Milestone
Group PLC

Annual Report & Financial Statements
Year Ended 30 September 2014

Milestone Group PLC

Annual report and financial statements for the year ended 30 September 2014

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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

- Engagement of 2,000 young people within the Passion Project
- Fee paying corporate members and sponsors of the Passion Project post year-end
- Resilience and emotional intelligence training delivered to Poplar HARCA vulnerable young adults
- Acquisition of Disorder UK Magazine
- Appointment to the management team of Frank Sweeney as Passion Project Programme Director and Anthony Webb as Disorder Magazine Commercial Director

Foreword

It is a pleasure to deliver this report on behalf of the Board and management team. During the year, and since the year end, Milestone has continued to develop its product offerings to the point of delivering revenue from across the Group. A lot of team effort and resources have gone into the development of each of these revenue streams and it is exciting to see the results starting to take shape in the form of innovative market leading products and services that are set to deliver real financial and social value.

Developments

Passion Project

The Passion Project is a large-scale aggregator that promotes cross-sector collaboration between organisations responsible for the engagement and transition of young people into the world of work. Through its design, the Passion Project partnerships support and encourage the development of the young person, whilst actively cross-promoting and matching its network of partner organisations. This process creates a self-sustaining "marketplace" that underpins the delivery of commercial and socially motivated outcomes.

The Passion Project process utilises and actively promotes all of the Group's products and services. It is expected that as the Passion Project grows it will provide a constant stream of new business relationships and revenue opportunities to all the Group's individual business units.

Whilst each department within the Group is capable of operating on a stand-alone basis, direct to external clients, they are also actively involved in providing support in the delivery and expansion of the Passion Project, as detailed in the Group revenue lines diagram on the following page.

The Passion Project uses a combination of human interaction, supported by a digital platform and mobile applications offering the audience access to engaging social media content, educational materials and training services. These are designed to provide a holistic and secure approach to delivering both the needs of the participants and of any relevant support organisation.

Through the network of existing partners, it is anticipated that the Passion Project will have access to a social media audience reach of over 40m by the end of Q2 2015. This offers an exciting opportunity for anyone interested in audience activation, youth engagement, sponsorship, advertising, product placement, training or distribution opportunities.

GROUP REVENUE LINES

LICENCE

PASSION PROJECT

- CONSULTATION
- MEMBERSHIP FEES
- ADVERTISING
- PLACEMENT FEES

- INTRODUCTION FEES
- DISTRIBUTION FEES
- LICENCE FEES
- EVENTS

- SPONSORSHIP
- BIG DATA
- AUDIENCE ENGAGEMENT
- SOCIAL MEDIA

INCLUDING
PROMOTION AND INTRODUCTION OF REVENUES TO:

DIGITAL	MOBILE	TRAINING	PUBLISHING
CONSULTANCY	APPS	EMOTIONAL INTELLIGENCE	DISORDER MAGAZINE
CONTENT	BUSINESS SOLUTIONS	YOUTH TRAINING	EDUCATIONAL MATERIALS
MARKETING	LICENCE FEES	SPECIALIST TRAINING	WINNING IN THE GAME OF LIFE
FILM PRODUCTION	MAINTENANCE FEES	CORPORATE TRAINING	
DESIGN			

FOUNDATION

OUTCOMES

The first stage of the Passion Project involves the engagement of young people and, during the period, Milestone successfully held the first engagement event for the Passion Project. This was the 'Be United' football competition, which was hosted in conjunction with ten of London's Professional Football Clubs' community trust schemes and culminated in the finals at the London Soccerdome in February 2014. This competition resulted in the large-scale engagement of 2,000 young people from across the London Boroughs.

All participants now have the opportunity to engage further with the Passion Project and to be matched to employers, sector skills academies and supply chain consortiums for interviews, work placements and employment. All those young people participating in the employment route-way will also be offered the opportunity to participate in the Company's emotional intelligence training and other employment related training programmes (see below).

The formal launch of the Passion Project happened post year-end on 10 December 2014. The event was held at the Cass Business School with over 200 guests, the Project's Ambassadors and over 50 Founding Partners, including Big Invest, Ambition UK, NCVO, Be The Best 21st Century Legacy and Each One Teach One ("EOTO"). In the run up to the event, and since, the Passion Project has generated significant interest and exposure and is continuing to gather momentum.

The Project has started to attract fee paying Corporate Members to its network. As part of the programme, members have access to Milestone's range of products and services to help support and deliver their Corporate Social Responsibility ("CSR") activities. The activities include staff engagement initiatives, recruitment targeted marketing campaigns, PR, advertising, product distribution, digital consultancy and business solutions. Corporate Members of the Passion Project can participate in a range of networking events offered by the partnership and will have the option to provide employment opportunities to the young people engaged in the programme. For example, it is anticipated that the Rank Group plc will be providing in the region of 1,500 employment opportunities during 2015.

Also, as announced on 7 January 2015, the Company signed an agreement with CWM FX to sponsor the Passion Project 'Game' for 12 months. The 'Game' is the career profiling tool of the Passion Project – matching a young person's skills and talents with career options. This is the first of a series of sponsorship opportunities that will be coming available during the coming months and attracted an initial upfront sponsorship fee of £130,000.

The signing up of fee paying corporate members as well as the first sponsor demonstrates the immediate commercial viability of the Project, which complements the social benefit of the initiative and we are looking forward to further developments expected in early 2015.

Milestone Foundation

The Milestone Foundation was established in July 2013 for the specific purpose of underpinning the Passion Project. The Foundation's activities and areas of focus target youth unemployment, assist with the provision of safe spaces for young people and promote the use of emotional intelligence.

