Company Number 5200315

STRONTIUM PLC

ANNUAL REPORT

30 June 2009

C O N T E N T S

STRONTIUM PLC

DIRECTORS AND ADVISERS

Directors
M W Metcalfe (Chairman)
D W Barker
C M Brumpton (appointed 9 April 2009)

Secretary
G Withey

Auditors
Hazlewoods LLP
Chartered Accountants
Windsor House
Barnett Way
Barnwood
Gloucester GL4 3RT

Nominated Adviser
Astaire Securities Limited
30 Old Broad Street
London
EC2N 1HT

Registrar
Share Registrars Limited
Suite E
First Floor
Lion and Lamb Yard
Farnham
Surrey
GU9 7LL

Bankers
National Westminster Bank Plc
Market Place
Reading
RG1 2EP

Solicitors
Collyer Bristow
4 Bedford Row
London
WC1R 4DF

Registered office
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TN13 1XR

Broker
Dowgate Capital Stockbrokers Limited
Talisman House
Crawley
RH10 1LQ

Company Registration Number
05200315

CHAIRMAN'S STATEMENT

As announced in our 2008 report the Company is now organised into two units: MiAD UK Ltd ("MiAD"), a leading NHS-dedicated non-clinical training, development and education consultancy, and The Learning Eye Holdings Ltd ("The Learning Eye"), a research, education and communications agency. During 2009, this strategy has been further realised and all current business interests merged into these two companies.

This focus has ensured the effective control of costs and secured a like for like revenue growth of 86% in a difficult market. The 2009 Group results reflect turnover for a full financial year from The Learning Eye which was acquired at the beginning of April 2008.

MiAD grew rapidly during the year. The decline in revenue from The Learning Eye's historical core automotive business was alleviated by diversification into new markets and customers, containing the decline in The Learning Eye's turnover to 28%; a creditable performance in difficult market conditions. Both MiAD and The Learning Eye are independently profitable and are generating cash under Strontium's guidance.

Strontium is continuing its overall strategy of identifying high growth potential SMEs. Strontium's stated strategy is to seek out and acquire SMEs with rapid growth potential that can be transformed to achieve significant growth.

Acquisitions and Disposals

Due to market conditions, coupled with the need for our management to maximise returns from existing businesses, the Board took the view that it would be highly risky to make any acquisitions in 2009.

As market conditions improve, the Board will continue to seek out and selectively acquire high growth potential SMEs.

As part of the reappraisal of the business the Board considered the future of Executive Development Consultants Limited and concluded that significant investment would be required to enable the business to achieve a scale which would enable it to trade profitably. Given the success of MiAD and The Learning Eye it was decided that investment in these businesses would show greater return. The Company therefore disposed of the business to management for a nominal consideration. Losses incurred during the year amounted to £78,000.

In February 2009, The Learning Eye established a wholly-owned subsidiary, The Learning Eye International PTY Limited, in Sydney to respond to the increasing global opportunities with our clients and to take advantage of the strength of the Australian economy.

The intention is that The Learning Eye International PTY Limited will be 90% owned by The Learning Eye and 10% by Ian Seggar.

Mindful of MiAD's strong trading performance, the Board has increased the amount provided for the earn-out to Joanne Parker-Swift as agreed in the acquisition agreement of April 2007. Accordingly, the amount included as deferred consideration has been increased by £47,000 to the maximum earn-out possible under the terms of the acquisition agreement.

Business Environment

The business environment for all SMEs continues to be demanding and the Board expects this situation to continue well into 2010.

Although the Board acknowledges that the Government will be forced to cut public sector expenditure, we expect growth for the medium term in NHS non-clinical training and development. Our investment and focus on highly cost-effective delivery mechanisms for training will assist our revenue growth.

The challenges faced by the corporate clients of The Learning Eye remain. Although there have been some positive signs of improved market conditions, rising unemployment and uncertainty will continue to inhibit growth.

The Board believes the streamlined and reduced cost base and the innovative products designed by The Learning Eye, combined with the operation in Australia, means The Learning Eye is well positioned to grow.

In the current climate, with cash shortages, squeezed margins and difficulties with debt renegotiation, many organisations will be weakened. The Board believes this will lead to the closure of some competitors and afford the opportunity for business growth and will present some interesting potential acquisitions.

Business Review

The Financial Statements for the year ending June 2009 show the results of the trading activities of Strontium which are concentrated into 2 units as a result of the Group Reorganisation which took place on 30 June 2009:

- MiAD
- The Learning Eye

The Learning Eye International PTY Limited, in Sydney, is a wholly-owned Australian subsidiary of The Learning Eye.

MiAD's revenue more than doubled to £855,000 (30 June 2008: £344,000). This growth stemmed from improved products, increased marketing and sales efforts and a focus on expanding our blended learning capability.

The Learning Eye focuses on researching client issues, offering creative solutions and delivering a seamless training, development and communications service. This business has also been successful in winning orders from international clients through its new Sydney office. Revenues were £941,000 (including the business of Aspect Information Management Limited which was transferred to The Learning Eye on 30 June 2009). Turnover for the combined businesses for the year ended 30 June 2008 recognised in the Group was £413,000, however The Learning Eye was not acquired until April 2008 and like for like turnover including pre-acquisition revenues for the combined businesses was £974,000.

