Milestone
Group PLC

Annual Report & Financial Statements
Year Ended 30 September 2015

Company No. 04689130

Milestone Group PLC
Annual report and financial statements for the year ended 30 September 2015

Contents

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

Chairman's Statement

Highlights

- Research and development work across all product ranges is all but complete and marketing has commenced
- Passion Project formally launched at the Cass Business School with 50 Founding partners
- Fee paying corporate members, sponsors and key ambassadors supporting the Passion Project
- Nexstar joint venture established with Black Cactus Holdings Pty Ltd offering multiple revenue opportunities
- First contract signed for Nexstar with Procurement International Ltd, post year-end
- White-labelled version of the Nexstar Rewards site agreed with Milestone Foundation
- Key Personnel recruited for Passion Project and Foundation
- Pilot of Passion Project community programmes commenced
- Passion Project featured in key industry events
- Development of additional modules for both OnSide and OnGuard
- Release of Disorder Magazine in both print and digital versions
- Winning in the Game of Life ("WITGOL") being rolled out into 100 Schools, post year-end
- Expanded the Spirituality for Kids ("SFK") licence with the US

Foreword

The vision to build a brand synonymous with the generation of shareholder value and the creation of social change has been the raison d'etre behind the repositioning of Milestone since my joining in March 2008. Creating both a business model and a product that was a true differentiator in the media and technology marketplace was key to fulfilling that vision. I am delighted to confirm that, whilst this has taken longer than anticipated to materialise, the building blocks are now complete and key partners engaged.

This has been a year of consolidation, with the Passion Project now firmly established as our flagship product and our business model of creating shareholder value and social impact realised as a leading innovator in the commercial marketplace. This coming year will be pivotal for Milestone as we concentrate on revenue generation now that the research and development phase has been completed.

There is an ever-growing understanding of the Passion Project, its purpose and the commercial opportunities available for products and services offered by Milestone in supporting its development and delivery. The DNA of the initiative, to help young people become life ready as well as work ready, encapsulates the growing realisation and public acceptance of the need for a work force with "emotional intelligence" as well as work related skills training.

Requests for the Passion Project's attendance at Industry events is a clear demonstration of acceptance and a result of significant groundwork that has been carried out behind the scenes over recent years. This is perhaps best demonstrated by the granting of Platinum sponsorship status to the Passion Project at the Annual Apprenticeship 4 England event at the Emirates Stadium, post year-end, on 25/26 February 2016.

The operational team required to commercialise the initiative is in place and is industry proven. The team's knowledge of the marketplace has resulted in the Passion Project's inclusion in numerous partner bids along with being actively promoted throughout a growing industry community. The Passion Project now has over 100 founding partner organisations engaged.

The Government's Employer Ownership of Skills programme coming into effect shortly, combined with the forthcoming Apprenticeship Levy in April 2017, is helping to realise the market opportunity for the Company via the Passion Project initiative and we have already been approached by a number of blue chip companies to help them with this new government initiative.

As was demonstrated at the launch of the Milestone Foundation at the House of Lords, post year-end, in October 2015, the need for assisting our future talent is topical attracting over 300 industry guests and also marking the establishment of the 500 Quality Apprenticeship programme.

The significant and untapped commercial opportunities our multi-channel services offer via our Joint Venture, Nexstar, is a welcome addition to the Company's skill set, further supporting its ethos of audience aggregation, activation and amplification, offering a technological unique selling point ("USP").

It is the Board's belief that the combination of our relationships, along with our product set and structure offer the Company an exciting commercial opportunity and a clear market advantage.

Developments

The Passion Project

The Passion Project has continued to attract attention and has gathered momentum throughout the year.

In December 2014, the Passion Project was formally launched at the Cass Business School, with over 200 guests, including the Project's ambassadors and over 50 Founding Partners, such as Big Invest, Ambition UK, NCVO, Be the Best 21st Century Legacy, Each One Teach One and many others.

All Founding Partners share the Company's vision of using the Passion Project as a common platform through which to help inspire, educate and empower young people whilst helping to tackle youth unemployment.

