Milestone
Group PLC

Annual Report & Financial Statements
Year Ended 30 September 2017

Company No. 04689130

Milestone Group PLC
Annual report and financial statements for the year ended 30 September 2017

Contents

Milestone Group PLC is referred to in this document as "Milestone", the "Group" or the "Company". Where the context so requires, references to the "Group" include and consolidate subsidiary companies of Milestone Group PLC. References to "Company" refer solely to Milestone Group PLC and exclude consolidation with the results of its subsidiary companies.

Chairman's Statement

Key points

- Deborah White replaced by Anthony Sanders as Interim CEO (on an interim basis)
- Edward Guy Meyer appointed as Business Development Director
- Review of operations led to cessation of charitable and social activities
- Strategy revised to focus on blockchain-based services to the digital media and fintech markets
- OnGuard contract renewals and extensions agreed
- Post period end
    - Software license agreement entered into with Envoy Group Corp Inc
    - Memorandum of understanding signed to create a joint venture with Seed Media Ltd and Martin Heath
    - Settlement Agreement with respect of failed placing (October 2016) dispute

To our valued shareholders

The last financial year has been a challenging one for the Group and we would like to thank our shareholders for their continued support.

The year saw a shift in the Group's management and its strategic focus. As Interim Chief Executive Officer, it has been my responsibility to ensure these changes have transitioned smoothly. Since September 2017, we have set about streamlining our operations and revising our strategy to bring increased focus to the business. We are now in a position to prioritise our resources on products and services that utilise blockchain technology in the digital media and fintech markets and ignite the commercial potential that exists within the Group.

Transitioning and management changes

In September 2017, Deborah White resigned from her position as Chief Executive Officer after nine years with the Group. Deborah guided the Group through extensive changes and developments, overseeing our transformation from analogue broadcasting to providing digital and technology solutions. I have been appointed as Interim Chief Executive Officer following seven years on the Board as Technical and Development Director. We thank Deborah for all of her efforts and wish her every success in the future.

Also in September 2017 and with a view to building a suitable sales and marketing team, we appointed Edward "Guy" Meyer as Business Development Director. Guy brings a wealth of experience leading teams across traditional and digital media, and is the ideal person to lead our sales and marketing effort as we look to develop new revenues from our blockchain-based services.

Streamlining operations

Change provides an opportunity for reflection and growth. We have, therefore, taken time since September 2017 to review our operations, to create unity within our services, to reduce spending and to channel costs into areas of the business that align with our revised strategy.

As such, since the period end, we have ceased a number of services that were centred on delivering social good. These include the Passion Project, Alchemy, Winning in the Game of Life, and the Milestone Foundation. We also terminated our membership of the Social Stock Exchange.

Furthermore, and in light of their inability to deliver satisfactory results, we decided to cancel a number of other agreements and contracts. These include: those involving the Milestone Foundation and Passion Project; the cloud-based virtual banking and pre-paid card agreement with two London-based finance and investment companies announced in April 2016; the agreement with an Indian-focused money transfer and pre-paid card group announced in November 2016; and, a payroll contract with a UK-based entertainment payroll specialist announced in October 2016.

Our evaluation of the business determined that a number of these opportunities had failed to deliver satisfactory results in a reasonable timespan owing to poor internal and external execution. We are confident that, with our renewed focus, we will avoid such issues in future.

Fine-tuning our business model

Since the period end, in December 2017, we negotiated a software licensing agreement with Envoy Group Corp, subject to Shareholder approval. This grants us an exclusive sublicense for updated versions of previously announced products, including Backstage HD, MusicRoo, Black Cactus Music, card programmes and KYC products, and enables us to use the Black Cactus Global Blockchain platform to build bespoke solutions whilst developing our own IP.

In February 2018, we signed a memorandum of understanding to enter into a joint venture (Trust In Media Ltd) with Seed Media Ltd and Martin Heath, specifically to develop GDPR compliant payment and IP protection solutions for the music industry, utilising both private and public blockchain technology. The joint venture will augment our music and media publishing capabilities.

These developments form the first steps of our revised strategy, providing the ability to market ready-made products and ensuring we can utilise this disruptive technology to create new products for the digital media and fintech markets going forward. We look forward to expanding our portfolio of products and services, while aiming to work with best-of-breed strategic partners.

In other business areas, the revenues for the resource management and reporting platforms, OnSide and OnGuard continue to grow, with all current clients renewing or expanding their agreements both during and post period. This area of the business will receive increased marketing exposure to take advantage of forthcoming GDPR legislation given the products' ability to validate individuals and access to data. Disorder Magazine continues to flourish under the media publishing division, and we are also exploring a number of opportunities to monetise content produced.

Working capital, fund raisings and other matters

During the year, the Company issued 994,770,335 new ordinary shares for a total consideration of £3,862,421, of which £2,516,220 was received in cash during the year, £37,500 was received in cash prior to the previous year-end (held within shares to be issued reserve), £58,701 was in exchange for goods and services, and, as announced in November 2016, £1.25m was not received. As announced in January 2018, the Board has reached a settlement with the counterparty, which included them waiving the rights to the shares. It is now the Company's intention to dispose of the shares in due course. Since the year-end, the Company has issued 30,000,000 new ordinary shares following a shareholder exercising their warrants and raising £150,000 in cash.

The Company continues to carefully manage its working capital position while the changes in strategy take effect and will need to raise further monies through subscriptions for new shares in the short term. The Company remains firmly focused on generating revenue through developing its activities. Protecting the interest of the Company's shareholders is a priority and the Board's strategy is to seek to raise funds on a basis that is fair to all.

Results for the year

Despite the Group's net loss for the year of £2,257,524 (2016: £1,667,270) and revenues of £29,395 (2016: £71,359), of which £4,755 (£2016: £34,104) relates to discontinued operations, the Group has an improved statement of financial position at the year-end showing net liabilities of £645,884 (2016: £1,019,656).

These results are presented under European Union Adopted International Financial Reporting Standards ("EU Adopted IFRS").

Shaping the future

Our vision for the future places our operations in harmony, encouraging stability and stimulating revenue. We are now primed to take advantage of the potential it offers in our identified markets.

As always, thank you for your support.

Anthony Sanders
Interim Chief Executive Officer and Chairman
21 February 2018

Board of Directors

Directors at 21 February 2017:

Anthony Sanders, Interim Chief Executive Officer and Chairman

appointed as Technical and Development Director, 27 December 2011, and as Interim Chief Executive Officer and Chairman, 19 September 2017

Edward Guy Meyer, Business Development Director

appointed as Business Development Director, 19 September 2017

Kevin Everett, Non-Executive Director

appointed as Non-Executive Director, 16 May 2013

Other Directors during the year:

Deborah White, Chief Executive Officer and Interim Chairman

served as Chief Executive Officer, 31 March 2008, and as Executive Director (combining functions of Chief Executive Officer and Chairman), 4 February 2010 to 19 September 2017

David Hill, Non-Executive Director

served as Non-Executive Director, 15 August 2011 to 1 February 2017

Company Secretary

Sean Sydenham

appointed 28 September 2017

Patrick Vigors

served 11 January 2016 to 28 September 2017

Company Details:

Address and Registered office:

Milestone Group PLC,
27 Old Gloucester Street,
London WC1N 3AX

Telephone: +44 (0)20 7929 7826
Fax: +44 (0)870 495 4820
Email: enquiries@milestonegroup.co.uk
Website: www.milestonegroup.co.uk

Registered in England Company no: 04689130

Auditors: **Nexia Smith & Williamson Audit Ltd, Portwall Place, Portwall Lane, Bristol BS1 6NA**

Nominated Adviser: **Cairn Financial Advisers LLP, 62-63 Cheapside, London EC2V 6AX**

Brokers: **Hybridan LLP, 20 Ironmonger Lane, London EC2V 8EP**

Registrars: **Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**

Strategic Report for the year ended 30 September 2017

Results and dividends

The consolidated results of the Group for the year are set out on page 15 of this report and show the loss for the year of £2,257,524 (2016: £1,667,270) with total revenues of £29,395 (2016: £71,359), of which £4,755 (2016: £34,104) relates to discontinued operations.

The Directors are unable to recommend the payment of a dividend (2016: nil).

Principal activities, review of business and future developments

A description of the Group's principal activities and a review of the year are held within the Chairman's statement above.

The Group offers its shareholders exposure to the digital media and fintech sectors. Milestone is a provider of financial technology and media publishing solutions utilising blockchain technologies.

Key performance indicators ("KPIs")

During the year, the key performance indicators for the Group's operations were the control of central costs against expected future benefits, along with revenues and contribution levels for all projects. As discussed in the Chairman's statement, this year has seen these KPIs not being met and in particular, costs were higher than in the previous year due to increased unplanned costs around the defaulting share issue. A review of all projects has resulted in the removal of those that are not likely to deliver satisfactory results in a reasonable timeframe.

As the new strategy is implemented, the Board will be implementing new financial and non-financial performance indicators to ensure a tighter control on central costs as well as the viability and profitability of each of the projects going forwards.

