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KENNEDY VENTURES plc

ANNUAL REPORT 2013

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Directors and Advisers

DIRECTORS
P Redmond *Chairman*
C L Weinberg *Director*
C J Yates *Director*

REGISTERED OFFICE
C/o Morrison & Foerster
Citypoint
One Ropemaker Street
London EC2Y 9AW

FINANCIAL ADVISERS, NOMINATED ADVISER AND JOINT STOCKBROKERS
Cenkos Securities plc
6,7,8 Tokenhouse Yard
London EC2R 7AS

SOLICITORS
Morrison & Foerster UK LLP
CityPoint
One Ropemaker Street
London EC2Y 9AW

BROKER
Peterhouse Corporate Finance Ltd
31 Lombard Street
London EC3V 9BQ

BANKERS
MetroBank plc
160-166 Kensington High Street
London W8 7RG

INDEPENDENT AUDITOR
Welbeck Associates
Statutory Auditor
30 Percy Street
London
W1T 2DB

REGISTRARS
Capita Registrars, The Registry
34 Beckenham Road, Beckenham
Kent BR3 4TU

Registered in England and Wales Number
05697574

Chairman's statement

As shareholders will be aware, Kennedy Ventures has been an investment company since going through a CVA and reconstruction in May 2012 Its investment policy is to make investments in the energy and resource sectors We remain focused on those areas and continue to believe that good opportunities exist in these sectors although we are also prepared to look more widely at other areas and we have reviewed a number of such opportunities

Kennedy has in fact principally sought to do a reverse transaction and, although we have taken a number of transactions to quite a detailed stage, we have not yet identified one which, in the Directors' view, would be attractive in terms of valuation and future financing requirements to shareholders

It has in fact implemented its investment policy, as announced on 24th May 2013, having invested in a portfolio of quoted and unquoted investments in the resources sector It subsequently disposed of its quoted investments, in view of uncertainties that the Directors felt were developing for small to mid cap stocks in this sector

As announced in our interim results, we made an investment of $85,000 in Bison Energy Services Ltd, a company that had invested in fracking sand deposits in the USA It was hoped that this company would come to AIM earlier this year, this did not take place but we understand that negotiations are currently taking place for a private financing round though we cannot at this stage be certain as to its outcome

The cost of the reconstruction in 2012 was, as I have previously indicated, quite high in relation to the level of funds raised and there were continuing costs associated with historic issues in the financial year under review There were several subsidiaries no longer trading but which had among other matters past tax issues to deal with and significant costs in this respect were incurred in the first half of the year, including the retention of a full time member of staff for six months However, these issues have now been resolved and second half running costs were materially lower

We do however feel that the Company needs to be more fully resourced and we are planning to bring in additional capital in the near future We are hopeful that this will lead to a value enhancing transaction in the current year

P Red

Peter Redmond
Chairman

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 June 2013 The comparative information relates to the 15 month period to 30 June 2012

DIRECTORS AND THEIR INTERESTS

The current Directors of the Company are

P Redmond – Chairman

Peter Redmond was appointed as a Director on 25 May 2012 He is an experienced corporate financier with some 30 years' experience in corporate finance and venture capital He has gained particular experience in the field of reverse takeovers and mergers He became director of corporate finance at Durlacher Limited in 2003, and then joined Merchant House Group PLC where he later became Chief Executive He has been active in reconstructing a number of AIM companies which have subsequently acquired or established operating businesses He is currently Chairman of AIM-quoted Leed Resources plc and of Pires Investments plc

C J Yates – Director

Christopher Yates was appointed as a Director on 25 May 2012 He has been a corporate financier for nearly 30 years involved mainly with smaller quoted companies He qualified as a chartered accountant in 1978 and, following a secondment to the London Stock Exchange, joined the corporate finance department of Laing & Cruickshank (which became Credit Lyonnais Securities) He worked on flotations, fund raisings, take-overs, acquisitions and disposals for small quoted companies including a number of investment companies In January 2003 he joined Corporate Finance Partners Limited, a small corporate finance advisory firm of which he is still a director He is director of the AIM-quoted investment company, Pires Investments plc From 1999 until 2006, he was a member of the Corporate Governance Committee of the Quoted Companies Alliance (and chairman between 2001 and 2006)

