

**THE WEATHER LOTTERY PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2009**  
**REGISTERED NUMBER: 04458947 (England and Wales)**

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## THE WEATHER LOTTERY PLC

### COMPANY INFORMATION

<b>DIRECTORS</b>	K G Milhench – Chief Executive N G McGowan M Mills – Non-Executive A Moore – Non-Executive Chairman
<b>SECRETARY</b>	N G McGowan
<b>REGISTERED OFFICE</b>	Derby House Stud Retford Road Doncaster DN10 5HJ
<b>NOMINATED ADVISERS</b>	Blomfield Corporate Finance Limited 1-3 College Hill London EC4R 2RA
<b>AUDITORS</b>	Rochesters LLP 13 Caroline Street St. Paul's Square Birmingham B3 1TR
<b>SOLICITORS</b>	Dawsons 2 New Square Lincoln's Inn London WC3A 3RZ
<b>REGISTRARS</b>	SLC Registrars Limited 42-46 High Street Esher Surrey KT10 9QY
<b>PRINCIPLE BANKERS</b>	HSBC Bank PLC 33 Park Row Leeds LS1 1LD
<b>BROKERS</b>	SVS Securities Plc 21 Wilson Street London EC2M 2SN

**THE WEATHER LOTTERY PLC**

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**THE WEATHER LOTTERY PLC**  
**CHIEF EXECUTIVE'S STATEMENT**

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**Operating Review**

This period was a further year of consolidation for the lottery

Lottery Lines played stayed level at approximately 26000 playing lines. Enquiries are still very healthy but the translation of these to playing lines has proved elusive.

The company finances showed a loss of £48,000 throughout the financial year 2009. Cost cutting has been implemented to correct this figure.

**Financial review**

The financial statements show a loss of £48,000 for the year.

**Proposed Dividend**

The directors do not recommend the payment of a dividend (2008: £Nil).

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**Strategy and Outlook**

The Weather Lottery's objective remains to build and expand its paper based and online entry for Society Lotteries in the fields of Charity, Education and Sport. Whilst considerable progress has been made in establishing these services much has still to be done to improve, expand and enhance them.

A new secondary lottery has been launched which gives the Societies a larger return and it is hoped that this will encourage new Societies to join.

Enquiries are very healthy, and new systems of closing are now in place.

A complete website update has been completed in the second half of the year creating clarity to the navigation and fundraising element. One of the major benefits of the new website is a client can now register online.

County Seminars will be developed and held on a monthly basis.

It is intended to enhance shareholder value by continued expansion of business both organically and by strategic acquisition if available.

It is our multi-year experience that clients are maintained and we have placed systems in order to maintain growth for all clients.

The Weather Lottery is registered and governed by the Gambling Commission without which we could not trade, under the new Gaming Act 2005 and we do not anticipate any changes to the law which would affect our business.

I look forward to 2011/10 being pivotal in the development of your company as it is poised and has in place the facilities to allow it to take opportunities to grow to a higher level.

  
**Keith G Milhench**  
Chief Executive

**THE WEATHER LOTTERY PLC**  
**DIRECTORS' REPORT**  
**For the year ended 31 July 2009**

The Directors present their Report and the annual Financial Statements for the year ended 31 July 2009.

**Principal activities**

The principal activity of the Company is that of a holding company.

The principal activity of the Group in the period was that of lottery administrators.

**Business review and future developments**

The Weather Lottery Plc's ("The Weather Lottery") principal activity is that of lottery administrators. A review of these activities, future developments and principal risks is provided in the Chief Executive's Statement and the Principal risks and uncertainties section.

**Principal risks and uncertainties facing the Group**

*Management and employees*

The nature of the Group and its business model creates reliance upon retaining and incentivising its senior management and certain key employees, whose expertise will be important to the fortunes of the Group going forward. The Directors have endeavoured to ensure that the principal members of its management team are suitably incentivised, but the retention of such staff cannot be guaranteed.

The Group may need to recruit additional senior management and other staff in order to further develop its business. There can be no guarantee that such individuals will be recruited in the Group's preferred timetable or at the cost levels anticipated by the Group. Competition for staff is strong and therefore the Group may find it difficult to retain key management and staff. The loss of key personnel and the inability to recruit further key personnel could have a material adverse effect on the future of the Group through the impairment of the day-to-day running of the businesses and the inability to maintain existing client relationships.

*Exposure of the Group to UK economic conditions*

Demand for the Group's services may be significantly affected by the general level of economic activity and economic conditions in the regions and sectors in which the Group operates. Therefore, a continuation of the economic downturn, especially in regions or sectors where the Group's operations are focused, could have a material adverse effect on the Group's business and financial results.

*Competition*

The Group is engaged in business activities where there are a number of competitors. Many of these competitors are larger than the relevant businesses carried on by the Group and have access to greater funds than the Company, which will potentially enable them to gain market share at the expense of the Group.