The Project's structure is designed to aggregate all parties involved in the engagement, education and employment of young people whilst also providing a surrounding ecosystem through which to provide both commercial and social opportunities. The Passion Project process has been designed to ensure that its audience is equipped with the tools and skills it needs for life and the world of work, and the employers and industry partners are best placed to identify and engage tomorrow's talent and manage the increasing need for support driven by new Government employment directives.

In the run up to the launch event, it was announced that Erith Contractors and The Rank Group Plc had signed up as the first fee-paying corporate members. It has since attracted others including Higgins Construction Plc, Hammersons Plc, Mitre Group Plc, HR in Flow, STM Security Group UK Ltd, BGP Global Services, Box Pensions, Hill Group, Oak Futures, PW Interiors (UK) Ltd, Sonru and others.

The Passion Project's digital platform is now under development with the following key stages:

- Registration / Profile – allowing individuals and corporates to sign up using a variety of devices from desktop, tablet and mobile. Following sign up, the portal will deliver relevant content to users.
- Game Part 1 – A shortened version of the full game, which will use 1-16 character traits to indicate which areas of employment are most relevant to the user. The platform will now deliver targeted content and the users will gain rewards for registration and completing this initial stage of the Game.
- Activities – This development will allow activities to be displayed within the platform with sign up functionality, online booking and third party payment functionality.
- Game Part 2 – The full game, enabling users to match their profile with relevant jobs.
- Employment – the ability for employers to post jobs and for users to search and apply for them.
- Passport and achievements – this is a tracking and progress monitor which will allow users to pull in information to show they are growing their experiences and connections to enrich their employment profile.

Attracting fee-paying corporate members and sponsorship, including £130,000 in January 2015, was a key milestone in the product's lifecycle, highlighting the early stage commercial viability of the offering. Further commercial discussions are underway, including membership, data, advertising, sponsorship, events and competitions.

During the year the initiative has also attracted ambassadors including rapper, songwriter, actor and film director, Ben Drew, primarily known as Plan B, Rosie Chan, (Composer & Pianist) Akram Khan (Dance), Ali Tenant, (Singer/Composer), Amy Bailey (Actress) Jermain Jackman, (Winner of the Voice 2014) Wendy Smith (paralympian) and most recently in December 2015, Alex Pritchard, Tottenham Hotspur professional footballer. These relationships will support the initiative by actively raising awareness of it through social media – this campaign is scheduled to commence in Spring 2016.

Education and Training

The need for quality emotional intelligence material is evident with numerous Government funding streams being made available to support its development, and a heightened awareness in organisations about the need for a workforce and workplace fit for purpose. The Company has for a number of years been evaluating and preparing an early intervention model that would be acceptable to the UK Department of Education and comply with the Ofsted requirement for the current guidelines surrounding Spiritual, Moral, Social and Cultural (SMSC) education and the recent advice on the promotion of British Values.

The Company ran a successful national pilot in 2013/14 in collaboration with Prospects and Prospects Improve, which supported the findings of an earlier study carried out in the US by the RAND organisation. The follow on from this pilot has been slower than anticipated due to a change in management within the proposed distribution partners.

The existing agreement with our US partner has now been extended to include the rights to commercialise all materials for additional age ranges which will incorporate those in and outside of the current school system (primary to secondary) as well as those involved in the work programme and Passion Project training age of 14 – 25.

Numerous opportunities to incorporate emotional intelligence training are available to the Company via the Passion Project and its partner network as well as a stand-alone offering. This training forms the bedrock of the Passion Project and is now rapidly gaining industry acceptance.

A framework entitled “The Ladder“ has been designed to showcase how these products can be used in conjunction with the Passion Project to support a holistic solution for young people, training companies, grant givers and prospective employers.

Examples where Winning in the Game of Life (“WITGOL”) and additional education materials are currently being promoted outside of a traditional distribution partner include: Corporate Partner organisations Section 106 tenders; embedded in training companies delivery of life and work ready courses; and Corporate charitable/sponsorship initiatives.

