Milestone
Group PLC

Annual Report
& Financial Statements
Year Ended 30 September 2013

Contents

Milestone Group PLC

Annual Report and Financial Statements
for the year ended 30 September 2013

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

Highlights

- The launch of the Passion Project, a youth engagement and employability programme
- Successful adaption and pilot of the SFK schools materials resulting in the launch of "Winning in the Game of Life" (Level 1) programme suitable for all UK primary schools
- OnGuard Software developed resulting in revenue generating pilot post year-end
- Oil Productions Ltd rebranded and repositioned, now trading as Relative
- Establishment of the Milestone Foundation
- Three key appointments - Kevin Everett to the Board as Non-Executive Director, Ximo Peris as Youth Development Director and Darren Groucutt as Creative Director of Relative

Foreword

It is a pleasure to deliver this report on behalf of the Board and management team. This year has been a challenging but rewarding period of product expansion and project growth. It has incorporated the final period of business repositioning and integration necessary to create the appropriate launch pad and platform needed for Milestone's future growth and development.

Developments

Passion Project

In January 2013, the Company announced the launch of Milestone's Passion Project, a youth engagement and employability programme aimed at inspiring young people to explore their passions and skills, which are then matched with vocational and employment opportunities. Using Milestone's digital media and technological capabilities, along with access to the goods and services of strong delivery partners, this programme offers young people holistic career and employability assistance in an easily accessible and appropriate manner.

A key part of the Passion Project's development has been the work undertaken with a number of focus groups. The data collected from a series of workshops and feedback sessions have helped to shape the Passion Project's design and user process. These events were organised and led by Ximo Peris. Appointed as the Passion Project's Youth Development Director in February 2013, his role has a clear direction and objective, which is to target and engage the young people and organisations that represent the Passion Project's chosen audience.

The Passion Project uses a 3-step approach incorporating both physical and digital activities to engage with young people. The first of the Passion Project's physical events involved a pan London, 32-borough football knock-out competition, entitled BE United, and organised in conjunction with 10, and with the support of all, of London's Professional Football Clubs' Community Trust Schemes.

This pilot competition involved several thousand young people and culminated with the finals event, which was held at the London Soccerdome on 19 February 2014. All the participants have registered on the BE United digital portal as part of the Passion Project pilot and will be given the opportunity to participate fully in the Passion Project as it expands.

Milestone Foundation

During the year, the Company established the Milestone Foundation ("Foundation"), a registered charity designed to underpin the Passion Project. The Foundation aims to tackle three key social problems: youth unemployment, lack of safe spaces and activities and a lack of activities to develop emotional intelligence. Its objectives are community participation in healthy recreation, advancement of education and the relief of unemployment, promotion of social inclusion and other charitable purposes.

The Foundation is led by Kevin Everett and run by a Board of Trustees made up from Milestone Group team members. The Foundation will soon include a number of independently appointed Trustees and will be assisted by an advisory board made up of sector specific partners.

Once independently funded, the Foundation will licence the Passion Project from Milestone Group. This complements the Company's digital media and technical capabilities in the engagement and management of large audiences with the Foundation's ability to deliver, monitor and record social outcomes resulting from the collaboration between the Passion Project and its delivery partners.

SFK

Early in this period, the Company signed a definitive agreement with Spirituality for Kids (International) Inc. ("SFK") for the use of a range of their educational materials. The initial materials chosen for adaptation were deemed appropriate for Key Stage 2 Level (Years 4 and 5 in primary schools).

Milestone, in conjunction with Prospects and Prospects Improve, worked to adapt this first level of the materials to meet the UK Curriculum requirements for Spiritual, Cultural, Emotional and Social Education in primary schools as determined by the Department of Education's proposed 2013 framework. It was agreed that in the event of a successful initial pilot further development on the Level 2 and 3 materials for primary schools and those for the secondary schools would be undertaken.

A successful pilot involving 34 primary schools was completed in July 2013. The pilot feedback received resulted in a set of final amendments being made to the materials in November 2013 in preparation for a national roll-out commencing in early 2014.

As part of the adaptation, the programme was rebranded as "Winning in the Game of Life". The programme is scheduled to deliver gross revenues of between £500 and £1,000 per level per school with a target market of the 22,000 UK primary schools.

Since the period end, this has been followed up by an expansion in the scope of the legal agreement with SFK to include training materials for a wider range of age groups and provides the Company with an opportunity for focused and tailored training for young people as they ready themselves for the transition into working life.

This expansion to the initial agreement allows the Company the opportunity to promote these training products to its key strategic delivery and distribution partners involved in the Passion Project and other delivery channels outside of the schools and education sector.

This extended agreement also enables Milestone and SFK to generate revenues from the co-creation and delivery of new materials including those appropriate for young people aged between 16 – 24 who are termed as NEET's (Not in Employment, Education or Training) and those involved in apprenticeship programmes.

The positive changes in behaviour that have been independently recorded and evaluated resulting from the use of these materials, offers Milestone the potential for attracting social impact funding and further supports the aims of both the Passion Project and the Foundation.

Net revenues from the sale of these collaborated materials will be split equally between Milestone and SFK.

OnGuard

Since the purchase of the Faciliated Electronic Data Software ("FEDS") in August 2011, Milestone has been developing the OnSide product which will be further utilised in the Passion Project as it expands. The initial development work on the OnSide product has allowed for a spin-off called OnGuard to be developed. OnGuard is a business management solution specifically targeting the security industry. It utilises the latest mobile and cloud technologies to support the administrative, operational and financial functions of the Manned Guarding sector. OnGuard provides audited process and resource management along with integrated business functionality, improving inter-departmental efficiencies and reporting.

Market research suggests similar, but lower specification products achieve licencing fees in the range of £10 to £80 per guard per calendar month, with OnGuard pitched between these. The Security Industry Authority (SIA) currently has 120,000 security personnel registered in UK, providing a market size of in excess of £28m.

Post period end, in October, Milestone signed an agreement to provide STM with a paid for pilot of the software solution. The value of this agreement has been heavily discounted from the £108,000 list price that would normally be applied for a 500-user agreement in recognition of STM's contribution to the development of the project. STM is a UK based security company and an experienced supplier of solutions for manned security and customer service staff. Their clients include over 50 sites on the London Overground, Southern Rail, South West Trains, Network Rail, English Heritage and Westgate Shopping Centres.

Since the year-end STM have been working with Milestone to test and evaluate the product, giving Milestone the necessary feedback to develop additional functionality and revenue opportunities.

Oil Productions Ltd ("Oil"), trading as Relative

Having an in-house digital media and technical capability was deemed essential to the planned development and growth strategy of the Group. In August 2011, Milestone purchased Oil to act as an in-house enabler function for the development of the key products that are now shaping the Company's future.

The benefits of having a strong in-house delivery team with a shared common focus cannot be understated. It is becoming ever more evident that the recent restructure undertaken by the Board was the correct strategy to adopt. We are excited about the growing potential offered by the new product range that is emerging which we believe has the potential to become both highly scalable and significant in their revenue generating capabilities.

Going forward, Oil should be capable of generating strong revenues and profitability in its own right, but having taken time to look at this aspect of the business in depth and, as we flagged at the AGM last year, the Directors made the decision to exit some of the very low / no margin digital business in favour of retaining the capacity to initially develop our own product range and then to refocus on much higher margin digital media work better suited to our skills. Whilst this has resulted in much lower revenues for 2013, this lays the foundations for a sustainable and profitable future.

As previously reported, March 2013 saw changes in the management team of Oil with Darren Groucutt being appointed as the new Creative Director. This appointment formed part of the reshaping and rebranding of the company, which is now trading as Relative. The new leadership team in the digital agency has now firmly established itself in the marketplace winning a number of high profile clients in the latter part of the year.

Relative has been key in developing the Company's internal projects, particularly the Passion Project, OnGuard and Winning in the Game of Life whilst working hard to establish an external client pipeline.