C L Weinberg – Director

Colin Weinberg was appointed as a Director on 8 April 2013 He was a qualified stockbroker from 1980 to 2006 Subsequently, he worked for a major industrial and resources Group in Ukraine, acting as advisor on mergers and acquisitions and transactions financing He was previously a non-executive director of a United Kingdom Building Society, and is now a director of the listed company, Associated British Engineering plc

The Directors who held office during the period and their beneficial interest in the ordinary shares of the Company were as follows

Ordinary shares	30 June 2013	30 June 2012
P Redmond	–	–
C L Weinberg (appointed 8 April 2013)	150,000	–
C J Yates	90,500	–

MATERIAL INTERESTS

So far as the Board is aware, no Director had any material interest in a contract of significance (other than service contracts) with the Company during the period

Directors' Report continued

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is as an investment company with the investing policy adopted at a general meeting of the Company on 25 May 2012 and re-adopted at the AGM held on 8 November 2012 The Company's Investing Policy is in summary to invest principally, but not exclusively in the resources and energy sectors The Company will focus on projects located in Asia but will also consider investments in other geographical regions The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings

The review of the period is contained within the Chairman's statement

The results for the Company are set out in the Income Statement on page 13

The Directors recommend that there is no dividend payment for the year ended 30 June 2013 (2012 nil)

The Chairman's statement provides a balanced and comprehensive analysis of the development and performance and results of the Company during the period and the balance sheet position of the Company at the end of that period in the context of the Company's current activities

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business is to identify, make, manage and realise investments in accordance with the Company's stated investing policy The Directors consider the following risks to be the most material or significant for the management of the business These issues do not purport to be a complete list or explanation of all the risk factors facing the Company In particular the Company's performance may be affected by changes in the market and/or economic conditions and changes in legal, regulatory or tax requirement legislation Additional risks and uncertainties not presently known by the Company or that the Company currently deems immaterial may also impact the business

- ***Unable to invest***
  The Directors may be unable to identify investments which are consistent with the Company's investment policy which are available at a price which the Directors consider suitable, which would limit the potential for the Company's value to grow
- ***Unavailability of finance***
  The Directors may identify suitable investments at what they believe to be a suitable price but which may require more funds than are available to the Company and the Company may then be unable to raise further funds at all or on terms which the Directors consider acceptable
- ***Investment risk***
  Once an investment has been made, the underlying business invested in may not perform as the Directors had expected and this may impair or eliminate the value of the Company's investment
- ***Realisation risk***
  Once an investment has been made, it may not prove possible to realise the investment at the time the Directors intend or only to realise it at a value which damages the Company's value

The Board of Directors monitors these risks and the Company's performance on a regular basis, considering investment proposals, the performance of investments made and opportunities for divestment as appropriate as well as considering the actual performance of the Company against budgets

Directors' Report continued

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities will expose it to a small number of financial risks including credit risk, interest rate risk and investment risk It is the Company's policy that no speculative trading in financial instruments shall be undertaken

- ***Credit risk***
  The Company's principal financial assets are investments made and bank balances and cash and the Board consider there is limited credit risk
- ***Interest rate risk***
  The Company's interest rate risk on current borrowings is limited as the borrowings consist of a term loan which is subject to a fixed rate facility fee
- ***Investment risk***
  The Company is expected to make investments whose value may fluctuate

COMPANY VOLUNTARY ARRANGEMENT

On 25 May 2012, the Company's creditors and members approved a company voluntary arrangement ("CVA"), which was completed on 25 July 2013

SUPPLIER PAYMENT POLICY

The Company's policy is to settle debts with its creditors on a timely basis, taking into consideration the terms and conditions offered by each supplier At 30 June 2013, the number of creditor days outstanding for the Company was 30 days (2012 30 days)

GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future The Company made a loss of £139,000 in the period and although the Company is in a net current asset position of £172,000, the available for sale investments have restrictions on their liquidity and £150,000 of loan notes are due for repayment on 31 October 2014 The Directors plan on raising sufficient additional funds during the period to repay the loan notes and to provide for working capital requirements, and they have prepared a cash flow forecast through to 31 December 2014 which includes the assumption that the additional funds will be raised, and that no significant investment activity is undertaken unless sufficient funding is in place to undertake such investment activity

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the Company's financial statements