Financial instruments and principal risks and uncertainties

The Group had £293,027 of loans outstanding at the year-end (2016: £134,027).   The Group's modest cash reserves during the year were held in bank current and deposit accounts. A detailed description of how the Group manages risks and uncertainty surrounding financial instruments, working capital, interest rates and liquidity is held in note 16 to the financial statements.

This annual report contains certain forward-looking statements with respect to the principal risks and uncertainties facing the Group. These statements can be identified by the use of forward-looking terminology such as "believe", "could", "expects", "plan", "anticipate", "envisage", "estimate", "intend", "should", "may" or comparable terminology indicating expectations or beliefs concerning future events. By their very nature, these forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements reflect the knowledge and information available at the date of preparation of this annual report and will not be updated during the year. Nothing in this annual report should be construed as a profit forecast.

The Directors consider cash flow to be the material financial risk to the Group in the immediate future. As the new strategy is rolled out by the Group, the risks impacting the Group will change and these changes will be expanded upon as the various projects are commercialised.

Events after the reporting period

Events after the reporting period are set out in note 25 to the financial statements.

Going concern

Whilst the Group has made a loss in the year and had net liabilities of £645,884 (2016: £1,019,656) at the year-end, the Board feel it is appropriate to adopt the going concern basis in preparing the annual reports and accounts. There are significant risks and uncertainties surrounding the going concern assumption and these are fully discussed and disclosed in note 1 and 2 to the annual report and accounts.

By order of the Board

Anthony Sanders
Interim Chief Executive Officer and Chairman
21 February 2018

Report of the Directors for the year ended 30 September 2017

The Directors present their report together with the audited financial statements for the year ended 30 September 2017.

Directors in the year

Anthony Sanders, Technical and Development Director, Interim Chief Executive and Chairman
Edward Guy Meyer, Business Development Director
Kevin Everett, Non-Executive Director
Deborah White, Chief Executive Officer and Interim Chairman, resigned 19 September 2017
David Hill, Non-Executive Director, resigned 1 February 2017

Substantial shareholdings

So far as the Company is aware and subject to any new notifications received after 21 February 2018, the following persons have a notifiable interest in the ordinary share capital of the Company (3 per cent or more of the Company's ordinary shares; please note percentages are rounded):

	Ordinary Shares held at 21 February 2018	
Venkata Ramesh Para	522,626,906	(28.89%)
Monecor (London) Limited	93,339,599	(5.16%)

Communication with shareholders

London Stock Exchange notifications are the primary vehicles for communication with shareholders. The annual report and accounts and the interim statement at each half-year are also communicated to shareholders and are distributed to other parties who have expressed an interest in the Group's performance. The London Stock Exchange notifications and the Group results can be viewed on the Company website (www.milestonegroup.co.uk).

Each year shareholders are invited to an annual general meeting ("AGM"). The AGM is the main shareholder event of the year and provides an opportunity for shareholders to question the Directors.

Shareholders who have any queries relating to their shareholdings or to the affairs of Milestone generally are invited to contact the Company Secretary at the Company's registered address.

During January 2007, new provisions within the Companies Act 2006 came into force regarding the ways that a company is permitted to communicate with its shareholders. Milestone put a resolution to the shareholders at the AGM in March 2012 requesting permission to use its website to publish statutory documents and communications to shareholders, such as Annual Report and Accounts, as its default method of publication.

This resolution was duly passed and we therefore publish all shareholder information including the AGM Notice of Meeting and Annual Report and Accounts on the Company website at www.milestonegroup.co.uk/investors/financial-reports. Reducing the number of communications sent by post not only results in cost savings to the Company but also reduces the impact that the unnecessary printing and distribution of reports has on the environment.

Environmental matters

The nature of Milestone's business means that it is unlikely to be a major polluter but the Board is mindful of the potential impact on the environment of the Group's activities.

The Board recognises its responsibility to the environment in areas such as energy management, paper usage, waste reduction and recycling, and communications.

Board of Directors

The Board is responsible for formulating, reviewing and approving the Group's strategies, budgets, major items of capital expenditure and corporate actions.

At the end of the year the Board of the Company comprised two Executive Directors, Anthony Sanders and Edward Guy Meyer, and one Non-Executive Director, Kevin Everett. Other Directors who held office during the year are set out at the beginning of this report, together with their appointment and resignation dates. Each Director has extensive and relevant business experience. Brief biographies of the Directors are set out below in this report.

The Board is currently of the opinion that, given the present size of the Group, it is inappropriate to retain separate sub-committees but intends to keep this matter under regular review.

The Board believes that this is an appropriate structure for the Company at its current stage of development and that there is sufficient expertise within the Board to facilitate a sound decision-making process and control environment in the short-term.

Details of the remuneration of the Directors are included in note 5 of the financial statements. Future remuneration will be dependent on the growth of the Company.

Directors' profiles

Anthony Sanders, Technical and Development Director, Interim Chief Executive Officer and Chairman

Tony is a commercially-driven individual, possessing a creative and entrepreneurial mind-set, combining hands-on technical and broad commercial and operations experience within IT services, digital transformation, communications, facilities management and business continuity, including: B2B, B2C, start-ups, executive and non-executive director roles.

Before joining Milestone Group, Tony was Technical and Operations Director at ICM Group PLC (Latterly, Phoenix IT Group) for nine years. During his time at ICM he was key to implementing a growth strategy for new products resulting in a three-fold increase in revenue to £18.8m over a 4-year period, and placing ICM in the top 3 of UK Business Continuity providers. He was instrumental in ICM winning the CIR Industry Awards Most Innovative Solution for Emergency Office v1.0, and again the following year for v2.0, and oversaw a business unit turnaround and transformation achieving a 60% margin against a previous 30% forecast and enlarging revenue on a legacy service turning it into the fastest growing business unit in the group.

Tony has previously held Senior and Director roles at: British Telecom, Hill Samuel Merchant Bank, Profile Computers PLC, Thorn EMI Computeraid, CSF Assurity.

Edward Guy Meyer, Business Development Director

Guy ran his own cross-platform marketing agency, Firebelly, for nearly 20 years as CEO. Firebelly provided award-winning marketing strategies, content creation and execution services mainly in the entertainment and publishing sectors. Operating across traditional and digital media, he is experienced in business strategy formulation and sales & marketing. His clients included The Walt Disney Company, Harper Collins, Lionsgate, Paramount Pictures and Universal Pictures International. He sold Firebelly in 2013 to concentrate on business consulting where he worked globally, mainly with sales teams helping them expand and accelerate their sales pipelines in verticals that included financial services, government and telecoms.

Kevin Everett, Non-executive Director

Kevin has extensive strategic, operational and financial experience, balancing professional and charitable careers, with a focus on business and education. He has vast experience in connecting foundations with the corporate sector.

Kevin is currently Treasurer and Chairman of the Board of the Sir John Cass Foundation. During 23 years on the Board, he has led the restructuring of the Foundation, increasing their assets from £16m to £120m. His early support for specialist schools, linked with his belief in the model of putting education and employers together, has helped increase the Sir John Cass Foundation's grant capacity and benefit from £300k to over £5m.

He has served as a director on a number of Boards, both commercial and not-for-profit, and is a Chairman of the Valuation Tribunal for England.

Kevin is a key player in the development of a number of Milestone's initiatives and continues to lead the ongoing development of the Milestone Foundation.

Directors' shareholdings

The Directors of the Company and their beneficial interests as at the end of the year and as at 21 February 2018 (including those of their immediate family and any company controlled by them) in the share capital of Milestone are shown below:

	Ordinary shares of 0.1p each held at 21 February 2018	Ordinary shares of 0.1p each held at 30 September 2017	Ordinary shares of 0.1p each held at 30 September 2016
Anthony Sanders	1,500,000	1,500,000	1,500,000
Edward Guy Meyer	5,458,291	5,458,291	-
Kevin Everett	-	-	-

No Directors' share options were exercised in the year (2016: nil) and there were 36,711,780 Directors options outstanding at the end of the year.

No Directors' share warrants were exercised in the year (2016: nil) and there were 6,388,890 Directors warrants outstanding at the end of the year.

Details of any Directors' interests in transactions of the Group are given in note 21 to these financial statements.

Qualifying third-party indemnity provision for the benefit of the Directors was in place during the year and continues to remain in place.

Financial instruments and principal risks and uncertainties

Financial instruments and principal risks and uncertainties are set out in the Strategic Report on page 5.

Events after the reporting period

Events after the reporting period are set out in note 25 to the financial statements.

Auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

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

Nexia Smith & Williamson Audit Ltd expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Group and Parent Company financial statements in accordance with the applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements of the parent company in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and have prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law. 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 and of the profit or loss of the Group for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records 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 Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and Group and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

By order of the Board

Anthony Sanders
Interim Chief Executive Officer and Chairman
21 February 2018

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONE GROUP PLC

Opinion

We have audited the consolidated financial statements of Milestone Group plc (the 'Group') for the year ended 30 September 2017 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the notes to the Group financial statements, including a summary of significant accounting policies. 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.

