

TFE10 Plc

CONSOLIDATED FINANCIAL STATEMENTS

for the period ended

30 June 2012



Company Registration No 07678510

TFE10 Plc
COMPANY INFORMATION

DIRECTORS Mr Simon Ashley Ward
Mr Andrew Edward Micklethwaite
Mr Stephen Paul Trowell

COMPANY SECRETARY Ms Caroline Wyatt

COMPANY NUMBER 07678510

REGISTERED OFFICE Springpark House
Basing View
Basingstoke
Hampshire
RG21 4HG

AUDITOR Baker Tilly UK Audit LLP
3rd Floor, One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

TFE10 Plc

DIRECTORS' REPORT

For the period ended 30 June 2012

The directors have pleasure in presenting their report and the group financial statements for the period ended 30 June 2012

The company was incorporated on 22 June 2011

PRINCIPAL ACTIVITY

TTFE10 PLC, through its trading arm TFE10 Trading Ltd delivers innovative medical products to the global healthcare market, saving healthcare providers time and money whilst improving levels of patient care. An exponentially expanding and ageing market is driving growth in all areas of medical products and service provision globally, coupled with increased and specific regulatory mandates to improve safety and patient outcomes.

DIRECTORS

The following directors have held office since 22 June 2011

Mr Simon Ashley Ward	(appointed on 22 June 2011)
Mr Andrew Edward Micklethwaite	(appointed on 22 June 2011)
Mr Stephen Paul Trowell	(appointed on 22 June 2011)
Dr Andrew Farquhar Atkins	(appointed on 22 June 2011 and resigned on 22 February 2012)
Mr Christopher John Watson	(appointed on 22 June 2011 and resigned 12 December 2012)
Dr Joseph Lennox Peters	(appointed on 22 June 2011 and resigned on 14 June 2012)

RESULT AND DIVIDENDS

The results for the year are set out on page 7

The directors do not recommend payment of a final dividend

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Investment Raised

TFE10 Plc raised over £1.4m in 2012 to enable the company to implement its year 1 business plan. Year 1 involved development and production of the product range and getting market ready. Having achieved the goals identified in year 1, it sought further investment to support working capital and a manufacturing facility was established in the UK for Braidlock® with new machinery, tooling and clean room with packing facilities. The demand for increasing volumes and range of sizes required additional machinery and tooling investment per size in the range.

Results

Sales in the period were £4,262, the directors do not believe that this reflects the continued demand for the company's products and services as seen in 2013.

Orders for 2013 currently total in excess of £40,000, with a forecast in excess of £1 million. We are currently seeing a great demand to our range of products and we strongly believe that we will achieve breakeven by Q3 2013.

We estimate our gross trading margins will be in excess of 40%.

TFE10 Plc

DIRECTORS' REPORT

For the period ended 30 June 2012

Future developments

The goals for the group are

- To secure exclusivity for distribution and ultimately manufacture of a unique product on a global basis. Early stage negotiations are underway with a British company and a product that is now market ready. We have been granted authorisation to proceed into the US and Middle East markets to establish the forerunner to a full agreement. We forecast that this product alone will achieve a turnover of at least £ 100,000 for 12 months,
- To target UK distributors who can manage the logistics and deliveries for all customers,
- To achieve ISO13485 and registration with FDA for the full product range to enable the supply of the full product range into North, Central, South America and the Caribbean,
- Continue to grow the international distribution network across the full product range with our 44 identified countries,
- To lead with our new Alcohol Free Infection Control range which leads the way with extensive proven test data and is unique in the ingredients and the ability for it to kill Norovirus - a key cost issue for many healthcare and public organisations,
- TFE10 has established through partnerships significant manufacturing, shipping, warehousing capabilities, to enable and facilitate the projected growth in consumables and device manufacturing

RISK MANAGEMENT

The directors believe the risks facing the group are as follows

Going concern risk

The group is still in development stage and requires investment to enable it to fund its operations until such time as trading provides sufficient cash generation to secure its future. Financial forecasts, performance and cash flow are regularly monitored, and the directors believe that sufficient cash will be available to enable the group to continue in operation for the foreseeable future.

