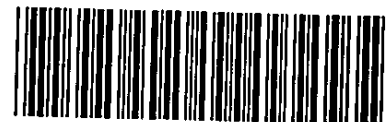


REGISTERED NUMBER: 04884654 (England and Wales)

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2010
FOR
REAXA LIMITED

TUESDAY



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01/02/2011

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COMPANIES HOUSE

REAXA LIMITED

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for the Year Ended 30 June 2010

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REAXA LIMITED

COMPANY INFORMATION
for the Year Ended 30 June 2010

DIRECTORS

B J Thorpe
P Jackson
J A Nicholson
H L Jones

SECRETARY

H L Jones

REGISTERED OFFICE.

P O Box 42
Hexagon Tower
Blackley
Manchester
Lancashire
M9 8ZS

REGISTERED NUMBER

04884654 (England and Wales)

AUDITORS

Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

BANKERS

HSBC Bank Plc
PO Box 105
33 Park Row
Leeds
West Yorkshire
LS1 1LD

**REPORT OF THE INDEPENDENT AUDITORS TO
REAXA LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages three to six together with the full financial statements of Reaxa Limited for the year ended 30 June 2010 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to any one other than the company for our work for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006 and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

Other information

On 5th January 2011 we reported as auditors to the shareholders of the company on the full financial statements for the year ended 30 June 2010 prepared under Section 396 of the Companies Act 2006 and our report included the following extract:

"Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the future of the business. The financial statements have been prepared on a going concern basis, the validity of which depends upon future grants being received and positive cash flow from sales. The financial statements do not include any adjustments that would result from a failure to achieve this. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect."

Fairhurst

Jane Dennis BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Fairhurst

Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2FB

Date

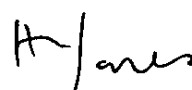
5th January 2011

ABBREVIATED BALANCE SHEET
30 June 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	2	525 674	1 246 667
Tangible assets	3	10 000	46 857
		<u>535 674</u>	<u>1 293 524</u>
CURRENT ASSETS			
Stocks		65 637	101,083
Debtors		50 126	102 341
Cash at bank		94,804	72,389
		<u>210 567</u>	<u>275 813</u>
CREDITORS			
Amounts falling due within one year		<u>250 969</u>	<u>272 759</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(40 402)</u>	<u>3 054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>495 272</u>	<u>1 296 578</u>
CREDITORS			
Amounts falling due after more than one year		<u>188 881</u>	<u>276 289</u>
NET ASSETS		<u><u>306 391</u></u>	<u><u>1 020,289</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	6 947	3 980
Share premium		5 361,723	4,574,376
Profit and loss account		<u>(5 062 279)</u>	<u>(3 558 067)</u>
SHAREHOLDERS' FUNDS		<u><u>306 391</u></u>	<u><u>1 020 289</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on 20 December 2010 and were signed on its behalf by


H L Jones - Director

The notes form part of these abbreviated accounts

REAXA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS for the Year Ended 30 June 2010

1 ACCOUNTING POLICIES

Going concern

One part of the business was sold in July 2010. This was for a cash sum plus a potential earn out on future sales generated by the acquiring company.

A restructuring of Reaxa Limited will take place in December 2010 where by the majority of the debt will be transferred into another company along with the rights to the afore-mentioned earn-out. This will leave Reaxa Limited with the remaining IP and the right to trade. 100% of the share capital will be acquired by a third party and the current board of directors will resign.

Further grant funding will be applied for in the forthcoming year and the current directors believe that once the above re-organisation has taken place the company is and in the foreseeable future will continue to be in a position to meet its financial obligations as they fall due.

The accounts have therefore been prepared on a going concern basis.

Accounting convention

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

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents the net invoiced value of goods sold excluding value added tax.

Intangible fixed assets

Intangible fixed assets represents intellectual property totalling £1 700 000 which was acquired in 2004 and is being amortised over 15 years.

An impairment review will be undertaken only when the recoverable amount (the higher of the realisable value and value in use (i.e. the income stream)) falls below its carrying value.

Following the sale of part of the intangible asset post year end an impairment review was carried out. The intangible assets have been written down to net realisable value as a result of this review.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 33% on cost and 15% on reducing balance
---------------------	--

Following the restructuring of the business as described above an impairment review has been carried out and the assets written down to their recoverable amount.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance 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. A deferred tax asset has not been recognised as it is not anticipated that the company will be in profit in the next accounting period.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

REAXA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued for the Year Ended 30 June 2010

1 ACCOUNTING POLICIES - continued

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Government grants

Grants received which relate to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as received.

2 INTANGIBLE FIXED ASSETS

	Total £
COST	
At 1 July 2009	
and 30 June 2010	1 700 000
AMORTISATION	
At 1 July 2009	453 333
Charge for year	113 390
Impairments	607 603
At 30 June 2010	1 174 326
NET BOOK VALUE	
At 30 June 2010	525 674
At 30 June 2009	1 246 667

3 TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 July 2009	175 019
Additions	1 757
At 30 June 2010	176 776
DEPRECIATION	
At 1 July 2009	128 162
Charge for year	7 868
Impairments	30 746
At 30 June 2010	166 776
NET BOOK VALUE	
At 30 June 2010	10 000
At 30 June 2009	46 857

REAXA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued for the Year Ended 30 June 2010

4 CALLED UP SHARE CAPITAL

Allotted Number	issued and fully paid Class	Nominal value	2010 £	2009 £
45 666	Ordinary "A"	0 10	4 567	2 217
23 795	Ordinary	0 10	2 380	1 763
			<u>6 947</u>	<u>3 980</u>

5 RELATED PARTY DISCLOSURES

During the year the following Directors fees were accrued for in these accounts

BJ Thorpe - £27 000 (2009 -£2 7 000) HJ Jones - £18 000 (2009 -£1 8 000) and J A Nicholson - £12 000 (2009 - £0)

At the end of the year the amounts which remain unpaid and therefore still due to the directors concerned were

BJ Thorpe - £28 516
HJ Jones - £14 500
JA Nicholson - £5 500

6 POST BALANCE SHEET EVENTS

One part of the business was sold in July 2010. This was for a cash sum plus a potential earn out on future sales generated by the acquiring company.

A restructuring of Reaxa Limited will take place in December 2010 where by the majority of the debt will be transferred into another company along with the rights to the afore-mentioned earn-out. This will leave Reaxa Limited with the remaining IP and the right to trade. 100% of the share capital will be acquired by a third party and the current board of directors will resign.