*Acquisitions*

The Directors cannot discount circumstances where an acquisition would support the Company's business strategy. However, there is no guarantee that the Company will successfully be able to identify, attract and complete suitable acquisitions or that the acquired business will perform in line with expectations.

## THE WEATHER LOTTERY PLC

### DIRECTORS' REPORT For the year ended 31 July 2009

#### *Funding and working capital*

The Group has given the usual undertakings, covenants and security for its funding facility. Maintaining a sufficient level of working capital is essential to enable the Group to meet its foreseeable obligations and achieve its strategy. Failure to manage working capital could impact upon the ability of the Group to grow.

#### *Management of growth*

The ability of the Group to implement its strategy in an expanding market requires effective planning and management control systems. The Directors anticipate that further expansion will be required to respond to market opportunities and the potential growth in its client base. The Group's growth plans may place a significant strain on its management, operational, financial and personnel resources. The Group's future growth and prospects will, therefore, depend on its ability to manage the growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on its business, financial condition and results of operations.

#### *Market developments*

Any failure to expand the Group's service offering in response to customer demand and/or industry developments may have an adverse effect on the Group's financial performance and prospects.

#### *Reliance on Partners*

Much of the Group's business is dependent on partners (charities, clubs, etc). Changes in key relationships within those partners, change of strategic direction by partner organisations, changes in the viability of partner-owned technology, economic and other business circumstances could all have an adverse effect on the financial performance of the Group.

#### *Legal and regulatory matters*

The Group is subject to a considerable degree of regulation and legislation. Changes in or extensions of laws and regulations affecting the industry in which the Group operates (or those in which its customers operate) and the rules of industry organisations could restrict or complicate the Group's business activities, with the potential to increase compliance / legal costs significantly.

#### **Financial risk management**

The Group's financial risk management policies are disclosed in the financial statements within this document.

#### **Dividends**

The Directors do not recommend a dividend for the year (2008: £nil).

**THE WEATHER LOTTERY PLC**

**DIRECTORS' REPORT**  
**For the year ended 31 July 2009**

**Directors**

The following Directors held office during the financial year ended 31 July 2009:

K G Milhench  
N G McGowan  
A Moore  
M Mills

**Directors' interests in shares and warrants**

The Directors who held office at 31 July 2009 had the following interests in the shares of the Company, including family interests:

	<b>Ordinary shares of 0.1p each</b>	
	<i>At 31 July 2009</i>	<i>At 31 July 2008 (or date of appointment, if later)</i>
K G Milhench	7,500,000	7,500,000
N G McGowan	1,850,000	1,850,000
A Moore	5,537,500	5,537,500
M Mills	37,500	37,500

None of the directors have held or exercised any share options during the year, or held any other beneficial interest.

**Substantial shareholdings**

The Company has been notified of the following substantial holdings of ordinary 0.1p shares as at 21 December 2009

	<i>Percentage Holding</i>	<i>No. of shares</i>
Pershing Nominees Ltd*	19.50%	16,244,089
SVS (Nominees) Ltd**	16.59%	13,820,587
A Moore	6.65%	5,537,500
J Green	4.82%	4,015,000

\* - includes 15,364,627 shares (18.44%) held on behalf of J M Botros

\*\* - includes 7,500,000 shares (9.00%) held on behalf of K G Milhench

No other person has notified an interest in the ordinary shares of the Company as required to be disclosed to the Company.

## **THE WEATHER LOTTERY PLC**

### **DIRECTORS' REPORT For the year ended 31 July 2009**

#### **Capital Structure**

Details of the authorised and issued share capital are shown in note 23. There are no special restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restriction on the transfer of securities or on voting rights. No one has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles of Association, the company has authority to issue the amount of shares shown as authorised in note 23.

#### **Donations**

Charitable and political donations made by the Group during the year amounted to £nil (2008: £nil).

#### **Creditor payment policy and practice**

It is the Group's policy to establish terms of payments with suppliers when agreeing each transaction or series of transactions, to ensure that suppliers are aware of these terms of payment and to abide by them. At 31 July 2009, the Group had an average of 48 days (2008: 57 days) of purchases outstanding in trade creditors.

#### **Going concern**

UK Company Law requires Directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company and the Group are going concerns. Throughout the financial statements there are various disclosures relating to Group funding and operational risks. The Directors' report summarises the key themes.

The Group does have some exposure to current economic conditions which have the potential to impact annual revenues. To date the economic downturn has reduced Group revenues as a whole by less than 10%. The Directors have prepared downside sensitised forecasts to 31 January 2011 and have implemented cost reductions by the liquidation of certain subsidiaries in order to improve cashflow. The Group continues to trade without the need for loan funding, although cash balances have been reduced in the period.

The downside sensitised forecasts have been reviewed by the Directors to ensure that the profit and cash generation derived from these forecasts are sufficient to meet the Group's requirements. As a result of these reviews, the Directors are of the opinion that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.



