400	1,036,400
Profit and loss account	13	<u>(1,405,169)</u>	<u>(1,291,874)</u>	<u>(393,090)</u>	<u>(278,797)</u>
SHAREHOLDERS' FUNDS	13	<u>£ (288,069)</u>	<u>£ (174,774)</u>	<u>£ 724,010</u>	<u>£ 838,303</u>

Approved by the Board on
and signed on its behalf by -

3 September 2008


Director

The notes on pages 10 to 17 form part of these financial statements

Longborough Capital PLC
Group Cashflow Statement
31 January 2007

	Notes	2007 £	2006 £
Net cash (outflow)/inflow from operating activities	16	(2,587)	(4,540)
Capital expenditure and financial investments			
Payments to acquire licences		-	(8,532)
Payments to acquire fixed assets		<u>-</u>	<u>(46,610)</u>
Cash outflow in capital expenditure and financial investments		<u>-</u>	<u>(55,142)</u>
Net cash outflow before financing			(59,682)
Financing			
Share capital issued		<u>-</u>	<u>-</u>
	17	<u>£ (2,587)</u>	<u>£ (59,682)</u>

The notes on pages 10 to 17 form part of these financial statements

Longborough Capital PLC
Notes to the Accounts
for the year ended 31 January 2007

1 ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards

The Financial Statements have been prepared on a going-concern basis, although the group made a loss for the year of £113,295 (2006 £705,173) and, at that date, the group's current liabilities exceeded its current assets by £693,876 (2006 £601,822). This basis presumes the continued and adequate financial support of the company's shareholders on which the group is dependent. The directors believe that the group will be able to obtain sufficient finance from its shareholders to enable it to continue trading for the foreseeable future. Should the group be unable to continue trading adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

b) Basis of Consolidation

Since 31 January 2006 it has not been possible for the company to obtain any accounting information from any of its subsidiaries. These group accounts have therefore been prepared on the basis of consolidating the accounts of Longborough Capital PLC for the year ended 31 January 2007 together with those of its subsidiaries as at the last available date of 31 January 2006. Intragroup sales and profits are eliminated on consolidation and all amounts for sales and profit relate to external transactions only. Acquisition method of accounting is used for the preparation of the group accounts. The profit and loss account on page 7 represents the profit and loss account of Longborough Capital PLC only (less minor consolidation adjustments) as it is not possible to obtain the individual profit and loss accounts of the subsidiaries.

c) Turnover

Income is recognised when the service has been provided to the customer. Turnover excludes value added tax and sales of fixed assets.

d) Investments

Fixed assets investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

e) Intangible assets

Intangible assets are stated at cost less amortisation and any provision for impairment. Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset over its useful economic life.

Licence fee	- 20 years
Intellectual property	- 20 years

f) Goodwill

Goodwill is the excess of the purchase price over the fair value of the assets acquired. Goodwill is capitalised and amortised over its useful life of 10 years.

Longborough Capital PLC
Notes to the Accounts (Continued)
For the Year Ended 31 January 2007

g) 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following basis -

Plant and machinery - 15% straight line

h) Foreign Currencies

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. The balance sheets of the overseas subsidiaries are translated at the year end rate.

2. TURNOVER

The turnover and profit before tax is wholly attributable to the group's sole activity.

3. STAFF NUMBERS COMPANY (including directors)

The average monthly number of employees during the year was as follows

2007 No	2006 No
<u>5</u>	<u>5</u>

During the year, no directors received any emoluments (2006 £Nil)

4. OPERATING PROFIT

	2007 £	2005 £
This is stated after charging		
Auditors' remuneration - audit	8,500	7,500
Depreciation of tangible fixed assets	21,241	28,350
Amortisation of goodwill	-	768
Amortisation of intangible fixed assets	<u>-</u>	<u>14,576</u>

5. EXCEPTIONAL ITEMS

The company has written off £nil (2006 £41,533) through the consolidated profit and loss account. This relates to differences on the consolidation of the company's subsidiaries for timing differences arising within their accounts.