During the year cash resources reduced from £586,000 to £291,000. Of this £159,000 was absorbed by expansion of continuing activities, primarily in MiAD where working capital requirements increased by £89,000.

Principal Risks and Uncertainties

Risks are formally reviewed by the Board and appropriate measures put in place to mitigate them.

The Company's performance depends largely on the organisation and performance of its staff and is heavily dependent on the continued participation of David Barker, the Managing Director.

Whilst all key roles are regularly reviewed to ensure that they are filled with personnel having appropriate skills, there is always the risk that the Company recruits the wrong individual.

The business in Australia is currently dependent on Ian Seggar. However, we are currently recruiting staff to underpin the operation.

MiAD's focus on the NHS makes it vulnerable to changes in the government's budgets and policies, particularly if there is a change of UK government in 2010.

The recession in the UK has already been longer and deeper than many expected and the outlook for SMEs remains uncertain, particularly with banks restricting lending to small businesses.

Strontium's ongoing ability to grow relies on being able to identify high growth potential SMEs. Whilst the current financial situation will provide possibilities there may not be too many with the potential to provide rapid growth.

During any phase of rapid growth, investment in people and working capital will be necessary. The Board will have to match the Company's resources with the demands generated by the expected growth.

Key Performance Indicators

One of the Company's key objectives is to manage growth without significantly increasing fixed costs. It manages this through using a network of freelance consultants engaged to work on specific projects.

The profits on all significant contracts are reviewed on a project by project basis to ensure anticipated margins are achieved. Contributions from contracts are shown in the Income Statement as Gross Profit.

At this stage in the Company's development it is not considered meaningful to provide further analysis.

Personnel

In line with the Board's revised strategy, management will be looking to maintain a small but well focussed business management team. Expert resources will be employed on a short term basis as and when required.

Ian Seggar has relinquished his role as Managing Director of The Learning Eye and has relocated to Sydney to concentrate on international business.

I would like to thank David Barker, our Managing Director, his very able management team and all staff for their contributions during this past challenging year.

Outlook

The order books for The Learning Eye and MiAD look robust compared to the same time last year.

The Board will continue to focus on the growth of both companies throughout 2010 but expects that opportunities for acquisition will arise during 2010. The Board will continue to look for these opportunities and consider further investments.

Market conditions into 2010 remain difficult but, given the steps the Company has taken to reduce costs and to sharpen its focus, the Board is cautiously optimistic that growth will continue in both companies into 2010.

M W Metcalfe
18 November 2009

DIRECTORS' REPORT

The directors present their report and the financial statements for the Group for the year ended 30 June 2009.

Results and dividends

The Group loss for the year amounted to £37,098 (2008: £719,591) and the directors are unable to recommend the payment of a dividend.

Principal activities and review of the business

The principal activity of the Group continues to be that of the provision of business services. A detailed review of the business and its future development can be found in the Chairman's Statement.

Directors

The following directors have held office since 30 June 2008.

M W Metcalfe
D W Barker
P Hogarth (resigned 12 March 2009)
C M Brumpton (Appointed 9 April 2009)

Financial instruments

Details of the Group's financial instruments and financial risk management policies can be found in note 3 to the financial statements.

Creditor payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 June 2009, the Group had an average of 53 (2008: 145) days' purchases outstanding in trade payables.

Charitable and political donations

No charitable or political donations were made in the year. The policy of the directors is to leave the decision to make such contributions at the discretion of the individual shareholders.

Going concern

After making enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements.

STRONTIUM PLC

DIRECTORS' REPORT (*continued*)

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Hazlewoods LLP will be re-appointed will be put to the Annual General Meeting.

Statement of disclosure to auditor

So far as each of the directors at the time of this report are aware, there is no relevant audit information of which the Group'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 Group's auditors are aware of that information.

On behalf of the Board

M W Metcalfe
Chairman
18 November 2009

STRONTIUM PLC

AIM RULE COMPLIANCE REPORT

Strontium Plc is traded on AIM and, as such under AIM Rule 31 the Company is required to:

- Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- Seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- Provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
- Ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- Ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ensure that these obligations are being discharged the Board has established a committee of the board (the "AIM Committee"), chaired by M W Metcalfe, a non-executive director of the Company.

Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the year under review.

STRONTIUM PLC

REPORT OF THE REMUNERATION COMMITTEE

The policy of the Group is to offer competitive remuneration packages that will attract, retain and motivate experienced and talented individuals who will enhance the value of the Group. The remuneration packages of the executive directors are reviewed and approved by the Remuneration Committee on an annual basis. The remuneration of other employees is the responsibility of the Managing Director.

The part of this remuneration report set out below is included within the scope of the auditors' opinion on pages 11 and 12.

Remuneration of the directors

Executive directors are paid a basic salary. In addition, certain directors receive pension contributions.

The remuneration of non-executive directors is approved by the Board. Individual non-executives do not participate in decisions concerning their own remuneration.