**THE WEATHER LOTTERY PLC**  
**DIRECTORS' REPORT**  
**For the year ended 31 July 2009**

**Employee policies**

The Group places considerable value on the involvement of the employees and keeps them informed on matters affecting them as employees and on relevant matters affecting the performance of the Group.

The Group's employment policies include a commitment to equal opportunities regardless of sex, age, race, sexual orientation or ethnic origin.

The Group's policy is to give full and fair consideration to applications for employment made by disabled persons, bearing in mind the respective aptitudes of the applicants concerned. In the event of staff becoming disabled every effort would be made to ensure their continued employment within the Group and to provide specialised training where appropriate.

**Information to shareholders**

The Group has its own website ([www.theweatherlottery.com](http://www.theweatherlottery.com)) for the purposes of improving information flow to shareholders as well as potential investors.

**Corporate governance**

The Group intends to continue with measures previously put in place to ensure that it complies with the Combined Code so far as is practicable and appropriate for a public company of its size and nature.

The Group has put into place an Audit Committee and a Remuneration Committee under the control of K Milhench, a Director.

The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Group's applicable employees. In line with the AIM rules for Companies, the Group has adopted an AIM rules compliance policy setting out the procedures to be followed in order that the Company will fully comply with the AIM Rules for Companies.

**Relations with shareholders**

The Chief Executive is the Group's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, private investors are given the opportunity to question the Board.

**Internal control**

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and so can be dealt with appropriately.

## **THE WEATHER LOTTERY PLC**

### **DIRECTORS' REPORT For the year ended 31 July 2009**

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange the Directors are required to prepare the Group Financial Statements in accordance with IFRS's as adopted by the EU and applicable laws and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group Financial Statements are required by law and IFRS's as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company. In preparing each of the Group and Parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS's as adopted by the EU;
- for the Parent Company financial statements, 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 a going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Directors Report and other information contained in the annual report is prepared in accordance with company law in the United Kingdom.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' Report each confirm the following:

- so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

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**THE WEATHER LOTTERY PLC**  
**DIRECTORS' REPORT**  
**For the year ended 31 July 2009**

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**Auditors**

Resolutions will be proposed at the forthcoming General Meeting for the re-appointment of Rochesters LLP as auditors of the Group and that the Directors be authorised to fix their remuneration.

This report was approved by the Board on 4 January 2010 and signed on its behalf.



**K G Milhench**  
*Director*

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE WEATHER LOTTERY PLC**

We have audited the financial statements of The Weather Lottery plc for the year ended 31 July 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 Sections 495 to 497A 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 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 Group and 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**

As explained more fully in the Directors' Responsibilities Statement (set out on page 9), 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 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 Standard for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**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 31 July 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE WEATHER LOTTERY 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 30 to the financial statements concerning the group's ability to continue as a going concern. The group incurred another loss in the year of £48,000 in addition to losses made in the previous three years. The parent company incurred a net loss of £46,000 during the year ended 31 July 2009 and, at that date, had liabilities of £53,000. These conditions, along with matters explained in note 30 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group and parent company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as going concerns.

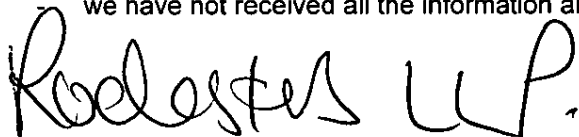
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 by the parent company, 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 disclosure of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Stephen G Rochester (Senior Statutory Auditor)  
for and on behalf of Rochesters LLP  
Chartered Accountants and Statutory Auditors**

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

Date: 4 January 2010

**THE WEATHER LOTTERY PLC**  
**CONSOLIDATED INCOME STATEMENT**  
For the year ended 31 July 2009

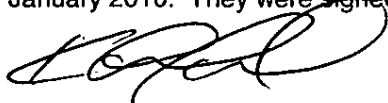
	<i>Note</i>	<b>Year ended 31 July 2009</b>	<i>Year ended 31 July 2008</i>
		<b>£'000</b>	<i>£'000</i>
<b>Continuing operations</b>			
<b>Revenue</b>	5	<b>1,345</b>	<i>1,448</i>
Cost of sales		<u><b>(362)</b></u>	<i>(387)</i>
<b>Gross profit</b>		<b>983</b>	<i>1,061</i>
Administrative expenses		<b>(1,032)</b>	<i>(1,087)</i>
Finance income	8	<b>1</b>	<i>5</i>
Finance costs	8	<b>-</b>	<i>-</i>
<b>Profit before taxation</b>		<u><b>(48)</b></u>	<i>(21)</i>
Income tax expense	9	<b>-</b>	<i>-</i>
<b>Profit from continuing operations</b>		<u><b>(48)</b></u>	<i>(21)</i>
 <b>LOSS PER SHARE</b>			
Basic and fully diluted loss per ordinary share	10	<u><b>(0.06)p</b></u>	<i>(0.03)p</i>

All of the loss for the period is attributable to equity holders of the parent company.