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.

In our opinion, the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 September 2017 and of its 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.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Group financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which identifies that, at 30 September 2017, the continuing ability of the Group to meet its financial obligations is dependent on the ability to manage its cash flows in the next 12 months. The going concern status of the Group is dependent upon the management of the timing of settlement of its liabilities and the raising of further funds in the immediate to short term and thereafter on the forecast profitability of new strategic partnerships and joint ventures which have recently commenced and for which the degree of success cannot yet be reliably demonstrated.

Forecasts prepared by management indicate that if they are unable to manage the Group's liabilities as planned or the external fundraising does not occur in the immediate term and, subsequently, the future projects do not prove as profitable as forecast the Group would have an immediate requirement to seek alternative sources of funding. As stated in note 1, these conditions indicate that a material uncertainty exists which casts significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

We identified the key audit matter described below as that which was most significant in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing this matter, we have performed the procedures below which were designed to address the matter in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on this individual matter.

Key audit matter	Description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk
Defaulted share issue (see note 17)	Ensuring the correct accounting treatment of the defaulted share placing in the year, and the subsequent legal discussions, given the complexities of the transaction.	As part of our procedures we: • Reviewed the legal documentations related to the share placing; and • Discussed the accounting treatment with our National Assurance Technical Group (NATG); and • The different accounting options were then discussed with the management. Based on our procedures we concluded that the current treatment in the accounts is appropriate.

Materiality

The materiality for the Group financial statements as a whole was set at £22,600. This has been determined with reference to the benchmark of the Group's gross expenses, which we consider to be an appropriate measure based on the activities of the Group during the year. Materiality represents 1.0% of total expenditure as presented on the face of the Consolidated statement of comprehensive income.

The materiality for the Parent Company financial statements as a whole was set at £18,080. This has been determined with reference to the benchmark of the Parent Company's gross expenses, which we consider to be an appropriate measure based on the activities of the Group during the year. Materiality for the Parent Company has been capped at 80% of the Group materiality calculated above.

An overview of the scope of our audit

Of the Group's two reporting components, one was subject to a full audit on the individual company financial statements, whilst one was exempt from audit and was therefore only audited for consolidated reporting purposes, where the extent of our audit work was based on our assessment of the risk of material misstatement to the Group in relation to that component.

The components within the scope of our work covered: 100% of Group revenue, 100% of Group losses before tax and 100% of Group net assets.

Other information

The other information comprises the information included in the report and financial statements, other than the Group and Parent Company financial statements and our auditor's reports thereon. The directors are responsible for the other information. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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:

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

A further description of our responsibilities for the audit of the Group financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

We have reported separately on the Parent Company's financial statements of Milestone Group plc for the year ended 30 September 2017. That report includes a statement on a material uncertainty related to going concern.

Jonathan Talbot
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 21 February 2018

Consolidated statement of comprehensive income for the year ended 30 September 2017

	Note	2017	2016
		£	£
Revenue	1	24,640	37,255
Cost of sales		(1,964)	(13,856)
Gross profit		**22,676**	**23,399**
Other operating income		-	1,738
Realised gain on disposal		1	-
Adminstrative expenses	4	(2,261,107)	(1,790,794)
		(2,261,106)	(1,789,056)
Loss from operations		**(2,238,430)**	**(1,765,657)**
Net finance expense	6	(2,961)	(2,104)
Loss before taxation		**(2,241,391)**	**(1,767,761)**
Taxation charge	8	-	96,245
Loss from continuing operations		**(2,241,391)**	**(1,671,516)**
(Loss) / profit from discontinuing operations net of tax	7	(16,133)	4,246
Total Comprehensive loss for the year		**(2,257,524)**	**(1,667,270)**
Attributable to owners of the parent		**(2,257,524)**	**(1,667,270)**
Basic and diluted loss per share (pence)	10	**(0.20)**	**(0.25)**

The notes on pages 20 to 40 form part of these financial statements.

Consolidated statement of financial position at 30 September 2017 Company No: 04689130

	Note	2017	2016
		£	£
Non-current assets			
Intangible assets	11	1	1
		1	**1**
Current assets			
Trade and other receivables	12	77,137	187,836
Cash and cash equivalents		749,972	128,462
		827,109	**316,298**
Current liabilities			
Trade and other payables	13	(1,179,967)	(1,201,928)
Interest bearing loans	14	(293,027)	(134,027)
		(1,472,994)	**(1,335,955)**
Net (liabilities)		**(645,884)**	**(1,019,656)**
Capital and reserves attributable to owners of the Company			
Share capital	17	1,778,768	783,998
Share premium account		17,954,376	15,073,350
Shares to be issued		-	63,081
Share reserve		(1,250,000)	-
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained losses		(32,981,517)	(30,792,574)
Total Equity		**(645,884)**	**(1,019,656)**

The financial statements were approved by the Board and authorised for issue on 21 February 2018.

Anthony Sanders
Interim Chief Executive Officer and Chairman

The notes on pages 20 to 40 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2017

	Note	2017	2016
		£	£
Cash flow from operating activities			
Loss for the year		**(2,257,524)**	**(1,667,270)**
Adjustments for:			
Amortisation of intangible assets		-	18,913
Net bank and other interest charges		2,961	2,104
Services settled by the issue of shares		45,326	45,799
Issue of share options and warrants charge		68,581	883,878
Net cash outflow before changes in working capital		**(2,140,656)**	**(716,576)**
Decrease / (increase) in trade and other receivables		110,700	(124,358)
(Decrease) in trade and other payables		(20,793)	(572,523)
Cash outflow from operations		**(2,050,749)**	**(1,413,457)**
Interest received		14	19
Interest paid		(1,475)	(623)
Net cash flows from operating activities		**(2,052,210)**	**(1,414,061)**
Financing activities			
Issue of ordinary share capital		2,516,220	1,424,028
Repayment of loan		(155,000)	(65,000)
New loan raised		312,500	91,000
Net cash flows from financing activities		**2,673,720**	**1,450,028**
Net increase in cash		**621,510**	**35,967**
Cash and cash equivalents at beginning of year		128,462	92,495
Cash and cash equivalents at end of year	24	**749,972**	**128,462**

The notes on pages 20 to 40 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2017

	Share Capital £	Share Premium £	Shares to be issued £	Other Reserves £	Retained Earnings £	Total Equity £
Balance at 30 Sept 2015	**592,086**	**13,395,669**	**502,848**	**13,852,489**	**(30,049,182)**	**(1,706,090)**
Loss for the year	-	-	-	-	(1,667,270)	(1,667,270)
Cash received in advance of share issue	-	-	63,081	-	-	63,081
Contingent consideration written off	-	-	(40,000)	-	40,000	-
Shares issued	191,912	1,677,681	(462,848)	-	-	1,406,745
Share options	-	-	-	-	883,878	883,878
Balance at 30 Sept 2016	**783,998**	**15,073,350**	**63,081**	**13,852,489**	**(30,792,574)**	**(1,019,656)**
Loss for the year	-	-	-	-	(2,257,524)	(2,257,524)
Shares issued	994,770	2,881,026	(63,081)	(1,250,000)	-	2,562,715
Share options	-	-	-	-	68,581	68,581
Balance at 30 Sept 2017	**1,778,768**	**17,954,376**	**-**	**12,602,489**	**(32,981,517)**	**(645,884)**

During the year, shares were issued for the £63,081 received prior to the previous year-end and held in shares to be issued at September 2016.

The other reserves relate to the merger reserve, share reserve and the capital redemption reserve.

Notes to the consolidated accounts for the year ended 30 September 2017

The principal activity of Milestone Group Plc and its subsidiaries (the Group) is the provision of multimedia and technology solutions.

Milestone Group Plc is the Group's ultimate parent company, and it is incorporated in the United Kingdom with registration number 04689130. Milestone Group Plc is domiciled in the United Kingdom and has its registered office at 27 Old Gloucester Street, London WC1N 3AX. The principal place of business for the Group is 1 Primrose Street, London EC2A 2EX.

Milestone Group Plc's shares are quoted on the AIM market of the London Stock Exchange.

Milestone Group Plc's consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent Company.

1. Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("EU Adopted IFRSs"), and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under EU Adopted IFRSs.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and below. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition note 16 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and exposures to credit risk and liquidity risk.

The net liability position as at 30 September 2017, being the Group's financial year-end, was £645,884 (2016: £1,019,656). Subsequent to the reporting date, the Board has been able to agree funding in the form of further share issues raising £150,000 in cash through the exercising of certain warrants. The funding received to date will go part way to cover year-end liabilities and the Company will be dependent upon future funding and revenues to meet the remaining obligations, as discussed below.

The Company continues to be reliant upon its continuing ability to manage the timing of settlement both of its current liabilities and future liabilities as they arise. There is also a need for successful on-going equity fundraises and / or loans in the immediate to short term thereafter, while sales plans and projections come into effect, especially in relation to revenues generated from new strategic partnerships and joint ventures. The Board has prepared forecasts to reflect the revenues expected to be generated by the Group and partnerships. The Company is fully focused on ensuring that sales plans are followed to ensure that the business becomes self-sustaining in the near future.