	Salary £	Bonus £	Pension Contribution £	Total 2009 £	Total 2008 £
M W Metcalfe	-	-	-	-	-
P Hogarth	-	-	-	-	-
D W Barker	80,000	17,913	8,400	106,313	96,600
C M Brumpton	-	-	-	-	-
	80,000	17,913	8,400	106,313	96,600

Options

Directors' interests in share options are set out below

Directors' names	Number of options 1 July 2008	During the year Granted	Exercised	30 June 2009	Exercise price	Date from which exercisable	Expiry date
M W Metcalfe	200,000		-	200,000	27.5p	30.6.2009	24.07.2017
M W Metcalfe	100,000		-	100,000	27.5p	30.6.2010	24.07.2017
M W Metcalfe	100,000		-	100,000	27.5p	30.6.2011	24.07.2017
M W Metcalfe	100,000		-	100,000	27.5p	30.6.2012	24.07.2017
D W Barker	400,000		-	400,000	27.5p	30.6.2009	24.07.2017
D W Barker	200,000		-	200,000	27.5p	30.6.2010	24.07.2017
D W Barker	200,000		-	200,000	27.5p	30.6.2011	24.07.2017
D W Barker	200,000		-	200,000	27.5p	30.6.2012	24.07.2017
P Hogarth	100,000		-	100,000	30.0p	1.12.2007	30.11.2009
P Hogarth	100,000		-	100,000	24.5p	1.12.2008	30.11.2010

An amount of £29,000 (2008: £26,000) was charged to the Consolidated Income Statement in respect of share based awards is in respect of Directors' options set out above.

M W METCALFE
Chairman
18 November 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year. Under that law, as required by the AIM Rules for companies, the directors have prepared group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group at the end of the year and of the Group's profit or loss for the year then ended. In preparing those 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 the financial statements comply with IFRSs as adopted in the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STRONTIUM PLC

We have audited the financial statements of Strontium Plc for the year ended 30 June 2009 which comprise the Group and Parent Company Balance Sheets, the Group Income Statement, the Group and Parent Company Statement of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union state the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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 Standards 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 of the parent company's affairs as at 30 June 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; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' 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:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

David Main (Senior statutory auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

18 November 2009

STRONTIUM PLC

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2009

	Note	**2009**	**2008**
Continuing operations		**£**	**£**
Revenue		1,801,165	757,855
Cost of sales		(475,168)	(143,718)
Gross Profit		1,325,997	614,137
Administrative expenses		(1,305,087)	(1,004,565)
Other operating income		596	-
Goodwill impairment charge		-	(153,600)
Operating profit/(loss)	*7*	21,506	(544,028)
Finance income	*8*	1,186	16,214
Finance costs	*8*	-	(97)
Finance income – net		1,186	16,117
Profit (loss) before tax		22,692	(527,911)
Tax expense – net credit for the year	*10*	18,574	27,080
Profit (loss) for the period from continuing operations		41,266	(500,831)
Discontinued operations			
Loss for the year from discontinued operations	*11*	(78,364)	(218,760)
Loss for the year attributable to equity holders of the company		**(37,098)**	**(719,591)**
Earnings (loss) per share from continuing operations - basic and diluted	*12*	.31p	(4.46)p
Loss per share from discontinued operations – basic and diluted		(.59)p	(1.95)p
Loss per share from continuing and discontinued operations - basic and diluted		**(.28)p**	**(6.41)p**

There was no other recognised income and expense other than the loss for the year recognised in the income statement.

STRONTIUM PLC

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

GROUP

	Share Capital	**Share Premium**	**Retained Earnings**	**Total**
	£	**£**	£	**£**
Balance at 1 July 2007	182,241	1,118,346	(255,734)	1,044,853
Loss for the year ended 30 June 2008	-	-	(719,591)	(719,591)
Issue of shares for cash	52,500	558,750	-	611,250
Issue of shares on acquisition of subsidiary	32,653	318,367	-	351,020
Cost of share based awards	-	-	26,000	26,000
Balance at 30 June 2008	267,394	1,995,463	(949,325)	1,313,532
Loss for the year ended 30 June 2009	-	-	(37,098)	(37,098)
Cost of share based awards	-	-	37,000	37,000
Balance at 30 June 2009	267,394	1,995,463	(949,423)	(1,313,434)

COMPANY

	Share Capital	**Share Premium**	**Retained Earnings**	**Total**
	£	£	£	£
Balance at 1 July 2007	182,241	1,118,346	(329,872)	970,715
Loss for the year ended 30 June 2008	-	-	(465,892)	(465,892)
Issue of shares for cash	52,500	558,750	-	611,250
Issue of shares on acquisition of subsidiary	32,653	318,367	-	351,020
Cost of share based awards	-	-	26,000	26,000
Balance at 30 June 2008	267,394	1,995,463	(769,764)	1,493,093
Loss for the year ended 30 June 2009	-	-	(136,470)	(136,470)
Cost of share based awards	-	-	37,000	37,000
Balance at 30 June 2009	267,394	1,995,463	(869,234)	1,393,623