The first of its own projects was Panna Paint, an interactive freestyle football app that uses bespoke technology to give motion a visual dimension. This technology was further developed into B++, an immersive and interactive app using light, sound and live performance to create a visual experience. In conjunction with the Dollop DJs, B++ was used to take over the Barbican foyer for a 3-day residency during the month long Hack the Barbican event.

The development of this technology and the media attention it received resulted in Relative being chosen from over 1,000 entrants as one of 10 finalists to attend the Nokia Future Capture Hackathon held in Lund, Sweden, in August 2013. The event was designed to showcase the potential of Nokia's flagship mobile, the Lumia 1020 and its 41-megapixel camera. Relative took the Panna Paint product and made a functional application for Windows Devices. This app has gone on to receive just under 24,000 downloads and is featured in the Nokia Collection of the Windows App Store. In March 2014, Relative will be attending South by Southwest (SXSW) in Austin, Texas, with a new version of the B++ platform as part of Hackney House's award winning trade mission.

Later in the year Relative was approached to work with Team GB to deliver the visual digital content for the British Olympic Association Ball in October 2013. This event was held at the Grosvenor Hotel in London and is a major fundraising event in the British Olympic Team's calendar.

Since the year-end, the work the team has put into the business is now starting to bear fruit. Relative has now built a strong pipeline of potential work, with a number of good size contracts in the latter stages of negotiation. Whilst there can be no certainty to the signing of new contracts, the Directors are increasingly and cautiously optimistic that the strategy of the production business is now on the right path and we look forward to updating the market further on this as and when appropriate.

Ve Interactive Ltd

During the year to 30 September 2012, the Group recognised the progress that Ve Interactive has made since the Group's original investment by uplifting the value of its holding from £101,111 to £910,000. In this period, the Company has realised over 50% of this value by selling a portion of the asset at the uplifted value.

Management Changes

The Board is pleased with the additions made to the management team during this period.

In February 2013, Ximo Peris joined the team as Youth Development Director on the Passion Project. Ximo previously worked with the London 2012 bid team to deliver the Computer Generated Imagery ("CGI"), as well as co-ordinating an extensive team, to create the images and film sequences that communicated the Olympic vision to a global audience. Subsequently, Ximo worked with Crystal CG as part of the team that delivered the digital content for the London 2012 Olympic and Paralympic Games.

In his role within Milestone's Passion Project, Ximo has been working with a number of focus groups incorporating a broad spectrum of diverse young people and initiatives from across London. The aim of engaging and working alongside focus groups is to collaborate and elicit feedback on the development of the Passion Project's methodology ensuring it meets the target audience's needs and expectations.

In March 2013, Mike Bennett left Oil in order to concentrate on his other business activities and was replaced by Darren Groucutt as the Creative Director of Oil. Darren was previously employed at Crystal CG International as the Creative Director responsible for film and animation, during which time he worked on the concept, delivery and direction of extensive high-level digital content for the London 2012 Olympic and Paralympic Games. Darren is keen to build upon his past successes and is focused upon building a team of young creative talent. It is a testament to the Company's vision for both Relative and the Group as a whole that two highly talented and industry-renowned creative individuals such as Darren and Ximo have chosen to join our team.

In May 2013, Kevin Everett was appointed to the Board of Milestone as a Non-Executive Director. Kevin is currently Treasurer and Chairman of the Board of the Sir John Cass Foundation. Kevin has over 22 years experience in the charitable sector and is a common councilman of the City of London Corporation. During his career, Kevin has balanced professional and charitable careers, particularly focusing on business and education. He has vast experience in connecting foundations with the corporate sector, a model now used by industry to bring education and employers closer together. One of his key responsibilities as a member of the Milestone team will be to lead the development of the Foundation, its Board of Trustees and its advisory board.

Financial Summary

During the year, the Group's net loss was £980,570 (2012: £1,395,630), which includes a realised gain on the sale of investments of £440,605. Revenues were £152,373 (2012: £766,391) due to a large amount of work being carried out to develop the internal projects, including the Passion Project, SFK and OnGuard.

These products are now in the position to create revenues, as well as delivering inspiring change to the lives of young people and the opportunity to attract social impact funding. Net Liabilities at the period end were £1,017,950 (2012: £108,346).

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

Funding

During the year, the Company issued 44,200,877 new ordinary shares for a total consideration of £508,650 of which £407,500 was received in cash, £46,000 was in exchange for goods or services received and the remainder was part of the purchase of the FEDS Software and of Oil Productions Ltd.

Since the year-end, the Company has issued 33,986,235 new ordinary shares, raising £258,813 in cash, exchanging £17,049 worth for services and £48,000 for the final tranche of the purchase of Oil Productions. The Company continues to carefully manage its working capital position and will need to raise further monies through subscriptions for new shares in the short term to continue to support its business activities until they are fully revenue generating.

The Company is firmly focused on generating revenue through all of its activities as well as developing further opportunities. Protecting the interest of the Company's current shareholders is a priority and the Board's strategy is to seek to raise funds on a basis that is fair to all.

Outlook

The Directors believe that Milestone has come through an extensive period of redevelopment and has now established a demonstrable base from which new and sustainable revenues and growth can be delivered across each of its exciting projects.

Deborah White
Chief Executive Officer and Interim Chairman
25 February 2014

Board of Directors

Directors at 25 February 2014:

Deborah White, Chief Executive Officer and Interim Chairman

- served as Non-Executive Director, 15 January 2008 to 31 March 2008
- appointed as Chief Executive Officer, 31 March 2008
- appointed as Executive Director (combining functions of Chief Executive Officer and Chairman), 4 February 2010

Jim Brown, Group Financial Director

- appointed as Group Financial Director, 10 July 2012

Anthony Sanders, Technical and Development Director

- appointed as Technical and Development Director, 28 December 2011

David Hill, Non-Executive Director

- appointed as Non-Executive, 15 August 2011

Kevin Everett, Non-Executive Director

- appointed as Non-Executive, 16 May 2013

Company Secretary:

Jim Brown

- appointed 1 February 2013

Company Details:

Address and Registered office:

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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, 61 Cheapside, London EC2V 6AX

Brokers: Hybridan LLP, 29 Throgmorton Street, London EC2N 2AT

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

Solicitors: Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH

Strategic Report for the year ended 30 September 2013

Results and dividends

The consolidated results of the Group for the year are set out on page 19 of this report and show the loss for the year of £980,570 (2012: £1,395,630) with total revenues of £152,373 (2012: £776,391).

The Directors are unable to recommend the payment of a dividend (2012: 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 sector. Milestone brings together media practices and technology to deliver interactive digital solutions across web, phone and portable media, whilst supporting social change.

Key performance indicators ("KPIs")

The principal focus of the Group has been to create a sustainable, profitable business that also delivers positive social change and impact. Each of the projects have now been launched and the Board will monitor financial and non-financial performance indicators appropriate to each of the projects and activities as they are developed.

The key performance indicators for the Group's operations during the year are the control of central costs against expected future benefits, along with revenues and contribution levels for all projects.

Financial instruments and principal risks and uncertainties

The Group had £470,937 of interest bearing loans outstanding at the year-end (2012: £422,114). 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 19 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

Financial instruments and principal risks and uncertainties (continued)

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 projects and platforms are rolled out by the Group, the risks impacting the Group will change and these changes will be expanded upon as the various projects and initiatives are commercialised.

Events after the Reporting Period

Events after the reporting period are set out in note 28 to the financial statements.

Going Concern

Whilst the Group has made a loss in the year and had net liabilities of £1,017,950 (2012: £108,346) 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

Deborah White
Chief Executive Officer and Interim Chairman
25 February 2014

Report of the Directors for the year ended 30 September 2013

The Directors present their report together with the audited financial statements for the year ended 30 September 2013.

