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Registration number 04204701

## Bending Light Limited

Directors' Report and Consolidated Financial Statements

For the Year Ended 31 December 2010

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**Bending Light Limited**  
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**Bending Light Limited**  
**Company Information**

<b>Directors</b>	D R Willetts G C Nichols N J Hickling D A Robins R N Blair (US) Early Bird Associates Ltd
<b>Company secretary</b>	Reeve Hepburn Chartered Accountants
<b>Registered office</b>	2 Old Bath Road Newbury Berkshire RG14 1QL
<b>Solicitors</b>	Hampden Law Knightsgate Law Offices Rendcomb Gloucestershire GL7 7ET
<b>Bankers</b>	National Westminster Bank Plc Newbury 30 Market Place Newbury Berkshire RG14 5GP

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**Bending Light Limited**  
**Directors' Report for the Year Ended 31 December 2010**

The directors present their report and the consolidated financial statements for the year ended 31 December 2010

**Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors of the company**

The directors who held office during the year were as follows

D R Willetts

G C Nichols

N J Hickling

D A Robins

R N Blair (US) (appointed 25 February 2010)

Early Bird Associates Ltd

**Principal activity**

The Group operates in two principal business areas for exploitation of the Group's patented technology, architectural glazing (SerraGlaze ®) and automotive vision (Serraview A Pillar System and Serraview Prismatic Mirror System - Milner Mirror).

**Bending Light Limited**  
**Directors' Report for the Year Ended 31 December 2010**

*continued*

**Business review**

***Fair review of the business***

The results for the year and financial position of the company and of the group are as shown in the annexed financial statements

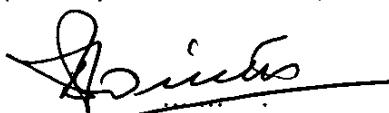
As previously reported, the Board has focussed on achieving commercial viability for its patented Architectural Glazing technology known as SerraGlaze ®. The Board formed the view that the necessary capital and industry resources should be sought in the United States of America. The manufacturing technology to produce SerraGlaze ® economically as large scale film products has been identified along with access to a substantial market.

SerraSolar Inc was therefore established as a US corporation based in San Jose, California in May 2010 in conjunction with others resident in California. The directors and founding shareholders of SerraSolar Inc are David Willetts and Robert Blair and the latter was also appointed a director of this Company. At the same time, the Company entered into a binding memorandum of understanding, whereby, the intellectual property of SerraGlaze ® is to be transferred to SerraSolar Inc in return for equity when an agreed level of funding is achieved. Meanwhile, in September 2011, following a reorganisation of its share capital, SerraSolar Limited, the Company's subsidiary has raised interim equity funding of US 1 million to continue with the commercial development of SerraGlaze ®.

Over the ensuing months, SerraSolar Inc has assembled an experienced team in California with the requisite technical, manufacturing, marketing and sales skills to implement this strategy. Further, in December 2010, the Board appointed a boutique investment bank based in California with a UK office in London to advise and assist in securing the capital required from a major corporate industrial investor. Subsequent to the year end the Company has engaged with its Advisors in a marketing programme with substantive discussions currently in train with major US based companies.

The Company has been financed during this period by loans provided by three shareholders, two of whom are directors. At 31 December 2010, the Company's obligations to these lenders amounted to £475,000. Notwithstanding the progress made towards achieving commercial viability for SerraGlaze ®, there is no prospect of realisations from the disposal of the Company's automotive technologies in the foreseeable future. Accordingly the decision has been made to reduce the book value of the Company's automotive technology to a nominal amount. The reduction is shown as an exceptional item in the profit and loss account for the year.