Exchange rate risk

The group will be reliant upon supplies from international manufacturers who will be paid in foreign currency. The exchange rate is modelled into all forecasting.

Product quality risk

The group deals in a range of products where infection control is vital. Regular quality control is carried out to ensure this risk is effectively managed.

TFE10 Plc

DIRECTORS' REPORT (CONTINUED)

For the period ended 30 June 2012

KEY PERFORMANCE INDICATORS

The directors monitor the performance of the business using the following key performance indicators

- Size of the order book,
- Turnover,
- Gross margins
- Stock turnover,
- Cashflow management
- Quality monitoring systems

POLICY ON PAYMENT OF CREDITORS

It is group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice

Group trade creditors days based on creditors at 30 June 2012 were 3 days

AUDITOR

Baker Tilly UK Audit LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval at these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

On behalf of the board



Mr Andrew Edward Micklethwaite
DIRECTOR

Date 20 May 2013

TFE10 Plc

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 the 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TFE10 PLC

We have audited the group and parent company financial statements on pages 7 to 23. 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 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2012 and of the group's loss for the period 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

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies on page 11 of these financial statements concerning the group and company's ability to continue as a going concern. The group incurred a net loss of £2,849,846 in the period to 30 June 2012 and, at that date, had net assets of £604,719. These conditions, along with the other matters explained on page 11 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TFE10 PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 parent company 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

Baker Tilly UK Audit LLP

PERRY LINTON FCA (SENIOR STATUTORY AUDITOR)
FOR AN ON BEHALF OF BAKER TILLY UK AUDIT LLP, STATUTORY AUDITOR
Chartered Accountants
3rd Floor, One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

22 May 2013

TFE10 Plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 June 2012

	Notes	2012 £
TURNOVER	2	4,262
Cost of sales		<u>(73,278)</u>
GROSS LOSS		(69,016)
Other operating expenses	3	(589,736)
Impairment of goodwill	3	<u>(2,191,090)</u>
OPERATING LOSS	5	(2,849,842)
Interest payable and similar charges	4	<u>(4)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,849,846)
Taxation on loss on ordinary activities	6	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u><u>(2,849,846)</u></u>

The loss for the period arises from the group's continuing operations, which were acquired in the period

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

TFE10 Plc

Company Registration No 07678510

CONSOLIDATED BALANCE SHEET

As at 30 JUNE 2012

	Notes	2012 £
FIXED ASSETS		
Intangible assets	9	-
Tangible assets	10	59,397
CURRENT ASSETS		
Stocks	12	470
Debtors	13	193,694
Cash at bank and in hand		471,251
		<u>665,415</u>
CREDITORS Amounts falling due within one year	14	<u>(120,093)</u>
NET CURRENT ASSETS		<u>545,322</u>
NET ASSETS		<u>604,719</u>
CAPITAL AND RESERVES		
Called up share capital	15	2,314,353
Share premium account	16	1,116,212
Shares to be issued	16	24,000
Profit and loss account	16	(2,849,846)
SHAREHOLDERS' FUNDS	18	<u>604,719</u>

The financial statements on pages 7 to 23 were approved and authorised for issue by the board of directors on 20 May 2013 and were signed on its behalf by



Mr Andrew Edward Micklethwaite
DIRECTOR

TFE10 Plc
COMPANY BALANCE SHEET
As at 30 JUNE 2012

Company Registration No 07678510

	Notes	2012 £
FIXED ASSETS		
Investments	11	
NET ASSETS		-
CAPITAL AND RESERVES		
Called up share capital	15	2,314,353
Share premium account	17	1,116,212
Shares to be issued	17	24,000
Profit and loss account	17	(3,454,565)
SHAREHOLDERS' FUNDS	18	-