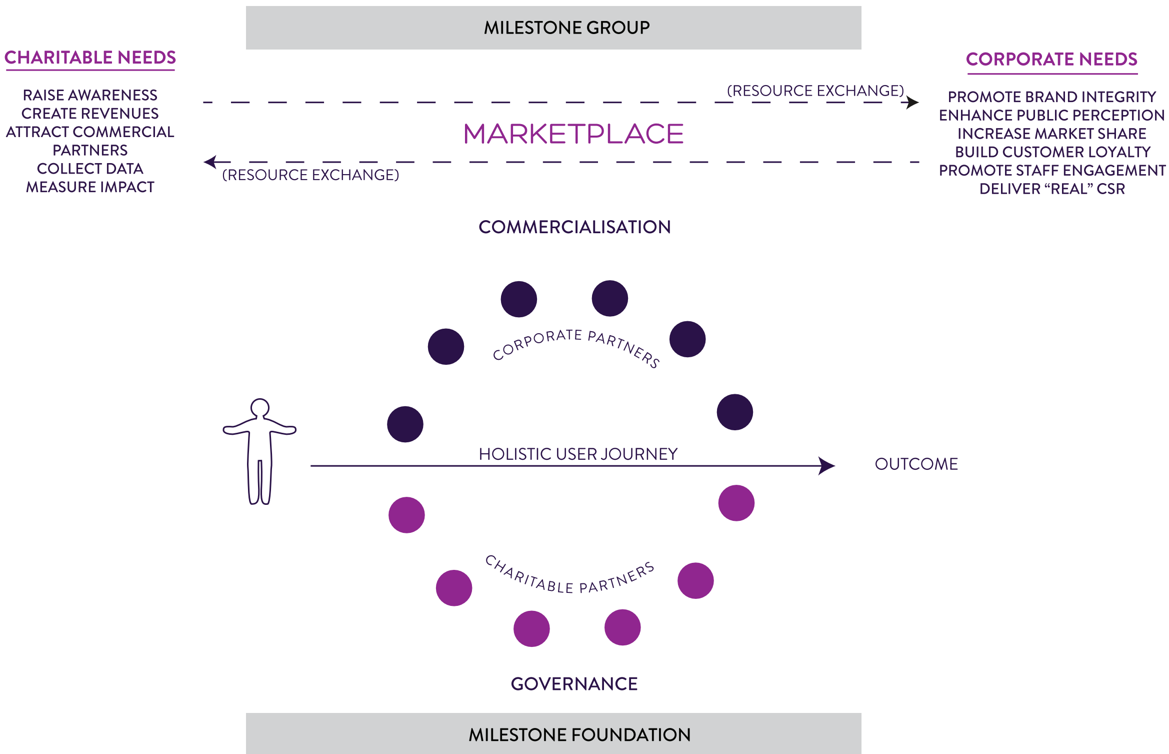
The Foundation's role in the delivery of the Passion Project is at present limited to the creation of engagement initiations, the establishment of appropriate service level agreements for the Passion Project partners, along with the capturing and monetisation of the associated outcomes.

It was important to ensure that all proposed "for-profit" and "not-for-profit" activities of the Passion Project were clearly defined and allocated appropriately between Milestone Group and the Milestone Foundation at the outset. Whilst the operational framework may seem complex, it is, in reality, quite simple and is based on a common set of objectives, key principles and rules of engagement.

The proposed operational framework for the Passion Project was reviewed and incorporated into the Foundation's Articles by Stephen Lloyd, who, at the time, was Senior Partner from Bates, Wells and Braithwaite. Stephen was a recognised legal expert in Charity Law, specialising in innovation in the charitable and voluntary sector.

This independent relationship between Milestone and the Foundation enables both entities to focus on their area of expertise. The Foundation uses the Passion Project under licence from Milestone to generate and deliver positive outcomes for young people and commercialise these outcomes. At the same time, Milestone commercialises the digital platform, mobile applications and training opportunities amongst other media related activities through the surrounding partner relationships. Milestone does not look to monetise the young people the Passion Project has been established to support.

THE PASSION PROJECT ECO-SYSTEM



In July 2014, the Foundation appointed Lord Patel of Bradford OBE, Lord Kennedy of Southwark, Commodore Christopher Waite and Richard Evans as Independent Trustees to the Foundation Board, Kevin Everett as Executive Chairman and David Williams as Company Secretary. These independent trustees join the existing board of Deborah White, Malcolm Pickles and Paul Elliott CBE.

Education and Training

The education and training department of Milestone has also seen some exciting developments in the last year.

Winning in the Game of Life ("WITGOL") is a programme which addresses the aspects of Spiritual, Moral, Social and Cultural curriculum learning needs of pupils as per the Department of Education's expectations and Ofsted's requirements. The programme, which promotes the use of emotional intelligence to teach values and build resilience, was successfully piloted in over 30 Primary Schools across the UK in 2013. In February 2014, Milestone obtained an extension to its existing licence agreement expanding the age range of the audience and variety of the materials that could be offered under the agreement.

The expanded licence allowed Milestone to develop materials for the youth marketplace, and where appropriate, will see these integrated into the bedrock of the Passion Project, as well as making them available to the Passion Project partners as a commercial stand alone training opportunity.

In response to delays experienced with our proposed distribution partners, the Company has now started its own marketing campaign to promote the WITGOL product's roll out to all 22,000 of the UK primary schools. The Company is presenting at exhibitions and working with the original pilot group, using applications for grant funding to accelerate the take up process.

During the year we have delivered emotional intelligence focused training to a sample of youth groups. Initially these were delivered to vulnerable groups of young adults as part of the London-wide "Talent Match" initiative in association with Poplar Housing and Regeneration Community Association achieving very positive results.

The training was commissioned to help support these vulnerable young adults to become navigators of their own lives and in doing so help integrate them back into the community, society and employment. Following the success of these initial courses, the Company has since agreed to the delivery of a further five training events, one of which is in collaboration with the Peer Outreach group at the Greater London Authority. These training events include the training of youth workers, which will help facilitate the expansion of the training.

Mobile Business Solutions

The Company's Mobile Business Solutions products offer businesses and organisations a modular approach to the creation and provision of remote working force, asset tracking or logistics workflow management tools.

This modular approach allows businesses to achieve the effectiveness offered by bespoke solutions without the usual software development cost overheads. The modules incorporate all aspects of the management, business process and auditing requirements enabling the provision of comprehensive, flexible and cost-effective solutions. Additional modules, where requested, can be developed to meet requirements of specific use cases.

In October 2013, Milestone signed an agreement with STM Security Ltd for a paid trial of the OnGuard software, which is designed for the management of mobile workforces, in this case in the security sector. In April 2014, the pilot was expanded to include Viper Cleaning Services.

In September 2014, Intervictus, a specialist in the supply of Energy Management Systems, agreed to licence an adapted version of the OnGuard offering, which has been configured as a new audit and assessment application. This is currently being run as a pilot with a London Housing Association and it is anticipated that on completion there will be up to 250 auditors using the application, which, if sustained, would generate a £60,000 per annum revenue as the service carries a monthly user cost of £20 per person.