**THE WEATHER LOTTERY PLC**  
**CONSOLIDATED BALANCE SHEET**  
As at 31 July 2009

	<i>Note</i>	<b>2009</b>	<i>2008</i>
		<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	14	6	-
Goodwill	12	158	158
Other intangible assets	13	-	25
<b>Total non current assets</b>		<b>164</b>	<b>183</b>
<b>Current assets</b>			
Inventories	16	2	-
Trade and other receivables	17	14	34
Cash and cash equivalents	17	58	105
<b>Total current assets</b>		<b>74</b>	<b>139</b>
<b>TOTAL ASSETS</b>		<b>238</b>	<b>322</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	23	83	83
Share premium account	24	302	302
Retained earnings	24	(380)	(332)
<b>Total equity</b>		<b>5</b>	<b>53</b>
<b>Current liabilities</b>			
Trade and other payables	20	233	269
Current tax payable		-	-
<b>Total current liabilities</b>		<b>233</b>	<b>269</b>
<b>Non-current liabilities</b>			
Deferred tax provision	22	-	-
<b>Total liabilities</b>		<b>233</b>	<b>269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>238</b>	<b>322</b>

The financial statements were approved by the Board of Directors and authorised for issue on 4 January 2010. They were signed on its behalf by:



**K G Milhench**  
**Director**

**THE WEATHER LOTTERY PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 July 2009**

	<i>Called up share capital £'000</i>	<i>Share premium account £'000</i>	<i>Retained Earnings £'000</i>	<i>Total Equity £'000</i>
<b>Balance 31 July 2007</b>	<b>83</b>	<b>302</b>	<b>(311)</b>	<b>74</b>
(Loss) for the year	-	-	(21)	(21)
<b>Balance 31 July 2008</b>	<b>83</b>	<b>302</b>	<b>(332)</b>	<b>53</b>
(Loss) for the year	-	-	(48)	(48)
<b>Balance 31 July 2009</b>	<b>83</b>	<b>302</b>	<b>(380)</b>	<b>5</b>



**THE WEATHER LOTTERY PLC**  
**CONSOLIDATED CASHFLOW STATEMENT**  
For the year ended 31 July 2009

	<i>Note</i>	<b>Year ended 31 July 2009 £'000</b>	<i>Year ended 31 July 2008 £'000</i>
<b>Net cash from operating activities</b>	25	<b>(40)</b>	<b>(21)</b>
<b>Cashflow from investing activities</b>			
Purchases of equipment		<b>(8)</b>	-
Interest received		<b>1</b>	5
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(7)</b>	<b>5</b>
<b>Financing</b>			
Proceeds from issue of shares		-	-
<b>Net cash from financing activities</b>		-	-
<b>Net (decrease) in cash and cash equivalents</b>		<b>(47)</b>	<b>(16)</b>
Cash and cash equivalents at 1 August		<b>105</b>	<b>121</b>
Cash and cash equivalents at 31 July		<b>58</b>	<b>105</b>
<b>Comprising of:</b>			
Cash and cash equivalents per the balance sheet		<b>58</b>	<b>105</b>
Less:			
Bank overdraft		-	-
Cash and cash equivalents for cash flow statement purposes	26	<b>58</b>	<b>105</b>

As described in the accounting policies, bank overdrafts repayable on demand fluctuate from being positive to overdrawn and are considered an integral part of the Group's cash management for cash flow statement purposes.

There is no material difference between the fair value and the book value of cash and equivalents.

**THE WEATHER LOTTERY PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 July 2009**

**1. General Information**

The Weather Lottery plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Derby House Stud, Retford Road, Doncaster, DN10 5HJ. The nature of the Group's operations and its principal activities are described in the Directors' Report.

These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

**2. Adoption of new and revised International Financial Reporting Standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 August 2008.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

*IFRS 3 (Revised 2008) – Business Combinations*

*IFRS 8 – Operating Segments*

*IAS 1 – Presentation of Financial Statements*

*IAS 23 – Borrowing Costs*

*IAS 27 – Consolidated and separate financial statements*

*IFRIC 11- Group and Treasury Share Transactions*

*IFRIC 12 – Service Concession Arrangements*

These Standards and Interpretations are not expected to have any significant impact on the Group's Financial Statements, in their periods of initial application, except for the additional disclosures on operating segments when the relevant standard comes into effect for periods commencing on or after 1 January 2009.

**3. Significant accounting policies**

***Basis of Accounting***

The Financial Statements, upon which this financial information is based, have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS).

**THE WEATHER LOTTERY PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 July 2009**

*continued ....*

The financial information has been prepared on a going concern basis, as at 31 July 2009, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Group has not availed itself of early adoption options in such standards and interpretations.