The financial statements on pages 7 to 23 were approved and authorised for issue by the board of directors on 20 May 2013 and were signed on its behalf by



Mr Andrew Edward Micklethwaite
DIRECTOR

TFE10 Plc

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2012

	Notes	2012 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19a	(882,010)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest paid		(4)
Net cash outflow for returns on investments and servicing of finance		(4)
CAPITAL AND EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets		(59,332)
Net cash outflow of capital expenditure and financial investment		(59,332)
ACQUISITIONS AND DISPOSALS		
Net overdrafts acquired with subsidiary		(6,968)
Net cash outflow from acquisitions and disposals		(6,968)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(948,314)
FINANCING		
Issue of ordinary share capital		1,430,565
Share capital received in advance of issue		24,000
Loans to third parties		(35,000)
Net cash inflow from financing		1,419,565
INCREASE IN CASH IN THE YEAR	19b	471,251

TFE10 Plc

ACCOUNTING POLICIES

For the period ended 30 June 2012

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of TFE10 Plc and its subsidiary undertaking for the period. Subsidiaries acquired during the year are consolidated on the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 30 June 2012.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

GOING CONCERN

The group made a net loss of £2,849,846 in the period to 30 June 2012 and, at that date, had net assets of £604,719.

The financial statements are prepared on a going concern basis which assumes that the group and company will be able to continue in operational existence for the foreseeable future. The validity of this assumption depends on the group and company continuing to meet its day to day working capital needs from the cash available.

The directors are closely monitoring performance and cash flows and are confident that the group and company will receive the additional funding it may require. In addition the directors have received confirmation from one of its investors that they are fully supportive of the group and company and has agreed to review any request for additional funding based on its merits, to enable the group and company to meet its liabilities as they fall due for at least a period of one year from the date of the audit report on these financial statements. The shareholder is supportive of the group and company, therefore the directors of TFE10 Plc believe that they are able to rely on the support provided by the shareholder.

As a result of the above the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial statements do not include any adjustments that would result from a failure by the group and company to obtain adequate future funding.

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and written off over 10 years following the year of acquisition as in the opinion of the directors this represents the period over which the goodwill is effective.

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers, and is recognised on delivery of the goods to the customer.

TFE10 Plc

ACCOUNTING POLICIES (CONTINUED)

For the period ended 30 June 2012

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. 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:

Plant and machinery	25% Straight line
Fixtures and fittings	20% - 33 3% Straight line

LEASING

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets.

Fixed asset investments are stated at cost in the company balance sheet. Provision is made for any impairment in the value of fixed asset investments.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

1 PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 408 of Companies Act 2006, the parent undertaking's profit and loss account has not been included in these financial statements

	2012 £
The parent undertaking's loss for the financial year	3,454,565

2 TURNOVER

The group turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom

3 OTHER OPERATING EXPENSES

	2012 £
Impairment of goodwill	2,191,090
Other administrative expenses	589,736
	2,780,826

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £
Interest on bank loans and overdrafts	4

5 LOSS ON OPERATING ACTIVITIES BEFORE TAXATION

	2012 £
Loss on ordinary activities before taxation is stated after charging	
Impairment of purchased goodwill	2,191,090
Depreciation of tangible fixed assets	
Owned assets	4,235
Operating lease rentals	
Equipment	202
Licence fees	185,097
Land and buildings	722
Auditor's remuneration	9,750
Remuneration of auditors for non-audit work	
Taxation	1,000
Other services	18,650

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

6 TAXATION

	2012 £
UK corporation tax	
Current tax on loss of the period	-
CURRENT TAX CHARGE	-
FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR	
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20% as explained below	2012 £
Loss on ordinary activities before taxation	(2,849,846)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(569,969)
Effects of	
Non deductible expenses	24,770
Depreciation add back	847
Goodwill impairment	438,218
Tax losses carried forward	105,557
Other tax adjustments	454
	569,846
CURRENT TAX CHARGE	-

