

EASTERN EUROPEAN VENTURES PLC
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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EASTERN EUROPEAN VENTURES PLC

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For The Year Ended 30 June 2007

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EASTERN EUROPEAN VENTURES PLC

COMPANY INFORMATION
For The Year Ended 30 June 2007

DIRECTORS:

R Haddow
D Huckerby

SECRETARY:

D W Waygood

REGISTERED OFFICE:

Unit 4
Sovereign Court
Graham Street
Birmingham
B1 3JR

REGISTERED NUMBER:

05491701

AUDITORS:

Rochesters LLP
Registered Auditors
No 3 Caroline Court
13 Caroline Street
St. Paul's Square
Birmingham
B3 1TR

EASTERN EUROPEAN VENTURES PLC

**CHAIRMAN'S REPORT
For The Year Ended 30 June 2007**

Dear Shareholder

Your directors continue to search for a value enhancing investment for your company. The directors have reviewed a number of opportunities many of which have required significant investment or alternatively have not offered good value for money. We are however close to finalising terms to purchase a hotel in Budapest, Hungary which we consider offers investors the opportunity of strong capital growth. I shall keep you informed on progress in this regard.

The board are very committed to the success of Eastern European Ventures plc and are confident that a suitable opportunity will be secured in due course.

Thank you for your continued support

A handwritten signature in black ink, appearing to read 'D. Huckerby', with a stylized flourish at the end.

David Huckerby
Chairman

5 June 2008

EASTERN EUROPEAN VENTURES PLC

REPORT OF THE DIRECTORS For The Year Ended 30 June 2007

The directors present their report with the financial statements of the company for the year ended 30 June 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2007

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 July 2006 to the date of this report

The beneficial interests of the directors holding office at 30 June 2007 in the shares of the company, according to the register of directors' interests, were as follows

	30 6 07	1 7 06 or date of appointment if later
Ordinary shares of 0.1p each		
R Haddow	1,000,000	1,000,000
D Huckerby - appointed 21 8 06	-	-

These directors did not hold any non-beneficial interests in the shares of the company

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is company policy to settle debts with its creditors on a timely basis, taking account of the credit period given by each supplier. The company had a payment period of 185 days (2006 - 30 days) during the year

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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 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 financial statements 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 and other irregularities

EASTERN EUROPEAN VENTURES PLC

**REPORT OF THE DIRECTORS
For The Year Ended 30 June 2007**

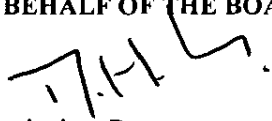
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Rochesters LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'D. Huckerby', is written over the text 'ON BEHALF OF THE BOARD:'. The signature is stylized and cursive.

D Huckerby - Director

5 June 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF EASTERN EUROPEAN VENTURES PLC

We have audited the financial statements of Eastern European Ventures plc for the year ended 30 June 2007 on pages seven to fourteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out on page three.

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 Report of the Directors 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. This other information comprises only the Report of the Directors and the Chairman's 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 and performed 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

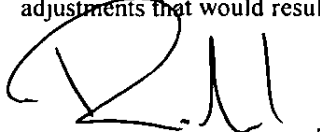
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
EASTERN EUROPEAN VENTURES PLC**

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 15 to the financial statements concerning the company's ability to continue as a going concern. The company's liabilities exceeded its total assets by £15,308 as at 30 June 2007. These conditions, along with the other matters explained in note 15 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.



Rochesters LLP
Registered Auditors
No 3 Caroline Court
13 Caroline Street
St Paul's Square
Birmingham
B3 1TR

5 June 2008

EASTERN EUROPEAN VENTURES PLC

PROFIT AND LOSS ACCOUNT For The Year Ended 30 June 2007

		Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
	Notes		
TURNOVER		-	-
Administrative expenses		14,580	678
OPERATING LOSS	3	(14,580)	(678)
Amounts written off investments	4	-	150,025
		(14,580)	(150,703)
Interest payable and similar charges	5	16	9
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(14,596)	(150,712)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(14,596)</u>	<u>(150,712)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous period

The notes form part of these financial statements

EASTERN EUROPEAN VENTURES PLC

BALANCE SHEET

30 June 2007

	Notes	2007 £	£	2006 £	£
FIXED ASSETS					
Investments	7		1		1
CREDITORS					
Amounts falling due within one year	8	<u>15,309</u>		<u>713</u>	
NET CURRENT LIABILITIES			<u>(15,309)</u>		<u>(713)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(15,308)</u>		<u>(712)</u>
CAPITAL AND RESERVES					
Called up share capital	10		55,000		55,000
Share premium	11		95,000		95,000
Profit and loss account	11		<u>(165,308)</u>		<u>(150,712)</u>
SHAREHOLDERS' FUNDS	13		<u>(15,308)</u>		<u>(712)</u>

The financial statements were approved by the Board of Directors on 5 June 2008 and were signed on its behalf by