In September 2015, Milestone acquired the funding to deliver WITGOL into 100 schools – this will be monitored and evaluated by the Milestone Foundation and is discussed below.

Nexstar

In July 2015, the Company signed a Joint Venture agreement with Black Cactus Holdings Pty Ltd (“Black Cactus”). The JV is owned 51% by Milestone and 49% Black Cactus, with a 50:50 revenue share and will be trading as Nexstar.

This agreement gave Milestone the opportunity to promote and establish loyalty and reward programmes to members of the Passion Project initiative. This offering was designed to include the provision of a full range of products and services owned and offered by Black Cactus. The Nexstar Platform can be viewed at www.nexstar.org.

These services include access to Tier 1 digital content from recognised industry partners and includes products such as music, movies and TV programming in the form of streaming, and transactional services on iOS, Android, Windows, Blackberry and other mobile platforms.

The range includes music streaming of 40 million songs to more than 183 countries as well as 43 million tracks of transactional music to 153 countries. The movie and TV platform has a total of 86,000 movies and 300,000 TV Shows that can be streamed or purchased. It also offers an over the top (“OTT”) Internet video service with over 1,000 channels streaming live news, documentaries, family programing, sports and 24-hour Music TV.

Additional products and services available to Nexstar include hotel booking platform, event ticketing for sports, concerts and shows and a white label mobile merchandise platform. Also included is a Money Over IP platform that supports virtual bank accounts, loyalty and reward cards, prepaid debit cards (using Mastercard products) and a crypto currency service.

This agreement was followed, post year-end, in October 2015 by the signing of a partnership agreement between Nexstar and Procurement International Limited, a well-established and recognised leader in the provision of procurement and fulfilment services to the Loyalty and Rewards industry.

The relationship with Black Cactus was extended in December 2015 and saw Milestone secure the exclusive global rights to market and commercialise all the existing IP within Black Cactus, thereby extending its offering beyond loyalty and reward programmes. The new agreement allows for a revenue split of 60:40 in favour of the introducing party.

This extensive collection of products has created a simple, modular multi-channel offering that can help numerous organisations solve problems in areas including: finance, marketing, distribution, PR, e-commerce and logistics.

Readymade opportunities for Nexstar within the Milestone Group include: include: the provision of virtual bank accounts with pre-paid cards to those without bank accounts identified via the Passion Project; the provision of an affordable “off the shelf” multi-channel network for those with a product or service to promote, for example new and existing talent; and opportunities for charities to white label for fundraising purposes.

The first white label site agreed under this new agreement was with the Milestone Foundation for the purpose of raising funding for the Passion Project, its community partners and its initiatives (see below).

Foundation

The Milestone Foundation was formally launched, along with the 500 Quality Apprenticeship Alliance ("Alliance") at an event held at the House of Lords post year-end in October 2015.

The Alliance was formed to provide sustainable apprenticeship opportunities, with appropriate wages to 500 young people through its partner network during 2016/17. The Alliance intends to maximise employer engagement in the delivery of the apprenticeship framework to help drive improvements in success rates, sustainable employment opportunities and increased industry activity and acceptance.

This initiative dovetails with development of the Passion Project and the growing employer awareness of the resulting impact expected due to the Employer Ownership of Skills initiative set to start taking effect as of April 2017.

The Foundation has to date secured over 1,000 pledges for apprenticeship placements, which will be evaluated, managed and monitored by industry specific working groups, comprising industry specialists and members from the DWP, Job Centre Plus and Apprenticeships 4 England. It is also engaged in several trailblazer initiatives with further announcements expected in the near future.

The on-boarding of a recognised industry delivery team was formally started in August 2015, although discussions had been underway for some time prior. Ensuring that sufficient momentum had been developed to support the need for full-time staff was key. With over 50 organisations on board, the training of young people using Disorder in full swing and a growing number of requests for collaboration, it was necessary to bring on two full-time members of staff, both with significant industry experience, as well as a Commercial Director/Bid Writer. The Foundation is well placed to convert this potential into revenue for the Company through the Passion Project partner sales channel.