The Directors have concluded that the need to generate future funds from further fundraising and from trading activities to satisfy the settlement of its on-going and future liabilities represents a material uncertainty, which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Nevertheless after making enquiries and considering this uncertainty and the measures that can be taken to mitigate the uncertainty, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 September 2017. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The trading results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances, income and expenditure are eliminated on consolidation.

Revenue and attributable profit

Revenue is recognised as the contract activity progresses. Revenue and associated costs are recognised in proportion to the work completed. Where, however, the outcome cannot be assessed with reasonable certainty before the contract's conclusion, revenue is recognised only to the extent that the expenses recognised are recoverable. Full provisions are made for any contracts that are forecast to be loss making as soon as it is identified. Where revenue is for a membership fee or term contract, the subscription is initially credited to deferred income and released to revenue in equal monthly amounts on the basis of the expired period of membership.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development activity is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as a website);
- it is probable that the asset created will generate future economic benefits; and,
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets

Goodwill

Goodwill represents the excess cost of a business combination over total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprised the fair value of assets given, liabilities assumed and equity instruments issued. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations, directly attributable costs of acquisition are recognised immediately as an expense.

Goodwill is not amortised and is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the consolidated statement of comprehensive income.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their estimated useful economic lives. The amortisation expense is included within the other administrative expenses line of the consolidated statement of comprehensive income. Intangible assets are recognised on business combinations if they are separable from the acquired entity to give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Impairment of non-current assets

For the purposes of assessing impairment, assets are grouped into separately identifiable cash-generating units. Goodwill is allocated to those cash-generating units that have arisen from business combinations. At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested for impairment annually. Goodwill impairment charges are not reversed.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value and value in use based on an internal discounted cash flow evaluation.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are shown in current liabilities on the statement of financial position.

Equity

Equity comprises the following:

- *Share capital* represents the nominal value of issued ordinary shares and deferred shares.
- *Share premium* represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

- *Shares to be issued reserve* represents cash received for the purchase of shares yet to be issued at the period end.
- *Merger reserve* represents the excess over nominal value of the fair value of consideration received for equity shares issued on acquisition of subsidiaries, net of expenses of the share issue.
- *Share reserve* represents cash yet to be received at the period end for the purchase of shares issued in the year as discussed in note 17.
- *Capital redemption reserve* represents the nominal value of shares repurchased by the Company.
- *Retained earnings* represent retained profits and losses

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments

Financial assets and financial liabilities are initially recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument at their fair value and thereafter at amortised cost.

Trade receivables

Trade receivables are initially recorded at fair value and then carried at their amortised cost less any provision for doubtful debts. Trade receivables due in more than one year are discounted to their present value.

Trade receivables (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Trade receivables are reported net.

The doubtful debt provision expense is recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Trade payables

Trade payables are initially recorded at fair value and then carried at their amortised cost.

Contingent consideration

Contingent consideration is recorded at fair value, being the Directors' best estimate of amounts expected to be payable. Non-current consideration is held at discounted fair value. Contingent consideration payable solely in shares at a fixed price per share are recorded in equity when the transaction entered into at the level of total consideration that the Directors expect to be payable. Contingent consideration which is payable in either cash or shares or where the price of shares to be issued is not fixed are held as current or non-current payables as appropriate.

Equity instruments

Equity instruments issued by the Group are recorded as the proceeds received, net of direct costs.

Share-based payments

When share options and warrants are awarded, the fair value of the options and warrants at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each end of reporting period, so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options and warrants that eventually vest. Market conditions are factored into the fair value of the options and warrants granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options and warrants are modified before they vest, the increase in fair value of the options and warrants, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the full cost of services provided is recognised as a current liability and as a charge in the consolidated statement of comprehensive income. When shares are issued to settle the obligation, the liability is extinguished and the share issue is reflected in equity as an issue of share capital.

Upon exercise of share options and warrants, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

New and amended Standards and Interpretations adopted by the Group

There are a number of Amendments to Standards adopted in the current year, but none of these had a material impact on the Group in the current period.

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 October 2016

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

- IFRS 9 "Financial instruments" will be effective for the year ending September 2019 onwards, the main impact being the impairment assessment methodology used to value trade receivables.
- IFRS 15 "Revenue from contracts with customers" will be effective for the year ending September 2019 onwards; an assessment of the full impact of this standard is in progress.
- IFRS 16 "Leases" will be effective for the year ending September 2020 onwards and the impact on the financial statements will be insignificant.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes

Critical judgements and estimates in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Judgements

Going concern

Management have considered that the Group remains a going concern. The going concern assumption is discussed further in note 1.

Estimates

There are not deemed to be any key sources of estimation of uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Segment analysis

The accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the senior management team.

The Group has two main reportable segments:

- Milestone – Milestone seeks to generate revenue from the exploitation of intellectual property and licenses held. The operational expenditure incurred on behalf of the Group is also managed within this segment.
- Oil Productions – Oil Productions generates revenue from multiplatform digital production services.

Oil Productions is managed separately with all other business activities falling under the Head Office. Uniform accounting policies are applied to the entire Group. These are described in note 1 of the financial statements.

Year to 30 September 2017	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**24,040**	**600**	**24,640**
Net finance (expense)	(1,486)	(1,475)	(2,961)
Segment loss before tax	**(2,177,816)**	**(63,575)**	**(2,241,391)**

Year to 30 September 2016	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**33,655**	**3,600**	**37,255**
Net finance (expense)	(1,481)	(623)	(2,104)
Depreciation & Amortisation	(18,913)	-	(18,913)
Segment loss before tax	**(1,640,846)**	**(126,915)**	**(1,767,761)**

£600 of revenues recognised in Oil Productions for the year are generated from sales to one customer (2016: £3,600). All revenue for the Group arose in the UK.

As at 30 September 2017	Milestone	Oil Productions	Total
	£	£	£
Total Segment Assets	**826,956**	**154**	**827,110**
Total Segment Liabilities	**(1,379,236)**	**(93,758)**	**(1,472,994)**

As at 30 September 2016	Milestone	Oil Productions	Total
	£	£	£
Total Segment Assets	**274,337**	**41,962**	**316,299**
Total Segment Liabilities	**(1,195,594)**	**(140,361)**	**(1,335,955)**

4. Administrative expenses

The following amounts are included within administrative expenses:

	2017	2016
	£	£
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	30,000	29,850
Fees for taxation compliance services	4,700	4,500
Depreciation, amortisation and impairment:		
Software Licenses	-	18,913
Staff costs (note 5)	830,401	825,465

5. Directors and Staff

Staff costs during the year, including Directors, were as follows:

	2017	2016
	£	£
Wages and salaries	745,092	745,637
Social security costs	85,309	79,828
	830,401	**825,465**

The average number of staff of the Group during the year was as follows:

	2017	2016
	no.	no.
Sales and distribution	6	9
Directors and administration	8	8
	14	**17**

5. Directors and staff (continued)

The amounts paid and accrued as a contingent liability by the Company in respect of the Directors, who are the key management personnel of the Group, and remuneration of other key management personnel was as follows:

	2017	2016
	£	£
Anthony Sanders	114,000	114,000
Edward Guy Meyer	1,731	-
Kevin Everett	24,000	24,000
Deborah White	214,308	120,000
David Hill	8,000	24,000
Jim Brown	-	9,000
Total Directors emoluments	362,039	291,000
Employers national insurance and share option / warrant charges for key management personnel (including directors)	43,085	691,912
	405,124	**982,912**

Details of the total amounts outstanding to the Directors at the period end are detailed in note 13.

In the previous year, the Directors waived their entitlement to historic contingent liabilities (accrued in the statement of financial position) of £704,347. The Company issued them with options and warrants during the previous year, creating a charge of £660,112. There is no option charge for the Directors for the year to 30 September 2017.

In the previous year, the Directors agreed that whilst not waiving their ultimate entitlement to the remaining remuneration, the Board will be granted the right to decide when the Company can afford to pay its directors. The payment of entitlement will not take place until the Board determine that the Company has the financial resources to make any remuneration and so the Directors have agreed to amend the terms of their contracts to reflect this.

6. Net finance expenses

	2017	2016
	£	£
Bank interest receivable	14	19
Trade interest payable	(1,475)	(623)
Loan interest payable	(1,500)	(1,500)
	(2,961)	**(2,104)**

7. Discontinued operations

In September 2017, as part of the refocusing of the business, the Board decided that the Passion Project no longer fitted with the Group's strategy and therefore agreed to sell the IP and assets of the Passion Project to Deborah White for a nominal sum.