CAPITAL STRUCTURE

Details of the issued share capital are shown in note 15 The Company has one class of ordinary shares which carries no right to fixed income Each share carries the right to one vote on a poll at general meetings of the Company

Directors' Report continued

There are no specific 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 restrictions on the transfer of securities or on voting rights

No person has any special rights of control over the Company's share capital and all issued shares are fully paid

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation The Articles themselves may be amended by special resolution of the shareholders

SUBSTANTIAL SHAREHOLDINGS

The Board has been notified of the following disclosures in respect of shareholders with an interest in 3 per cent or more of the issued share capital of the Company at 20 December 2013

	Number of ordinary shares	%age
Gledhow Investments plc	5,000,000	18 45%
Client of Redmayne Nominees Limited	4,015,000	14 82%
Deutsche Bank (Suisse) SA	1,375,000	5 07%

CLOSE COMPANY STATUS

In the opinion of the Directors, the Company is not a close company within the provisions of section 414 of the Income and Corporation Taxes Act 1988

KEY PERFORMANCE INDICATORS

The Company considers investment value (and thus net asset value) as its principal key performance indicator This is reported in the financial statements, monitored quarterly and reviewed at Board meetings

EMPLOYEES

The Directors do not intend in the short term to have a significant number of employees To the extent that the Company becomes an employer, it is the Directors intention that it will be an equal opportunities employer

CORPORATE GOVERNANCE STATEMENT

The Company, being traded on AIM, is not required to comply with the requirements of the Combined Code (June 2008) but the Board is committed to high standards of corporate governance The Board is accountable to the shareholders for good governance

At the current time, the Company has three Directors and no full time executive employees All functions are therefore undertaken by the Board as a whole including the consideration of relations with the auditors, the appointment of further directors and the setting of remuneration levels

The Board is committed to implementing corporate governance structures in line with best practice for a company of its size and complexity as its business and activities develop

Directors' Report continued

The Directors acknowledge that they have overall responsibility for the Company's system of internal control and for reviewing its effectiveness Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets The close involvement of the Directors in all decisions and actions undertaken by the Company is intended to ensure that the risks to the Company are minimised

DONATIONS

During the year the Company made no charitable donations (2012 £1,750) No political donations were made during the year (2012 £nil)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

1) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

2) The Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Welbeck Associates, who were appointed as auditor following the resignation of Deloitte LLP, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting

By order of the Board

P Redmond
Director

20 December 2013

Report of the Board on Remuneration

UNAUDITED INFORMATION

As stated in the Corporate Governance Statement in the Directors' Report, the Company is not required to comply with the requirements of the Combined Code

This report is made in accordance with the AIM rules

Remuneration committee

In view of the size of the Company's Board and the Company's activities, remuneration matters are dealt with by the Board as a whole

Remuneration policy

The remuneration of the Directors is set by the Board as a whole and is reviewed annually They are remunerated by a fixed fee for their duties as Directors, but it is anticipated that additional payments may be made where as a result of the Company's activities the time to be spent by the Directors on the affairs of the Company are greater than envisaged by the fixed fee

The Board will review over coming months the most appropriate way of aligning the efforts of the Directors most closely with the achievement of success by the Company and this may involve an appropriate form of share incentive arrangement

The Company does not provide a pension scheme for employees or Directors and does not contribute to plans established by them

Directors' warrants and share options and Long term incentive plans

Previous Directors of the Company had been granted share options and had participated in long term incentive plans which granted share options to them All such participations were terminated without cost to the Company upon their resignations

Directors' service contracts

The Directors have letters of appointment which run for a one-year term, commencing from their date of appointment and will continue thereafter unless terminated in accordance with the terms of the letter

Report of the Board on Remuneration continued

AUDITED INFORMATION

Directors' emoluments

	Basic Salary £'000	Benefits £'000	Bonus £'000	Fees £'000	Year ended 30 June 2013 Total £'000	Period ended 30 June2012 Total £'000
Current Directors						
P Redmond	–	–	–	15	15	2
C J Yates	–	–	–	15	15	2
C L Weinberg	–	–	–	3	3	–
Previous Directors						
S D Beart	–	–	–	–	–	209
P L S Wilson	–	–	–	–	–	177
J Reynolds	–	–	–	–	–	244
I R Mann	–	–	–	–	–	50
E J McAlpine	–	–	–	–	–	8
	–	–	–	33	33	692