STRONTIUM PLC

BALANCE SHEET
at 30 June 2009

	Note	GROUP 2009 £	GROUP 2008 £	COMPANY 2009 £	COMPANY 2008 £
Non-current assets					
Goodwill	*13*	1,195,974	1,148,893	-	-
Property, plant and equipment	*14*	41,455	44,912	3,200	9,608
Investments in subsidiaries	*15*	-	-	1,318,037	1,270,956
Total non-current assets		**1,237,429**	**1,193,805**	**1,321,237**	**1,280,564**
Current assets					
Trade and other receivables	*16*	435,032	320,064	275,955	318,862
Cash at bank		291,025	586,543	8,226	64,743
Total current assets		**726,057**	**906,607**	**284,181**	**383,605**
Total assets		**1,963,486**	**2,100,412**	**1,605,418**	**1,664,169**
Equity					
Issued share capital	*17*	267,394	267,394	267,394	267,394
Share premium	*18*	1,995,463	1,995,463	1,995,463	1,995,463
Retained earnings	*18*	(949,423)	(949,325)	(869,234)	(769,764)
Total equity		**1,313,434**	**1,313,532**	**1,393,623**	**1,493,093**
Liabilities					
Non-current liabilities					
Deferred tax	*19*	3,688	2,432	-	-
Other payables		100,000	102,000	100,000	102,000
Total non-current liabilities		**103,688**	**104,432**	**100,000**	**102,000**
Current liabilities					
Current tax liabilities		1,848	9,270	-	-
Trade and other payables	*20*	544,516	673,178	111,795	69,076
Total current liabilities		**546,364**	**682,448**	**111,795**	**69,076**
Total liabilities		**650,052**	**786,880**	**211,795**	**171,076**
Total equity and liabilities		**1,963,486**	**2,100,412**	**1,605,418**	**1,664,169**

These financial statements were approved and authorised for issue by the Board of Directors on 18 November 2009 and were signed on its behalf by:

M W Metcalfe
Director

D W Barker
Director

STRONTIUM PLC

STATEMENT OF CASH FLOWS
for the year ended 30 June 2009

	Note	GROUP 2009 £	GROUP 2008 £	COMPANY 2009 £	COMPANY 2008 £
Cash flows from operating activities					
Cash (absorbed by)/generated from continuing operations	*21*	(169,059)	151	(56,668)	(268,863)
Cash absorbed by discontinued operations	*21*	(108,452)	(17,795)	-	
Net interest received		1,186	16,117	151	12,567
Taxation (paid)/received		-	(73,173)	-	19,637
Net cash absorbed by operating activities		**(276,325)**	**(74,700)**	**(56,517)**	**(236,659)**
Cash flows from investing activities					
Payments to acquire subsidiary		-	(605,079)	-	(605,079)
Cash acquired with subsidiary		-	10,836	-	-
		-	(594,243)	-	(605,079)
Payments to acquire property, plant and equipment		(28,193)	(7,066)	-	-
Proceeds from disposal of property, plant and equipment		9,000	-	-	-
Net cash used in investing activities		**(19,193)**	**(601,309)**	**-**	**(605,079)**
Cash flows from financing activities					
Proceeds from issue of shares		-	611,250	-	611,250
Net cash from financing activities		**-**	**611,250**	**-**	**611,250**
Net decrease in cash and bank balances		(295,518)	(64,759)	(56,517)	(230,488)
Cash at bank and bank overdrafts at beginning of year		586,543	651,302	64,743	295,231
Cash at bank and bank overdrafts at end of year		**291,025**	**586,543**	**8,226**	**64,743**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

1 GENERAL INFORMATION

Strontium Plc (the Company) and its subsidiaries (together "the Group") are providers of business services.

The Company is a limited liability company incorporated and domiciled in England whose registered office address and principal place of business is Top Floor, Pembroke Road, Estate House, Sevenoaks, Kent.

These group financial statements are prepared in Pounds Sterling because that is the currency of the primary economic environment in which the group operates.

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:

		Application date (periods commencing on or after)
IAS 1 Revised	Presentation of financial statements	1 January 2009
IAS 23 Revised	Borrowing costs	1 January 2009
IAS 27 Amendment	Consolidated and separate financial statements	1 July 2009
IAS 32 and IAS 1 Amendment	Puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 39 Financial Instruments	Recognition and measurement – Amendments for eligible hedged items	1 July 2009
IFRS 1 and IAS 27 Amendment	Cost of an investment on first-time adoption	1 January 2009
IFRS 2 Amendment	Vesting conditions and cancellations	1 January 2009
IFRS 3 Amendment	Business combinations and consequential amendments	1 July 2009
IFRS 7 Amendment	Financial Instruments disclosure	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IFRIC15	Agreements for the construction of real estate	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosures for segmental results when the relevant standards come into effect.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union.

As permitted by sections 495 and 496 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. Strontium Plc reported a loss for the financial year of £136,470 (2008: £465,892).

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 30 June 2009. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial information 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 acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IRFS are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Goodwill

Goodwill arising on consolidation represents the excess of the 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 at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit maybe impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

The company has elected not to take the exemption conferred by IFRS1 that allows a company not to apply IFRS3 retrospectively. As such IFRS3 has been applied to all business combinations made by the company.

Property, plant and equipment

Property, plant and equipment is measured at cost less provision for depreciation.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of tangible fixed assets over their expected useful lives at the following rates:-

Plant and equipment	Over three to four years

Income recognition

Turnover represents the fair value of services provided during the year on business service assignments. Turnover is recognised as the assignment activity progresses and the right to consideration is earned. Fair value reflects the amounts expected to be recoverable from customers and is based on time spent and costs incurred to date as a percentage of total anticipated contract costs. Unbilled turnover is included within receivables.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Income recognition (*continued*)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit and loss for the year.