The group has estimated trading losses of £717,580 available for carry forward against future trading profits

TFE10 Trading Limited has a deferred tax asset of £1,084 in respect of capital allowances and a deferred tax asset of £143,516 in respect of trading losses. The company has decided not to recognise the total deferred tax asset of £144,600 as it is not expected to be utilised in the foreseeable future

7 EMPLOYEE INFORMATION

	2012 Number
The average number of persons employed by the group was	2
	2012 £
Wages and salaries	150,246
Social security costs	17,535
	167,781

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

8 DIRECTORS' EMOLUMENTS

	2012 £
Emoluments for qualifying services	107,684
Sums paid to third parties for directors services	16,200
	<u>123,884</u>

9 INTANGIBLE ASSETS

	Purchased goodwill £
COST	
At 22 June 2011	-
Additions	2,191,090
At 30 June 2012	<u>2,191,090</u>
AMORTISATION	
At 22 June 2011	-
Impairment	2,191,090
At 30 June 2012	<u>2,191,090</u>
NET BOOK VALUE	
At 30 June 2012	<u>-</u>

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

10 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Total £
COST			
At 22 June 2011	-	-	-
Acquired with subsidiary	-	4,300	4,300
Additions	51,025	8,307	59,332
At 30 June 2012	51,025	12,607	63,632
DEPRECIATION			
At 22 June 2011	-	-	-
Impairment	2,126	2,109	4,235
At 30 June 2012	2,126	2,109	4,235
NET BOOK VALUE			
At 30 June 2012	48,899	10,498	59,397

11 FIXED ASSET INVESTMENTS

	Company £
SUBSIDIARY UNDERTAKINGS	
COST	
At 22 June 2011	-
Additions	2,000,000
Impairment	(2,000,000)
At 30 June 2012	-

At the year end the company had 100% control of the following companies, which are incorporated in England and Wales and are included in these consolidated financial statements

SUBSIDIARY UNDERTAKINGS	CLASS OF SHARES	OWNERSHIP	PRINCIPAL ACTIVITY
TFE10 Trading Limited	Ordinary 1p	100%	Distribution of medical supplies

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

12 STOCKS

	Group 2012 £	Company 2012 £
Finished goods and goods for resale	470	-

13 DEBTORS

	Group 2012 £	Company 2012 £
Trade debtors	874	-
Corporation tax	834	-
Other debtors	185,152	-
Prepayments and accrued income	6,834	-
	193,694	-

14 CREDITORS Amounts falling due within one year

	Group 2012 £	Company 2012 £
Trade creditors	39,244	-
Corporation tax	834	-
Other taxes and social security costs	58,305	-
Other creditors	4,840	-
Accruals and deferred income	16,870	-
	120,093	-

15 SHARE CAPITAL

	Group 2012 £	Company 2012 £
ALLOTTED, CALLED UP AND FULLY PAID		
231,435,250 Ordinary shares of 1p each	2,314,353	2,314,353

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

15 SHARE CAPITAL (continued)

During the period, the company issued ordinary shares as follows

Date	Shares allotted	Aggregate nominal value	Total cash consideration	Total non- cash consideration
	Number	£	£	£
22 June 2011	1	0 01	0 01	-
8 July 2011 *	199,999,999	1,999,999 99	-	1,999,999 99
7 October 2011	950,000	9,500 00	38,000 00	-
11 November 2011	303,000	3,030 00	15,150 00	-
11 November 2011	62,500	625 00	2,500 00	-
11 November 2011	165,000	1,650 00	5,989 50	-
10 January 2012	2,922,500	29,225 00	146,125 00	-
22 February 2012	1,002,500	10,025 00	50,125 00	-
5 April 2012	7,203,000	72,030 00	360,150 00	-
5 April 2012	312,500	3,125 00	12,500 00	-
15 May 2012	1,054,500	10,545 00	52,725 00	-
15 May 2012	2,562,500	25,625 00	102,500 00	-
29 June 2012	10,006,250	100,062 50	400,250 00	-
29 June 2012	4,891,000	48,910 00	244,550 00	-
	<u>231,435,250</u>	<u>2,314,352 50</u>	<u>1,430,564 51</u>	<u>1,999,999 99</u>