Current year remuneration for the directors represents their full entitlement for the year, although they have not been paid any fees since March 2013 and do not intend to draw any further remuneration until the Company is more significantly resourced

In addition to the above, payments in respect of termination of employment of £16,000, £14,000, £30,000 and £4,000 were paid to S D Beart, P L S Wilson, J Reynolds and I R Mann respectively in 2012

No share related options were issued or exercised in the period and all in existence at the start of the period lapsed during the period

Directors' pension entitlements

The previous executive Directors were members of individual money purchase schemes The contributions made by the Company to these were as follows

Previous Directors	Year ended 30 June 2013 £'000	Period ended 30 June 2012 £'000
S D Beart	–	34
P L S Wilson	–	25
J Reynolds	–	6
	–	65

No contributions were made by the Company in respect of other Directors

Approved and signed on behalf of the Board

P Redmond
Chairman

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period Under that law the Directors are required to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

By order of the Board

P Redmond
Chairman

20 December 2013

Independent Auditor's Report to the members of Kennedy Ventures plc

We have audited the financial statements of Kennedy Ventures plc for the year ended 30 June 2013 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 19 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 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 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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the company's loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern The conditions explained in note 2 to the financial statements indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern

Independent Auditor's Report to the members of Kennedy Ventures plc (continued)

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 company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements 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

Jonathan Bradley-Hoare, FCA (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London

30 Percy Street
London
W1T 2DB

20 December 2013

Income statement for the year ended 30 June 2013

	Note	Year ended 30 June 2013 £'000	Period ended 30 June 2012 (see note below) £'000
Continuing operations			
Loss on disposal of investments		(6)	-
Administration expenses		(133)	-
Loss before tax from continuing operations		(139)	-
Income tax	7	-	-
Loss for the year from continuing operations		(139)	-
Discontinued operations			
Loss for the period from discontinued operations	9	-	(13,270)
LOSS FOR THE YEAR		(139)	(13,270)
Basic and diluted loss per share (pence)			
Continuing operations	8	(0 5)	-
Discontinued operations		-	(244 4)
Total operations		(0 5)	(244 4)

Note
The financial statements for the 15 months to 30 June 2012 were prepared on a consolidated basis, so the comparatives have been restated to reflect the results of the Company only

There are no recognised gains or losses in either period other than the loss for that period and therefore no statement of comprehensive income is presented

Statement of changes in equity for the year ended 30 June 2013

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2011	2,098	7,373	–	1,456	2,133	13,060
Loss for the financial period and total comprehensive income	–	–	–	–	(13,270)	(13,270)
Issue of share capital	250	–	–	–	–	250
Premium on issue of shares	–	250	–	–	–	250
Repurchase and cancellation of shares	(2,077)	–	2,077	–	–	–
Share issue costs	–	(52)	–	–	–	(52)
Balance at 30 June 2012	271	7,571	2,077	1,456	(11,137)	238
Loss for the financial period and total comprehensive income	–	–	–	–	(139)	(139)
Transfer to retained earnings	–	–	–	(1,456)	1,456	–
Balance at 30 June 2013	271	7,571	2,077	–	(9,820)	99

Balance sheet as at 30 June 2013

	Note	30 June 2013 £'000	30 June 2012 £'000
NON CURRENT ASSETS			
Available for sale investments	10	77	–
		77	–
CURRENT ASSETS			
Trade and other receivables	11	25	34
Cash and cash equivalents	12	206	414
		231	448
CURRENT LIABILITES			
Trade and other payables	13	59	210
		59	210
NET CURRENT ASSETS		172	238
NON CURRENT LIABILITIES			
Loan notes	14	150	–
		150	–
NET ASSETS		99	238
EQUITY			
Share Capital	15	271	271
Share premium account		7,571	7,571
Capital redemption reserve		2,077	2,077
Share based payments reserve		–	1,456
Retained earnings		(9,820)	(11,137)
TOTAL EQUITY		99	238

These financial statements of Kennedy Ventures plc, registered number 05697574 were approved by the Board of Directors and authorised for issue on 20 December 2013 Signed on behalf of the Board of Directors