Deferred taxation

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 the 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 the initial recognition of 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Share based awards

The Group has applied the requirements of IFRS 2 *Share based payment*.

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Retirement benefit costs

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged as an expense as they fall due.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or 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 computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company and the Group after deducting all of its liabilities.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, liquid resources and various items, such as receivables and payables, which arise directly from its operations. It is, and has been throughout the year of review, the Group's policy that financial derivatives shall not be used.

The main risk arising from the Group's financial instruments is interest rate risk. The Group seeks to maximise returns on surplus cash by placing this on money market term deposits.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debts. At present the Group is unable to pay dividends or return capital to shareholders.

The Group currently has no debt.

Credit risk

The Group has a low credit risk, its principal customers being NHS departments and major organisations. The highest credit risk exposure to a single customer at 30 June 2009 was £40,250 (2008: £140,909).

Liquidity risk

The Company has substantial cash resources available to it and has prepared forecasts for the forthcoming year which indicate that in the directors' opinion it will have sufficient resources to fund the continuation of trade.

Interest rate risk profile of financial assets and liabilities

The Group receives interest at a floating rate on its cash at bank. No other financial assets or liabilities of the Group are interest bearing.

3 FINANCIAL RISK MANAGEMENT (*continued*)

Foreign currency risk

The Group has a limited number of customers who are invoiced in Euro. Cash and cash equivalents includes an amount of £16,298 (2008: £66,426) denominated in Euro. The Group does not use hedging to mitigate the risk arising from changes in the exchange rate.

The Group also has a subsidiary based in Australia and is hence exposed to fluctuation in the exchange rate between Sterling and the Australian dollar. At 30 June 2009 £41,773 of receivables, £5,903 cash at bank and £3,472 of payables were denominated in Australian dollars.

Fair value of financial instruments

The Group's financial instruments, which comprise cash and short term deposits and bank overdrafts are carried at cost, which is also considered to be equivalent to their fair value.

Profile of financial instruments

GROUP

Financial assets (all of which are loans and receivables)	**2009**	**2008**
	£	£
Trade receivables	363,677	267,967
Other receivables	56,581	33,373
Cash and cash equivalents	291,025	586,543
	711,283	887,883

Financial liabilities (at amortised cost)	**2009**	**2008**
	£	£
Trade payables	92,996	168,074
Other payables	517,142	304,830
	610,138	472,904

COMPANY

Financial assets (all of which are loans and receivables)	**2009**	**2008**
	£	£
Trade receivables	294	470
Amounts owed by subsidiary undertakings	266,277	292,132
Other receivables	-	11,381
Cash and cash equivalents	8,226	64,743
	274,797	368,726

Financial liabilities (at amortised cost)	**2009**	**2008**
	£	£
Trade payables	24,921	11,224
Other payables	182,843	156,715
	207,764	167,939

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The areas where accounting estimates and judgements are considered critical in the reporting of financial performance are:

Income recognition

As set out in the accounting policy note turnover is recognised as contract activity progresses and the right to consideration is earned. In certain cases, judgement is required in assessing the level of work performed and therefore the amount of income to be recognised on contracts. Amounts recognised in excess of, or exceeded by, amounts billed are classified under receivables or payables respectively.

Goodwill impairment

Goodwill is tested annually for impairment. This test requires estimates and judgements to be made in respect of future revenues. Further details of the impairment reviews undertaken can be found in note 13.

Share based payments

The Group has made awards of options over its unissued share capital to certain directors and employees as part of their remuneration package.

The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in note 24.

Deferred consideration

Acquisitions made by the Group set out additional consideration that may become payable if certain profit targets are met. Provision is made for such consideration to the extent that it is estimated that it will become payable. In order to quantify this provision, the directors are required to estimate the future results of the companies acquired. These estimates are based on budgeted results for the period to which the profit targets apply.

5 SEGMENTAL ANALYSIS

Segmental information with regards to activity of each segment is presented below.
All turnover and profits are generated in, and assets are located in, the UK except for The Learning Eye International PTY Limited where results are not considered material to require separate disclosure.

	2009			2008		
	Business communications	Non-clinical medical training	Consolidated	Business communications	Non-clinical medical training	Consolidated
	£	£	£	£	£	£
RESULT						
Revenue	945,734	855,431	1,801,165	413,564	344,291	757,855
Segment operating profit/(loss)	12,914	96,173	109,087	(195,656)	20,211	(175,445)
Unallocated corporate costs			(87,581)			(214,983)
Operating profit/(loss)			21,506			(390,428)
Goodwill impairment			-			(153,600)
Net finance income			1,186			16,117
Profit/(loss) before tax			22,692			(527,911)
Tax expense			18,574			27,080
Profit/(loss) for the year from continuing operations			**41,266**			**(500,831)**
Loss from discontinued operations			(78,364)			(218,760)
Loss for the period			**(37,098)**			**(719,591)**
BALANCE SHEET						
Goodwill	838,099	357,875	1,195,974	838,099	310,794	1,148,893
Other segment assets	184,327	225,831	410,158	238,259	74,576	312,835
Segment assets	1,022,426	583,706	1,606,132	1,076,358	385,370	1,461,728
Unallocated corporate assets			357,354			625,525
Assets relating to discontinued activities			-			13,159
Consolidated assets			**1,963,486**			**2,100,412**
Segment liabilities	(196,362)	(232,073)	(428,435)	(395,869)	(165,200)	(561,069)
Unallocated corporate liabilities			(221,617)			(180,351)
Liabilities relating to discontinued activities			-			(45,460)
Consolidated liabilities			**(650,052)**			**(786,880)**

Unallocated assets include Group cash balances and tax balances, and plant and equipment and receivables attributable to the Parent Company.