The Financial Statements, upon which this financial information is based, have been prepared under the historical cost basis except where specifically noted. The principal accounting policies adopted are set out below:

***Basis of consolidation***

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 July each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

***Business Combinations***

The purchase method of accounting is used for all acquired businesses as defined by IFRS 3 – Business Combinations.

As a result of the application of the purchase method of accounting, goodwill is initially recognised as an asset being the excess at the date of acquisition of the fair value of the purchase consideration plus directly attributable costs of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired. Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

***Intangible assets***

Intangible assets relate to the software development of the lottery game. It is considered that the software has a finite useful life and amortisation is calculated so as to write off the carrying value of it over its useful economic life of 9 years. During the year the anticipated useful economic life of the software has reduced from 10 to 9 years, thus increasing the annual amortisation charge by £10,000.

**THE WEATHER LOTTERY PLC**  
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***Goodwill***

Goodwill arising on consolidation represents the excess cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

***Revenue recognition***

Turnover represents takings received for entry into the lottery prize draws. Revenue is recognised upon receipt of the money for the period that the draw takes place.

***Taxation***

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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***Property, plant and equipment***

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Fixtures, fittings and equipment	- 25% per annum
----------------------------------	-----------------

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

***Leased assets***

Rentals payable under non-onerous operating leases are expensed in the income statement on a straight-line basis over the lease term.

***Impairment of tangible and intangible assets excluding goodwill***

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**THE WEATHER LOTTERY PLC**  
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***Foreign currencies***

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's function currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials using the first in first out (FIFO) basis. Net realisable value represents the estimated selling price less estimated costs of completion, marketing and selling.

***Cash and cash equivalents***

Cash and cash equivalents comprise of cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

***Trade receivables***

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate compound at initial recognition.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**THE WEATHER LOTTERY PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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***Financial liability and equity***

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

***Bank borrowings***

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

***Trade payables***

Trade payables are not interest-bearing and are stated at their nominal value.

***Provisions***

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**4. Critical accounting judgements and key sources of estimation uncertainty**

In application of the Group's accounting policies above, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future payments if the revision affects both current and future periods.

***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**THE WEATHER LOTTERY PLC**  
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*Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

*Valuation of intangibles*

Determining the value of the lottery software requires an estimation of the continued economic value that the software will provide without the requirement for significant enhancement or change.

**5. Segment analysis**

The primary reporting format is by business segment, based on the different services offered by the operating companies within the Group. The Directors consider that the Group only has one business segment, that of lottery administration, and hence a segmental analysis is not required.

The Group operates solely in one geographical area, the United Kingdom.

*Continuing operations*

During the year the subsidiary company, Lottery Service Providers Limited, which undertook the administrative side of the operations went into liquidation. A new subsidiary, Prize Logistics Limited, took over the administrative work, thereby ensuring no interruption to trade. As the actual operations did not cease, the Directors consider that none of the operations are classed as Discontinued and hence all operations are considered to be Continuing throughout the period.



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**6. Operating Profit**

Operating profit has been stated after charging the following:

	<b>2009</b>	<i>2008</i>
	<b>£'000</b>	<i>£'000</i>
Amortisation of intangible fixed assets	25	15
Depreciation of tangible fixed assets	2	-
Operating lease charges	23	37
Auditors' remuneration – Audit services to the parent company	1	1
Auditors' remuneration – Audit services to the Group	8	7
Auditors' remuneration – Taxation services	1	1
	<b>1</b>	<i>1</i>

As permitted by Section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the period after taxation was £46,000 (2008 £284,000).

**7. Personnel costs**

	<b>2009</b>	<i>2008</i>
	<b>No.</b>	<i>No.</i>
The average monthly number of employees (including executive and non executive Directors) was	<b>9</b>	<i>9</i>

The split of employees by function within the Group is as follows:

	<b>No.</b>	<i>No.</i>
Administration and Sales	5	5
Management	4	4
Total	<b>9</b>	<i>9</i>

	<b>2009</b>	<i>2008</i>
	<b>£'000</b>	<i>£'000</i>
Their aggregate remuneration comprised		
Wages and salaries	182	153
Social security costs	17	16
Sums paid to third parties for services	12	45
	<b>211</b>	<i>214</i>

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**7. Personnel costs (continued)**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	<b>104</b>	<b>105</b>
Emoluments	<b>12</b>	<b>45</b>
Sums paid to third parties for director services	<b>12</b>	<b>45</b>
	<b>116</b>	<b>150</b>
Number of Directors accruing benefits under money purchase schemes	<b>No.</b>	<b>No.</b>
	<b>-</b>	<b>-</b>
Aggregate emoluments of highest paid Director	<b>104</b>	<b>105</b>

Included within Directors' emoluments is £11,750 (2008 £45,000) paid to directors via related companies, as detailed in note 27. All of the Directors' emoluments relate to short-term employee benefits