Peter Redmond
Director

Cash flow statement for the year ended 30 June 2013

	Note	Year ended 30 June 2013 £'000	Period Ended 30 June 2012 £'000
NET CASH FROM OPERATING ACTIVITIES	16	(297)	101
INVESTING ACTIVITIES			
Purchase of available for sale investments		(175)	-
Proceeds from the disposal of available for sale investments		114	-
Interest paid		-	(31)
Purchases of businesses		-	(9)
NET CASH USED IN INVESTING ACTIVITIES		(61)	(40)
FINANCING ACTIVITIES			
Net proceeds from loan note issue		150	-
Repayment of loan stock		-	(500)
Net proceeds of share issue		-	448
NET CASH FROM/(USED IN)FINANCING ACTIVITIES		150	(52)
NET (DECREASE)/INCREASE IN CASH		(208)	9
CASH AT THE BEGINNING OF PERIOD	12	414	405
CASH AT THE END OF THE PERIOD	12	206	414

Notes to the financial statements for the year ended 30 June 2013

1 GENERAL INFORMATION

Kennedy Ventures plc is a Company incorporated in the United Kingdom under the Companies Act The address of the registered office is given on the back cover The nature of the Company's operations and its principal activities are set out in the Chairman's Statement and Directors' report

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates There are no foreign operations

2 ACCOUNTING POLICIES

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future The Company made a loss of £139,000 in the period and although the Company is in a net current asset position of £172,000, the available for sale investments have restrictions on their liquidity and £150,000 of loan notes are due for repayment on 31 October 2014 The Directors plan on raising sufficient additional funds during the period to repay the loan notes and to provide for working capital requirements, and they have prepared a cash flow forecast through to 31 December 2014 which includes the assumption that the additional funds will be raised, and that no significant investment activity is undertaken unless sufficient funding is in place to undertake such investment activity

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the Company's financial statements

Basis of preparation

The financial statements are prepared in accordance with applicable IFRS including standards and interpretations issued by the International Accounting Standards Board as adopted by the EU

The financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments Cost is based on the fair values of the consideration given in exchange for assets

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments Actual results may differ from these estimates

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

Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Statement of compliance

The financial statements comply with International Financial Reporting Standards as adopted by the European Union At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU)

		Effective for accounting periods beginning on or after
IFRS 7 (amended)	Disclosures - Transfers of Financial Assets	1 January 2013
IFRS 9	Financial Instruments	1 January 2013
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (amended)	Deferred Tax Recovery of Underlying Assets	1 January 2013
IAS 19 (amended)	Employee Benefits	1 January 2013
IAS 27 (amended)	Separate Financial Statements	1 January 2014
IAS 28 (amended)	Investments in Associates and Joint Ventures	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for future reporting periods

Profit or loss from discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale The profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in note 9 The disclosures for discontinued operations in the prior year relate to all operations that had been discontinued by30 June 2012

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Taxation

The tax currently payable is based on taxable profit or loss for the period Taxable profit or loss differs from net profit or loss 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 Company'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 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 goodwill or from the initial recognition (other than in a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying value 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 deferred tax 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 based on tax laws and rates that have been enacted at the balance sheet date 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 Company intends to settle its current tax assets and liabilities on a net basis

Foreign currencies

The functional and presentational currency of the Company is pounds sterling Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the statement of financial position date Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction

Impairment

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually and where there are indications that the carrying value may not be recoverable An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

The Company ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

The Company ceases to recognise a financial liability when the Company's obligations are discharged, cancelled or they expire

Financial instruments are classified as cash and cash equivalents, trade and other receivables, trade creditors, borrowings (including obligations under finance leases) and other payables (including social security and current tax liabilities)

Non-derivative financial assets are categorised as "loans and receivables" and non-derivative financial liabilities are categorised as "other financial liabilities"

Available for sale investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs

All investments are designated upon initial recognition as held at fair value through profit or loss Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and is therefore an estimate and as such requires the use of judgement Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments" Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement

The Company determines the fair value of its Investments based on the following hierarchy

LEVEL 1 - Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis

LEVEL 2 - If there is no active market, fair value is established using valuation techniques, including discounted cash flow models The inputs to these models are taken from observable market data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments, but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used

LEVEL 3 - Valuations in this level are those with inputs that are not based on observable market data

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Loans and receivables

Loans and receivables, as categorised above, are measured at amortised cost using the effective interest method less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets and are measured at amortised cost less an allowance for any uncollectible amounts The net of these balances are classified as "trade and other receivables" in the balance sheet