This modular approach has also been used to create the mobile applications required to monitor the training and delivery of the engagement activities involved in the Passion Project and measure the associated social impact. This mobile service is already included in 30+ construction industry bids via current Passion Project partners offering significant user uptake and revenue potential to the Group.

Creative Solutions

In the last period, Milestone's wholly owned subsidiary, Oil Productions Ltd, underwent a reorganisation and rebranding with Darren Groucutt taking over as Creative Director leading a young and talented team. The rebranded company, now trading as "Relative", has been recognised in a number of notable ways during the year, including at the South by Southwest Interactive Festival in Austin, Texas, USA as part of Hackney Council's trade mission, Hackney House.

During the period, the team developed a strong relationship with Sudler & Hennessey, part of the WPP Group, resulting in a number of exciting projects. One of these was to produce a micro-site for the Peace by Piece campaign for the Animals Asia Foundation, which went on to be nominated for the Cannes Lion Award.

In April 2014, Relative was commissioned by Hotel Creative Ltd to work on the Nike launch for the England Football team's new kit for the 2014 FIFA World Cup in Brazil. Relative developed an app that allowed fans of England and Nike to join in and express their support of the team by creating their own "Supporter Selfie" to be added to the video wall in Nike stores.

Post year-end, Relative also contributed to an interesting project for the Financial Services Income Protection task force ("IPTF"), who commissioned the production of an innovative way of communicating the financial consequences and the practical impact on daily life of not being able to work due to long-term illness or disability. The team delivered a winning pitch to support the "7 Families" initiative, which has seen the IPTF winning the Health Insurance and Protection Industry "Cover" magazine award for outstanding achievement and has been featured in the Mail on Sunday, Sunday Express, Money Marketing and the Independent. In December 2014, Relative continued their relationship with Hackney Council by being invited to use their digital expertise in the creation of an interactive piece for Hackney Town Hall's annual light display.

As well as working for external clients, the Relative team has been continuing to support internal projects within the Group including a new website for Milestone Group, the development of the Passion Project, WITGOL collateral and the development of Disorder Magazine's print and digital presence.

Disorder UK Magazine

In April 2014, Milestone acquired all rights and title to the publication, Disorder UK Magazine and its associated TV channel. The magazine was re-launched with a 10,000-issue print-run to an ever increasing and targeted circulation. The most recent edition (issue 2), was produced post-period end and included the highly anticipated Graduate Fashion Week content that will be delivered in digital format to a number of newly engaged London and UK Fashion colleges. In keeping with the magazines history of unveiling up and coming artists this issue's front cover featured the new UK band "Catfish and the Bottlemen" who then went on to be featured on the David Letterman Show, and win an "Introducing Award" at the first BBC awards event in December 2014.

As well as promoting new fashion and music, the magazine has a strong history of training young people across a range of creative industries, including photography, design and journalism. In the coming months, the team will start to leverage the in-house relationships across the group and will work in collaboration with Job Centre Plus and various colleges, to access grant funding, using Relative's digital services and its own access to industry talent and unique content. This activity will help drive its business development and marketing opportunities. Disorder UK is already in the process of expanding the online Disorder UK offering to increase its reach and relevance to young people.

The combination of industry connections and in-house capabilities will allow the team to deliver quality industry-focused training as part of producing the magazine, giving young people important experience and skills to help them find employment in the industry whilst also generating new revenues for the Group.

As well as working with young talent, Disorder UK will become a key physical and digital promotional vehicle for the Passion Project and its activities through the generation of original content, creation of events and competitions supported by influential guest editors and contributors.

Management Changes

In March 2014, Frank Sweeney was appointed to the management team as Programme Director of the Passion Project. Frank brought with him a number of youth initiatives, contacts and network, which he is integrating into the Passion Project to assist with the Project's expansion and engagement with young people. One of the relationships Frank brought to the Passion Project this year is one with the Greater London Authority ("GLA"), who included the Passion Project in the development of a series of knowledge exchange workshops, branded Creative Exchange. Going forward these workshops will enable pan-London, cross sector, youth-arts partnerships with public, not-for-profit, commercial and academic organisations to work together to deliver the common goal of creating better and increased opportunities for young people perfectly matching the ethos and vision of the Passion Project.

In April 2014, Anthony Webb also joined the team. Anthony came on board to assist with the commercialisation of Disorder UK Magazine and its brand. He is well versed in the marketing, brand development and digital marketplace and is credited with being part of the team that helped build Rio Ferdinand's No 5 magazine into one of the world's most successful multi-platform publications as well as representing a number of brands, talents and government organisations in this space.

Financial Summary

During the year, the Group's net loss was £1,071,383 (2013: £980,570), which includes a realised gain on the sale of investments of £409,453 (2013: £440,605). Revenues were £157,377 (2013: £152,373) and net liabilities at the period end were £1,162,250 (2013: £1,017,950).

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

Funding

During the year, the Company issued 136,782,779 new ordinary shares for a total consideration of £1,351,828 of which £1,276,779 was received in cash, £27,049 was in exchange for goods or services received and the remainder was the final part of the purchase of Oil Productions Ltd.

Since the year-end, the Company has issued 16,175,000 new ordinary shares, raising £130,000 in cash and exchanging £31,750 worth for services. 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 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 Board is pleased with the developments during the period and particularly since the period end. Each of the separate business offerings has shown the beginnings of their revenue potential with growing interest being shown from an ever-expanding customer base and further new revenues visible in the near future.

The coming together of the elements necessary for the continued development and expansion of the Passion Project have clearly been demonstrated. Much of the Project's preparatory groundwork is now complete and early indications have helped to highlight not only the number of new possible revenue lines, but also the scale of their potential.

The Passion Project platform offers the Group a unique opportunity to set itself apart in the digital community as a provider of innovative products and solutions. Through its continually developing eco-system, it offers the Company an expanding marketplace through which to promote its products and services whilst reinforcing its vision of creating a media brand synonymous with the creation and delivery of market leading products that deliver both financial and social value.

Deborah White
Chief Executive Officer and Interim Chairman
25 February 2015

Board of Directors

Directors at 25 February 2014

Deborah White, Chief Executive Officer and Interim Chairman

- **appointed as Chief Executive Officer, 31 March 2008 and as Executive Director (combining functions of Chief Executive Officer and Chairman), 4 February 2010**

Jim Brown, Group Finance Director

- **appointed as Group Finance 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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Fax: +44 (0) 870 495 4820
Email: enquiries@milestonegroup.co.uk
Website: www.milestonegroup.co.uk

Registered in England Company no: 04689130

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

Nominated Adviser: Cairn Financial Advisers LLP, 61 Cheapside, London EC2V 6AX

Brokers: Hybridan LLP, Birchin Court, 20 Birchin Lane, London EC3V 9DU

Registrars: Capita Registrars, 40 Dukes Place, London EC3A 7NH

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

Strategic Report for the year ended 30 September 2014

Results and dividends

The consolidated results of the Group for the year are set out on page 22 of this report and show the loss for the year of £1,071,383 (2013: £980,570) with total revenues of £157,377 (2013: £152,373).