Directors in the year

Deborah White, Chief Executive Officer and Interim Chairman
Jim Brown, Group Finance Director
Anthony Sanders, Technical and Development Director
David Hill, Non-Executive Director
Kevin Everett, Non-Executive Director (appointed 16 May 2013)

Substantial shareholdings

So far as the Company is aware and subject to any new notifications received after 25 February 2014, 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 25 February 2014	
Deborah Jane White	34,883,774	(7.73%)
HBS 049 Limited	30,000,000	(6.65%)
Paul Stephen Musgrove	22,766,268	(5.01%)
BGP Global Services Ltd	19,487,013	(4.32%)
Portland Services Morocco Sarl.	16,666,667	(3.69%)
Martin King	13,667,049	(3.03%)
Andrew Beddows	13,582,722	(3.01%)

Communication with shareholders

The annual report and accounts and the interim statement at each half year are the primary vehicles for communication with shareholders. These documents are also distributed to other parties who have expressed an interest in the Group's performance. 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.

Communication with shareholders (continued)

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.milestonegrup.co.uk/investors. 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 Group activities. The Board recognises its responsibility to the environment in areas such as energy management, paper usage, waste reduction and recycling, and communications.

The Board are also focused on ensuring that there is positive social change alongside the commercial aspects of the business. Further information on the steps being taken to deliver this can be found in the Chairman's Statement on pages 2 to 6 of this report.

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 three Executive Directors, Deborah White, Jim Brown and Anthony Sanders, and two Non-Executive Directors, David Hill and 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 continuous 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 6 of the financial statements. Future remuneration will be dependent on the growth of the Company.

Director's Profiles

Deborah White,
Chief Executive Officer and Interim Chairman

Deborah has over 20 years experience in the Financial Services sector and has built a number of successful businesses. Seeing the potential of Milestone Group PLC, she personally acquired a major stake in the business and took the position of CEO in 2008. Since then, she has driven substantial change in the Company through her leadership, vision and extensive network of key industry contacts. The Company is now firmly positioned as a digital media and technology group.

Deborah is passionate about making a difference, both in the business community and society in general. From this vision, the Passion Project was formed. It has been refined over a number of years and has been designed to use media and technology to bring together many different strands of society for the purpose of unlocking both human and commercial potential.

Jim Brown,
Group Finance Director

Jim qualified as a Chartered Accountant in 1989 and spent most of his career with Andersen (formerly Arthur Andersen) in London and Bristol, working with a range of private and listed companies. More recently he was a partner at Baker Tilly LLP and then at BDO LLP. Jim is focused on driving rapid and profitable growth, implementing excellent financial management standards and managing corporate transactions.

Anthony Sanders,
Technical and Development Director

Tony has over 30 years technology experience and has been responsible for growing several businesses and overseeing the development of a number of award winning products. He has worked for various companies including British Telecom, ICM (Phoenix IT Group PLC), Thorn EMI and Hill Samuel.

From 1997, Tony focussed on developing IT businesses within the Business Continuity and IT Services arena. He was founding director of Assurity Europe Ltd and oversaw its growth and subsequent sale to the ICM Computer Group PLC, where he took up the role of Technical and Operations Director. Most recently he was Technical and Development Director for ICM (Phoenix IT Group PLC) where he was responsible for the business and product development strategy.

David Hill,
Non-executive Director

After graduating from the University of Birmingham with a Bachelor of Commerce in Accounting & Finance, David joined Price Waterhouse principally in the Corporate Recovery team before changing direction and moving to the City. Since then he has spent over 15 years in the City, initially in Investment Banking with Nomura and Deutsche Bank before moving into Asset Management where he was most recently the Fixed Income Chief Operating Officer for Aberdeen Asset Management ("AAM"). David was a member of AAM's risk management committee as well as a fiduciary company director of various AAM subsidiary entities, registered and regulated by the FSA.

Directors' profiles (continued)

Kevin Everett,
Non-executive Director

Kevin has extensive strategic, operational and financial experience. He has balanced professional and charitable careers, particularly focusing on business and education. He has vast experience in connecting foundations with the corporate sector, a model now used by industry to bring education and employers closer together.

Kevin is currently Treasurer and Chairman of the Board of the Sir John Cass Foundation. During his 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 Sir John Cass' Foundation's grant capacity and benefit from £300k to over £5m.

In his early career, Kevin was a voluntary youth leader in Tower Hamlets, a role he held from 1971 to 1984. This led in the early 1990s to the building of a Mental Health Resource Centre in the area. Kevin has previously served as a director on a number of Boards, both commercial and not for profit. He is also a Chairman of the Valuation Tribunal for England.

Kevin is a key player in the development of a number of Milestone's initiatives and will be taking the lead on the further 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 25 February 2014 (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 25 February 2014	Ordinary shares of 0.1p each held at 30 September 2013	Ordinary shares of 0.1p each held at 30 September 2012
Deborah Jane White	34,883,774	34,883,774	34,833,774
Jim Brown	-	-	-
Anthony Sanders	1,500,000	1,500,000	1,500,000
David Hill	1,000,000	1,000,000	1,000,000
Kevin Everett	-	-	-

No Directors' share options were exercised in the year (2012: nil) and there were 10,000,000 Directors options outstanding at the end of the year.

Details of any Directors' interests in transactions of the Group are given in note 24 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 9.

Events after the Reporting Period

Events after the reporting period are set out in note 28 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Strategic Report and a Directors' report that comply with the requirements of the Companies Act 2006.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

Group financial statements (continued)

A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent Company financial statements

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

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

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 ongoing integrity of the financial statements contained therein.

By order of the Board

Deborah White
Chief Executive Officer and Interim Chairman
25 February 2014

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONE PLC

We have audited the group financial statements of Milestone Group PLC for the year ended 30 September 2013, which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Cash Flows, the Group Statement of Changes in Equity and the related notes 1 to 28. 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2013 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern.

Emphasis of matter - Going concern (continued)

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 key projects which have not yet 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.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- 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.

Other matter

We have reported separately on the parent company financial statements of Milestone Group PLC for the year ended 30 September 2013.

James Keeton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 25 February 2014

Consolidated statement of comprehensive income for the year ended 30 September 2013

	Note	2013	2012
		£	£
Revenue	1, 4	**152,373**	**776,391**
Cost of sales		(119,924)	(429,345)
Gross Profit		**32,449**	**347,046**
Other operating income		287,500	2,500
Realised gain on disposal		440,605	-
Administrative expenses	5	(1,632,909)	(1,641,338)
		(904,804)	(1,638,838)
Loss from operations	5	**(872,355)**	**(1,291,792)**
Finance expense	7	(108,232)	(169,552)
Finance income		17	94
Loss before taxation		**(980,570)**	**(1,461,220)**
Taxation credit	8	-	65,590
Net loss for the year		**(980,570)**	**(1,395,630)**
Items which may be reclassified subsequently to profit or loss			
Adjustment in carrying value of available for sale investments		(23,160)	808,889
Recycling of realised gain on sale of available for sale financial assets	13	(440,605)	-
Total comprehensive loss for the year		**(1,444,334)**	**(586,741)**
Attributable to owners of the parent		**(1,444,334)**	**(586,741)**
Basic and diluted loss per share (pence)	10	**(0.24)**	**(0.42)**

The notes on pages 23 to 47 form part of these financial statements.