Unallocated liabilities include tax balances, deferred consideration payable for acquisitions and trade and other payables attributable to the Parent Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

6 AUDITORS' REMUNERATION

During the year the Group obtained the following services from the group's auditor:

	2009 £	2008 £
Audit services		
- statutory audit	17,750	23,750
Non-Audit services		
- taxation	3,750	3,750
- due diligence on potential acquisitions	-	18,250
- other	9,827	13,100

Other non-audit services above comprise financial reporting and IFRS compliance advice, consultancy and company secretarial services. The directors do not consider that the level of fees paid to the auditors for non-audit services threatens their independence. The auditors have confirmed they agree with this conclusion.

7 OPERATING LOSS

Loss for the year has been arrived at after charging:

	2009 £	2008 £
Depreciation of property, plant and equipment	21,382	9,620
Lease payments under operating leases recognised as an expense in the year	63,810	45,404

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

8 FINANCE INCOME AND COSTS

	2009 £	2008 £
Bank interest receivable	1,186	16,214
Bank interest payable	-	(97)
	1,186	16,117

9 EMPLOYEE BENEFIT EXPENSE

	2009 £	2008 £
Wages and salaries	830,819	623,529
Social security costs	88,156	66,180
Pension costs - defined contribution schemes	17,200	8,600
Share based payments	37,000	26,000
	973,175	724,309

The average monthly number of persons employed by the Group, including directors, during the year was as follows:

	2009 No.	2008 No.
Administration and sales	22	12
Researchers	-	12
	22	24

Details of directors' emoluments, including details of share option schemes are given in the report of the Remuneration Committee. These disclosures form part of the audited financial statements of the Group. The directors of the Parent Company are considered to represent key management of the Group as defined by IFRS.

10 TAX EXPENSE

The taxation credit for the year comprises:

	2009 £	2008 £
Current tax		
UK corporation tax based on results for the year	(22,154)	(22,963)
Overseas income tax	1,848	-
Adjustment to prior years	476	(2,716)
	(19,830)	(25,679)
Deferred tax		
Reversal of timing differences	1,256	(1,401)
	(18,574)	(27,080)

There is no charge to corporation tax due to the loss for the year. The Group has tax losses available to carry forward against future taxable income and profits of approximately £420,000 (2008: £520,000) in respect of which no deferred tax asset has been recognised.

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

	2009 £	2008 £
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(55,672)	(746,671)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 28% (2008: 30%)	(15,588)	(224,001)
Effects of:		
Expenses not deductible for tax purposes	13,217	10,782
Goodwill impairment not deductible for tax purposes	-	58,142
Unutilised tax losses arising in the year, not recognised as a deferred tax asset	3,529	135,569
Tax payable at UK small company rate	-	(4,856)
Adjustments to prior years	474	(2,716)
Overseas corporation tax charged at a higher rate	124	-
Tax depreciation timing difference not recognised	(2,567)	-
Losses forgone on discontinuation of trade	3,775	-
Unutilised losses brought forward utilised in the year	(24,151)	-
Losses carried back to prior year relieved at lower rate	2,613	-
		-
Tax credit	(18,574)	(27,080)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

11 DISCONTINUED OPERATIONS

During the year, the Group ceased the activities of a division known as Executive Development Consultants Limited. The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	2009	**2008**
	£	£
Revenue	129,804	193,910
Expenses	(208,168)	(236,867)
Provision for impairment in value of goodwill	-	(175,803)
Loss for the year	(78,364)	(218,760)

There is no income tax expense relating to discontinued operations

12 PROFIT (LOSS) PER SHARE

The profit (loss) per share is based on the profit (loss) for the year from continuing and discontinued activities as disclosed in the income statement and the weighted average number of ordinary shares in issue for the year of 13,369,688 (2008: 11,227,481).

The exercise of the outstanding options at 30 June 2008 would reduce the loss per share and hence have an anti-dilutive effect. The average market price of issued share capital during the year ended 30 June 2009 exceeded the exercise price of all share options in issue and therefore they have no dilutive affect.

There are potentially 2,090,000 (2008: 1,700,000) shares that could be issued under the terms of options issued that will potentially reduce future earnings per share.

13 GOODWILL

Group	**£**
Cost	
At 1 July 2007	615,197
Recognised on acquisition of a subsidiary	863,099
At 1 July 2008	1,478,296
Additions during the year	47,081
At 30 June 2009	1,525,377
Provision for impairment	
At 1 July 2007 and 1 July 2008	329,403
Charge in the year	-
At 30 June 2009	329,403
Carrying amount	
At 30 June 2009	1,195,974
At 30 June 2008	1,148,893

Goodwill arises in respect of the acquisition of various companies and businesses.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the assets is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the business.