**8. Finance income and costs**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Finance income	<b>1</b>	<b>5</b>

**9. Income taxes**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current:</b>		
Current tax for the year	<b>-</b>	<b>-</b>
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>
<b>Deferred tax credit (note 22)</b>	<b>-</b>	<b>-</b>
<b>Total income taxes</b>	<b>-</b>	<b>-</b>

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**Tax rate reconciliation**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
(Loss) for the year	<b>(48)</b>	<b>(21)</b>
<b>Corporation tax charge thereon at 21% (2008: 21%)</b>	<b>(10)</b>	<b>(4)</b>
<b>Adjusted for the effects of:</b>		
Disallowed expenses for tax purposes	1	1
Depreciation in excess of capital allowances	-	-
Taxable losses and excess charges carried forward	<b>9</b>	<b>3</b>
<b>Income tax expense for the year</b>	<b>-</b>	<b>-</b>

**10. Earnings per share**

The calculation is based on the earnings attributable to ordinary shareholders divided by the weighted average number of Ordinary Shares in issue during the period as follows:

	<b>2009</b>	<b>2008</b>
Numerator: earnings attributable to equity (£'000)	<b>(48)</b>	<b>(21)</b>
Denominator: weighted average number of equity shares (No.)	<b>83,304,730</b>	<b>83,304,730</b>

The basic and diluted calculations are the same as there are no share options in place that would have a dilutive effect.

**11. Dividend**

The Directors do not recommend the payment of a dividend (2008: £nil).

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**12. Goodwill**

	£'000
<b>Cost</b>	
At 31 July 2008	158
Additions	<u>-</u>
At 31 July 2009	<u>158</u>

The Group carried out an impairment test of goodwill for the period ended 31 July 2009 as required by IFRS. The Directors consider there to be just one cash-generating unit, namely the lottery itself. The impairment test did not result in the recognition of any loss and the carrying amount of the cash-generating unit was considered lower than their recoverable amount.

The principal assumptions made in determining the value in use of the cash-generating unit were:

- Basis on which recoverable amount determined – value in use;
- Period covered by management plans used in calculation – 1 year;
- Pre-tax discount rate applied to cashflow projection – 10%;
- Growth rate used to extrapolate cashflows beyond management plan – 3%;
- Difference between above growth rate and long term rate for UK – 0.5%

The calculation of value in use shown above is most sensitive to the assumptions on discount rates and growth rates. The assumptions used are considered to be realistically achievable in light of economic and industry measures and forecasts. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

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**13. Other intangible assets**

	<i>Software Development</i>	
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 August	<b>154</b>	154
Additions	-	-
	<hr/>	<hr/>
At 31 July	<b>154</b>	154
	<hr/>	<hr/>
<b>Amortisation</b>		
At 1 August	<b>129</b>	114
Charge for the year	<b>25</b>	15
	<hr/>	<hr/>
At 31 July	<b>154</b>	129
	<hr/>	<hr/>
<b>Net Book Value</b>		
At 31 July	<hr/> <b>-</b> <hr/>	<hr/> <b>25</b> <hr/>

Amortisation has been charged to administrative expenditure.

**THE WEATHER LOTTERY PLC**  
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**14. Property, plant and equipment**

	<i>Office equipment</i>	
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 August	-	-
Additions	8	-
	<hr/>	<hr/>
At 31 July	<b>8</b>	-
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 August	-	-
Charge for the year	2	-
	<hr/>	<hr/>
At 31 July	<b>2</b>	-
	<hr/>	<hr/>
<b>Net Book Value</b>		
At 31 July	<b>6</b>	-
	<hr/>	<hr/>

**15. Subsidiaries**

Details of the company's subsidiaries at 31 July 2009 are as follows:

<u>Name of subsidiary</u>	<u>Company number</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest &amp; of voting power held</u>	<u>Holding</u>	<u>Principal activity</u>
Prize Provision Services Limited	03152966	England and Wales	100%	Ordinary shares	Lottery provider
Prize Logistics Limited	06221487	England and Wales	100%	Ordinary shares	Lottery administrator

During the year a subsidiary, Lottery Service Providers Limited, was placed into a Creditors' Voluntary Liquidation and hence was no longer owned at the year end. During the year the company also disposed of its 15% holding in the ordinary shares of CBI Holdings Limited for £nil. These shares were acquired at a negligible value and CBI Holdings Limited has not yet traded, hence there is no impact on these financial statements.

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**16. Inventories**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Finished goods	2	-
	2	-

**17. Other financial assets**

**Trade and other receivables**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Other receivables	12	23
Prepayments and accrued income	2	11
	14	34

Turnover is recognised upon cash receipt and hence there are no trade receivables and no credit period is given.

The Group has provided fully for all receivables which are not considered recoverable. In determining the recoverability of all receivables, the Group considers any change in the credit quality of the receivable up to the reporting date.

The directors consider that the carrying amount of the receivables approximates their fair value.