Consolidated statement of financial position at 30 September 2013 Company No: 04689130

	Note	2013	2012
		£	£
Non-current assets			
Intangible assets	11	189,488	540,342
Available for sale investments	13	454,763	971,713
		644,251	**1,512,055**
Current assets			
Trade and other receivables	14	50,728	87,195
Cash and cash equivalents		17,025	40,409
		67,753	**127,604**
Current liabilities			
Trade and other payables	15	(1,259,017)	(1,165,891)
Interest bearing loans	16	(470,937)	(422,114)
		(1,729,954)	**(1,588,005)**
Non-current liabilities			
Deferred tax liabilities	18	-	-
Other payables	17	-	(160,000)
		-	**(160,000)**
Net liabilities		**(1,017,950)**	**(108,346)**
Capital and reserves attributable to owners of the Company			
Share capital	20	417,178	372,977
Share premium account		11,847,178	11,395,961
Shares to be issued		109,313	70,000
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained losses		(27,244,108)	(25,799,773)
Total Equity		**(1,017,950)**	**(108,346)**

The financial statements were approved by the Board and authorised for issue on 25 February 2014

Deborah White
Chief Executive Officer and Interim Chairman

The notes on pages 23 to 47 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2013

Cash flow from operating activities	**Note**	**2013**	**2012**
		£	**£**
Loss for the year		**(980,570)**	**(1,395,630)**
Adjustments for:			
Amortisation of intangible assets		37,814	248,779
Depreciation of tangible assets		-	8,293
Realised gain on disposal of investments		(440,605)	-
Impairment of goodwill		313,040	-
Net bank and other interest charges		108,215	169,428
Issue of share options / warrants charge		-	32,909
Services settled by the issue of shares		16,768	25,495
Adjustment to deferred consideration payable		(280,000)	(45,025)
Release of deferred tax provisions		-	(65,590)
Net cash before changes in working capital		**(1,225,338)**	**(1,021,341)**
Decrease / (increase) in trade and other receivables		36,468	169,516
(Decrease) / increase in trade and other payables		275,219	(38,844)
Cash from operations		**(913,651)**	**(890,669)**
Interest received		17	94
Interest paid		(2,248)	(5,035)
Net cash flows from operating activities		**(915,882)**	**(895,610)**
Investing activities			
Proceeds from sale of held for sale investments		447,135	-
Net cash flows used in investing activities		**447,135**	**-**
Financing activities			
Issue of ordinary share capital		407,500	812,386
Repayment of loan		(93,137)	(3,500)
New loans raised		131,000	39,020
Net cash flows from financing activities		**445,363**	**847,906**
Net (decrease) / increase in cash		**(23,384)**	**(47,704)**
Cash and cash equivalents at beginning of year		40,409	88,113
Cash and cash equivalents at end of year	27	**17,025**	**40,409**

Consolidated statement of changes in equity for the year ended 30 September 2013

	Share Capital £	Share Premium £	Shares to be issued £	Other Reserves £	Retained Earnings £	Total Equity £
Balance at 30 Sept 2011	**289,228**	**10,641,830**	**-**	**13,852,489**	**(25,245,941)**	**(462,394)**
Loss for the year	-	-	-	-	(1,395,630)	(1,395,630)
Other comprehensive income	-	-	-	-	808,889	808,889
Shares issued	83,749	754,131	-	-	-	837,880
Share options/ warrants	-	-	-	-	32,909	32,909
Reclassification from trade and other payables	-	-	70,000	-	-	70,000
Balance at 30 Sept 2012	**372,977**	**11,395,961**	**70,000**	**13,852,489**	**(25,799,773)**	**(108,346)**
Loss for the year	-	-	-	-	(980,570)	(980,570)
Other comprehensive income	-	-	-	-	(463,765)	(463,765)
Cash received in advance of share issue	-	-	69,313	-	-	69,313
Shares issued	44,201	451,217	(30,000)	-	-	465,418
Share options/ warrants	-	-	-	-	-	-
Balance at 30 Sept 2013	**417,178**	**11,847,178**	**109,313**	**13,852,489**	**(27,244,108)**	**(1,017,950)**

On the acquisition of FEDS / LIMIT the deferred consideration is payable in shares at a fixed market price. This deferred consideration is payable on the achievement of certain performance criteria. Part of these criteria has been met with the issue of £30,000 worth of shares, the remaining criteria are also expected to be met.

Prior to the year-end, cash of £69,313 was received in advance of the issue of the associated equity shares, which were issued to subsequent to the balance sheet date.

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

Notes to the consolidated accounts for the year ended 30 September 2013

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 1st Floor, 2 Royal Exchange Steps, The Royal Exchange, London EC3V 3DG and this is its principal place of business.

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.

New standards, interpretations and amendments effective from 1 October 2012

None of the new standards, interpretations and amendments, effective for the first time from 1 October 2012, have had a material effect on the financial statements.

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. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic report and the Director's report. In addition note 19 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 balance sheet position as at 30 September 2013, being the Group's financial year-end, was £1,017,950 (2012: £108,346). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £258,813 in cash, exchanged £17,049 worth of shares for services received and £48,000 worth of shares as part payment of the second tranche of the acquisition of Oil Productions.

Going Concern (continued)

The Company is reliant upon its continuing ability to manage the timing of settlement both of its current liabilities, many of which are overdue, and future liabilities as they arise. Future fundraising will be required in the immediate to short term thereafter. As such, the Directors intend to strengthen the Company's financial position through a combination of further fundraises in the immediate to short term and from trading activities.

The future business model is based around generating revenue through it's subsidiary, Relative, as well as through its projects. The Group is already producing revenues although progress with some of the technologies has been slower than expected. As a result the Board has prepared forecasts to reflect this and the agreements that have or are expected to be entered into. These forecasts show the business being profitable and cash generative in the future. However, achieving these forecasts will be dependent upon achieving sales and obtaining sufficient funding to settle existing and future obligations. Should any of these factors not deliver the funding envisaged by the Directors, then alternative sources of funds would be needed, any discussions for which have not been initiated.

The Directors have concluded that the need to generate future funds from further fundraising and from trading activities to satisfy the settlement of its ongoing 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 2013. 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.

Research and development

Expenditure on research activities is recognised as an expense in the period on 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.

Available for sale investments

Investment balances are initially recorded at fair value which is deemed to be cash amounts paid on acquisition. They are accounted for as available for sale financial assets. The equity instruments are not traded on a quoted market, however the Directors use information from transactions undertaken in the equity of these businesses to assess the fair value of the investments held. Where no such or insufficient information and transactions have occurred the asset is held at cost on acquisition.

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures, fittings, computer and office equipment:	*10-50% per annum or over the period of the licence*

The assets' residual values and useful lives are reviewed at each end of reporting period and adjusted if appropriate.

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 issues. 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 (continued)

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 each end of 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 asset's 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 shares to be issued in consideration for the acquisition of FEDS / LIMIT and for 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.
- *Capital redemption reserve* represents the nominal value of shares repurchased by the Company.
- *Retained earnings* represents 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.

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. For trade receivables, which are reported net, such provisions are reported in a separate allowance account with the loss being 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.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the statement of financial position. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited to current liabilities until the debt is converted or repaid. It is shown under other financial liabilities. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate. Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Share based payments

When share options are awarded, the fair value of the options 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 that eventually vest. Market conditions are factored into the fair value of the options 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 are modified before they vest, the increase in fair value of the options, 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, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Standards issued by the International Accounting Standards Board (IASB) not effective for the current year and not adopted by the Group.

The following standards and interpretations have been issued by the IASB. They become effective after the current year and have not been early adopted by the Group:

Name	Mandatory effective date	Description and guidance	To be adopted in the year ending
IFRS13 – Fair Value Measurement	1 January 2013	The standard establishes a single frame-work for measuring fair value when required by other standards.	30 September 2014
IFRS 10 – Consolidated Financial Statements	1 January 2014	The standard addresses the concept of control as the determining factor in whether or not an entity should be included in the consolidated financial statements of the parent company. This standard must be applied concurrently with: IFRS 11 – joint arrangements IFRS 12 – Disclosure of interests in other entities IAS 27 Revised – separate financial statements IAS 28 Revised – investments in associates and joint ventures	30 September 2014

Share based payments (continued)

The impact on the Group's financial statements is not expected to be material.

There are a number of other standards that have been drafted, primarily as a result of the IASB improvement programme, that have yet to be endorsed by the EU. These are not listed here as they have not yet been endorsed by the EU. The Directors have reviewed these standards and do not believe that the impact on the Group's financial statements is, or will 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).

Going concern

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

Available for sale investments

Management have considered the carrying value of available for sale investments which are held at cost or fair value. The carrying value of investments is discussed further in note 13.

Impairment of goodwill and other intangibles

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Other intangible assets are tested for impairment if there are any indicators of impairment during the period. The recoverable amount of goodwill and other intangibles is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 11.

