

Graphite Resources Limited

Directors' report and financial statements

for the period ended 30 April 2004

Registered number 4748821



Graphite Resources Limited

Directors' report and financial statements

<i>Contents</i>	Page
Directors' report	1
Accountants' report	2
Profit and loss account	3
Balance sheet	4 - 5
Notes to the financial statements	6 - 8

Graphite Resources Limited

Directors' report

The directors present their report and the financial statements for the period ended 30 April 2004.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these the directors are required to:

- select suitable accounting policies and 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.

Incorporation

The company was incorporated on 30 April 2003.

Principal activity

The principal activity of the company is that of seeking suitable sites for waste recycling.

Directors and their interests

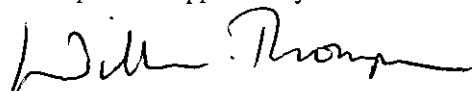
Following incorporation, the directors who served during the period and their interests in the company are as stated below:

Ordinary shares of £1 each 2004

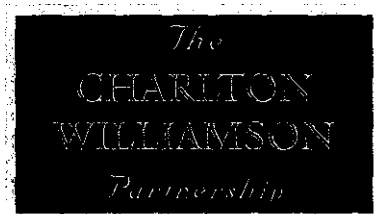
W Thompson - appointed 2 May 2003	50
MV Thompson - appointed 2 May 2003	50

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 20th December 2004 and signed on its behalf by William Thompson



Director



ACCOUNTANTS & BUSINESS ADVISERS

77 Osborne Road, Jesmond, Newcastle upon Tyne NE2 2AN

Telephone: 0191 281 8877 Fax: 0191 281 6147

Email: partners@thecwp.co.uk

**Accountants' report on the unaudited financial statements to the directors
of Graphite Resources Limited**

As described on the balance sheet you are responsible for the preparation of the financial statements for the period ended 30 April 2004 set out on pages 3 to 8 and you consider that the company is exempt from an audit. In accordance with your instructions we have compiled these unaudited financial statements, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information supplied to us.

The Charlton Williamson Partnership

Accountants and Business Advisers

20 December 2004

Graphite Resources Limited

Profit and loss account

for the period ended 30 April 2004

		2004
	Notes	£
Turnover		-
Administrative expenses		(27,349)
Other operating income		4,725
Operating loss - continuing operations	2	(22,624)
Other interest receivable and similar income		104
Loss on ordinary activities before taxation		(22,520)
Taxation	3	-
Loss for the financial period	8	(22,520)

There are no recognised gains or losses other than the profit or loss for the above financial period.

The notes on pages 6 to 8 form an integral part of these financial statements.

Graphite Resources Limited

Balance sheet

at 30 April 2004

	Notes	£	2004 £
Fixed assets			
Intangible assets	4		9,106
Current assets			
Cash at bank and in hand		29,432	
		<u>29,432</u>	
Creditors: amounts falling due within one year	6	<u>(60,958)</u>	
Net current liabilities			<u>(31,526)</u>
Deficiency of assets			<u>(22,420)</u>
Capital and reserves			
Called up share capital	7		100
Profit and loss account	8		<u>(22,520)</u>
Equity shareholders' funds	9		<u>(22,420)</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 6 to 8 form an integral part of these financial statements.

Graphite Resources Limited

Balance sheet (continued)

Directors' statements required by Section 249B(4)

for the period ended 30 April 2004

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the period stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 ;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the period ended 30 April 2004 and

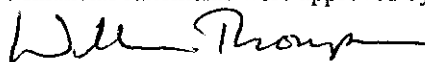
(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the period then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The financial statements were approved by the board on *20th April 2004* and signed on its behalf by *William Thompson*



Director

The notes on pages 6 to 8 form an integral part of these financial statements.

Graphite Resources Limited

Notes to the financial statements

for the period ended 30 April 2004

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention .

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

Intangible fixed assets

Costs incurred in developing the company's web site are written off in equal annual instalments over its estimated useful economic life of 20 years.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 15% straight line
-------------------------------------	---------------------

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

Government grants

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2	Operating loss	2004
		£
	<i>Operating loss is stated after charging:</i>	
	Directors' remuneration	5,180
	Depreciation of tangible fixed assets	259
	Loss on disposal of tangible fixed assets	4,265
	<i>and after crediting:</i>	
	Government grants	4,725

3 Taxation

There is no tax liability due to losses made during the period.

Graphite Resources Limited

Notes to the financial statements

for the period ended 30 April 2004

4	Intangible fixed assets	Website development	Total
		£	£
	<i>Cost</i>		
	Additions	9,106	9,106
	At end of period	9,106	9,106
	<i>Net book value</i>		
	At 30 April 2004	9,106	9,106
5	Tangible fixed assets		Fixtures, fittings and equipment
			£
	<i>Cost</i>		
	Additions		4,524
	Disposals		(4,524)
	At end of period		-
	<i>Depreciation</i>		
	Charge for the period		259
	On disposals		(259)
	At end of period		-
	<i>Net book value</i>		
	At 30 April 2004		-
6	Creditors: amounts falling due within one year		2004
			£
	Directors' loan accounts		59,900
	Accruals and deferred income		1,058
			60,958
7	Share capital		2004
			£
	<i>Authorised equity</i>		
	100 Ordinary shares of £1 each		100
	<i>Allotted, called up and fully paid equity</i>		
	100 Ordinary shares of £1 each		100

Graphite Resources Limited

Notes to the financial statements

for the period ended 30 April 2004

8	Reserves	Profit and loss account	Total
		£	£
	Loss for the period	<u>(22,520)</u>	<u>(22,520)</u>
9	Reconciliation of movements in shareholders' funds	2004	
		£	
	Loss for the period	(22,520)	
	Net proceeds of equity share issue	<u>100</u>	
	Net shareholders' funds	<u>(22,420)</u>	