The post-tax (loss) / gain on discontinued operations were determined as follows:

	2017 £	2016 £
Net assets abandoned (excluding cash):		
Property, plant and equipment	-	-
Trade and other receivables	-	-
Bank loans and overdrafts	-	-
Trade and other payables	-	-
Pre-tax loss on disposal	-	-
The net cash inflow compromises:		
Cash flows from operating activities	(16,133)	4,246
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-

Result of discontinued operations

	2017 £	2016 £
Revenue	4,755	34,104
Expense other than finance costs	(20,888)	(29,858)
Other income	-	-
Finance costs	-	-
Pre-tax loss on disposal	-	-
(Loss) / profit from discontinued operations before tax	**(16,133)**	**4,246**
Tax expense	-	-
Result of discontinued operations	**(16,133)**	**4,246**
Basic and diluted earnings / (loss) per share (pence)	-	-

As disclosed in note 10, the effects of share options outstanding at the year-end have not been factored into EPS calculations as this would be anti-dilutive.

8. Tax on loss on ordinary activities

	2017 £	2016 £
Loss from operations before tax	(2,241,391)	(1,767,761)
Loss from operations at the standard rate of corporation tax in the UK of 19.5% (2016: 20%)	(437,071)	(352,703)
Effects of:		
Expenses not deductible for tax purposes	3,654	6,254
R&D tax credit	-	(96,245)
Unutilised tax losses and other deductions	433,417	346,449
Total tax charge in the year	-	(96,245)

8. Tax on loss on ordinary activities (continued)

Deferred tax assets of approximately £2.6m (Group) (2016: £2.1m) have not been recognised in the financial statements as there is currently insufficient evidence to suggest that any deferred tax asset would be recoverable. The Group has unutilised tax losses of approximately £12.5m (2016: £10.2m) that would be available to carry forward against future profits from the same activity, subject to agreement by HM Revenue & Customs.

9. Dividend

No dividends have been paid or proposed in the year (2016: £nil).

10. Loss per Share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

There were 163,213,116 share options and 248,431,460 share warrants outstanding at the year-end (2016: 174,189,116 and 110,931,460). However, the figures for 2017 and 2016 have not been adjusted to reflect conversion of these share options, as the effects would be anti-dilutive.

			2017			2016
	Loss	Weighted average number of shares	Per share Amount Pence	Loss	Weighted average number of shares	Per share Amount Pence
	£			£		
Basic and diluted loss per share attributable to shareholders	(2,257,524)	1,115,347,198	(0.20)	(1,667,270)	653,810,277	(0.25)

11. Intangible assets

	Licenses	Goodwill	Customer relationships	Total
	£	£	£	£
Cost				
Balance as at 1 October 2015	189,074	407,987	242,927	839,988
Disposals	(189,073)	(407,987)	(242,927)	(839,987)
Balance as at 30 September 2016	1	-	-	1
Balance as at 30 September 2017	**1**	**-**	**-**	**1**
Amortisation				
Balance as at 1 October 2015	170,160	407,987	242,927	821,074
Amortisation charged in the year	18,913	-	-	18,913
Disposals	(189,073)	(407,987)	(242,927)	(839,987)
Balance as at 30 September 2016	-	-	-	-
Balance at 30 September 2017	**-**	**-**	**-**	**-**
Net book value				
As at 30 September 2017	**1**	**-**	**-**	**1**
As at 30 September 2016	1	-	-	1

Current estimates of useful economic lives of intangible assets other than goodwill are as follows:

Software licenses 5 years

No intangible assets are internally generated.

Subsidiaries as at 30 Sept 2017	Registered Address	Class of Shares	Total Number of Shares in issue at 30 Sept 2017	Percentage held by Milestone
Oil Productions Ltd (Relative)	27 Old Gloucester Street, London WC1H 3AX	Ordinary Shares of 0.1p	2,325	100%
Nexstar League Ltd (Dormant)	27 Old Gloucester Street, London WC1H 3AX	Ordinary Shares of 0.1p	100	51%
Black Cactus Group Ltd (Dormant)	27 Old Gloucester Street, London WC1H 3AX	Ordinary Shares of 0.1p	1	100%

12. Trade and other receivables

	2017	2016
	£	£
Trade receivables	1,000	-
Other receivables	76,137	187,836
	77,137	**187,836**

Trade receivable days at the year-end were 14.8 days (2016: 0 days). No interest is charged on receivables within the agreed credit terms. Thereafter, interest may be charged.

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The Group provides, in full, for any debts it believes have become non-recoverable. The figures shown above are after deducting specific provision for bad and doubtful debts of £nil (2016: £nil). No amounts included within trade and other receivables are expected to be recovered in more than one year (2016: £nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above. The carrying value at the year-end for each class of assets is deemed by the Directors to be the same as the fair value.

Held within other receivables is a provision of £nil for R&D tax claims (2016: £96,246).

The ageing of trade receivables that have not been impaired are:

	2017	2016
	£	£
Not yet due		
0 - 29 days	1,000	-
	1,000	**-**

13. Trade and other payables

	2017	2016
	£	£
Trade payables	333,805	328,601
Other payables	12,477	17,564
Taxation and social security	286,496	159,873
Accruals and deferred income	547,189	695,890
	1,179,967	**1,201,928**

Included in accruals and deferred income are amounts of £98,842 (2016: £115,344) relating to unpaid contingent remuneration to the Directors in office at the year-end. This has been accrued in accordance with the payments agreed between the Company and Directors.

14. Interest bearing loans and borrowings - due within one year

	2017	2016
	£	£
Loans	293,027	134,027
	293,027	**134,027**

Of these loan balances, £275,027 is unsecured, attracts no interest and has no fixed repayment schedule. The remaining £18,000 is unsecured, attracts 10% per annum interest and has no fixed repayment schedule. The interest charge in the consolidated statement of comprehensive income for the year was £1,500 (2016: £1,500).

15. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a rate of 19.5% (2016: 20%). Recognised deferred tax liabilities for 2017 are £nil (2016: £nil).

A deferred tax asset of £2.63m, arising principally from losses in the Group, has not been recognised (2016: £2.15m). These losses can be offset against future trading profits generated. The Directors believe at this stage that it is prudent not to recognise the deferred tax asset within the financial statements.

16. Financial instruments and risk management

Financial risk factors

The Group's financial instruments comprise cash, including short-term deposits, trade and other receivables, short-term loan financing and trade and other payables that arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below. The Group has no financial assets other than trade receivables and cash at bank. The statement of financial position values for the financial assets and liabilities are not materially different from their fair values.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's policy is to ensure there are sufficient cash reserves to meet liabilities during such periods. These are incorporated into rolling twelve-month Group cash flow forecasts, which are reviewed by the Board monthly, and the cash flows are monitored at Group level by weekly cash reports from each operating entity. Short-term flexibility is provided through the availability of cash facilities. Long-term funding is secured through issues of share capital and loans.

Credit risk

The Group's principal financial assets are bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. As far as possible the Group operates to ensure that the payment terms of customers are matched to the Group's own contractual obligations on development.

Currency risk

The Group does not operate in overseas markets and is not subject to exposures on transactions undertaken during the year. The Group's exposure to exchange rate fluctuations is therefore not significant.

Capital risk management

The capital structure of the Group consists of short-term loan financing provided by individual vendors and the shareholders' equity comprising issued share capital and reserves. The capital structure of the Group is reviewed on an on-going basis with reference to the costs applicable to each element of capital, future requirements of the Group, flexibility of capital to be drawn down and availability of further capital should it be required.

The Group had current loan liabilities of £293,027 at the year-end (2016: £134,027).

Liability maturity analysis

2017	**Repayable on demand or within 1 month**	**Between 1 month and 6 months**	**Between 6 months and 1 year**
	£	**£**	**£**
Trade payables	333,805	-	-
Other payables	-	12,477	-
Accruals and deferred income	-	124,238	422,951
Taxation and social security	-	286,496	-
Interest bearing loans	241,227	51,800	-

2016	**Repayable on demand or within 1 month**	**Between 1 month and 6 months**	**Between 6 months and 1 year**
	£	**£**	**£**
Trade payables	328,601	-	-
Other trade payables	-	17,564	-
Accruals and deferred income	-	90,726	605,164
Taxation and social security	-	159,873	-
Interest bearing loans	-	134,027	-

Liability maturity analysis (continued)

Within interest bearing loan balances at the year-end, there are no convertible loans (2016: nil).

All loan balances and associated financial liabilities are due within one year of the end of the reporting period.

Interest rate and liquidity risk

The Group's financial liabilities represented trade payables and short-term loan financing at the year-end. No interest was payable on the trade and other payables outstanding. The Group's working capital commitments are reviewed on an on-going basis with reference to the dates when liabilities are to be repaid.

17. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
1,778,768,317 (2016: 783,997,982) ordinary shares of 0.1p (2016: 0.1p) each	1,778,768	783,998
	1,778,768	**783,998**

On 31 October 2016, the Company agreed to issue 92,333,332 ordinary shares at a price of 1.5 pence per share for a cash consideration of £1,385,000. As announced on 9 November 2016, the Company did not receive the funding. As announced on 13 December 2016 and 27 February 2017, the Company has now received £135,000 for 9,000,000 of the ordinary shares issued in October 2016. As announced on 22 January 2018, the Company has reached a settlement agreement with the remaining counterparty, which included them waiving their rights to the 83,333,332 shares. The shares are now held in Share Reserve and the Company will dispose of these shares in due course.