An example of this being the Foundation's current preparations for the launch of a white-labelled version of the Nexstar platform for the purpose of raising awareness of the Passion Project, its partners and initiatives. The team will use the support of key influencers and celebrities across a wide range of genres, including sport, music, entertainment and fashion, to help promote the platform. Revenue from commission on products sold via the Foundation platform will be split between the Foundation and Nexstar, creating key revenue to support important social initiatives whilst generating revenues for the company.

Another initiative of the Foundation has been the establishment of a social impact study using the WITGOL programme. 100 primary schools in areas including East Yorkshire, Sussex and London will participate in a year-long study to measure the behavioural change in young people experienced pre and post participation. Once concluded this evidence will be used to lobby for Central Government funding to provide the programme into primary schools going forward.

The promotion of Emotional Intelligence and its associated social impact is one of the three key objectives of the Foundation. As such, it is actively promoting its inclusion in all partner relationships, in-house initiatives, delivery programmes, bids and grant applications.

At present the Foundation is involved with three active bids, four draft bids and has 23 expressions of interest registered with Partner organisations.

Mobile

Milestone's Mobile Business Solutions offering has been designed in a simple modular format allowing businesses and organisations the option to create a bespoke solution without excessive software development costs. These modules form the building blocks for a wide range of potential applications that can be used by any organisation to provide a cost effective business solution, facilitating the creation of operational efficiencies and effective collection and management of data.

This capability is of interest to many organisations undergoing a shift towards a technology enabled operations model and is becoming more important to those who are required to provide evidence of their services and their impact. The network of relationships offered via the Passion Project and its surrounding ecosystem offers the Company an exciting marketing opportunity especially with the increased need for evidence-based funding in the public sector regarding social impact evaluation.

Current modules include:

- Scheduling and Control Room Management
- Business Process Control
- Risk Assessment
- Incident Reporting
- Training Management
- Attendee and Participant Management and Monitoring
- Human Resource Management
- Mobile Workforce Management and Mobile Applications
- Survey Building Tool
- Multi-Discipline Quotation Tool
- Timesheet and Financial Management
- Third Party Application Integration

Additional bespoke modules can be developed to meet specific needs, a number of which have been created this year. Examples of where our technology is being used includes:

During the year, Milestone's relationship with Charlton Athletic Community Trust ("CACT") has continued to develop. In December 2014, CACT agreed to a proposal for Milestone to develop an online monitoring and case study capability with OnSide. This platform will be used by CACT to track and monitor their activities aimed at helping young people to develop and find employment through the use of sport.

Post year-end, CACT has further engaged Milestone to provide a Trust-wide solution, which is currently under negotiation for a three-year annuity contract for service.

At the end of February 2015, Milestone was engaged by Handy Heroes Ltd to develop a quotation module to be used with OnGuard solution at a value of £15,000.

These examples show the flexibility of the Mobile Business Solutions and it is encouraging to see existing clients renewing contracts and returning to expand their relationship with the products.

Creative Services

The Company's in-house team has remained small and has continued to balance work for external clients with the completion of the remaining in-house product development. Examples of which include: the on-boarding of the Passion Project founding partners; the Passion Project platform build; digitisation of the Disorder magazine; development of mobile modules for data collection; and the Foundation launch. This has offered an opportunity to define the core offering and build a team with the required skill sets to take the company forward.

Examples of work include:

- Design and build of large-scale interactive experiences for marketing of pharmaceutical products
- Multi-channel platform solutions and social media management projects
- Website design, branding and build across a number of disciplines

Disorder

Milestone purchased Disorder in April 2014 and has since relaunched the print version of the magazine as well as producing a new website and app. Disorder will play a key role in the creation of content for the Passion Project and has already attracted a number of supporters from the world of fashion, music, sport and the Arts.