Longborough Capital PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2007

6. GOODWILL - GROUP

	2007 £	2006 £
Cost		
At 1 February 2006 and 31 January 2007	<u>7,680</u>	<u>7,680</u>
Amortisation		
At 1 February 2006 and 31 January 2007	<u>1,536</u>	<u>1,536</u>
NET BOOK VALUE		
At 31 January 2007	<u>6,144</u>	<u>6,144</u>
At 31 January 2006	<u>6,144</u>	<u>6,912</u>

7. INVESTMENTS - COMPANY

	2007 £	2006 £
Global Technologies Inc	6,382	3,000
Advanced Digital Components and Systems Inc	6,572	3,000
International Corrosion Control Inc	<u>4,000</u>	<u>4,000</u>
	<u>£ 16,954</u>	<u>£ 10,000</u>

At 31 January 2007 all subsidiaries were incorporated in the USA and 100% owned by Longborough Capital plc

On 31 December 2007 Global Technologies Inc and Advanced Digital Components and Systems Inc were reverse merged into LBO Capital Inc. LBO Capital Inc is incorporated in the USA, and is 77% owned by Longborough Capital plc, with Global Technologies Inc and Advanced Digital Components and Systems Inc being 87% owned by LBO Capital Inc.

Longborough Capital PLC
Notes to the Accounts (Continued)
For the year ended 31 January 2007

8. INTANGIBLE ASSETS – GROUP

	Licences and Intellectual Property £
Cost	
At 1 February 2006 and 31 January 2007	<u>291,524</u>
Amortisation	
At 1 February 2006 and 31 January 2007	<u>28,726</u>
NET BOOK VALUE	
At 31 January 2007	<u>262,798</u>
At 31 January 2006	<u>262,798</u>

Licences and Intellectual Property relate to tyre pressure monitoring, system powder impression moulding process and transence technology

9. TANGIBLE FIXED ASSETS

GROUP

	Plant & machinery £	Total £
Cost		
At 1 February 2006 and at 31 January 2007	<u>188,028</u>	<u>188,028</u>
Depreciation		
At 1 February 2006	29,922	29,922
Charge for the year	<u>21,241</u>	<u>21,241</u>
At 31 January 2007	<u>51,163</u>	<u>51,163</u>
Net book value		
At 31 January 2007	<u>£ 136,865</u>	<u>£ 136,865</u>
At 31 January 2006	<u>£ 158,106</u>	<u>£ 158,106</u>

Longborough Capital PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2007

9 TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY

	Plant & machinery £	Total £
Cost		
At 1 February 2006 and 31 January 2007	<u>141,614</u>	<u>141,614</u>
Depreciation		
At 1 February 2006	21,242	21,242
Charge for the year	<u>21,242</u>	<u>21,242</u>
At 31 January 2007	<u>42,484</u>	<u>42,484</u>
Net book value		
At 31 January 2007	<u>£ 99,130</u>	<u>£ 99,130</u>
At 31 January 2006	<u>£ 120,372</u>	<u>£ 120,372</u>

10. DEBTORS

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Amounts due from subsidiary companies	-	-	250,000	250,000
Other debtors	82,146	79,879	4,649	2,382
Called up share capital not paid	<u>645,100</u>	<u>645,100</u>	<u>645,100</u>	<u>645,100</u>
	<u>£ 727,246</u>	<u>£ 724,979</u>	<u>£ 899,749</u>	<u>£ 897,482</u>

11. CREDITORS: Amounts falling due within one year

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Amounts due to subsidiary companies	-	-	7,954	-
Other creditors	741,720	741,720	-	-
Accruals and sundry creditors	<u>687,172</u>	<u>595,438</u>	<u>289,333</u>	<u>197,599</u>
	<u>£ 1,428,892</u>	<u>£ 1,337,158</u>	<u>£ 297,287</u>	<u>£ 197,599</u>