Determination of fair values of intangible assets acquired in business combinations

The fair values of customer relationships acquired in the business combination are based upon the estimated cash flows arising from that relationship over the expected life of the customer.

Contingent consideration

As part of the acquisition of Oil Productions Limited and FEDS / LIMIT the vendors are entitled to consideration dependent upon the acquired businesses performance in the period subsequent to acquisition. The Directors have estimated that the group will meet these performance targets in full and has provided accordingly the maximum consideration amount payable. These estimates are updated as actual levels of contingent consideration are either agreed or better information about the likely amounts payable becomes available.

Warrant and share options issued

Where warrants and share options have been issued the fair value of the share options was estimated at the date of the grant using the Black-Scholes model, taking into account the terms and conditions upon which they were granted. The charge for these payments is then recognised in line with the vesting period. Actual outcomes may vary. More information including the inputs used for the valuation is included in note 21.

3. Segment analysis

The Board have reviewed the requirements under IFRS8 Segmental Reporting and have concluded that, with the acquisition of Oil Productions Limited, a second reportable segment was created in the business.

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

Following the acquisition of Oil Productions in August 2011, the Group now 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.

3. Segment analysis (continued)

Year to 30 September 2013	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**6,200**	**146,173**	**152,373**
Finance income	17	-	17
Finance expense	(104,745)	(3,487)	(108,232)
Depreciation & Amortisation	(37,814)	-	(37,814)
Segment loss before tax	**(610,309)**	**(370,261)**	**(980,570)**

Year to 30 September 2012	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**-**	**776,391**	**776,391**
Finance income	88	6	94
Finance expense	(165,237)	(4,285)	(169,522)
Depreciation & Amortisation	(44,511)	(212,561)	(257,072)
Segment loss before tax	**(1,052,896)**	**(408,324)**	**(1,461,220)**

£40,207 of revenues recognised in Oil Productions for the year are generated from sales to one customer (2012: £281,238).

As at 30 September 2013	Milestone	Oil Productions	Total
	£	£	£
Adjustments to carrying value of available for sale investments	(23,160)	-	(23,160)
Realised gain on sale of available for sale financial assets	(440,605)	-	(440,605)
Impairment of Goodwill	-	(313,040)	(313,040)
Total Segment Assets	**598,038**	**114,006**	**712,044**
Total Segment Liabilities	**(1,043,839)**	**(686,115)**	**(1,729,954)**

As at 30 September 2012	Milestone	Oil Productions	Total
	£	£	£
Adjustments to carrying value of available for sale investments (note 13)	808,889	-	808,889
Total Segment Assets	**1,201,231**	**438,428**	**1,639,659**
Total Segment Liabilities	**(1,355,796)**	**(392,209)**	**(1,748,005)**

4. Revenue

Revenue in the year was £152,373 (2012: £766,391).

5. Expenses by Nature

The following amounts are included within administrative expenses:

	2013	2012
	£	£
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	21,100	19,500
Fees for taxation compliance services	3,000	3,000
Depreciation, amortisation and impairment:		
Property, plant and equipment	-	8,293
Software Licenses	37,814	36,218
Customer relationships	-	212,561
Impairment of goodwill	313,040	-
Staff costs (note 6)	676,473	716,410
Grant of share options	-	32,909

6. Directors and staff

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

	2013	2012
	£	£
Wages and salaries	610,775	639,352
Social security costs	65,698	77,058
	676,473	**716,410**

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

	2013	2012
	no.	no.
Sales and distribution	8	8
Directors and administration	8	6
	16	**14**

6. Directors and staff (continued)

Remuneration in respect of the Directors, who are the key management personnel of the Group, and other key management personnel was as follows:

	2013	2012
	£	£
Deborah White	120,000	120,000
Jim Brown	33,825	6,750
Anthony Sanders	114,000	89,885
David Hill	24,000	24,000
Guy van Zwanenberg	-	22,275
Kevin Everett	12,000	-
Total Directors emoluments	303,825	262,910
Remuneration for additional key management	-	61,778
Employers national insurance and share option charges for key management personnel (including directors)	32,015	54,819
	335,840	**379,507**

The emoluments accruing to each of the Director's during the year is shown in the table above. Of these amounts accrued £214,375 due to Directors at the year end was unpaid. Details of the total amounts outstanding to the Directors at the period end are detailed in note 15.

7. Finance Expenses

	2013	2012
	£	£
Trade Interest	2,789	5,035
Loan Interest	85,443	103,487
Discounting of non-current liability in year	20,000	61,000
	108,232	**169,522**

8. Tax on loss on ordinary activities

	2013 £	2012 £
Loss from operations before tax	(980,570)	(1,461,220)
Loss from operations at the standard rate of corporation tax in the UK of 23.5% (2012: 25%)	(230,434)	(365,305)
Effects of:		
Expenses not deductible for tax purposes	86,444	66,994
Adjustment to deferred consideration not taxable	(65,800)	(11,261)
Capital allowances in excess of depreciation	-	2,073
Unutilised tax losses and other deductions	209,790	307,499
Total current tax charge in the year	-	-
Release of deferred tax provision (note 18)	-	(65,590)
Total tax credit / charge in the year	-	(65,590)

Deferred tax assets of approximately £1.79m (Group) 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 £8.40m which 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 (2012: £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 29,179,650 share options outstanding at the year-end (2012: 36,189,300). However, the figures for 2013 and 2012 have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

10. Loss per Share (continued)

	2013			2012		
	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	(980,570)	402,324,052	(0.24)	(1,395,630)	329,982,605	(0.42)

11. Intangible Assets

	Software licenses	Goodwill	Customer relationships	Total
	£	£	£	£
Cost				
Balance as at 1 October 2011	189,073	407,987	242,927	839,987
Balance as at 1 October 2012	**189,073**	**407,987**	**242,927**	**839,987**
Balance as at 30 September 2013	**189,073**	**407,987**	**242,927**	**839,987**
Amortisation and impairment				
Balance as at 1 October 2011	**20,500**	**-**	**30,366**	**50,866**
Amortisation charged in the year	36,218	-	212,561	248,779
Balance as at 1 October 2012	**56,718**	**-**	**242,927**	**299,645**
Amortisation charged in the year	37,814	-	-	37,814
Impairment charged in year	-	313,040	-	313,040
Balance at 30 September 2013	**94,532**	**313,040**	**-**	**650,499**
Net book value				
As at 30 September 2013	**94,541**	**94,947**	**-**	**189,488**
As at 30 September 2012	**132,355**	**407,987**	**-**	**540,342**

Since the period end, the Company has settled in shares the remainder of the phase 2 consideration with the vendors of Oil Productions Ltd. There is no phase 3 consideration payable in accordance with the Share Purchase Agreement.

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

Software licenses	5 years
Customer relationships	1 year

No intangible assets are internally generated.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination.

The Goodwill recorded all relates to the acquisition of Oil Productions Limited in 2011. Management have concluded that this represents one CGU.

Goodwill is not amortised but is tested annually for impairment. To the extent that the carrying value of the cash-generating unit exceeds the value-in-use, determined from estimated discounted future net cash flows, goodwill is written down to the value-in-use and an impairment charge is recognised.

The key assumptions for the value-in-use calculation using projected cash flows based on forecasts approved by management, as projected over the estimated useful life of goodwill, are those regarding the discount rates and growth rates during the period. A growth rate of 2% was used in the calculation being based upon the long term UK growth rate and has been applied to the period subsequent to forecasts approved by management. A pre-tax discount rate of 20%, being an estimate of the Group's weighted average cost of capital, was used in the value-in-use calculation.

The review suggested that the Goodwill in Oil Productions has been impaired on a value-in-use basis and therefore an impairment charge of £313,040 has been recognised in the statement of comprehensive income (2012: nil).

All other impairment review sensitivity analyses indicated that no reasonably foreseeable change in key assumptions would give rise to further impairment charges. Were the discount rate to increase to 25% then this would result in the carrying value being impaired by a further £30,000.