At the end of the year the carrying value of goodwill related to the following cash generating units.

	2009	**2008**
	£	£
Business communications	838,009	838,009
Non-clinical medical training	357,465	310,084
Loss for the year	1,195,474	1,148,093

13 GOODWILL (*continued*)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next two years and extrapolates cash flows based on no assumed growth for the period of the forecast.

The post-tax rate used to discount the forecast post-tax cash flows is 16.5% per cent.

Goodwill arising on acquisition relates to items that do not meet the criteria for recognition as separate intangible fixed assets. This relates primarily to non-contractual customer relationships that are not capable of reliable measurement and the key employees of the acquired entities.

In assessing the future cash flows of certain income generating units, the directors have estimated the amount of new business to be secured in the coming year, but are otherwise based on historical performance.

The cash flow forecasts, which the directors believe to have been prepared on a prudent basis, indicate that any reduction in the level of forecast cash flows or any increase in the forecast post-tax discount rate would have resulted in further provisions being necessary to reflect a further impairment in the carrying value of goodwill in respect of the Business Communications business segment, which has goodwill with a carrying value of £838,099 (2008: £838,099). Substantial changes to the assumptions would be necessary before reflecting any impairment in the carrying value in respect of goodwill attributable to the non-clinical medical training business segment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

14 PROPERTY, PLANT AND EQUIPMENT

Group	**Plant and Equipment £**
Cost	
At 1 July 2007	41,548
On acquisition of subsidiary company	21,631
Additions during the year	7,066
At 30 June 2008	70,245
Additions during the year	28,193
Disposals	(26,740)
At 30 June 2009	71,698
Depreciation	
At 1 July 2007	15,713
Charge for the year	9,620
At 30 June 2008	25,333
Charge for the year	21,382
Disposals	(16,472)
At 30 June 2009	30,243
Carrying amount	
At 30 June 2009	41,455
At 30 June 2008	44,912

14 PROPERTY, PLANT AND EQUIPMENT (*continued*)

Company	Plant and Equipment £
Cost	
At 1 July 2007, 30 June 2008	17,198
Disposals	(9,298)
At 30 June 2009	7,900
Depreciation	
At 1 July 2007	4,151
Charge for the year	3,439
At 1 July 2008	7,590
Charge for the year	6,408
disposals	(9,298)
At 30 June 2009	4,700
Carrying amount	
At 30 June 2009	3,200
At 30 June 2008	9,608

15 INVESTMENTS IN SUBSIDIARIES

Company

	£
Cost	
At 1 July 2007	487,557
Additions	981,099
At 30 June 2008	1,468,656
Additions	47,081
At 30 June 2009	1,515,737
Provision for impairment	
At 1 July 2007	-
Charge in the year	197,700
At 30 June 2008 and 30 June 2009	197,700
Carrying amount	
At 30 June 2009	1,318,037
At 30 June 2008	1,270,956

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

15 INVESTMENTS IN SUBSIDIARIES *(continued)*

Subsidiary undertakings

The Company's subsidiary undertakings principal activities, all of which are wholly owned and incorporated in England and Wales except for The Learning Eye International PTY Limited which was incorporated in Australia, are as follows:

Company	**Activity**
Aspect Information Management Limited	Dormant
Executive Development Consultants Limited	Dormant
MiAD UK Limited	Non-clinical training
The Learning Eye Holdings Limited	Business intelligence and management and research consultants
The Learning Eye Limited	Dormant
The Learning Eye International PTY Limited	Business intelligence and management and research consultants

The results of all subsidiaries have been consolidated in the group financial statements.

Aspect Information Management Limited and The Learning Eye Limited transferred their trade and assets to The Learning Eye Holdings Limited on 30 June 2009. They have been dormant since that date.

The Learning Eye International PTY Limited is a wholly owned subsidiary of The Learning Eye Holdings Limited.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	£	**£**	**£**	**£**
Trade receivables	363,677	267,967	294	470
Amounts owed by Subsidiary Undertakings	-	-	266,277	292,132
Prepayments and other receivables	56,581	49,449	9,384	26,260
Current tax asset	14,774	2,648	-	-
	435,032	320,064	275,955	318,862

The average credit period for trade receivables at the end of the year is 49 days (2008: 73 days). A provision against irrecoverable receivables of £9,855 has been made at 30 June 2009 in respect of the discontinued operations in the year (2008: £nil).

As at 30 June 2009 trade receivables of £320,253 (2008: £216,697) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2009	**2008**
	£	**£**
Since date of invoice:		
Up to 3 months	98,789	37,728
3 to 6 months old	190,599	178,969
Over 6 months old	30,865	-
	320,253	216,697

17 SHARE CAPITAL

	2009 £	2008 £
Authorised		
25,000,000 ordinary shares of 2p each	500,000	500,000
Allotted and fully paid:		
13,369,688 ordinary shares of 2p each	267,394	267,394

Options

Details relating to options to subscribe for ordinary shares in the company are set out at note 24 below.