Longborough Capital PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2007

12. SHARE CAPITAL

	2007 £	2006 £
Authorised		
Ordinary shares of £0.001 each	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted and called up		
Ordinary shares of £0.001 each	<u>£ 80,700</u>	<u>£ 80,700</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

GROUP	Share Capital £	Profit & Loss Account £	Share Premium Account £	Total £
At 1 February 2006	80,700	(1,291,874)	1,036,400	(174,774)
Loss for the period	<u>-</u>	<u>(113,295)</u>	<u>-</u>	<u>(113,295)</u>
At 31 January 2007	<u>£ 80,700</u>	<u>£(1,405,169)</u>	<u>£1,036,400</u>	<u>£ (288,069)</u>
COMPANY	Share Capital £	Profit & Loss Account £	Share Premium Account £	Total £
At 1 February 2006	80,700	(278,797)	1,036,400	838,303
Retained loss for the period	<u>-</u>	<u>(114,293)</u>	<u>-</u>	<u>(114,293)</u>
At 31 January 2007	<u>£ 80,700</u>	<u>£ (393,090)</u>	<u>£1,036,400</u>	<u>£ 724,010</u>

14. PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption conferred by Section 230 of the Companies Act 1985 from presenting its own profit and loss account. The result for the year was a loss of £114,293 (2006 £111,895).

Longborough Capital PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2007

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The directors consider Mr M Di Nello to be the ultimate controlling party

Longborough Capital plc owned 100% of the ordinary share capital of Global Technologies Inc (GTI) and 100% of the ordinary share capital of Advanced Digital Components and Systems Inc (ADCS) at the year end Longborough purchased these subsidiaries to exploit the rapidly expanding market requirements for the Tyre Pressure Monitoring systems (TPM)

GTI, incorporated in the US, manufactures and markets intellectual property of Environmental Recycling Technologies Plc (ERT), a global leader in the development of innovative plastics and moulding technologies ADCS, incorporated in the US, is a holder of patent application for the TPM

During the prior year Longborough Capital acquired 100% of the share capital of International Corrosion Control Inc International Corrosion Control Inc was dormant during the year

ERT has acquired 15% of the ordinary share capital of Longborough for £12,000 on 20 November 2003

During the previous year, GTI agreed to pay £250,000 for the grant of a licence from ERT for the use of its SAW tyre sensor technology GTI has also agreed to pay 11.5% of all revenues in royalty fees to ERT as a result of this licence This amount was outstanding at the year end The licence was transferred to GTI on 22 November 2003

GTI was granted a licence over the Daimler Chrysler Dodge Dakota tipping truck bed project and was appointed the project manager of the Silkwood Modular Housing Project in Mexico by ERT

Mr M Di Nello is also a shareholder in American Plastic Processing Products Inc (APPP) Included within other creditors is an amount of £741,720 (2006 £741,720) due by the subsidiaries, namely GTI and ADCS to APPP Interest is charged on these loan amounts at 8% per annum and both were due for repayment by 31 December 2006, however as stated earlier in these financial statements the accounts of GTI and ADCS are for the year ended 31 January 2006

At 31 January 2007 Longborough Capital Plc owed £202,187 (2006 £172,187) to Oxford Capital Plc, one of the company's shareholders

Longborough Capital PLC
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2007

16. RECONCILIATION OF OPERATING LOSSES TO NET CASH OUTFLOW FOR OPERATING EXPENSES

	2007 £	2006 £
Operating losses	(113,295)	(705,173)
Exchange gain	-	(29,643)
Goodwill amortisation	-	768
Amortisation of intellectual property rights	-	14,576
Depreciation	21,241	28,350
(Increase) in debtors	(2,267)	(76,837)
Increase in creditors	<u>91,734</u>	<u>763,419</u>
Net cash outflow/inflow from operating activities	<u>£ (2,587)</u>	<u>£ (4,540)</u>

17. ANALYSIS OF NET FUNDS

	At 1 February 2006 £	Cashflow £	At 31 January 2007 £
Cash at Bank	<u>10,357</u>	<u>(2,587)</u>	<u>7,770</u>