D Huckerby - Director

The notes form part of these financial statements

EASTERN EUROPEAN VENTURES PLC

CASH FLOW STATEMENT
For The Year Ended 30 June 2007

		Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Net cash outflow from operating activities	Notes 1	-	(15)
Returns on investments and servicing of finance	2	(16)	(9)
Capital expenditure and financial investment	2	-	(150,026)
		(16)	(150,050)
Financing	2	-	150,001
Decrease in cash in the period		(16)	(49)
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(16)	(49)
Change in net debt resulting from cash flows		(16)	(49)
Movement in net debt in the period		(16)	(49)
Net debt at 1 July		(49)	-
Net debt at 30 June		(65)	(49)

The notes form part of these financial statements

EASTERN EUROPEAN VENTURES PLC

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 30 June 2007

1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Operating loss	(14,580)	(678)
Increase in creditors	14,580	663
Net cash outflow from operating activities	<u>-</u>	<u>(15)</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Returns on investments and servicing of finance		
Interest paid	(16)	(9)
Net cash outflow for returns on investments and servicing of finance	<u>(16)</u>	<u>(9)</u>
 Capital expenditure and financial investment		
Purchase of fixed asset investments	-	(150,026)
Net cash outflow for capital expenditure and financial investment	<u>-</u>	<u>(150,026)</u>
 Financing		
Share issue	-	150,001
Net cash inflow from financing	<u>-</u>	<u>150,001</u>

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 7 06 £	Cash flow £	At 30 6 07 £
Net cash			
Cash at bank and in hand	-	-	-
Bank overdraft	(49)	(16)	(65)
	<u>(49)</u>	<u>(16)</u>	<u>(65)</u>
 Total	<u>(49)</u>	<u>(16)</u>	<u>(65)</u>

The notes form part of these financial statements

EASTERN EUROPEAN VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2007

1 ACCOUNTING POLICIES

Accounting convention

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

2 STAFF COSTS

There were no staff costs for the year ended 30 June 2007 nor for the period ended 30 June 2006

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

	Year Ended 30 6 07	Period 27 6 05 to 30 6 06
Management	<u>2</u>	<u>2</u>

3 OPERATING LOSS

The operating loss is stated after charging

	Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Directors' emoluments	<u>-</u>	<u>-</u>

4 AMOUNTS WRITTEN OFF INVESTMENTS

	Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Amounts w/o invs	<u>-</u>	<u>150,025</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Bank interest	<u>16</u>	<u>9</u>

6 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2007 nor for the period ended 30 June 2006

EASTERN EUROPEAN VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 30 June 2007

6 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 30 6 07 £	Period 27 6 05 to 30 6 06 £
Loss on ordinary activities before tax	<u>(14,596)</u>	<u>(150,712)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2006 - 19%)	(2,773)	(28,635)
Effects of		
Amounts written off investments	-	28,505
Pre trading expenditure	-	130
Losses carried forward	<u>2,773</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in other participating interests £	Totals £
COST			
At 1 July 2006 and 30 June 2007	<u>1</u>	<u>150,025</u>	<u>150,026</u>
PROVISIONS			
At 1 July 2006 and 30 June 2007	<u>-</u>	<u>150,025</u>	<u>150,025</u>
NET BOOK VALUE			
At 30 June 2007	<u>1</u>	<u>-</u>	<u>1</u>
At 30 June 2006	<u>1</u>	<u>-</u>	<u>1</u>

The company's investments at the balance sheet date in the share capital of companies include the following

Emerging Residential Investments Limited

Nature of business Dormant

	% holding 100 00		
Class of shares			
Ordinary		31 7 07 £	31 7 06 £
Aggregate capital and reserves		<u>1</u>	<u>1</u>

EASTERN EUROPEAN VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 30 June 2007

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Bank loans and overdrafts (see note 9)	65	49
Trade creditors	8,695	663
Amounts owed to group undertakings	1	1
Other creditors	6,548	-
	<u>15,309</u>	<u>713</u>

9 LOANS

An analysis of the maturity of loans is given below

	2007	2006
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	<u>65</u>	<u>49</u>

10 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007 £	2006 £
100,000,000	Ordinary	0 1p	<u>100,000</u>	<u>100,000</u>
Allotted and issued Number	Class	Nominal value	2007 £	2006 £
55,000,000	Ordinary	0 1p	<u>55,000</u>	<u>55,000</u>

11 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 July 2006	(150,712)	95,000	(55,712)
Deficit for the year	<u>(14,596)</u>		<u>(14,596)</u>
At 30 June 2007	<u>(165,308)</u>	<u>95,000</u>	<u>(70,308)</u>

12 RELATED PARTY DISCLOSURES

During the year the company was invoiced management charges of £3,350 from Millhaven Consultants, a company in which David Huckerby is a director

EASTERN EUROPEAN VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **For The Year Ended 30 June 2007**

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Loss for the financial year	(14,596)	(150,712)
Share capital issue	-	150,000
	<u> </u>	<u> </u>
Net reduction of shareholders' funds	(14,596)	(712)
Opening shareholders' funds	(712)	-
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>(15,308)</u>	<u>(712)</u>

14 CONTROLLING PARTY

No sole individual has control of the company

15 GOING CONCERN

The company's liabilities exceeds its assets at the Balance Sheet date. The directors are committed to supporting the company for the foreseeable future, and are currently searching for appropriate investment opportunities.