Approved by the Board on 22 September 2011 and signed on its behalf by

  
D R Willetts  
Director

**Bending Light Limited**  
**Consolidated Profit and Loss Account for the Year Ended 31 December 2010**

	Note	2010 £	2009 £
Turnover		45	191
Cost of sales		-	-
Gross profit		45	191
Administrative expenses		(153,061)	(22,221)
Exceptional items		(438,575)	(22,198)
Loss before taxation		(591,591)	(44,228)
Loss for the financial year attributable to members of the parent company	9	<u>(591,591)</u>	<u>(44,228)</u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

**Bending Light Limited**  
**Consolidated Balance Sheet at 31 December 2010**

	Note	2010	2009
<b>Fixed assets</b>			
Intangible fixed assets	3	820,929	1,259,504
Tangible fixed assets	4	<u>1</u>	<u>1</u>
<b>Current assets</b>			
Cash at bank and in hand		65,902	3,035
Creditors Amounts falling due within one year	7	<u>(515,756)</u>	<u>(299,873)</u>
Net current liabilities		<u>(449,854)</u>	<u>(296,838)</u>
Net assets		<u>371,076</u>	<u>962,667</u>
<b>Capital and reserves</b>			
Called up share capital	8	4,425,044	4,425,044
Share premium account	9	666,673	666,673
Profit and loss account	9	<u>(4,720,641)</u>	<u>(4,129,050)</u>
Shareholders' funds		<u>371,076</u>	<u>962,667</u>

These financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

For the year ending 31 December 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

The directors confirm that the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 22 September 2011 and signed on its behalf by



D R Willetts  
Director

**Bending Light Limited**  
**(Registration number: 04204701)**  
**Balance Sheet at 31 December 2010**

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Intangible fixed assets	3	1	438,576
Tangible fixed assets	4	1	1
Investments	5	1	1
		<u>3</u>	<u>438,578</u>
<b>Current assets</b>			
Debtors	6	856,692	811,923
Cash at bank and in hand		<u>65,902</u>	<u>3,035</u>
		922,594	814,958
Creditors Amounts falling due within one year	7	<u>(514,857)</u>	<u>(298,974)</u>
Net current assets		<u>407,737</u>	<u>515,984</u>
Net assets		<u>407,740</u>	<u>954,562</u>
<b>Capital and reserves</b>			
Called up share capital	8	4,425,044	4,425,044
Share premium account	9	666,673	666,673
Profit and loss account	9	<u>(4,683,977)</u>	<u>(4,137,155)</u>
Shareholders' funds		<u>407,740</u>	<u>954,562</u>

These financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

For the year ending 31 December 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

The directors confirm that the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 22 September 2011 and signed on its behalf by

  
D R Willetts  
Director



**Bending Light Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2010**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Small Entities (effective April 2008)

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2010

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account includes the results of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £546,822 (2009 - £10,574)

**Exemption from preparing a cash flow statement**

The group has taken advantage of the exceptions under the FRSSE not to prepare a cashflow statement

**Related party transactions**

The group has taken advantage of the exceptions under the FRSSE, Related Party Disclosures, not to disclose transactions with wholly owned companies in the same group

**Going concern**

The financial statements have been prepared on a going concern basis

In September 2011, following a reorganisation of its share capital and intercompany indebtedness, SerraSolar Limited raised equity funding of US\$ 1 million to continue with the commercial development of SerraGlaze ®

**Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. In the opinion of the directors there is only one class of business, and therefore analysis by class is not required. In addition, all turnover is derived from the UK. The turnover and loss before taxation are attributable to the principal activities of the group.

**Intangible assets**

Intangible assets: goodwill, investments, patents and know-how are classified generically as Intellectual Property. The net book values of certain associated tangible fixed and current assets, primarily demonstration equipment and materials, are also classified as Intellectual Property.

Intellectual Property is stated at historic cost less amount provided to reduce cost to estimated net realisable value. Historic cost comprises directly related expenditure incurred by the company and its wholly owned subsidiary on patents, research and development of technology systems, processes and products. No depreciation or amortisation has been charged.

**Bending Light Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2010**

... continued

**2 Exceptional items**

	2010 £	2009 £
Exceptional provision to reduce book value of automotive intellectual property to estimated net realisable value	<u>438,575</u>	<u>22,198</u>

**3 Intangible fixed assets**

**Group**

	Intellectual property £	Total £
<b>Cost</b>		
At 1 January 2010	<u>1,259,504</u>	<u>1,259,504</u>
At 31 December 2010	<u>1,259,504</u>	<u>1,259,504</u>
<b>Amortisation</b>		
Writedown to recoverable amount	<u>438,575</u>	<u>438,575</u>
At 31 December 2010	<u>438,575</u>	<u>438,575</u>
<b>Net book value</b>		
At 31 December 2010	<u>820,929</u>	<u>820,929</u>
At 31 December 2009	<u>1,259,504</u>	<u>1,259,504</u>