Subsidiaries as at 30 September 2013 were:

- Oil Productions Limited
- OnSide Now Limited, dormant
- Nexstar League Limited, dormant

12. Property, plant and equipment

	Fixtures, Fittings and Equipment	Total
	£	£
Cost		
At 1 October 2011	161,223	161,223
Disposals	(14,232)	(14,232)
At 30 September 2012	**146,991**	**146,991**
At 1 October 2012	146,991	146,991
Additions / Disposals	-	-
At 30 September 2013	**146,991**	**146,991**
Depreciation		
At 1 October 2011	152,930	152,930
Charge for year	8,293	8,293
Disposals	(14,232)	(14,232)
At 30 September 2012	**146,991**	**146,991**
At 1 October 2012	146,991	146,991
Charge for year / Disposals	-	-
At 30 September 2013	**146,991**	**146,991**
Net book value		
At 30 September 2013	**-**	**-**
At 30 September 2012	-	-

13. Available for sale investments

	Level 2	Total
	£	£
Cost		
At 1 October 2011	162,824	162,824
Adjustment to fair value	808,889	808,889
At 30 September 2012	**971,713**	**971,713**
At 1 October 2012	971,713	971,713
Adjustment to fair value	(23,160)	(23,160)
Disposals	(493,790)	(493,790)
At 30 September 2013	**454,763**	**454,763**
Net book value		
At 30 September 2013	**454,763**	**454,763**
At 30 September 2012	971,713	971,713

Categorisation within the IFRS 7 fair value hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

During the period, the Directors have considered the information, including market transactions undertaken by the companies with third parties in relation to their equity instruments, relating to the fair value of the Group's available for sale investments. The fair value of all available for sale investments have been measured in accordance with level 2 of the hierarchy. There are no investments in level 1 or 3. The Directors have concluded that the fair value of the available for sale investments is in excess of cost. This increase in the Group's holding has been reflected through the other comprehensive income.

In considering the carrying value of the available for sale investments, the Directors note that third parties have continued to invest in the two businesses above since
the end of the reporting period at a price equal to the carrying value in the financial statements at the year-end.

14. Trade and other receivables

	2013	2012
	£	£
Trade receivables	1,800	26,215
Other receivables	48,443	45,525
Prepayments and accrued income	485	15,455
	50,728	**87,195**

Trade receivable days at the year-end were 4 days (2012: 10 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 (2012: nil). No amounts included within trade and other receivables are expected to be recovered in more than one year (2012: 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.

The ageing of trade receivables that have not been provided for are:

	2013	2012
	£	£
Not yet due		
0 - 29 days	1,800	26,215
Overdue		
30 - 59 days	-	-
	1,800	**26,215**

15. Trade and other payables

	2013	2012
	£	£
Trade payables	406,049	407,777
Other payables	169,523	250,989
Taxation and social security	207,708	168,576
Financial liabilities held at amortised cost	40,000	40,000
Accruals and deferred income	435,737	298,549
	1,259,017	**1,165,891**

Included in payables and accruals are amounts of £149,347 and £130,875 (2012: £156,347 and £6,750) relating to unpaid 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.

On 15 August 2011, the Group acquired 100% of the voting equity instruments of Oil Productions Limited. Contingent consideration of £400,000 was discounted at 20%. At 30 September 2012 this amounted to a total of £308,975. Since that date, this further consideration has been reduced to £48,000, which is included in other payables and has been settled through the issue of shares post year-end. The remaining liability has been written off.

16. Interest bearing loans and borrowings - due within one

	2013	2012
	£	£
Interest bearing loans	470,937	422,114
	470,937	**422,114**

Loan balances are unsecured and have no fixed repayment schedule.

The interest charge in the consolidated statement of comprehensive income for the year was £108,232 (2012: £103,487).

17. Non-current liabilities

	2013	2012
	£	£
Contingent consideration	-	160,000
	-	**160,000**

On 15 August 2011, the Group acquired 100% of the voting equity instruments of Oil Productions Limited. Contingent consideration of £400,000 was discounted at 20%. At 30 September 2012 this amounted to a total of £308,975, partly held as a current liability with other payables. Since that date, this further consideration has been reduced to £48,000, which is included in other payables and has been settled through the issue of shares post year-end. The remaining liability has been written off.

18. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a rate of 20% (2012: 23%). Recognised deferred tax liabilities for 2013 are nil (2012: nil).

A deferred tax asset of £1.79m, arising principally from losses in the Group, has not been recognised (2012: £1.81m). 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.

19. 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 available to sale investments, 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 convertible loan instruments.

Credit risk

The Group's principal financial assets are available for sale assets, 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. Due to their nature, the Directors do not deem the available for sale assets to be exposed to high credit risk.

Interest rate risk

The Group finances its operations at present through funds raised on share placings and loan facilities provided by individuals. The Group manages its exposure to interest rate fluctuations by agreeing fixed interest charge terms on borrowings to reduce the impact of interest rate fluctuations.

Equity Risk

The Group's principal equity risk relates to the carrying value of its available for sale investments which are carried at fair value in the consolidated financial statements. The underlying investments are in unquoted entities and the Group monitors its potential exposure to changes in the value of the equity investment held by receiving regular updates of the performance and plans from the companies in which it has invested.

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 ongoing 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 £470,937 at the year end (2012: £422,114).

Liability maturity analysis

2013	Repayable on demand or within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade payables	406,049	-	-
Other trade payables	18,442	80,479	-
Financial liabilities held at amortised cost	-	40,000	-
Accruals and deferred income	-	435,737	-
Interest bearing loans	-	470,937	-

2012	Within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade payables	407,777	-	-
Other trade payables	23,675	201,980	-
Financial liabilities held at amortised cost	-	40,000	-
Accruals and deferred income	6,750	291,799	-
Interest bearing loans	-	422,114	-

Within interest bearing loan balances at the year end is a £160,000 convertible loan (2012: £160,000). The terms of the conversion are that the lender can convert the outstanding balance at any point into share capital of the Group at a discount of market price of 20%. (2012: 20%).

The Directors reviewed the terms of the arrangements and noted that they are likely to always be converted. As a result the Directors calculated the fair value of this conversion and recognised it in full on inception of the agreement in 2010. A charge of £40,000 was recognised in respect of this charge during the inception year.

Interest is payable on the convertible loan balances at a rate of 18%. Interest on accrued balances is £54,260 in the year (2012: £103,487). No interest is payable on the other loan balances.

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. Interest was payable on loan balances of 18%. The Group's working capital commitments are reviewed on an ongoing basis with reference to the dates when liabilities are to be repaid.

Interest on overdraft balances is charged at 12%.

20. Share Capital

	2013	2012
	£	£
Authorised		
2,267,095,595 (2012: 2,267,095,595) ordinary shares of 0.1p (2012: 0.1p) each	2,267,096	2,267,096
	2,267,096	**2,267,096**
Allotted, called up and fully paid		
417,178,253 (2012: 372,977,376) ordinary shares of 0.1p (2012: 0.1p) each	417,178	372,977
	417,178	**372,977**

On 26 October 2012 the Company announced that it had agreed to issue 434,782 ordinary shares of 0.1p each for a cash consideration of £5,000.

On 23 October 2012 the Company announced that it had agreed to issue 3,000,000 ordinary shares of 0.1p each for settlement of outstanding trade payables of £30,000.

On 21 November 2012 the Company announced that it had agreed to issue 16,666,667 ordinary shares of 0.1p each for a cash consideration of £250,000.

On 23 January 2013 the Company announced that it had agreed to issue 3,896,104 ordinary shares of 0.1p each for the second tranche due of £30,000 for the acquisition of FEDS / LIMIT.

On 19 February 2013 the Company announced that it had agreed to issue 3,353,324 ordinary shares of 0.1p each for payment for the second tranche due of £25,150 for the acquisition of Oil.

On 19 March 2013 the Company announced that it had agreed to issue 10,250,000 ordinary shares of 0.1p each for a cash consideration of £102,500.

On 30 May 2013 the Company announced that it had agreed to issue 6,600,000 ordinary shares of 0.1p each for a cash consideration of £50,000 and for settlement of outstanding trade payables of 16,000.