The Directors are unable to recommend the payment of a dividend (2013: 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 has 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 £73,527 of interest bearing loans outstanding at the year-end (2013: £470,937). 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 17 to the financial statements.

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

The Directors consider cash flow to be the material financial risk to the Group in the immediate future. As the new 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 26 to the financial statements.

Going concern

Whilst the Group has made a loss in the year and had net liabilities of £1,162,250 (2013: £1,017,950) 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 2015

Report of the Directors for the year ended 30 September 2014

The Directors present their report together with the audited financial statements for the year ended 30 September 2014.

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

Substantial shareholdings

So far as the Company is aware and subject to any new notifications received after 24 February 2015, 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 24 February 2015	
Deborah Jane White	35,439,330	(6.22%)
HBS 049 Limited	30,000,000	(5.26%)
David Jones	26,541,691	(4.66%)
Paul Stephen Musgrove	25,233,546	(4.43%)
Thomas James Vaughan	20,000,000	(3.51%)
BGP Global Services Ltd	19,487,013	(3.42%)

Communication with shareholders

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

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

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

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

This resolution was duly passed and we therefore publish all shareholder information including the AGM Notice of Meeting and Annual Report and Accounts on the Company website at www.milestonegroup.co.uk/investors. 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 is 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 10 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 Director, 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 regular review.

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

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

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 has 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.

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 24 February 2015 (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 24 February 2014	Ordinary shares of 0.1p each held at 30 September 2014	Ordinary shares of 0.1p each held at 30 September 2013
Deborah Jane White	35,439,330	34,883,774	34,883,774
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 (2013: 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 22 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.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 12.

Events after the Reporting Period

Events after the reporting period are set out in note 26 to the financial statements.

Auditors

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

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

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

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

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements of the parent company in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and have prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair review of the state of affairs of the Company and of the Group for that period. In preparing these financial statements the Directors are required to:

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

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

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

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 2015

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 2014, 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 26. 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 18, 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/apb/scope/private.cfm.

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 2014 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. 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 recently commenced and for which the degree of success cannot yet be reliably demonstrated.

Forecasts prepared by management indicate that if they are unable to manage the group's liabilities as planned or the external fundraising does not occur in the immediate term and, subsequently, the future projects do not prove as profitable as forecast the group would have an immediate requirement to seek alternative sources of funding. 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 2014. That report includes an emphasis of matter.

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

Date: 25 February 2015

Consolidated statement of comprehensive income for the year ended 30 September 2014

	Note	2014	2013
		£	£
Revenue	1	**157,377**	**152,373**
Cost of sales		(247,087)	(119,924)
Gross (loss) / Profit		**(89,710)**	**347,046**
Other operating income		1,500	287,500
Realised gain on disposal	12	409,453	440,605
Administrative expenses	4	(1,428,018)	(1,632,909)
		(1,017,065)	(904,804)
Loss from operations		**(1,106,775)**	**(872,355)**
Net finance income / (expense)	6	35,392	(108,215)
Loss before taxation		**(1,071,383)**	**(980,570)**
Taxation charge	7	-	-
Net loss for the year		**(1,071,383)**	**(980,570)**
Items which may be reclassified subsequently to profit or loss			
Adjustment in carrying value of held for sale investments		(14,080)	(23,160)
Items reclassified to profit or loss			
Recycling of realised gain on sale of held for sale investments	12	(335,304)	(440,605)
Total comprehensive loss for the year		**(1,420,767)**	**(1,444,334)**
Attributable to owners of the parent		**(1,420,767)**	**(1,444,334)**
Basic and diluted loss per share (pence)	9	**(0.23)**	**(0.24)**

The notes on pages 26 to 49 form part of these financial statements.

Consolidated statement of financial position at 30 September 2014 Company No: 04689130

	Note	2014	2013
		£	£
Non-current assets			
Intangible assets	10	56,728	189,488
Held for sale investments	12	-	454,763
		56,728	**644,251**
Current assets			
Trade and other receivables	13	114,983	50,728
Cash and cash equivalents		75,855	17,025
		190,838	**67,753**
Current liabilities			
Trade and other payables	14	(1,336,289)	(1,259,017)
Interest bearing loans	15	(73,527)	(470,937)
		(1,409,816)	**(1,729,954)**
Net liabilities		**(1,162,250)**	**(1,017,950)**
Capital and reserves attributable to owners of the Company			
Share capital	18	553,961	417,178
Share premium account		13,056,175	11,847,178
Shares to be issued		40,000	109,313
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained losses		(28,664,875)	(27,244,108)
Total Equity		**(1,162,250)**	**(1,017,950)**

The financial statements were approved by the Board and authorised for issue on 25 February 2015

Deborah White
Chief Executive Officer and Interim Chairman

The notes on pages 23 to 49 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2014

Cash flow from operating activities	Note	2014	2013
		£	£
Loss for the year		**(1,071,383)**	**(980,570)**
Adjustments for:			
Amortisation of intangible assets		37,814	37,814
Impairment of investments		61,713	-
Realised gain on disposal of held for sale investments	12	(409,453)	(440,605)
Impairment of goodwill		94,947	313,040
Net bank and other interest charges		(35,392)	108,215
Services settled by the issue of shares		27,049	16,768
Adjustment to deferred consideration payable		-	(280,000)
Net cash before changes in working capital		**(1,294,705)**	**(1,225,338)**
(Increase) / decrease in trade and other receivables		(64,255)	36,468
Increase in trade and other payables		119,754	275,219
Cash outflow from operations		**(1,239,206)**	**(913,651)**
Interest received		56	17
Interest paid		(5,866)	(2,248)
Net cash flows from operating activities		**(1,245,016)**	**(915,882)**
Investing activities			
Purchase of available for sale investments		(232,937)	-
Proceeds from sale of held for sale investments		350,057	447,135
Acquisition of intangible assets		(1)	-
Net cash flows used in investing activities		**117,119**	**447,135**
Financing activities			
Issue of ordinary share capital		1,207,467	407,500
Repayment of loan		(23,740)	(93,137)
New loans raised		3,000	131,000
Net cash flows from financing activities		**1,186,727**	**445,363**
Net increase / (decrease) in cash		**58,830**	**(23,384)**
Cash and cash equivalents at beginning of year		17,025	40,409
Cash and cash equivalents at end of year	25	**75,855**	**17,025**