**Cash and cash equivalents**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	58	105
	58	105

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with an original maturity of 6 months or less. The carrying amount of these assets approximates their fair value.

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**18. Borrowings**

The Group had no borrowings in respect of bank overdrafts, loans or finance lease arrangements at the year end (2008 £nil).

**19. Derivatives financial instruments and hedge accounting**

At 31 July 2009 and 2008 the Group had no derivatives in place for cash flow hedging purposes.

**20. Other financial liabilities**

**Trade and other payables**

	<b>2009</b>	<i>2008</i>
	<b>£'000</b>	<i>£'000</i>
Trade payables	<b>156</b>	<i>205</i>
Other payables	<b>33</b>	<i>18</i>
Accrued liabilities and deferred income	<b>44</b>	<i>46</i>
	<b>233</b>	<i>269</i>

**Other payables comprise:**

	<b>£'000</b>	<i>£ 000</i>
Social security and other taxes	<b>33</b>	<i>18</i>
Other	<b>-</b>	<i>-</i>
	<b>33</b>	<i>18</i>

**Presented as:**

- Current	<b>233</b>	<i>269</i>
	<b>233</b>	<i>269</i>

Accrued liabilities and deferred income represents miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at the year-end and income received during the period, for which the Group had not supplied the goods or services at the end of the year.

The Directors consider that the book value of trade payables, accrued liabilities and deferred income approximates to their fair value at the balance sheet date.



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**21. Financial instruments: information on financial risks**

Financial risks are discussed in the Directors' Report and below.

*Capital risk management*

The Group manages its capital to ensure that the Group as a whole will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 24.

*Financial risk management objectives*

The main market risks to which the Group is exposed are interest rates. There is also exposure to credit risk and liquidity risk. The Group monitors these risks and will take appropriate action to minimize any exposure.

*Credit risk*

The Group's exposure to credit risk is minimal due to turnover being recognised upon cash receipt, hence there are no trade receivables.

*Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

*Regulatory compliance risk*

Regulatory compliance risk is the risk of material adverse impact resulting from failure to comply with laws, regulations, codes of conduct or standards of good practice governing the sector in which the Group operates. The Group is monitored by the financial director who is responsible for meeting regulatory and compliance obligations.

*Interest rate risk*

The Group's exposure to interest rate risk mainly concerns financial assets and liabilities, which are subject to floating rates in the Group. At presents the Group does not hold loans and receivables that are short-term in nature.

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**22. Deferred taxation**

A deferred tax asset has not been recognised in the years ended 31 July 2009 or 31 July 2008 in respect of taxable losses carried forward of approximately £45,000 (2008 £875,000) as there is insufficient historic evidence that it will be recoverable in full against taxable profits during the next 12 months. The reduction in taxable losses this year is due to the liquidation of Lottery Service Providers Limited which had been holding losses of in excess of £800,000.

There are not considered to be any material temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised.

**23. Equity share capital**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
100,000,000 Ordinary Shares of 0.1p each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
83,304,730 (2008: 83,304,730) Ordinary Shares of 0.1p each	<u>83</u>	<u>83</u>

**24. Other reserves**

	<i>Share premium account</i>	<i>Profit and loss account</i>	
	<i>£'000</i>	<i>£'000</i>	
At 1 August 2008	302	(332)	
(Loss) for the period	<u>-</u>	<u>(48)</u>	
<b>At 31 July 2009</b>	<u>302</u>	<u>(380)</u>	

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**25. Cash used in operations**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Results from operating activities	(49)	(26)
Depreciation of tangible assets	2	-
Amortisation of intangible assets	25	15
Increase in stock	(2)	-
Decrease/(increase) in receivables	20	12
(Decrease)/increase in payables	(36)	(22)
<b>Net cash from operations</b>	<b>(40)</b>	<b>(21)</b>

**26. Analysis of net debt**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalent per balance sheet	58	105
Bank overdraft	-	-
Cash and cash equivalent per cash flow statement	58	105
<b>Net debt</b>	<b>58</b>	<b>105</b>

**27. Transactions with related parties**

The transactions set out below took place between the Group and certain related parties.

***K G Milhench***

K G Milhench, a director, is also a director of CBI Holdings Limited. CBI Holdings Limited is the parent company of Cantbuyit Limited. During the year The Weather Lottery plc made payments of £3,500 (2008 £1,400) on behalf of Cantbuyit Limited and at the year end was owed £3,580 (2008 £7,275) from this company.

***N G McGowan***

N G McGowan, a director, is also a director of, and significant shareholder in, Rangedetail Limited. He received payments of £nil (2008 £10,500) via this company for services as a director.

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**A Moore**

A Moore, a director, was also a Designated Member of Central Corporate Finance LLP in the year. He received payments of £11,750 (2008 £nil) via this partnership for services as a director. He was also a director, and a significant shareholder in, Central Associates Limited in the year and received payments of £nil (2008 £28,618) via this company for services as a director.