On 4 November 2016, the Company agreed to issue 4,833,334 ordinary shares at a price of 1.5 pence per share for a cash consideration of £72,500 and 4,570,093 ordinary shares at a price of 1 penny per share for the settlement of outstanding trade payables of £45,700.93.

On 13 December 2016, the Company agreed to issue 172,406,670 ordinary shares at a price of 0.3 pence per share for a cash consideration of £517,220 and 24,000,000 ordinary shares at a price of 0.1 pence per share for a cash consideration of £24,000.

On 30 March 2017, the Company agreed to issue 30,000,000 ordinary shares at a price of 0.1 pence per share for a cash consideration of £30,000.

On 28 April 2017, the Company agreed to issue 117,500,000 ordinary shares at a price of 0.2 pence per share for a cash consideration of £235,000. Also on 28 April 2017, the Company agreed to issue 20,000,000 ordinary shares at a price of 0.2 pence per share for a cash consideration of £40,000.

On 15 September 2017, the Company agreed to issue 522,626,906 ordinary shares at a price of 0.29 pence per share for a cash consideration of £1,500,000 and 6,500,000 ordinary shares at a price of 0.2 pence per share for the settlement of outstanding trade payables of £13,000.

No transaction costs were recorded against the share premium in the year.

18. Share warrants

At 30 September 2017, the Company had the following equity settled warrants in issue:

	Date warrant granted	Number of shares outstanding as at 1 Oct 2016	Warrants granted during the year	Shares forefeited / expired / waived during the year	Warrants outstanding as at 30 Sept 2017	Option Price
Kevin Everett	23/08/2016	1,944,445	-	-	1,944,445	1.25p
		1,944,445	-	-	1,944,445	1.75p
Edward Guy Meyer	28/04/2017	-	2,500,000	-	2,500,000	0.50p
Misc Warrants	03/08/2016	26,707,500	-	-	26,707,500	1.25p
		26,707,500	-	-	26,707,500	1.75p
	23/08/2016	26,813,785	-	-	26,813,785	1.25p
		26,813,785	-	-	26,813,785	1.75p
	28/04/2017	-	135,000,000	-	135,000,000	0.50p

On 28 April 2017, the Company issued warrants to certain individuals over a total of 137,500,000 ordinary shares of 0.1p each at a price of 0.5 pence per share as disclosed in the announcement dated 28 April 2017. These warrants have no performance conditions. The warrants are exercisable immediately and will lapse on the second anniversary of the date of issue. The performance conditions of all the other warrants are that the mid-market share price of the Company must be 2.5p for 5 consecutive days. These conditions were not met in the year.

The weighted average contractual life of the outstanding warrants at 30 September 2017 was 1.6 years.

The fair value of the share warrants was estimated at the date of grant using the Monte-Carlo model for those with the performance conditions and the Black Scholes model for those without performance conditions, taking into account the terms and conditions upon which they were granted.

The following tables list the inputs to the model used for the valuations of share warrants.

Grant Date	03/08/2016	03/08/2016
Final Date	02/08/2021	02/08/2021
Exercise Price	1.25p	1.75p
Share Price	0.06p	0.06p
Expected Volatility	81%	81%
Expected Dividend Yield	n/a	n/a
Risk Free Rate	0.13%	0.13%
Average Time to Vest	2.3 years	2.3 years

18. Share warrants (continued)

Grant Date	23/08/2016	23/08/2016
Final Date	22/08/2021	22/08/2021
Exercise Price	1.25p	1.75p
Share Price	0.0625p	0.0625p
Expected Volatility	81%	81%
Expected Dividend Yield	n/a	n/a
Risk Free Rate	0.07%	0.07%
Average Time to Vest	2.1 years	2.1 years

Grant Date	28/04/2017
Final Date	27/04/2019
Exercise Price	0.50p
Share Price	0.19p
Expected Volatility	98%
Expected Dividend Yield	n/a
Risk Free Rate	1.33%
Average Time to Vest	2 years

The total fair value of the warrants granted in the period was £70,354 (2016: £222,068). The charge recognised in the consolidated statement of comprehensive income for share warrants was £68,581 (2016: £222,068).

19. Capital commitments

There were no capital commitments at 30 September 2017 or 30 September 2016.

20. Share-based payment

On 15 August 2011, the Company granted to the Directors and other individuals options over a total of 19,500,000 ordinary shares of 0.1p each at a price of 1 penny per share as disclosed in the announcement dated 16 August 2011. Half of the options vest once the closing mid-market share price of the Company has been more than or equal to 2 pence for a period of 15 consecutive business days. The remainder vest once the closing mid-market share price of the Company has been more than or equal to 3 pence for a period of 15 consecutive days. The options are exercisable on or following the first anniversary of the date of issue and will lapse on the tenth anniversary of the date of issue. Options issued to non-Director employees under the EMI scheme lapse on cessation of employment. Since the issue date 7,500,000 options have lapsed.

On 13 December 2012, the Company granted to various individuals options over a total of 7,695,000 ordinary shares of 0.1p each at a price of 1.5 pence per share as disclosed in the announcement dated 14 December 2012. Half of the options vest once the closing mid-market share price of the Company has been more than or equal to 2 pence for a period of 15 consecutive business days. The remainder vest once the closing mid-market share price of the Company has been more than or equal to 3 pence for a period of 15 consecutive days. The options are exercisable on or following the first anniversary of the date of issue and will lapse on the tenth anniversary of the date of issue. Options issued to employees under the EMI scheme lapse on cessation of employment. Since the issue date 5,695,000 options have lapsed.

On 27 March 2015, the Company granted to the Directors and other individuals options over a total of 85,787,000 ordinary shares of 0.1p each at a price of 1 penny per share as disclosed in the announcement dated 22 December 2014. Half of the options vest once the closing mid-market share price of the Company has been more than or equal to 2 pence for a period of 15 consecutive business days. The remainder vest once the closing mid-market share price of the Company has been more than or equal to 3 pence for a period of 15 consecutive days. The options are exercisable on or following the first anniversary of the date of issue and will lapse on the tenth anniversary of the date of issue. Options issued to non-Director employees under the EMI scheme lapse on cessation of employment. Since the issue date 18,168,000 options have lapsed.

On 23 August 2016, the Company granted to the Directors and other individuals options over a total of 78,260,782 ordinary shares of 0.1p each at a price of 0.1 pence per share as disclosed in the announcement dated 23 August 2016. The options will lapse on the tenth anniversary of the date of issue. On 23 August 2016, the Company also granted to a Director options over a total of 3,333,334 ordinary shares of 0.1p each, half of the options at a price of 1.25 pence per share and the remainder at 1.75 pence per share. The options vest once the closing mid-market share price of the Company has been more than 2.5 pence for a period of 5 consecutive business days. The options will lapse on the fifth anniversary of the date of issue.

Details of the Options are as follows:

2017 **Holder**	**Options held at 1 October 2016**	**Number of new options granted in the year**	**Number of options forfeited in the year**	**Options held at 30 September 2017**	**Option price**
Tony Sanders	15,352,000	-	-	15,352,000	1p
	6,666,668	-	-	6,666,668	0.1p
	1,666,667	-	-	1,666,667	1.25p
	1,666,667	-	-	1,666,667	1.75p
Kevin Everett	3,582,000	-	-	3,582,000	1p
	7,777,778	-	-	7,777,778	0.1p
Others	69,406,000	-	8,721,000	60,685,000	1p
	4,255,000	-	2,255,000	2,000,000	1.5p
	63,816,336	-	-	63,816,336	0.1p
Total	**174,189,116**	**-**	**10,976,000**	**163,213,116**	

20. Share-based payment (continued)

2016 Holder	Options held at 1 October 2015	Number of new options granted in the year	Number of options forfeited in the year	Options held at 30 September 2016	Option price
Tony Sanders	15,352,000	-	-	15,352,000	1p
	-	6,666,668	-	6,666,668	0.1p
	-	1,666,667	-	1,666,667	1.25p
	-	1,666,667	-	1,666,667	1.75p
Kevin Everett	3,582,000	-	-	3,582,000	1p
	-	7,777,778	-	7,777,778	0.1p
Others	80,853,000	-	11,447,000	69,406,000	1p
	5,085,000	-	830,000	4,255,000	1.5p
	-	63,816,336	-	63,816,336	0.1p
Total	**104,872,000**	**81,594,116,**	**12,277,000**	**174,189,116**	

At 30 September 2017, 78,260,782 options were exercisable; the remainder were not exercisable due to the mid-market share price of the Company in the period (30 September 2016: 78,260,782). At this date, the weighted average contractual life of the outstanding options was 5.1 years (30 September 2016: 6.1 years).

There were no share options exercised during the year (2016: nil).

The fair value of the share options was estimated at the date of the grant using either the Monte-Carlo model (where market conditions existed) or the Black-Scholes model, taking into account the terms and conditions upon which they were granted.