The notes on pages 23 to 49 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2014

	Share Capital £	Share Premium £	Shares to be issued £	Other Reserves £	Retained Earnings £	Total Equity £
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
Balance at 30 Sept 2013	**417,178**	**11,847,178**	**109,313**	**13,852,489**	**(27,244,108)**	**(1,017,950)**
Loss for the year	-	-	-	-	(1,071,383)	(1,071,383)
Other comprehensive income	-	-	-	-	(349,384)	(349,384)
Shares issued	136,783	1,208,997	(69,313)	-	-	1,276,467
Balance at 30 Sept 2014	**553,961**	**13,056,175**	**40,000**	**13,852,489**	**(28,664,875)**	**(1,162,250)**

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 have been met with the issue of £30,000 worth of shares, the remaining criteria are also expected to be met and are held within shares to be issued.

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

Notes to the consolidated accounts for the year ended 30 September 2014

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 2014

None of the new standards, interpretations and amendments, effective for the first time from 1 October 2014, 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 17 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 2014, being the Group's financial year-end, was £1,162,250 (2013: £1,017,950). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £130,000 in cash and exchanged £31,750 worth of shares for services received.

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 its subsidiary, Oil Productions, trading as Relative, as well as through its projects. The Group is already producing revenues and new contracts post year end have been positive. 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 2014. 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.

Held 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 held for sale investments. 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 10-50% per annum or over the period of the lease for fixtures, fittings, computer and office equipment.

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 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.

Equity (continued)

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

Trade payables

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

Contingent consideration

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

Equity instruments

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

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

There are a number of 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 or are not expected to have a material impact on the financial statements. The Directors have reviewed these standards and do not believe that the impact on the Group's financial statements is, or will be, material.

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

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Going concern

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

Held for sale investments

Management have considered the carrying value of held for sale investments which are held at cost or fair value. The carrying value of investments is discussed further in note 12.

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 10.

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 FEDS / LIMIT the vendors are entitled to consideration dependent upon the acquired business's performance in the periods 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 19.

3. Segment analysis

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

The Group has two main reportable segments:

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

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

Year to 30 September 2014	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**65,000**	**92,377**	**157,377**
Net finance income / (expense)	36,465	(1,073)	35,392
Depreciation & Amortisation	(37,814)	-	(37,814)
Segment loss before tax	**(704,808)**	**(366,575)**	**(1,071,383)**

Year to 30 September 2013	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**6,200**	**146,173**	**152,373**
Net finance income / (expense)	(104,728)	(3,487)	(108,215)
Depreciation & Amortisation	(37,814)	-	(37,814)
Segment loss before tax	**(610,309)**	**(370,261)**	**(980,570)**

£45,184 of revenues recognised in Oil Productions for the year are generated from sales to one customer (2013: £40,207).

As at 30 September 2014	**Milestone**	**Oil Productions**	**Total**
	£	**£**	**£**
Adjustments to carrying value of held for sale investments	(14,080)	-	(14,080)
Realised gain on the sale of held for sale investments	(335,304)	-	(335,304)
Impairment of Goodwill	-	(94,947)	(94,947)
Total Segment Assets	**207,900**	**39,666**	**247,566**
Total Segment Liabilities	**(493,473)**	**(916,343)**	**(1,409,816)**

As at 30 September 2013	**Milestone**	**Oil Productions**	**Total**
	£	**£**	**£**
Adjustments to carrying value of held for sale investments	(23,160)	-	(23,160)
Realised gain on sale of held for sale investments	(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)**

4. Administrative expenses

The following amounts are included within administrative expenses:

	2014	**2013**
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	20,400	21,100
Fees for taxation compliance services	3,600	3,000
Depreciation, amortisation and impairment:		
Software Licenses	37,814	37,814
Impairment of goodwill and investments	156,660	313,040
Staff costs (note 5)	554,100	676,473

5. Directors and staff

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

	2014 £	2013 £
Wages and salaries	505,424	610,775
Social security costs	48,676	65,698
	554,100	**676,473**

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

	2014 no.	2013 no.
Sales and distribution	3	8
Directors and administration	9	8
	12	**16**

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

	2014 £	2013 £
Deborah White	120,000	120,000
Jim Brown	35,625	33,825
Anthony Sanders	114,000	114,000
David Hill	24,000	24,000
Kevin Everett	24,000	24,000
Total Directors emoluments	317,625	303,825
Remuneration for additional key management	-	-
Employers national insurance and share option charges for key management personnel (including directors)	28,342	32,015
	345,967	**335,840**

The emoluments accruing to each of the Director's during the year is shown in the table above. Of these amounts accrued £299,625 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 14.

6. Finance expenses

	2014	2013
	£	£
Trade Interest	1,073	2,789
Loan Interest	(36,409)	85,443
Discounting of non-current liability in year	-	20,000
	(35,336)	**108,232**

During the year, the Director's reached an agreement with certain creditors on the settlement of its liabilities. The agreement included the reversal of some of the loan interest costs recognised in previous periods.

7. Tax on loss on ordinary activities

	2014	2013
	£	£
Loss from operations before tax	(1,071,383)	(980,570)
Loss from operations at the standard rate of corporation tax in the UK of 22% (2013: 23.5%)	(235,704)	(230,434)
Effects of:		
Expenses not deductible for tax purposes	111,649	86,444
Adjustment to deferred consideration not taxable	-	(65,800)
Unutilised tax losses and other deductions	124,055	209,790
Total tax charge in the year	-	-

Deferred tax assets of approximately £1.6m (Group) (2013: £1.79m) 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 £7.6m (2013: £8.4m) which would be available to carry forward against future profits from the same activity, subject to agreement by HM Revenue & Customs.

8. Dividend

No dividends have been paid or proposed in the year (2013: £nil).