Trade and other receivables are assessed for indicators of impairment at each balance sheet date and are impaired where there is objective evidence that the recovery of the receivable is in doubt

Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation

The carrying amount of trade and other receivables is reduced through the use of an allowance account When a trade or other receivable is considered uncollectible, it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against the allowance account Changes in the carrying amount of the allowance account are recognised in the income statement

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits at call with banks, other short-term highly liquid investments with original maturity at acquisition of three months or less that are readily convertible to cash, net of bank overdrafts For the purpose of the cash flow statement, cash and cash equivalents consist of the definition outlined above

Financial liabilities

All non-derivative financial liabilities are classified as other financial liabilities and are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method Other financial liabilities consist of borrowings and trade and other payables

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Other financial liabilities

Other financial liabilities, as categorised above, are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis Other financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Equity instruments

Equity instruments consist of the Company's ordinary share capital and are recorded at the proceeds received, net of direct issue costs

Notes to the financial statements continued

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Company's accounting policies as disclosed in Note 2 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates The carrying value of assets is determined based on their fair value as supported by a management valuation less costs to sell This estimate and assumption can present a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period

4 BUSINESS AND GEOGRAPHICAL REPORTING

The Company's operations are solely in the United Kingdom Following the disposal of the Company's trading operations it has no trading activities and so no segmental analysis of operations is included

5 LOSS FOR THE PERIOD

	Year ended 30 June 2013 £'000	Period ended 30 June 2012 £'000
Loss for the period has been arrived at after charging		
Continuing operations		
Staff costs (see note 6)	65	-
Auditor's remuneration	5	-
Discontinued Operations:		
Staff costs (see note 6)	–	901
Auditor's remuneration	–	28
The analysis of auditor's remuneration is as follows		
Fees payable for the Company's annual audit	5	28
Total audit fees	5	28
Non audit services		
Tax services	-	-
Total	5	28

Notes to the financial statements continued

6 STAFF COSTS

Discontinued operations

	Year ended 30 June 2013 number	Period ended 30 June 2012 number
Average number of persons employed		
(including directors)		
Administration	3	7
	3	7
	£'000	£'000
Staff costs during the period		
Wages and salaries	61	741
Social security costs	4	92
Other pension costs	–	68
	65	901

Directors' emoluments

An analysis of the directors' emoluments and pension entitlements and their interest in the share capital of the Company is contained in the Directors' Report on remuneration accompanying these financial statements

7 TAXATION

	Year ended 30 June 2013 £'000	Period ended 30 June 2012 £'000
Analysis of tax charge in the period		
Current taxation		
United Kingdom charge	–	–
	–	–
Taxation components		
Loss on ordinary activities before tax	(139)	(13,270)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 23 75% (2012 26 5%)	(33)	(3,517)
Effects of		
Share based payments charge not deductible	–	–
Expenses not deductible for tax purposes	6	869
Effect of the change in tax rate from 28% to 26 5%	–	(145)
Losses carried forward	27	2,737
Adjustment in respect of prior period	–	56
Current tax charge based on loss for the period	–	–

Notes to the financial statements continued

7 TAXATION continued

Deferred tax

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date Accordingly the reduction to 24% has been taken into account when measuring the deferred tax assets and liabilities at 30 June 2013

Further changes to the rate are proposed to reduce the rate by one percent per annum to 23% by 1 April 2014 However these changes were not substantively enacted at the balance sheet date (nor have they yet been substantively enacted) and as such are not included in the deferred tax figures at 30 June 2013

No deferred tax asset is recognised in respect of losses brought forward at a tax written down value of £2 0m (2012 £1 8m) The asset is not recognised as there is no certainty that sufficient taxable profits will arise within the next 12 months against which to utilise the losses An asset would be recognised once it was reasonably certain that sufficient taxable profits would arise within Company

8 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data

	Year ended 30 June 2013 £'000	Period ended 30 June 2012 £'000
Loss for the financial period		
Continuing operations	(139)	-
Discontinued operations	-	(13,270)
Total operations	(139)	(13,270)
Number of shares		
Weighted average number of shares for the purposes of basic and diluted earnings per share	27,098,022	5,431,355
Basic and diluted loss per ordinary share (pence)		
Continuing operations	(0 5)	-
Discontinued operations	-	(244 3)
Total operations	(0 5)	(244 3)