* The total non-cash consideration of £1,999,999 99 was satisfied through the purchase, by the company, of the 10,000 issued ordinary shares in the capital of TFE10 Trading Limited pursuant to an agreement dated 8 July 2011

On 14 September 2012, the company issued 3,720,000 ordinary shares for a total consideration of £180,500. Of this consideration £24,000 was received before the balance sheet date and is included in capital and reserves as shares to be issued.

16 STATEMENT OF RESERVES - Group

	Share premium account	Shares to be issued	Profit and loss account
	£	£	£
At 22 June 2011	-	-	-
Loss for the financial year	-	-	(2,849,846)
Issued in the year	1,116,212	-	-
Other movement	-	24,000	-
At 30 June 2012	<u>1,116,212</u>	<u>24,000</u>	<u>(2,849,846)</u>

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

17 STATEMENT OF RESERVES - Company

	Share premium account £	Shares to be issued £	Profit and loss account £
At 22 June 2011	-	-	-
Loss for the financial year	-	-	(3,454,565)
Issued in the year	1,116,212	-	-
Other movement	-	24,000	-
At 30 June 2012	1,116,212	24,000	(3,454,565)

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2012 £	Company 2012 £
Loss for the financial year	(2,849,846)	(3,454,565)
Issue of share capital	(2,849,846)	(3,454,565)
Shares to be issued	3,430,565	3,430,565
	24,000	24,000
Net addition to shareholders' funds	604,719	-
Opening shareholders' funds	-	-
Closing shareholders' funds	604,719	-

19 CASH FLOWS

a	Reconciliation of operating loss to net cash outflow from operating activities	2012 £
	Operating loss	(2,849,842)
	Impairment of goodwill	2,191,090
	Depreciation of tangible fixed assets	4,235
	Increase in stocks	(470)
	Increase in debtors	(152,550)
	Increase in creditors	(74,473)
	Net cash outflow from operating activities	(882,010)

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

19 CASH FLOWS (continued)

b	Analysis of movement in net funds	Acquired (excl cash and overdrafts) £	Cash flow £	2012 £
	Cash at bank and in hand	-	471,251	471,251
	Net cash	-	471,251	471,251
	Debt			
	Debts falling due within one year	(143,922)	143,922	-
		(143,922)	143,922	-
	Net funds	(143,922)	615,173	471,251
c	Reconciliation of net cash flow to movement in net funds			2012 £
	Increase in cash in the year			471,251
	Movement in net fund in the year			471,251
	Opening net funds			-
	Closing net funds			471,251

20 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared

Braidlock Limited is a company in which Mr Simon Ashley Ward and Mr Christopher John Watson are also directors. The following transactions took place between TFE10 Trading Limited, a subsidiary undertaking of the group, and Braidlock Limited

Loan provided to Braidlock Limited £21,999
Licence fees paid to Braidlock Limited £248,700

At the balance sheet date, Braidlock Limited owed TFE10 Trading Limited £21,999

During the year TFE10 Trading Limited incurred costs of £35,000 relating to the incorporation of J S D Medical World Holdings Limited, a company in which Mr Simon Ashley Ward is a director and shareholder. At the balance sheet date this amount was due to TFE10 Trading Limited

Transpack Medical Limited is a company in which Mr Andrew Micklethwaite is also a director. The following transactions took place between TFE10 Trading Limited and Transpack Medical Limited

Purchases from Transpack Medical Limited of £1,429

At the balance sheet date, TFE10 Trading Limited owed Transpack Medical Limited £486

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

21 TRANSACTIONS WITH DIRECTORS

On the acquisition of TFE10 Trading Limited by TFE10 Plc, a loan of £133,318 due to Mr Simon Ashley Ward was acquired by the group. This loan was repaid during the period and a loan was made to Mr Simon Ashley Ward by the group of £43,532. In addition during the period Mr Simon Ashley Ward paid expenses on behalf of the TFE10 Trading Limited of £5,380. At the balance sheet date Mr Simon Ashley Ward owed the group £43,532.