9. 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 19,085,000 share options outstanding at the year-end (2013: 29,179,650). However, the figures for 2014 and 2013 have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

9. Loss per share (continued)

	2014			2013		
	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	(1,071,383)	471,318,047	(0.23)	(980,570)	402,324,052	(0.24)

10. Intangible assets

	Licenses	Goodwill	Customer relationships	Total
	£	£	£	£
Cost				
Balance as at 1 October 2012	189,073	407,987	242,927	839,987
Balance as at 1 October 2013	**189,073**	**407,987**	**242,927**	**839,987**
Additions	1	-	-	1
Balance as at 30 September 2014	**189,074**	**407,987**	**242,927**	**839,988**
Amortisation and impairment				
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 as at 1 October 2013	**94,532**	**313,040**	**242,927**	**650,499**
Amortisation charged in the year	37,814	-	-	37,814
Impairment charged in year	-	94,947	-	94,947
Balance at 30 September 2014	**132,346**	**407,987**	**242,927**	**783,260**
Net book value				
As at 30 September 2014	**56,728**	**-**	**-**	**56,728**
As at 30 September 2013	**94,541**	**94,947**	**-**	**189,488**

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 £94,947 has been recognised in the statement of comprehensive income (2013: £313,040).

Subsidiaries as at 30 September 2014 were:

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

11. Property, plant and equipment

	Fixtures, fittings and equipment	Total
	£	£
Cost		
At 1 October 2012	146,991	146,991
At 30 September 2013	**146,991**	**146,991**
At 1 October 2013	146,991	146,991
Assets written off	(146,991)	(146,991)
At 30 September 2014	**-**	**-**
Depreciation		
At 1 October 2012	146,991	146,991
At 30 September 2013	**146,991**	**146,991**
At 1 October 2013	146,991	146,991
Assets written off	(146,991)	(146,991)
At 30 September 2014	**-**	**-**
Net book value		
At 30 September 2014	**-**	**-**
At 30 September 2013	-	-

Assets written off are assets that have been fully depreciated in previous periods.

12. Held for sale investments

	Level 3	Total
	£	£
Cost		
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**
At 1 October 2013	454,763	454,763
Adjustment to fair value	(61,713)	(61,713)
Disposals	(393,050)	(393,050)
At 30 September 2014	-	-
Net book value		-
At 30 September 2014	-	-
At 30 September 2013	454,763	454,763

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 relating to the fair value of the Group's held for sale investments. The fair value of all held for sale investments have been measured in accordance with level 3 of the hierarchy. There are no investments in level 1 or 2. The Directors have concluded that the fair value of the held for sale investments is nil.

During the year, the remaining holding of £393,050 in Ve Interactive was disposed of realising a gain of £335,304. The disposal was used to discharge interest bearing loans. In addition, the Company acquired held for sale investments at a cost of £232,937, which were sold for proceeds of £350,057. After allowing for transaction costs, this resulted in an actual gain of £74,149 and therefore a total realised gain in the year of £409,453.

13. Trade and other receivables

	2014	2013
	£	£
Trade receivables	57,307	1,800
Other receivables	57,676	48,443
Prepayments and accrued income	-	485
	114,983	**50,728**

Trade receivable days at the year-end were 27 days (2013: 4 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 (2013: nil). No amounts included within trade and other receivables are expected to be recovered in more than one year (2013: 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 impaired are:

	2014	2013
	£	£
Not yet due		
0 - 29 days	57,307	1,800
Overdue		
30 - 59 days	-	-
	57,307	**1,800**

14. Trade and other payables

	2014	2013
	£	£
Trade payables	371,227	406,049
Other payables	154,270	169,523
Taxation and social security	78,879	207,708
Financial liabilities held at amortised cost	-	40,000
Accruals and deferred income	731,912	435,737
	1,336,288	**1,259,017**

Included in payables and accruals are amounts of £109,804 and £393,000 (2013: £159,347 and £130,875) 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.

14. Trade and other payables (continued)

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. At 30 September 2013, this further consideration was reduced to £48,000, which was included in other payables and during the period was settled through the issue of shares. The remaining liability was been written off.

15. Interest bearing loans and borrowings - due within one

	2014	2013
	£	£
Interest bearing loans	73,527	470,937
	73,527	**470,937**

Loan balances are unsecured and have no fixed repayment schedule.

The interest credit in the consolidated statement of comprehensive income for the year was £35,336 (2013: £108,232 charge).

16. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a rate of 20% (2013: 20%). Recognised deferred tax liabilities for 2014 are nil (2013: nil).

A deferred tax asset of £1.60m, arising principally from losses in the Group, has not been recognised (2013: £1.79m). 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.

17. 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 held 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 held for sale investments, 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 held for sale investments to be exposed to high credit risk.

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 £73,527 at the year end (2013: £470,937).

Liability maturity analysis

2014	Repayable on demand or within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade payables	371,227	-	-
Other trade payables	28,315	181,277	-
Accruals and deferred income	-	-	731,912
Interest bearing loans	-	73,527	-

2013	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	-

Within interest bearing loan balances at the year end, there are no convertible loans (2013: £160,000 - the terms of the conversion were 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%).

A charge of £40,000 was recognised in respect of the fair value of the conversion during the inception year. Interest is payable on the convertible loan balances was at a rate of 18%. Interest on accrued balances is £nil in the year (2013: £54,260). 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%.

18. Share Capital

	2014 £	2013 £
Authorised		
2,267,095,595 (2013: 2,267,095,595) ordinary shares of 0.1p (2013: 0.1p) each	2,267,096	2,267,096
	2,267,096	**2,267,096**
Allotted, called up and fully paid		
553,961,032 (2013: 417,178,253) ordinary shares of 0.1p (2013: 0.1p) each	553,961	417,178
	553,961	**417,178**

On 18 November 2013, the Company issued 25,638,735 ordinary shares. 19,238,735 ordinary shares were issued at a price of 1 penny per share for a cash consideration of £177,813, of which £69,313 was received in the previous period, and for settlement of outstanding trade payables of £14,574. 6,400,000 ordinary shares were issued at a price of 0.75p as partial payment of the second tranche payable for the purchase of Oil Productions Ltd.

On 29 January 2014, the Company issued 8,347,500 ordinary shares at a price of 1 penny per share for a cash consideration of £81,000 and to certain creditors in lieu of £2,475 payable in respect of services provided to the Company.

On 19 March 2014, the Company issued 19,760,151 ordinary shares at a price of 1 penny per share for a cash consideration of £197,602.

On 17 June 2014, the Company issued 12,600,000 ordinary shares at a price of 1 penny per share for a cash consideration of £126,000.