Notes to the financial statements continued

9 DISCONTINUED OPERATIONS

Between August and December 2011 the Group disposed of all its trading operations

The results included in the consolidated income statement are as follows

	Year ended 30 June 2013 £'000	Period ended 30 June 2012 £'000
Revenue	-	15,441
Expenses	-	(32,621)
Operating loss before tax	-	(17,180)
Taxation	-	56
	-	(17,124)
Profit on disposal of discontinued operations (see below)	-	7,496
Loss attributable to discontinued operations	-	(9,628)
Profit on disposal of operations		
Total consideration	-	7,100
Provisions and disposal costs	-	(303)
Net liabilities disposed	-	699
Pre-tax profit on disposal	-	7,496
Cash received from disposal of operations	-	7,100
Disposal costs	-	(303)
Cash and cash equivalents of subsidiaries disposed	-	(444)
Net cash inflow on disposal	-	6,353

Discontinued operations contributed to the Group's cashflows as follows

	Year ended 30 June 2013 £'000	Period ended 30 June 2012 £'000
Net operating cash flows	-	(3,179)
Investing activities	-	5,935
Financing activities	-	(3,146)

Notes to the financial statements continued

10 AVAILABLE FOR SALE INVESTMENTS

	2013 £'000	2012 £'000
Purchase of investments	197	-
Investment disposals	(114)	-
Loss on disposal of investments	(6)	-
Balance carried forward	77	-
Categorised as		
Level 3 - Unquoted investments	77	-
	77	-

The table above sets out the fair value measurements using the IFRS 7 fair value hierarchy Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows

Level 1 - valued using quoted prices in active markets for identical assets

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading"

11 TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000
Other debtors	19	-
Prepayments	6	34
	25	34

12 CASH AND CASH EQUIVALENTS

	2013 £'000	2012 £'000
Cash and cash equivalents	206	414

Credit risk

The Company's principal financial assets are bank balances and cash, and trade receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies

Notes to the financial statements continued

13 TRADE AND OTHER PAYABLES

	2013 £'000	2012 £'000
Trade creditors	8	148
Amounts owed to group undertakings	–	2
Social security and other taxes	–	12
Other creditors	22	–
Accruals	29	48
	59	210

The Directors consider that the carrying amount of trade payables approximates to their fair value at the balance sheet date

14 LOAN NOTES

On 10 May 2013 the Company issued £150,000 secured loan notes repayable on 31 October 2014, on which there is a facility fee at the rate of £2,000 per quarter, payable on redemption

15 SHARE CAPITAL

	2013 £'000	2012 £'000
Issued and fully paid		
2,709,802,191 Ordinary Shares of 0 01p each	–	271
27,098,000 Ordinary Shares of 1p each	271	–
	271	271

A resolution was passed at the annual general meeting on 8 November 2012 in effect to consolidate every 100 ordinary issued shares of 0 01p into one ordinary share of 1p

Warrants

On 25 May 2012 and in association with the CVA and Placing, the Company granted to Peterhouse Corporate Finance Limited by way of a deed a warrant to subscribe shares representing 3% of the Company's issued ordinary share capital from time to time exercisable at 2 pence per share at any time up to 20 March 2015

Notes to the financial statements continued

16 NOTES TO THE CASH FLOW STATEMENT

	2013 £'000	2012 £'000
Operating loss	(139)	(13,270)
Adjustments for		
Loss on disposal of investments	6	–
Impairment of investments	–	484
Impairment of inter company balance	–	11,082
Operating cash flows before movement in working capital	(133)	(1,704)
Decrease in receivables	9	2,224
Decrease in payables	(173)	(414)
Decrease in provisions	–	(5)
Cash (utilised)/generated by operating activities	(297)	101
Income taxes paid	–	–
Net cash flow (used in)/from operating activities	(297)	101

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term, highly liquid investments with a maturity of three months or less

17 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2013 (2012 £nil)

18 RELATED PARTY TRANSACTIONS

The remuneration of the Directors, who are the key management personnel of the Company, is set out in the Directors' Remuneration Report accompanying these financial statements There have been no other material transactions with related parties

19 ULTIMATE CONTROLLING PARTY

The Directors are not aware that there is any single controlling party