The magazine continues to gain awareness, support and interest from the Passion Project network. The Disorder team has continued to train young people as part of the accompanying development and delivery of the magazine, which remains true to its original ethos and is complimentary to the Passion Projects vision. The first phase of commercialising the magazine was completed with the creation of the digital version and the signing of distribution rights with Nexstar in December 2015. The expansion and development of the magazine offering is being actively explored with a number of industry partners with further announcements expected shortly.

Since the year-end, Nexstar has agreed to syndicate the content globally. This will provide the magazine with new channels to market and opportunities to increase and engage the audience. This will allow Disorder to take on more training opportunities to help young people gain experience across a range of subjects, including fashion, journalism and photography.

The next version of the magazine will be released as a digital download on Apple Newsstand in March 2016. This issue features the likes of Made in Chelsea star, Oliver Proudlock, as well as rising pop starlet, Fleur East, a previous contender on the X Factor, who has since gone on to find fame as a solo artist under Simon Cowell's Syco music label.

Management Changes

Post year-end, in January 2016, Patrick Vigors joined the management team as Interim Chief Financial Officer, replacing Jim Brown, who resigned as Group Finance Director. During Jim's time at Milestone, the Company underwent an extensive phase of development and expansion so is now well positioned for growth. This has left the Company with the need for a more full-time finance department.

Financial Summary

During the year, the Group's net loss was £1,402,542 (2014: £1,071,383, which included a realised gain on the sale of investments of £409,453). Revenues were £318,035 (2014: £157,377) and net liabilities at the period end were £1,706,090 (2014: £1,162,250).

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

Funding

During the year, the Company issued 38,125,000 new ordinary shares for a total consideration of £381,250 of which £347,000 was received in cash and £34,250 was in exchange for goods or services received.

Since the year-end, the Company has issued 33,077,550 new ordinary shares, raising £293,600 in cash and exchanging £37,176 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 growing interest and support for the Passion Project highlights the Company's USP in the digital marketplace. By establishing the Passion Project as an aggregator and amplifier it provides a solution to many and is supported by a product suite designed to help facilitate its Partners' success.

The time taken to establish the structure and the team required for its delivery has been longer than anticipated, however the delivery process is now operational and growing rapidly. In light of these and other developments expected shortly the Board feels confident that the Company has now reached an inflection point and is positive about the Company's future going forward.

Deborah White
Chief Executive Officer and Interim Chairman
25 February 2016

Board of Directors

Directors at 25 February 2016:

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

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

Other Directors during the year:

Jim Brown, Group Finance Director
served as Group Finance Director, 10 July 2012 to 11 January 2016

Company Secretary

Jim Brown
served 1 February 2013 to 11 January 2016

Patrick Vigors
appointed 11 January 2016

Company Details:

Address and Registered office:

Milestone Group PLC,
1st Floor, 2 Royal Exchange Steps,
The Royal Exchange,
London EC3V 3DG

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

Registered in England Company no: 04689130

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

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

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

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 2015

Results and dividends

The consolidated results of the Group for the year are set out on page 20 of this report and show the loss for the year of £1,402,542 (2014: £1,071,383) with total revenues of £318,035 (2014: £157,377).

The Directors are unable to recommend the payment of a dividend (2014: 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 £106,527 of interest bearing loans outstanding at the year-end (2014: £73,527). 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 £1,706,090 (2014: £1,162,250) 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 2016

Report of the Directors for the year ended 30 September 2015

The Directors present their report together with the audited financial statements for the year ended 30 September 2015.

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 25 February 2016, the following persons have a notifiable interest in the ordinary share capital of the Company (3 per cent or more of the Company's ordinary shares; please note percentages are rounded):

	Ordinary Shares held at 25 February 2016	
Deborah Jane White	35,439,330	(5.67%)
HBS 049 Limited	30,000,000	(4.80%)
David Jones	26,541,691	(4.25%)
Paul Stephen Musgrove	25,233,546	(4.04%)
Thomas James Vaughan	20,000,000	(3.20%)
BGP Global Services Ltd	19,487,013	(3.12%)

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.

Communication with shareholders (continued)

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 1 to 8 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.