The following table lists the inputs to the model used for the valuations of share options:

Options granted on 15 August 2011	
Weighted average share price (pence)	0.95p
Weighted average exercise price (pence)	1p
Option life (years)	1
Risk free interest rate (%)	2
Dividend yield	0
Volatility (%)	60

Options granted on 13 December 2012	
Weighted average share price (pence)	0.7p
Weighted average exercise price (pence)	1.5p
Option life (years)	1
Risk free interest rate (%)	2
Dividend yield	0
Volatility (%)	60

Options granted on 27 March 2015		
Excercise price (pence)	1p	1p
Share price (pence)	0.65p	0.65p
Expected voltility (%)	85%	85%
Expected divident yield	n/a	n/a
Risk free rate	0.41%	0.49%
Average time to vest (years)	2 years	2.3 years

Options granted on 23 August 2016	
Excercise price (pence)	0.1p
Share price (pence)	0.625p
Expected voltility (%)	91%
Expected divident yield	n/a
Risk free rate	1.33%
Average time to vest (years)	10 years

Options granted on 23 August 2016		
Excercise price (pence)	1.25p	1.75p
Share price (pence)	0.625p	0.625p
Expected voltility (%)	91%	91%
Expected divident yield	n/a	n/a
Risk free rate	0.07%	0.07%
Average time to vest (years)	2 years	2 years

The expected volatility was based on historic volatility and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value, and non-market conditions have not been included in calculating the fair value. The total fair value of the options granted in the period was £nil (2016: £453,586). The amount debited to the consolidated statement of comprehensive income for share options was £nil (2016: £661,810). The combined total fair value of the options and warrants grated in the period was £68,581 (2016: £675,654) and the combined amount debited to the consolidated statement of comprehensive income was £68,581 (2016: £883,878).

21. Transactions with Directors and other related parties

Other transactions with Directors

As stated in note 13 to the accounts a total of £98,842 (2016: £115,344) is due to certain Directors as unpaid remuneration.

Related Party relationship	**Transaction amount**		**Balance owing / owed**	
	2017	**2016**	**2017**	**2016**
	£	**£**	**£**	**£**
Purchases from companies in which Directors or their immediate family have a significant controlling interest	960	-	12,468	12,468
Amounts lent to the Company by immediate family members of the Directors	60,000	6,000	96,000	36,000
Amounts lent by the Company to companies in which Directors or their immediate family have a significant controlling interest	-	(7,100)	-	-

All amounts owing to related parties are payable on demand with no interest accruing.

22. Retirement benefit schemes

During the year, £613 was paid to a retirement benefit scheme on behalf of Directors (2016: nil).

23. Operating lease rental commitments

At 30 September 2017, the Group had commitments under operating leases as follows:

	30 Sept 2017	30 Sept 2016
	Land and buildings	Land and buildings
	£	£
Within one year	10,500	12,825
More than one year	-	-
	10,500	**12,825**

24. Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:

	2017	2016
	£	£
Cash available on demand	749,972	128,462
	749,972	**128,462**

25. Events after the reporting period

Subscriptions and funding

On 13 December 2017, the Company agreed to issue 30,000,000 ordinary shares at a price of 0.5 pence per share for a cash consideration of £150,000 as a result of warrants being exercised.

Company statement of financial position at 30 September 2017 Company No: 04689130

	Note	2017	2016
		£	£
Fixed assets			
Intangible assets	6	1	1
		1	**1**
Current assets			
Debtors	8	77,137	151,498
Cash at bank and in hand		749,818	122,838
		826,955	**274,336**
Current liabilities			
Creditors: amounts falling due within one year	9,10	(1,379,236)	(1,195,594)
		(1,379,236)	**(1,195,594)**
Net current liabilities		**(552,281)**	**(921,258)**
Net liabilities		**(552,280)**	**(921,257)**
Capital and reserves attributable to owners of the Company			
Called up share capital	12	1,778,768	783,998
Share premium account		17,954,376	15,073,350
Shares to be issued reserve		-	63,081
Share reserve		(1,250,000)	-
Capital redemption reserve		2,732,904	2,732,904
Profit and loss account		(21,768,328)	(19,574,590)
Shareholders' funds		**(552,280)**	**(921,257)**

The Company made a loss for the financial year of £2,262,319 (2016: £1,700,335).

The financial statements were approved by the Board and authorised for issue on 21 February 2018.

Anthony Sanders
Interim Chief Executive Officer and Chairman

The notes on pages 44 to 50 form part of these financial statements.

Company statement of cash flows for the year ended 30 September 2017

	Note	2017	2016
		£	£
Cash flow from operating activities			
Loss for the year		**(2,262,319)**	**(1,700,335)**
Adjustments for:			
Amortisation of intangible assets		-	18,913
Net bank and other interest charges		1,486	1,481
Services settled by the issue of shares		45,326	45,799
Issue of share options and warrants charge		68,581	883,878
Net cash outflow before changes in working capital		**(2,146,926)**	**(750,264)**
Decrease / (increase) in trade and other receivables		74,362	(108,810)
Increase / (decrease) in trade and other payables		25,810	(560,572)
Cash outflow from operations		**(2,046,754)**	**(1,419,646)**
Interest received		14	19
Net cash flows from operating activities		**(2,046,740)**	**(1,419,627)**
Financing activities			
Issue of ordinary share capital		2,516,220	1,424,028
Repayment of loan		(155,000)	(65,000)
New loan raised		312,500	91,000
Net cash flows from financing activities		**2,673,720**	**1,450,028**
Net increase in cash		**626,980**	**30,401**
Cash and cash equivalents at beginning of year		122,838	92,437
Cash and cash equivalents at end of year		**749,818**	**122,838**

The notes on pages 44 to 50 form part of these financial statements.

Company statement of changes in equity for the year ended 30 September 2017

	Share Capital	Share Premium	Shares to be issued	Profit and loss account	Other reserves	Total Equity
	£	£	£	£	£	£
Balance at 30 Sept 2015	**592,086**	**13,395,669**	**502,848**	**(18,798,133)**	**2,732,904**	**(1,574,626)**
Loss for the year	-	-	-	(1,700,335)	-	(1,700,335)
Cash received in advance of share issue	-	-	63,081	-	-	63,081
Contingent consideration written off	-	-	(40,000)	40,000	-	-
Shares issued	191,912	1,677,681	(462,848)	-	-	1,406,745
Share options	-	-	-	883,878	-	883,878
Balance at 30 Sept 2016	**783,998**	**15,073,350**	**63,081**	**(19,574,590)**	**2,732,904**	**(921,257)**
Loss for the year	-	-	-	(2,262,319)	-	(2,262,319)
Shares issued	994,770	2,881,026	(63,081)	-	(1,250,000)	2,562,715
Share options	-	-	-	68,581	-	68,581
Balance at 30 Sept 2017	**1,778,768**	**17,954,376**	**-**	**(21,768,328)**	**1,482,904**	**(552,280)**

During the year, shares were issued for the £63,081 received prior to the previous year-end and held in shares to be issued at 30 September 2016.

The other reserves relate to the share reserve and the capital redemption reserve.

Notes to the Company accounts for the year ended 30 September 2017

The principal activity of Milestone Group Plc is the provision of multimedia and technology solutions.

Milestone Group Plc is incorporated in the England and Wales with registration number 04689130. Milestone Group Plc is domiciled in the United Kingdom and has its registered office at 27 Old Gloucester Street, London WC1H 3AX. The principal place of business for the Company is 1 Primrose Street, London EC2A 2EX.

Milestone Group Plc is a public limited company, limited by shares, and its shares are quoted on the AIM market of the London Stock Exchange.

Milestone Group Plc's financial statements are presented in Pounds Sterling (£).

1.. Principal accounting policies

The Company financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Financial instruments

Financial assets are measured initially and subsequently at amortised cost. Provision is made for impairment where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the reporting date. The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and below. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition note 16 to the Group financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and exposures to credit risk and liquidity risk.

The net liability position as at 30 September 2017, being the Company's financial year-end, was £552,280 (2016: £921,257). Subsequent to the reporting date, the Board has been able to agree funding in the form of further share issues raising £150,000 in cash through the exercising of certain warrants. The funding received to date will go part way to cover year-end liabilities and the Company will be dependent upon future funding and revenues to meet the remaining obligations, as discussed below.

The Company continues to be reliant upon its continuing ability to manage the timing of settlement both of its current liabilities and future liabilities as they arise. There is also a need for successful on-going equity fundraises and / or loans in the immediate to short term thereafter, while sales plans and projections come into effect, especially in relation to revenues generated from new strategic partnerships and joint ventures. The Board has prepared forecasts to reflect the revenues expected to be generated by the Group and partnerships. The Company is fully focused on ensuring that sales plans are followed to ensure that the business becomes self-sustaining in the near future.

The Directors have concluded that the need to generate future funds from further fundraising and from trading activities to satisfy the settlement of its on-going and future liabilities represents a material uncertainty, which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Nevertheless after making enquiries and considering this uncertainty and the measures that can be taken to mitigate the uncertainty, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

Intangible fixed assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The useful economic lives of fixed assets in the Company are:

Software licenses: 5 years

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Critical judgements and estimates in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 1, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Judgements

Going concern

Management have considered that the Company remains a going concern. The going concern assumption is discussed further in note 1.