At the year end Mr Andrew Edward Micklethwaite, a director of the company, owed TFE10 Trading Limited, the subsidiary undertaking of TFE10 Plc, £3,336 for an amount previously overpaid to him. During the year to 30 June 2012 Mr Andrew Edward Micklethwaite invoiced the company £16,200 for consultancy services.

No interest is charged on any loans with directors.

On 8 July 2011 Mr Simon Ashley Ward transferred his holding in TFE10 Trading Limited of 4,950 £1 ordinary shares to TFE10 Plc in a share for share exchange for 99,000,000 1p ordinary shares in TFE10 Plc.

22 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr and Mrs Simon Ashley Ward who own 62% of the company's share capital in issue.

23 FINANCIAL COMMITMENTS

At 30 June 2012 the group was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2013.

	2012 £	2012 £
	Land and buildings	Other assets
Operating leases which expire		
Between two and five years	19,964	672

At 30 June 2012 the group was committed to pay licence fees of £41,500 per quarter for five years commencing 1 February 2011. This agreement is with Braidlock Limited, a company in which Mr Simon Ashley Ward and Mr Christopher John Watson are also directors.

24 POST BALANCE SHEET EVENTS

On 14 September 2012, the company issued 3,720,000 ordinary shares for a total consideration of £180,500. Of this consideration £24,000 was received before the balance sheet date and is included in reserves as 'share capital to be issued'.

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

25 PURCHASE OF SUBSIDIARY UNDERTAKINGS

On 8 July 2011 the group acquired 100% of the issued share capital of TFE10 Trading Limited. The total consideration of £2,000,000 was satisfied through the purchase, by the company, of the 10,000 issued ordinary shares of TFE10 Trading Limited. Goodwill of £2,191,090, being the difference between the fair value of net assets acquired and consideration paid, arises from this transaction.

Subsidiary undertakings acquired during the year have been consolidated using the acquisition method.

Net assets acquired	£
FIXED ASSETS	
Tangible assets	4,300
CURRENT ASSETS	
Trade and other debtors	5,310
CURRENT LIABILITIES	
Bank and loan overdrafts	(6,968)
Trade and other creditors	(193,732)
	(191,090)
Goodwill	2,191,090
	<u>2,000,000</u>

Discharged by	£
Share capital	<u>2,000,000</u>

The fair values of the asset and liabilities acquired, as detailed above, were equal to the book values.

For the period 1 July 2010 to 30 June 2011 TFE10 Trading Limited made a loss after tax of £183,585. For the period 1 July 2011 to 8 July 2011 TFE10 Trading Limited made a loss after tax of £7,606.

The unaudited summarised profit and loss for the period 1 July 2010 to 8 July 2011 is as follows:

	£
Turnover	<u>1,363</u>
Operating loss	<u>(191,473)</u>
Loss on ordinary activities before taxation	<u>(191,191)</u>

TFE10 Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2012

25 PURCHASE OF SUBSIDIARY UNDERTAKINGS (continued)

The subsidiary undertakings acquired during the year contributed an outflow of £703,606 to the group's net operating cash flows, paid £59,332 in respect of net returns on investments and servicing of finance and £59,332 in respect of capital expenditure. No amounts were paid by the subsidiary undertakings in respect of taxation.

Analysis of the net outflow of cash in respect of the purchase of subsidiary undertakings	£
Cash consideration	-
Bank overdrafts acquired	(6,968)
	<hr/>
Net flow of cash in respect of the purchase of subsidiary undertakings	(6,968)
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