Directors' 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. During his time at Milestone, the Company underwent an extensive phase of development and expansion, which has left the Company with the need for a more full-time finance department, and as such, Jim resigned post year-end in January 2016.

Anthony Sanders,
Technical and Development Director

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

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

David Hill,
Non-executive Director

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

Directors' profiles (continued)

Kevin Everett,
Non-executive Director

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

Kevin is currently Treasurer and Chairman of the Board of the Sir John Cass Foundation. During his 24 years on the Board, he has led the restructuring of the Foundation, increasing their assets from £16m to £120m. His early support for specialist schools, linked with his belief in the model of putting education and employers together, has helped increase the Sir John Cass Foundation's grant capacity and benefit from £300k to over £5m.

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

Kevin is a key player in the development of a number of Milestone's initiatives and will be taking the lead on the further development of the Milestone Foundation.

Directors' shareholdings

The Directors of the Company and their beneficial interests as at the end of the year and as at 25 February 2016 (including those of their immediate family and any company controlled by them) in the share capital of Milestone are shown below:

	Ordinary shares of 0.1p each held at 25 February 2016	Ordinary shares of 0.1p each held at 30 September 2015	Ordinary shares of 0.1p each held at 30 September 2014
Deborah Jane White	35,439,330	35,439,330	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 (2014: nil) and there were 72,666,000 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.

Financial instruments and principal risks and uncertainties

Financial instruments and principal risks and uncertainties are set out in the Strategic Report on page 10.

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.

Directors' responsibilities (continued)

The Directors are responsible for keeping proper accounting records that 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 on-going integrity of the financial statements contained therein.

By order of the Board

Deborah White
Chief Executive Officer and Interim Chairman
25 February 2016

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 2015, 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 16, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 2015. 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 2016

Consolidated statement of comprehensive income for the year ended 30 September 2015

	Note	2015	2014
		£	£
Revenue	1	318,035	157,377
Cost of sales		(140,214)	(247,087)
Gross profit / (loss)		**177,821**	**(89,710)**
Other operating income		-	1,500
Realised gain on disposal	12	-	409,453
Administrative expenses	4	(1,573,771)	(1,428,018)
		(1,573,771)	(1,017,065)
Loss from operations		**(1,395,950)**	**(1,106,775)**
Net finance (expense) / income	6	(6,592)	35,392
Loss before taxation		**(1,402,542)**	**(1,071,383)**
Taxation charge	7	-	-
Net loss for the year		**(1,402,542)**	**(1,071,383)**
Items which may be reclassified subsequently to profit or loss			
Adjustment in carrying value of available for sale investments		-	(14,080)
Items reclassified to profit or loss			
Recycling of realised gain on sale of available for sale investments	12	-	(335,304)
Total comprehensive loss for the year		**(1,402,542)**	**(1,420,767)**
Attributable to owners of the parent		**(1,402,542)**	**(1,420,767)**
Basic and diluted loss per share (pence)	9	**(0.25)**	**(0.23)**

The notes on pages 24 to 45 form part of these financial statements.

Consolidated statement of financial position at 30 September 2015 Company No: 04689130

	Note	2015	2014
		£	£
Non-current assets			
Intangible assets	10	18,914	56,728
		18,914	**56,728**
Current assets			
Trade and other receivables	13	63,477	114,983
Cash and cash equivalents		92,495	75,855
		155,972	**190,838**
Current liabilities			
Trade and other payables	14	(1,774,449)	(1,336,289)
Interest bearing loans	15	(106,527)	(73,527)
		(1,880,976)	**(1,409,816)**
Net liabilities		**(1,706,090)**	**(1,162,250)**
Capital and reserves attributable to owners of the Company			
Share capital	18	592,086	553,961
Share premium account		13,395,669	13,056,175
Shares to be issued		502,848	40,000
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained losses		(30,049,182)	(28,664,875)
Total Equity		**(1,706,090)**	**(1,162,250)**

The financial statements were approved by the Board and authorised for issue on 25 February 2016.