**M Mills**

M Mills, a director, received payments of £500 (2008 £nil) via Central Corporate Finance LLP for services as a director.

**Remuneration of key management personnel**

The remuneration of the Directors, who are the key management personnel of the Group, is as referred to above and in Note 7.

**28. Operating lease commitments**

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £'000	2008 £'000
Land and buildings:		
Within one year	-	-
In the second to fifth years inclusive	-	-
After five years	-	25
Other:		
Within one year	3	3
In the second to fifth years inclusive	6	6
After five years	-	-
	<b>9</b>	<b>34</b>

Operating lease payments represent rentals payable by the Group for certain of its office properties and motor vehicles. Leases are negotiated over the term considered most relevant to the individual subsidiary and rentals are fixed where possible for that term.

**THE WEATHER LOTTERY PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 July 2009**

*continued ....*

**29. Controlling Party**

No single individual has sole control of the company.

**30. Going Concern**


The Group made a loss for the year of £48,000. As a result of continued losses, during the year the subsidiary Lottery Service Providers Limited was placed into Creditors' Voluntary Liquidation and the administration function of the Group was taken up by a new subsidiary, Prize Logistics Limited. Inter-group loans between Lottery Service Providers Limited, its parent company and its fellow subsidiary were waived prior to the Liquidation. This had no impact on the Group as a whole at the year end but has been provided for in each respective company's own financial statements. Whilst this resulted in the parent company, The Weather Lottery plc, having net liabilities at the year end, the Directors consider that the liquidation of Lottery Service Providers Limited will benefit the Group as a whole moving forward as it provides the opportunity for the Group to operate from a lower cost base.

Given that the level of income is anticipated to be sustained, but with a lower cost base, the Directors consider that the Group continues to be a going concern and they forecast that the explained changes to the cost structure of the Group which will enable its continuance.

**THE WEATHER LOTTERY PLC**  
**PARENT COMPANY BALANCE SHEET**  
As at 31 July 2009

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Investments	III	<u>14</u>	<u>14</u>
<b>Current assets</b>			
Debtors	IV	1	12
Cash at bank and in hand		<u>7</u>	<u>5</u>
		8	17
<b>Creditors: Amounts falling due within one year</b>	V	<u>(75)</u>	<u>(38)</u>
<b>Net current assets</b>		<u>(67)</u>	<u>(21)</u>
<b>Total assets less current liabilities</b>		<b>(53)</b>	<b>(7)</b>
<b>Provisions for liabilities</b>		<u>-</u>	<u>-</u>
<b>Net assets</b>		<u><b>(53)</b></u>	<u><b>(7)</b></u>
<b>Capital and Reserves</b>			
Share capital	VI	83	83
Share premium	VI	302	302
Profit and loss account	VII	<u>(438)</u>	<u>(392)</u>
<b>Equity shareholders' funds</b>		<u><b>(53)</b></u>	<u><b>(7)</b></u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 4 January 2010. They were signed on its behalf by:

  
**K G Milhench**  
Director

**THE WEATHER LOTTERY PLC**

**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**  
For the year ended 31 July 2009

**IV. Debtors**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Other debtors	1	4
Prepayments and accrued income	-	8
	<u>1</u>	<u>12</u>

**V. Creditors: amounts falling due within one year**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from subsidiary undertakings	1	-
Trade creditors	38	30
Accruals and deferred income	36	8
	<u>75</u>	<u>38</u>

**VI. Share capital, share premium account and other reserve**

The movements on share capital and share premium are disclosed in notes 23 and 24 to the consolidated financial statements.

**VII. Profit and loss reserves**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	(392)	(108)
(Loss) for the year	(46)	(284)
	<u>          </u>	<u>          </u>
Balance at 31 July	<u>(438)</u>	<u>(392)</u>

**VIII. Controlling party**

The shareholdings are such that the Directors are unable to establish whether there is a controlling party.

**THE WEATHER LOTTERY PLC**  
**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**  
**For the year ended 31 July 2009**

**I. Accounting Policies**

There are no material differences between the accounting policies of the Group except as detailed below:

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

The separate Financial Statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate Financial Statements have been prepared in accordance with United Kingdom accounting standards.

The Company's financial risk management policies are disclosed in the consolidated financial statements.

**II. Operating profit**

The auditors' remuneration for audit and other services is disclosed in note 6 of the consolidated financial statements.

In the current and previous year the company had no employees other than the Directors, who are all remunerated via the company's subsidiary companies.

**III. Investments**

The company's investments consist of investments in subsidiaries of £14,000 (2008: £14,000).

Details of the Company's subsidiaries at 31 July 2009 can be found in Note 15 of the attached consolidated Financial Statements.

	<b>2009</b>	<b>2008</b>
<b>Cost and net book value of Shares in subsidiary undertakings</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
As at 1 August	14	14
Additions	-	-
At 31 July	<b>14</b>	<b>14</b>