On 5 August 2014, the Company issued 70,436,393 ordinary shares at a price of 1 penny per share for a cash consideration of £694,364 and to certain creditors in lieu of £10,000 payable in respect of services provided to the Company.

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

19. Share Warrants

At the 30 September 2014, the Company had no warrants in issue (2013: 10,094,650).

The charge recognised in the consolidated statement of comprehensive income for share warrants was £nil (2013: £nil).

20. Capital commitments

There were no capital commitments at 30 September 2014 or 30 September 2013.

21. Share based payment

On 15 August 2011, the Company granted to the Directors and other individuals options over a total of 19,500,000 ordinary shares of 0.1p each at a price of 1 penny per share as disclosed in the announcement dated 16 August 2011. Half of the options vest once the closing mid-market share price of the Company has been more than or equal to 2 pence for a period of 15 consecutive business days. The remainder vest once the closing mid-market share price of the Company has been more than or equal to 3 pence for a period of 15 consecutive days. The options are exercisable on or following the first anniversary of the date of issue and will lapse on the tenth anniversary of the date of issue. Options issued to employees under the EMI scheme lapse on cessation of employment. 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. Options issued to employees under the EMI scheme lapse on cessation of employment. Since the issue date 2,610,000 options have lapsed.

Details of the Options are as follows:

Holder	Options held at 1 October 2013	Number of new options granted in the year	Number of options forfeited in the year	Options held at 30 September 2014	Option price
Deborah White	6,000,000	-	-	6,000,000	1p
David Hill	4,000,000	-	-	4,000,000	1p
Others	6,000,000	-	-	4,000,000	1p
Others	5,085,000	-	-	5,085,000	1.5p
Total	**19,085,000**	**-**	**-**	**19,085,000**	

There were no share options exercised during the year (2013: 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:

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 (2013: £nil).

22. Transactions with Directors and other related parties

Other transactions with Directors

As stated in note 14 to the accounts a total of £502,804 (2013: £290,222) is due to certain Directors as unpaid remuneration.

Related Party relationship	**Transaction amount**		**Balance owing / owed**	
	2014	**2013**	**2014**	**2013**
	£	**£**	**£**	**£**
Purchases from companies in which Directors or their immediate family have a significant controlling interest	36,984	33,558	3,880	14,483
Amounts lent to the Company by immediate family members of the Directors	-	-	30,000	30,000

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

23. Retirement benefit schemes

No payments were made on behalf of Directors to any retirement benefit schemes in the year (2013: nil).

24. Operating lease rental commitments

At 30 September 2014, the Group had commitments under operating leases as follows:

	30 Sept 2014 Land and buildings £	30 Sept 2013 Land and buildings £
Within one year	6,637	54,000
More than one year	-	4,500
	6,637	**58,500**

25. Notes supporting the cash flow statement

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

	2014 £	2013 £
Cash available on demand	75,855	17,025
	75,855	**17,025**

26. Events after the Reporting Period

Passion Project

On 28 November 2014, the Company announced that Erith Contractors Ltd had signed up as a fee paying corporate member of the Passion Project. Both parties will benefit from joint marketing, cross-sector introductions and joint tenders / bid applications.

On 1 December 2014, the Company announced that Ben Drew, also known as Plan B, was appointed as an ambassador to the Passion Project, bringing with him the Each One Teach One Trust ("EOTO") initiative as a Founding Partner. Ambassadors and Founding Partners will work with Milestone to collaborate and co-promote each other's initiatives and activities and co-produce key events.

On 2 December 2014, the Company announced that The Rank Group plc had signed as both a fee paying Corporate Member of the Passion Project and also as an employment provider to the programme. The Rank Group includes Grosvenor Casinos and Mecca bingo and plan to provide in the region of 1,500 employment opportunities in 2015, which participants of the Passion Project can apply for.

On 10 December 2014, Milestone formally launched the Passion Project at an event held at the Cass Business School with over 200 guests, the Project's Ambassadors and over 50 Founding Partners, including Big Invest, Ambition UK, NCVO, Be The Best 21st Century Legacy and Each One Teach One.

On 7 January 2015, the Company announced that CWM FX had signed a sponsorship agreement for the Passion Project game. The £130,000 upfront sponsorship fee will see CWM named as the sole sponsor for the game. The game is a careers profiling tool for young people that helps match young people with careers and opportunities based on their interests and skills.

Subscriptions and funding

On 19 December 2014, the Company issued 16,175,000 ordinary shares at a price of 1 penny per share for a cash consideration of £130,000 and to certain creditors in lieu of £31,750 payable in respect of services provided to the Company.

Issue of Options

On 22 December 2014, the Company announced that it had awarded 89,415,000 options to subscribe for new ordinary shares in the Company to Directors and others, subject to approval from the shareholders at the Annual General Meeting in March 2015.

Company balance sheet at 30 September 2014 Company No: 04689130

	Note	2014	2013
		£	£
Fixed assets			
Intangible assets	5	56,728	94,541
Tangible fixed assets	6	-	-
Investments	7	-	200,326
		56,728	**294,867**
Current assets			
Debtors	8	78,677	39,928
Cash at bank and in hand		72,495	8,766
		151,172	**48,694**
Current liabilities			
Creditors: amounts falling due within one year	9,10	(1,222,496)	(1,567,593)
		(1,222,496)	**(1,567,593)**
Net current liabilities		**(1,071,324)**	**(1,518,899)**
Total assets less current liabilities		**(1,014,596)**	**(1,224,032)**
Creditors: amounts falling due in more than one year			
Other liabilities		-	-
		-	-
Net liabilities		**(1,014,596)**	**(1,224,032)**
Capital and reserves			
Called up share capital	11	553,961	417,178
Share premium account	13	13,056,175	11,847,178
Shares to be issued reserve	13	40,000	109,313
Capital redemption reserve	13	2,732,904	2,732,904
Profit and loss account	13	(17,397,636)	(16,330,605)
Shareholders' funds		**(1,014,596)**	**(1,224,032)**

The financial statements were approved by the Board and authorised for issue on 25 February 2015

Deborah White
Chief Executive Officer and Interim Chairman

The notes on pages 51 to 58 form part of these financial statements.

Notes to the Company accounts for the year ended 30 September 2014

1. Principal accounting policies

These financial statements have been prepared in accordance with the historical cost convention and UK 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 lease*

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 17 to the Group financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and exposures to credit risk and liquidity risk.