Deborah White
Chief Executive Officer and Interim Chairman

The notes on pages 24 to 45 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2015

	Note	2015	2014
		£	£
Cash flow from operating activities			
Loss for the year		**(1,402,542)**	**(1,071,383)**
Adjustments for:			
Amortisation of intangible assets		37,814	37,814
Impairment of investments		-	61,713
Realised gain on disposal of available for sale investments	12		(409,453)
Impairment of goodwill		-	94,947
Net bank and other interest charges		(6,592)	(35,392)
Services settled by the issue of shares		30,619	27,049
Issue of share options charge		18,235	-
Net cash before changes in working capital		**(1,322,466)**	**(1,294,705)**
Decrease / (increase) in trade and other receivables		51,507	(64,255)
Increase in trade and other payables		444,743	119,754
Cash outflow from operations		**(826,216)**	**(1,239,206)**
Interest received		10	56
Interest paid		(2)	(5,866)
Net cash flows from operating activities		**(826,208)**	**(1,245,016)**
Investing activities			
Purchase of available for sale investments		-	(232,937)
Proceeds from sale of available for sale investments		-	350,057
Acquisition of intangible assets		-	(1)
Net cash flows used in investing activities		**-**	**117,119**
Financing activities			
Issue of ordinary share capital		809,848	1,207,467
Repayment of loan		(73,500)	(23,740)
New loans raised		106,500	3,000
Net cash flows from financing activities		**842,848**	**1,186,727**
Net increase in cash		**16,640**	**58,830**
Cash and cash equivalents at beginning of year		75,855	17,025
Cash and cash equivalents at end of year	25	**92,495**	**75,855**

The notes on pages 24 to 45 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2015

	Share Capital	Share Premium	Shares to be issued	Other Reserves	Retained Earnings	Total Equity
	£	£	£	£	£	£
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)**
Loss for the year	-	-	-	-	(1,402,542)	(1,402,542)
Cash received in advance of share issue	-	-	462,848	-	-	462,848
Shares issued	38,125	339,494	-	-	-	377,619
Share options	-	-	-	-	18,235	18,235
Balance at 30 Sept 2015	**592,086**	**13,395,669**	**502,848**	**13,852,489**	**(30,049,182)**	**(1,706,090)**

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.

Prior to the year-end, cash of £462,848 was received in advance of the issue of the associated equity shares, which were issued subsequent to the balance sheet date.

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

Notes to the consolidated accounts for the year ended 30 September 2015

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.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and below. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition note 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 2015, being the Group's financial year-end, was £1,706,090 (2014: £1,162,250). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £293,600 in cash and exchanged £37,175 worth of shares for services received.

The Company continues to be reliant upon its continuing ability to manage the timing of settlement both of its current liabilities and future liabilities as they arise. Future fundraising will be required in the immediate to short term thereafter, however developing revenue lines through its various projects, including its subsidiary, Nexstar, and the expansion of the Passion Project, are expected to ease the reliance on fundraising in the coming months. The Company's focus is on the generation of revenues across each of its business units. The Group is already at the contract stage with a number of new customers and, as a result, the Board has prepared forecasts to reflect these new revenues, which show the business becoming self-sustaining in the near future. Should any of these factors not deliver the funding envisaged by the Directors, then alternative sources of funds would continue to be required.

Going concern (continued)

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

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 September 2015. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

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

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

Revenue and attributable profit

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

Research and development

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

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

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

Available for sale investments

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

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value by equal annual instalments over their expected useful lives. The rates generally applicable are 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 issued. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations, directly attributable costs of acquisition are recognised immediately as an expense.

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

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

Externally acquired intangible assets

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

Impairment of non-current assets

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

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

Cash and cash equivalents

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

Equity

Equity comprises the following:

- *Share capital* represents the nominal value of issued ordinary shares and deferred shares.
- *Share premium* represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- *Shares to be issued reserve* represents shares to be issued in consideration for the acquisition of FEDS / LIMIT and for cash received for the purchase of shares yet to be issued at the period end.
- *Merger reserve* represents the excess over nominal value of the fair value of consideration received for equity shares issued on acquisition of subsidiaries, net of expenses of the share issue.
- *Capital redemption reserve* represents the nominal value of shares repurchased by the Company.
- *Retained earnings* represents retained profits and losses.