Estimates

There are not deemed to be any key sources of estimation of uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Loss for the financial year

Milestone has taken advantage of section 408 Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year after tax was £2,262,319 (2016: £1,700,335). There were no other gains or losses in the year or the prior year other than the loss for the periods.

4. Dividends

No dividends have been paid or proposed in the year (2016: nil).

5. Directors and staff

Staff costs during the year, including Directors, were as follows:

	2017	2016
	£	£
Wages and salaries	706,267	693,424
Social security costs	83,777	74,862
	790,044	**768,286**

The average number of staff of the Company during the year was as follows:

	2017	2016
	no.	no.
Directors and administration	12	15
	12	**15**

Remuneration in respect of the Directors and Key Management Personnel – see note 5 to the consolidated financial statement.

6. Intangible assets

	Software Licenses	Magazine	Total
	£	£	£
Cost as at 1 October 2016	-	1	1
At 30 September 2017	**-**	**1**	**1**
Amortisation as at 1 October 2016	-	-	-
At 30 September 2017	**-**	**-**	**-**
Net book value			
At 30 September 2017	**-**	**1**	**1**
At 30 September 2016	-	1	1

7. Fixed asset investments

	Shares in subsidiary undertakings	Trade Investments	Total
	£	£	£
Cost			
At 1 October 2016	246,921	61,713	308,634
At 30 September 2017	**246,921**	**61,713**	**308,634**
Amounts written off			
At 1 October 2016	(246,921)	(61,713)	(308,634)
At 30 September 2017	**(246,921)**	**(61,713)**	**(308,634)**
Net book value			
At 30 September 2016 and 30 September 2017	-	-	-

The value of shares in subsidiary undertakings and trade investments are tested annually for impairment. In prior years, the review suggested that the fair value of Oil Productions and of JumpStart Wireless had been fully impaired.

Subsidiaries as at 30 Sept 2017	Registered Address	Class of Shares	Total Number of Shares in issue at 30 Sept 2017	Percentage held by Milestone
Oil Productions Ltd (Relative)	27 Old Gloucester Street, London WC1H 3AX	Ordinary Shares of 0.1p	2,325	100%
Nexstar League Ltd (Dormant)	27 Old Gloucester Street, London WC1H 3AX	Ordinary Shares of 0.1p	100	51%
Black Cactus Group Ltd (Dormant)	27 Old Gloucester Street, London WC1H 3AX	Ordinary Shares of 0.1p	1	100%

8. Debtors

	2017	2016
	£	£
Trade debtors	1,000	-
Other debtors	76,137	151,498
	77,137	**151,498**

The amounts owed from group undertakings of £1,078,043 have been fully provided for in the year (2016: £1,009,674).

9. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	322,376	289,349
Other creditors	99,307	61,282
Accruals and deferred income	448,780	620,855
Taxation and Social Security	215,746	90,081
	1,086,209	**1,061,567**

Included in accruals and deferred income are amounts of £98,842 (2016: £115,344) relating to unpaid contingent remuneration to the Directors in office at the year-end. This has been accrued in accordance with the payments agreed between the Company and Directors.

Included in deferred income there is £6,830 (2016: £10,816), which relates to the residual proportion of annual fees remaining at the year-end.

10. Interest bearing loans and borrowings - due within one year

	2017	2016
	£	£
Loans	293,027	134,027
	293,027	**134,027**

Of these loan balances, £275,027 is unsecured, attracts no interest and has no fixed repayment schedule. The remaining £18,000 is unsecured, attracts 10% per annum interest and has no fixed repayment schedule.

The interest charge in the consolidated statement of comprehensive income for the year was £1,500 (2016: £1,500).

11. Financial instruments and risk management

	2017	2016
	£	£
Total assets held at amortised cost	826,955	274,337
Total liabilities held at amortised cost	(1,379,236)	(1,195,594)

12. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
1,778,768,317 (2016: 783,997,982) ordinary shares of 0.1p (2016: 0.1p) each)	1,778,768	783,998
	1,778,768	**783,998**

On 31 October 2016, the Company agreed to issue 92,333,332 ordinary shares at a price of 1.5 pence per share for a cash consideration of £1,385,000. As announced on 9 November 2016, the Company did not receive the funding. As announced on 13 December 2016 and 27 February 2017, the Company has now received £135,000 for 9,000,000 of the ordinary shares issued in October 2016. As announced on 22 January 2018, the Company has reached a settlement agreement with the remaining counterparty, which included them waiving their rights to the 83,333,332 shares. The shares are now held in Share Reserve and the Company will dispose of these shares in due course.

On 4 November 2016, the Company agreed to issue 4,833,334 ordinary shares at a price of 1.5 pence per share for a cash consideration of £72,500 and 4,570,093 ordinary shares at a price of 1 penny per share for the settlement of outstanding trade payables of £45,700.93.

On 13 December 2016, the Company agreed to issue 172,406,670 ordinary shares at a price of 0.3 pence per share for a cash consideration of £517,220 and 24,000,000 ordinary shares at a price of 0.1 pence per share for a cash consideration of £24,000.

On 30 March 2017, the Company agreed to issue 30,000,000 ordinary shares at a price of 0.1 pence per share for a cash consideration of £30,000.

On 28 April 2017, the Company agreed to issue 117,500,000 ordinary shares at a price of 0.2 pence per share for a cash consideration of £235,000. Also on 28 April 2017, the Company agreed to issue 20,000,000 ordinary shares at a price of 0.2 pence per share for a cash consideration of £40,000.

On 15 September 2017, the Company agreed to issue 522,626,906 ordinary shares at a price of 0.29 pence per share for a cash consideration of £1,500,000 and 6,500,000 ordinary shares at a price of 0.2 pence per share for the settlement of outstanding trade payables of £13,000.

No transaction costs were recorded against the share premium in the year.

13. Share warrants

Details of the share warrants in issue for the Company are as disclosed for the Group in note 18 to the consolidated accounts.

14. Capital commitments

There were no capital commitments at 30 September 2017 or 30 September 2016.

15. Share-based payment

Details of the share-based payments in issue for the Company are as disclosed for the Group in note 20 to the consolidated accounts.

16. Transactions with Directors and other related parties

Details of related party transactions for the Company are as disclosed for the Group in note 21 to the consolidated accounts.

17. Retirement benefit schemes

During the year, £613 was paid to a retirement benefit scheme on behalf of Directors (2016: nil).

18. Operating lease rental commitments

At 30 September 2017, the Company had commitments under operating leases as follows:

	30 Sept 2017	30 Sept 2016
	Land and buildings	Land and buildings
	£	£
Within one year	10,500	12,825
More than one year	-	-
	10,500	**12,825**

19. Post balance sheet events

Details of events after the reporting period for the Company are as disclosed for the Group in note 25 to the consolidated accounts.

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONE GROUP PLC

Opinion

We have audited the financial statements of Milestone Group Plc (the 'Parent Company') for the year ended 30 September 2017 which comprise the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the Parent Company notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the Parent Company financial statements:
- give a true and fair view of the state of the Parent Company's affairs as at 30 September 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Parent Company financial statements section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Parent Company financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the Parent Company financial statements, which identifies that, at 30 September 2017, the continuing ability of the Parent Company to meet its financial obligations is dependent on the ability to manage its cash flows in the next 12 months. The going concern status of the Parent Company is dependent upon the management of the timing of settlement of its liabilities and the raising of further funds in the immediate to short term and thereafter on the forecast profitability of key projects which have recently commenced and for which the degree of success cannot yet be reliably demonstrated.

Forecasts prepared by management indicate that if they are unable to manage the Parent Company's liabilities as planned or the external fundraising does not occur in the immediate term and, subsequently, the future projects do not prove as profitable as forecast the Parent Company would have an immediate requirement to seek alternative sources of funding. As stated in note 1, these conditions indicate that a material uncertainty exists which casts significant doubt on the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the report and financial statements, other than the group and Parent Company financial statements and our auditor's reports thereon. The directors are responsible for the other information. Our opinion on the Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Parent Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Parent Company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Parent Company financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities set out on page 16, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company financial statements, the directors are responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the Parent Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company financial statements.

A further description of our responsibilities for the audit of the Parent Company financial statements is located on the Financial Reporting Council's website at:
www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

We have reported separately on the group financial statements of Milestone Group plc for the year ended 30 September 2017. That report includes a statement on a material uncertainty related to going concern. It also includes the key audit matters and other audit planning and scoping matters that relate to the parent company audit.

Jonathan Talbot
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 21 February 2018

Milestone Group PLC

Annual Report and Financial Statements

Year ended 30 September 2017

Address

27 Old Gloucester Street,
London WC1N 3AX

Contact Us

Tel: +44 (0) 20 7929 7826
Fax: +44 (0) 870 495 4820
Email: enquiries@milestonegroup.co.uk