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

21. Share Warrants

At the 30 September 2013, the Company had the following warrants in issue:

	Date warrant granted	Number of shares outstanding at 1 Oct 2012	Warrants granted during the year	Shares forfeited / expired / waived / during the year	Warrants outstanding at 30 Sept 2013	Option price
David Hill	15/08/2011	500,000	-	500,000	-	1.75p
		500,000	-	-	500,000	2.25p
Misc	15/08/2011	9,594,650	-	9,594,650	-	1.75p
Warrants		9,594,650	-	-	9,594,650	2.25p
Weighted average exercise price		2.25p				

21 Share Warrants (continued)

The vesting requirements of the warrants issued at 2.25p are that they become valid from the date of grant until 15 August 2014. No other conditions exist; the warrants are not dependent on future goods or services.

The fair value of the share warrants was estimated at the date of the grant using the Black-Scholes model, 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 extended in 2012.

Weighted average share price (pence)	0.95p
Weighted average exercise price (pence)	2.25p
Option life (years)	1
Risk free interest rate (%)	2
Dividend yield	0
Volatility (%)	60

The expected volatility was based on historic volatility and reflects the assumption that the historical volatility is indicative of future trends, which many 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 charge recognised in the consolidated statement of comprehensive income for share warrants was £nil (2012: £4,170).

22 Capital commitments

There were no capital commitments at 30 September 2013 or 30 September 2012.

23 Share based payment

On 15 August 2011, the Company granted to 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. Since the issue date 5,500,000 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. Since the issue date 2,610,000 options have lapsed.

Details of the Options are as follows:

Holder	Options held at 1 October 2012	Number of new options granted in the year	Number of options forfeited in the year	Options held at 30 September 2013	Option price
Deborah White	6,000,000	-	-	6,000,000	1p
David Hill	4,000,000	-	-	4,000,000	1p
Others	6,000,000	-	2,000,000	4,000,000	1p
Others	-	7,695,000	2,610,000	5,085,000	1.5p
Total	**16,000,000**	**7,695,000**	**4,610,000**	**19,085,000**	

There were no share options exercised during the year (2012: nil).

The fair value of the share options was estimated at the date of the grant using 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: granted in 2011.

Options granted in 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 in 2013	
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

The expected volatility was based on historic volatility and reflects the assumption that the historical volatility is indicative of future trends, which many 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 amount debited to the consolidated statement of comprehensive income for share options was £nil (2012: £28,738).

24 Transactions with Directors and other related parties

Loans from Directors

At 30 September 2013 there were nil loans due to Directors (2012: £nil).

Other transactions with Directors

As stated in note 15 to the accounts a total of £290,222 (2012: £163,097) is due to certain Directors as unpaid remuneration.

Related Party relationship	Transaction amount		Balance owing / owed	
	2013	2012	2013	2012
	£	£	£	£
Purchases from companies in which Directors or their immediate family have a significant controlling interest	33,558	54,686	14,483	13,359
Amounts lent to the Company by immediate family members of the Directors	-	-	30,000	32,000

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

25. Retirement benefit schemes

No payments were made on behalf of Directors to any retirement benefit schemes in the year (2012: nil).

26. Operating lease rental commitments

At 30 September 2013, the Group had commitments under operating leases as follows:

	30 Sept 2013	30 Sept 2012
	Land and buildings	Land and buildings
	£	£
Within one year	54,000	3,750
More than one year	4,500	-
	58,500	**3,750**

27. Notes supporting the cash flow statement

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

	2013	2012
	£	£
Cash available on demand	17,025	40,409
	17,025	**40,409**

28. Events after the Reporting Period

Subscriptions and funding

On 12 November 2013, the Company announced that it had agreed to issue 25,638,735 ordinary shares of 0.1p each for a cash consideration of £177,813, for settlement of outstanding trade payables of £14,574 and as payment of part of the second tranche due of £48,000 for the acquisition of Oil Productions.

On 22 January 2014, the Company announced that it had agreed to issue 8,347,500 ordinary shares of 0.1p each for a cash consideration of £81,000 and for settlement of outstanding trade payables of £2,475.

Passion Project

On 25 November 2013, the Company announced that it had entered into a Legal Agreement with ten leading London professional football clubs' community trust schemes to deliver a pan London community football tournament. The tournament started in Autumn 2013 and concluded with the final at the London Soccerdome on 19 February 2014.

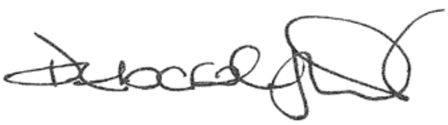
Winning in the Game of Life

On 21 February 2013, the Company announced that it had signed an agreement to expand the scope of the original licence agreement with US based, Spirituality for Kids International Inc. ("SFK"). This expanded collaboration enables Milestone and SFK to generate revenues from the delivery of co-developed and amended programmes, as well as potentially securing social impact funding as a result of the positive changes in behaviour that these programmes and activities can have on young people. Net revenues from the sale of these collaborated materials will be split equally between Milestone and SFK.

Company balance sheet at 30 September 2013 Company No: 04689130

	Note	2013	2012
		£	£
Fixed assets			
Intangible assets	5	94,541	132,355
Tangible fixed assets	6	-	-
Investments	7	200,326	665,195
		294,867	**797,550**
Current assets			
Debtors	8	39,928	192,293
Cash at bank and in hand		8,766	30,907
		48,694	**223,200**
Current liabilities			
Trade and other payables	9	(1,096,656)	(899,819)
Interest bearing loans	10	(470,937)	(422,014)
		(1,567,593)	**(1,321,833)**
Net current liabilities		**(1,518,899)**	**(1,098,633)**
Total assets less current liabilities		**(1,224,032)**	**(301,083)**
Non-current liabilities			
Other liabilities	11	-	(160,000)
		-	**(160,000)**
Net liabilities		**(1,224,032)**	**(461,083)**
Capital and reserves			
Called up share capital	12	417,178	372,977
Share premium account	14	11,847,178	11,395,961
Shares to be issued reserve	14	109,313	70,000
Capital redemption reserve	14	2,732,904	2,732,904
Profit and loss account	14	(16,330,605)	(15,032,925)
Shareholders' funds		**(1,224,032)**	**(461,083)**

The financial statements were approved by the Board and authorised for issue on 25 February 2014



Deborah White
Chief Executive Officer and Interim Chairman

The notes on pages 49 to 55 form part of these financial statements.

Notes to the Company accounts for the year ended 30 September 2013

1. Principal accounting policies

These financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards, and on a going concern basis. The principal accounting policies have remained consistent with those adopted in the previous year.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over the expected useful economic lives on the following basis:

Fixtures, fittings, computer and office equipment:	*10-50% per annum or over the period of the licence*

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 balance sheet date. The recognition of deferred tax assets is limited to the extent that the group 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. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic report and the Director's report. In addition note 19 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.

Going Concern (continued)

The net liability balance sheet position as at 30 September 2013, being the Company's financial year-end, was £1,224,032 (2012: £461,083). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £258,813 in cash, exchanged £17,049 worth of shares for services received and £48,000 worth of shares as part payment of the second tranche of the acquisition of Oil Productions.

The Company is reliant upon its continuing ability to manage the timing of settlement both of its current liabilities, many of which are overdue, and future liabilities as they arise. Future fundraising will be required in the immediate to short term thereafter. As such, the Directors intend to strengthen the Company's financial position through a combination of further fundraises in the immediate to short term and from trading activities.

The future business model is based around generating revenue through it's subsidiary, Relative, as well as through it's projects. The Group is already producing revenues although progress with some of the technologies has been slower than expected. As a result the Board has prepared forecasts to reflect this and the agreements that have or are expected to be entered into. These forecasts show the business being profitable and cash generative in the future. However, achieving these forecasts will be dependent upon achieving sales and obtaining sufficient funding to settle existing and future obligations. Should any of these factors not deliver the funding envisaged by the Directors, then alternative sources of funds would be needed, any discussions for which have not been initiated.