18 RESERVES

Movements in reserves are set out in the statement of changes in equity.

19 DEFERRED TAX LIABILITY

The movement for the year in the Group's net deferred tax asset provided at the small company rate UK corporation tax of 21% (2008: 20%) was as follows:

	2009 £	2008 £
At beginning of year		-
Acquired with subsidiary company	2,432	3,833
Credited to income statement in the year	1,256	(1,401)
At end of year	3,688	2,432

The deferred tax liability comprises accelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	£	**£**	**£**	**£**
Trade payables	92,996	168,074	24,921	11,224
Taxation and social security	34,378	85,049	4,031	3,137
Other payables	55,425	115,225	55,081	54,715
Accruals and deferred income	361,717	304,830	27,762	-
	544,516	673,178	111,795	69,076

The average credit period taken for trade payables at the end of the year is 53 days (2008: 145 days). Amounts shown as other payables within non-current liabilities comprise deferred consideration in respect of the acquisition of MiAD UK Limited.

21 CASH ABSORBED BY OPERATIONS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	£	**£**	**£**	**£**
Continuing activities				
Operating profit / (loss)	21,506	(544,028)	(136,621)	(483,427)
Impairment charges	-	153,600	-	197,700
Depreciation of property, plant and equipment	18,600	7,545	6,408	3,439
Share based awards	37,000	26,000	37,000	26,000
Profit (loss) on disposals	1,267	-	-	-
Decrease/(increase) in receivables	(111,906)	149,842	42,907	(1,260)
Increase/(decrease) in payables	(135,526)	207,192	(6,362)	(11,315)
Cash (absorbed by)/generated from continuing operations	(169,059)	151	(56,668)	(268,863)
Discontinued activities				
Operating loss	(78,364)	(218,760)		
Impairment – charges	-	175,803		
Depreciation of property, plant and equipment	2,782	2,075		
Decrease in receivables	9,068	19,550		
(Decrease) increase in payables	(41,938)	3,537		
Cash absorbed by discontinued operations	(108,452)	(17,795)		

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

23 RELATED PARTY TRANSACTIONS

Company

The following transactions with subsidiary companies occurred during the year

	2009 £	2008 £
		-
Management charges receivable by Strontium plc from Aspect Information Management Limited	110,549	133,874
Management charges receivable by Strontium plc from The Learning Eye Limited	61,175	14,000
Management charges receivable by Strontium plc from MiAD UK Limited	66,550	-
Management charges receivable by Strontium plc from The Learning Eye International PTY Limited	20,000	-
Management charges receivable by Strontium plc from Executive Development Consultants Limited	20,231	-

Management charges relate to services provided by the management and employees of Strontium Plc for management control and supervision of the subsidiary companies and for consultancy and project management services provided to clients of those companies. It also includes charges for the provision of office facilities.

24 EQUITY SETTLED SHARE OPTION SCHEME

The Company has a share option scheme for all employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period varies between 1 and 4 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Details of the share options outstanding during the year are as follows:

	2009 number of options	2009 Exercise Price £	2008 number of options	2008 exercise price £
Outstanding at the beginning of the year	1,700,000		100,000	0.300
Granted 24 July 2007	-		1,500,000	0.275
Granted 13 February 2008	-		100,000	0.245
Granted 20 January 2009	390,000	0.200	-	
Outstanding at the end of the period	2,090,000		1,700,000	

Options over 800,000 (2008: 100,000) shares are exercisable at the end of the year with a weighted average exercise price of 27.4p. None were exercised during the year. The options outstanding at 30 June 2009 had a weighted average exercise price of 26p (2008 27.5p) and range from 20p to 30p, with a weighted average remaining contractual life of 2 years.

The key inputs to the Black Scholes model for options granted in the year and the previous year are as follows:

	Options granted 24 July 2007	Options granted 13 February 2008	Options granted 20 January 2009
Number of options granted	1,500,000	100,000	390,000
Share price at grant date	27.5p	24.5p	20.0p
Option exercise price	27.5p	24.5p	20.0p
Expected volatility	16%	18%	38%
Expected life	5 years	2 years	5 years
Risk free rate of return	4.5%	4.5%	1.6%
Expected dividend yield	0%	0%	0%
Fair value of option	5p	2.4p	6p
Sub-optimal coefficient	15%	15%	15%
Fair value of award	£ 75,000	£ 2,400	£23,400

24 EQUITY SETTLED SHARE OPTION SCHEME (*continued*)

Expected volatility of options granted in the year was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group recognised total expenses of £37,000 and £26,000 related to equity settled share based payment transactions in the year ended 30 June 2009 and the year ended 30 June 2008 respectively.

25 FINANCIAL COMMITMENTS

The Group was committed to making an annual payment of £28,000 until 19 July 2009, subject to it having given 6 months notice to quit, under an operating lease in respect of land and buildings. The total non-cancellable obligation at 30 June 2008 was therefore £29,457. No such obligations existed at 30 June 2009.

26 CONTINGENT LIABILITIES

There was previously a potential obligation of up to £960,000 in respect of a deferred consideration payable on the acquisition of The Learning Eye Limited for which no provision was made in the financial statements. No liability existed under this agreement at 30 June 2009.