The net liability balance sheet position as at 30 September 2014, being the Company's financial year-end, was £1,014,596 (2013: £1,224,032). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £130,000 in cash and exchanged £31,750 worth of shares for services received.

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 its 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.

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 £1,067,031 (2013: £1,297,680). 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 (2013: nil).

4. Directors and staff

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

	2014	2013
	£	£
Wages and salaries	344,511	354,137
Social security costs	30,966	37,506
	375,477	**391,643**

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

	2014	2013
	no.	no.
Directors and administration	7	7
	7	**7**

Remuneration in respect of the Directors – see note 5 to the consolidated financial statement.

5. Intangible assets

	Software Licenses	Magazine	Total
	£	£	£
Cost as at 1 October 2013	189,073	-	189,073
Additions	-	1	1
At 30 September 2014	**189,073**	**1**	**189,074**
Depreciation as at 1 October 2013	94,532	-	94,532
Charge for year	37,814	-	37,814
At 30 September 2014	**132,346**	**-**	**132,346**
Net book value			
At 30 September 2014	**56,727**	**1**	**56,728**
At 30 September 2013	94,541	-	94,541

6. Tangible fixed assets

	Fixtures fittings and equipment	Total
	£	£
Cost		
At 1 October 2013	139,074	139,074
Assets written off	(139,074)	(139,074)
At 30 September 2014	-	-
Depreciation		
At 1 October 2013	139,074	139,074
Assets written off	(139,074)	(139,074)
At 30 September 2014	-	-
Net book value		
At 30 September 2014	-	-
At 30 September 2013	-	-

Assets written off are assets that have been fully depreciated in previous periods.

7. Fixed asset investments

	Shares in subsidiary undertakings	Trade Investments	Total
	£	£	£
Cost			
At 1 October 2013	246,921	105,379	352,300
Disposals	-	(43,666)	(43,666)
At 30 September 2014	**246,921**	**61,713**	**308,634**
Amounts written off			
At 1 October 2013	(151,974)	-	(151,974)
Write down in carrying-value	(94,947)	(61,713)	(156,660)
At 30 September 2014	**(246,921)**	**(61,713)**	**(308,634)**
Net book value			
At 30 September 2014	-	-	-
At 30 September 2013	94,947	105,379	200,326

The value of shares in subsidiary undertakings and trade investments are tested annually for impairment. The review suggested that the fair value of Oil Productions and of JumpStart Wireless had been impaired and therefore a write-down in carrying value of £156,660 has been recognised in the Company Profit and Loss account (2013: 151,974).

Subsidiaries as at 30 September 2014 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

	2014	2013
	£	£
Trade debtors	31,800	1,800
Other debtors	46,877	37,643
Prepayments and accrued income	-	485
	78,677	**39,928**

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

9. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	317,080	373,118
Other creditors	21,098	126,670
Other financial liabilities	-	40,000
Accruals and deferred income	731,912	435,737
Taxation and Social Security	78,879	121,131
	1,148,969	**1,096,656**

Included in creditors and accruals are amounts of £104,258 and £393,000 (2013: £159,347 and £130,875) respectively relating to unpaid Directors' remuneration. This has been accrued in accordance with the payments agreed between the Company and Directors.

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

	2014 £	2013 £
Interest bearing loans	73,527	470,937
	73,527	**470,937**

Loan balances are unsecured and have no fixed repayment schedule.

The interest charge in the profit and loss account for the year was £1,656 (2013: £104,745).

11. Share capital

	2014 £	2013 £
Allotted, called up and fully paid 553,961,032 (2013: 417,178,253) ordinary shares of 0.1p (2013: 0.1p) each	553,961	417,178
	553,961	**417,178**

On 18 November 2013, the Company issued 25,638,735 ordinary shares. 19,238,735 ordinary shares were issued at a price of 1 penny per share for a cash consideration of £177,813, of which £69,313 was received in the previous period, and for settlement of outstanding trade payables of £14,574. 6,400,000 ordinary shares were issued at a price of 0.75p as partial payment of the second tranche payable for the purchase of Oil Productions Ltd.

On 29 January 2014, the Company issued 8,347,500 ordinary shares at a price of 1 penny per share for a cash consideration of £81,000 and to certain creditors in lieu of £2,475 payable in respect of services provided to the Company.

On 19 March 2014, the Company issued 19,760,151 ordinary shares at a price of 1 penny per share for a cash consideration of £197,602.

On 17 June 2014, the Company issued 12,600,000 ordinary shares at a price of 1 penny per share for a cash consideration of £126,000.

On 5 August 2014, the Company issued 70,436,393 ordinary shares at a price of 1 penny per share for a cash consideration of £694,364 and to certain creditors in lieu of £10,000 payable in respect of services provided to the Company.

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

12. Share warrants

Details of the share warrants in issue for the Company are as disclosed for the Group in note 19 to the consolidated accounts.

13. Share premium account and reserves

	Share capital	Share premium	Shares to be issued	Profit and loss account	Capital redemption reserve	Total
	£	£	£	£	£	£
At 1 October 2013	417,178	11,847,178	109,313	(16,330,605)	2,732,904	(1,224,032)
Loss for the year	-	-	-	(1,067,031)	-	(1,067,031)
Cash received in advance of share issue	-	-	(69,313)	-	-	(69,313)
Share capital issued	136,783	1,208,997	-	-	-	1,345,780
At 30 September 2014	**553,961**	**13,056,175**	**40,000**	**(17,397,636)**	**2,732,904**	**(1,014,596)**

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. These criteria are expected to be met and are held as shares to be issued.

14. Capital commitments

There were no capital commitments at 30 September 2014 or 30 September 2013.

15. Share based payment

Details of the share based payments in issue for the Company are as disclosed for the Group in note 21 to the consolidated accounts.

16. 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 22 to the consolidated accounts.

17. Retirement benefit schemes

No payments were made on behalf of Directors to any retirement benefit schemes in the year (2013: nil).

18. Post balance sheet events

Details of events after the reporting period for the Company are as disclosed for the Group in note 26 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 2014 which comprise the parent company Balance Sheet and the related notes 1 to 18. 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 18, 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/apb/scope/private.cfm.

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 2014 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 recently commenced and for which the degree of success cannot yet be reliably demonstrated.

Forecasts prepared by management indicate that if they are unable to manage the 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 2014. That report includes an emphasis of matter.

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

Date: 25 February 2015

Milestone Group PLC
Annual Report and Financial Statements
Year ended 30 September 2014

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