**Company**

	Patents £	Total £
<b>Cost</b>		
At 1 January 2010	<u>438,576</u>	<u>438,576</u>
At 31 December 2010	<u>438,576</u>	<u>438,576</u>
<b>Amortisation</b>		
Writedown to recoverable amount	<u>438,575</u>	<u>438,575</u>
At 31 December 2010	<u>438,575</u>	<u>438,575</u>
<b>Net book value</b>		
At 31 December 2010	<u>1</u>	<u>1</u>
At 31 December 2009	<u>438,576</u>	<u>438,576</u>

**Bending Light Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2010**

*... continued*

**4 Tangible fixed assets**

**Group**

	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 January 2010	<u>1</u>	<u>1</u>
<b>Net book value</b>		
At 31 December 2010	<u>1</u>	<u>1</u>
At 31 December 2009	<u>1</u>	<u>1</u>

**Company**

	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 January 2010	<u>1</u>	<u>1</u>
<b>Net book value</b>		
At 31 December 2010	<u>1</u>	<u>1</u>
At 31 December 2009	<u>1</u>	<u>1</u>

# Bending Light Limited

## Notes to the Financial Statements for the Year Ended 31 December 2010

*continued*

### 5 Investments held as fixed assets

#### Company

	2010 £	2009 £
Shares in group undertakings and participating interests	<u>1</u>	<u>1</u>

This investment represents 100% of the issued share capital of Serra Solar Limited (formerly Serraglaze Limited), a company registered and operating in England and Wales. The principal activity of Serra Solar Limited is the manufacturing, marketing and selling of a light redirection system known as Serraglaze.

### 6 Debtors

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts owed by group undertakings	-	-	856,692	811,923
	<u>-</u>	<u>-</u>	<u>856,692</u>	<u>811,923</u>

### 7 Creditors: Amounts falling due within one year

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade creditors	43,036	41,692	42,137	40,793
Non-convertible debentures	186,734	186,734	186,734	186,734
Shareholder loans	130,000	26,000	130,000	26,000
Accruals	155,986	45,447	155,986	45,447
	<u>515,756</u>	<u>299,873</u>	<u>514,857</u>	<u>298,974</u>

# Bending Light Limited

## Notes to the Financial Statements for the Year Ended 31 December 2010

.... continued

The Debenture Loan represents monies advanced by the executive director to provide financial support to the Group. The debenture deed dated 8 May 2008 secures all monies advanced by the debenture holder by a fixed and floating charge over all of the assets of the company including intellectual property and the whole of the share capital of the Company's subsidiary. The loan bears interest on a day-to-day basis at the rate of 5% per annum above LIBOR.

Shareholder loans represent monies advanced by three shareholders, two of whom are directors. The terms of the Shareholder Loans are that there is no fixed repayment, the loans are non interest bearing and that the loans will be repaid first, at a premium of 100%, in priority to the Debenture Loan and the unsecured creditors from net amounts received from realisations of intellectual property owned by the Group.

### 8 Share capital

#### Allotted, called up and fully paid shares

	2010		2009	
	No	£	No	£
Ordinary shares of £0.10 each	<u>44,250,437</u>	<u>4,425,044</u>	<u>44,250,437</u>	<u>4,425,044</u>

### 9 Reserves

#### Group

	Share premium account £	Profit and loss account £	Total £
At 1 January 2010	666,673	(4,129,050)	(3,462,377)
Loss for the year	-	(591,591)	(591,591)
At 31 December 2010	<u>666,673</u>	<u>(4,720,641)</u>	<u>(4,053,968)</u>

#### Company

	Share premium account £	Profit and loss account £	Total £
At 1 January 2010	666,673	(4,137,155)	(3,470,482)
Loss for the year	-	(546,822)	(546,822)
At 31 December 2010	<u>666,673</u>	<u>(4,683,977)</u>	<u>(4,017,304)</u>

**Bending Light Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2010**

*continued*

**10 Related party transactions**

**Other related party transactions**

The Company is indebted to three shareholders, two of whom are directors, in respect of loans made to the company to provide working capital

H McGrath £87,500

D A Robins £37,500

D R Willetts £191,374 of which £186,734 is secured by debenture (see note 7)