The Directors have concluded that the need to generate future funds from further fundraising and from trading activities to satisfy the settlement of its ongoing 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

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

2. 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 £1,297,680 (2012: £1,052,896). There were no other gains or losses in the year or the prior year other than the loss for the periods.

3. Dividends

No dividends have been paid or proposed in the year (2012: nil).

4. Directors and staff

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

	2013	2012
	£	£
Wages and salaries	354,137	308,185
Social security costs	37,506	34,659
	391,643	**342,844**

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

	2013	2012
	no.	no.
Directors and administration	7	5
	7	**5**

Remuneration in respect of the Directors – see note 6 to the consolidated financial statement.

5. Intangible Assets

	Software Licenses	Total
	£	£
Cost		
At 1 October 2012	189,073	189,073
Additions	-	-
At 30 September 2013	**189,073**	**189,073**
Depreciation		
At 1 October 2012	56,718	56,718
Charge for year	37,814	37,814
At 30 September 2013	**94,532**	**94,532**
Net book value		
At 30 September 2013	**94,541**	**94,541**
At 30 September 2012	132,355	132,355

6. Property, plant and equipment

	Fixtures and Fittings equipment	Total
	£	£
Cost		
At 1 October 2012	139,074	139,074
At 30 September 2013	**139,074**	**139,074**
Depreciation		
At 1 October 2012	139,074	139,074
At 30 September 2013	**139,074**	**139,074**
Net book value		
At 30 September 2013	**-**	**-**
At 30 September 2012	-	-

7. Fixed Asset Investments

	Shares in subsidiary undertakings	Trade Investments	Total
	£	£	£
Cost			
At 1 October 2012	502,371	162,824	665,195
Adjustments	(255,450)	-	(255,450)
Disposals	-	(57,445)	(57,445)
At 30 September 2013	**246,921**	**105,379**	**352,300**
Amounts written off			
At 1 October 2012	-	-	-
Write down in carrying-value	(151,974)	-	(151,974)
At 30 September 2013	**(151,974)**	**-**	**(151,974)**
Net book value			
At 30 September 2013	**94,947**	**105,379**	**200,326**
At 30 September 2012	502,371	162,824	665,195

Since the period end, the Company has settled in shares the remainder of the phase 2 consideration with the vendors of Oil Productions Ltd. There is no phase 3 consideration payable in accordance with the Share Purchase Agreement. This has resulted in an adjustment of £255,450.

Subsidiaries as at 30 September 2013 were:

- Oil Productions Limited
- OnSide Now Limited, dormant
- Nexstar League Limited, dormant

All subsidiaries are wholly owned and incorporated in the United Kingdom.

8. Debtors

	2013	2012
	£	£
Trade debtors	1,800	7,200
Other debtors	37,642	43,601
Amounts owed from group undertakings	-	126,037
Prepayments and accrued income	485	15,455
	39,927	**192,293**

The amounts owed from group undertakings have been full provided for in the year.

9. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	373,118	240,200
Other creditors	126,670	227,315
Other financial liabilities	40,000	40,000
Accruals and deferred income	435,737	298,549
Taxation and Social Security	121,131	93,755
	1,096,656	**899,819**

Included in creditors and accruals are amounts of £159,347 and £130,875 (2012: £156,347 and £6,750) respectively relating to unpaid Directors' remuneration. This has been accrued in accordance with the payments agreed between the Company and Directors.

On 15 August 2011, the Group acquired 100% of the voting equity instruments of Oil Productions Limited. Contingent consideration of £400,000 was discounted at 20%. At 30 September 2012 this amounted to a total of £308,975. Since that date, this further consideration has been reduced to £48,000, which is included in other payables and has been settled through the issue of shares post year-end. The remaining liability has been written off.

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

	2013	2012
	£	£
Interest bearing loans	470,937	422,014
	470,937	**422,014**

Loan balances are unsecured and have no fixed repayment schedule.

The interest charge in the profit and loss account for the year was £104,745 (2012: £103,487).

11. Non-current liabilities

	2013	2012
	£	£
Contingent consideration	-	160,000
	-	**160,000**

In accordance with note 9, the remaining contingent consideration brought forward of £160,000 has been written off.

12. Share Capital

	2013	2012
	£	£
Allotted, called up and fully paid 417,178,253 (2012: 372,977,376) ordinary shares of 0.1p (2012: 0.1p) each	417,178	372,977
	417,178	**372,977**

On 26 October 2012 the Company announced that it had agreed to issue 434,782 ordinary shares of 0.1p each for a cash consideration of £5,000.

On 23 October 2012 the Company announced that it had agreed to issue 3,000,000 ordinary shares of 0.1p each for settlement of outstanding trade payables of £30,000.

On 21 November 2012 the Company announced that it had agreed to issue 16,666,667 ordinary shares of 0.1p each for a cash consideration of £250,000.

On 23 January 2013 the Company announced that it had agreed to issue 3,896,104 ordinary shares of 0.1p each for the second tranche due of £30,000 for the acquisition of FEDS / LIMIT.

On 19 February 2013 the Company announced that it had agreed to issue 3,353,324 ordinary shares of 0.1p each for payment for the second tranche due of £25,150 for the acquisition of Oil.

On 19 March 2013 the Company announced that it had agreed to issue 10,250,000 ordinary shares of 0.1p each for a cash consideration of £102,500.

On 30 May 2013 the Company announced that it had agreed to issue 6,600,000 ordinary shares of 0.1p each for a cash consideration of £50,000 and for settlement of outstanding trade payables of 16,000.

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 21 to the consolidated accounts.

14. Share premium account and reserves

	Share capital	Share premium	Shares to be issued	Profit and loss account	Capital redemption reserve	Total
	£	£	£	£	£	£
At 1 October 2012	372,977	11,395,961	70,000	(15,032,925)	2,732,904	(461,083)
Loss for the year	-	-	-	1,297,680	-	1,297,680
Cash received in advance of share issue	-	-	69,313	-	-	69,313
Share capital issued	44,201	451,217	(30,000)	-	-	465,418
Share options / warrants	-	-	-	-	-	-
At 30 September 2013	**417,178**	**11,847,178**	**109,313**	**(16,330,605)**	**2,732,904**	**(1,224,032)**

On the acquisition of FEDS / LIMIT the deferred consideration is payable in shares at a fixed market price. This deferred consideration is payable on the achievement of certain performance criteria. Part of these criteria has been met with the issue of £30,000 worth of shares, the remaining criteria are also expected to be met.

Prior to the year-end, cash of £69,313 was received in advance of the issue of the associated equity shares which were issued to subsequent to the balance sheet date.

15. Capital commitments

There were no capital commitments at 30 September 2013 or 30 September 2012.

16. Share Based Payment

Details of the share based payments in issue for the Company are as disclosed for the Group in note 23 to the consolidated accounts.

17. Transactions with Directors and other related parties

The Company has taken advantage of section 17 of Financial Reporting Standard 8 (Related Party Transactions) and has not disclosed details of transactions with wholly owned group companies on the grounds that these transactions are included in the consolidated financial statements. Details of related party transactions for the Company are as disclosed for the Group in note 24 to the consolidated accounts.

18. Retirement benefit schemes

No payments were made on behalf of Directors to any retirement benefit schemes in the year (2012: nil).

19. Post balance sheet events

Details of events after the reporting period for the Company are as disclosed for the Group in note 28 to the consolidated accounts.

Report of the independent auditors

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

We have audited the parent company financial statements of Milestone Group PLC for the year ended 30 September 2013 which comprise the parent company Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its loss for the year then ended;
- 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the parent company financial statements concerning the company's ability to continue as a going concern.

The going concern status of the 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 not yet 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 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 company would have an immediate requirement to seek alternative sources of funding. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Other matter

We have reported separately on the group financial statements of Milestone Group PLC for the year ended 30 September 2013.

James Keeton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 25 February 2014

Milestone Group PLC

Annual Report and Financial Statements
Year ended 30 September 2013

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