Deferred taxation

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

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

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

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

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

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

Financial instruments

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

Trade receivables

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are reported in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Trade payables

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

Contingent consideration

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

Equity instruments

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

Convertible debt

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

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

Share based payments

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

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

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

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

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

There are a number of new standards that have come into affect for the first time this year. These are not listed here as they have not had and are not expected to have a material impact on the financial statements.

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.

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 2015	Milestone	Oil Productions	Total
	£	£	£
Revenue to External Customers	**192,224**	**125,811**	**318,035**
Net finance income / (expense)	(6,590)	(2)	(6,592)
Depreciation & Amortisation	(37,814)	-	(37,814)
Segment loss before tax	**(1,118,508)**	**(284,034)**	**(1,402,542)**

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)**

£45,894 of revenues recognised in Oil Productions for the year are generated from sales to one customer (2014: £45,184).

As at 30 September 2015	Milestone	Oil Productions	Total
	£	£	£
Adjustments to carrying value of available for sale investments	-	-	-
Realised gain on sale of available for sale investments	-	-	-
Impairment of Goodwill	-	-	-
Total Segment Assets	**154,038**	**20,848**	**174,886**
Total Segment Liabilities	**(811,601)**	**(1,069,375)**	**(1,880,976)**

As at 30 September 2014	Milestone	Oil Productions	Total
	£	£	£
Adjustments to carrying value of available for sale investments	(14,080)	-	(14,080)
Realised gain on sale of available 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)**

4. Administrative Expenses

The following amounts are included within administrative expenses:

	2015	2014
	£	£
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	29,000	20,400
Fees for taxation compliance services	4,375	3,600
Depreciation, amortisation and impairment:		
Software Licenses	37,814	37,814
Impairment of goodwill and investments	-	156,660
Staff costs (note 5)	705,951	554,100

5. Directors and Staff

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

	2015	2014
	£	£
Wages and salaries	640,607	505,424
Social security costs	65,344	48,676
	705,951	**554,100**

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

	2015	2014
	no.	no.
Sales and distribution	6	3
Directors and administration	10	9
	16	**12**

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

5. Directors and staff (continued)

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

	2015	2014
	£	£
Deborah White	120,000	120,000
Jim Brown	36,000	35,625
Anthony Sanders	114,000	114,000
David Hill	24,000	24,000
Kevin Everett	24,000	24,000
Total Directors emoluments	318,000	317,625
Remuneration for additional key management	-	-
Employers national insurance and share option charges for key management personnel (including directors)	45,120	28,342
	363,120	**345,967**

The amounts accrued as a contingent liability by the Company during the year is shown in the table above. Of these amounts £318,000 at the year-end was accrued and unpaid. Details of the total amounts outstanding to the Directors at the period end are detailed in note 14.

6. Finance Expenses

	2015	2014
	£	£
Trade Interest	(2)	(1,073)
Loan Interest	(6,600)	36,409
	(6,602)	**35,336**

In the year to 30 September 2014, the Directors 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

	2015	2014
	£	£
Loss from operations before tax	(1,402,542)	(1,071,383)
Loss from operations at the standard rate of corporation tax in the UK of 20% (2014: 22%)	(280,508)	(235,704)
Effects of:		
Expenses not deductible for tax purposes	81,513	111,649
Unutilised tax losses and other deductions	198,995	124,055
Total tax charge in the year	-	-

Deferred tax assets of approximately £1.8m (Group) (2014: £1.6m) have not been recognised in the financial statements as there is currently insufficient evidence to suggest that any deferred tax asset would be recoverable. The Group has unutilised tax losses of approximately £8.6m (2014: £7.6m) 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 (2014: £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 104,522,000 share options outstanding at the year-end (2014: 19,085,000). However, the figures for 2015 and 2014 have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

			2015			2014
	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	(1,402,542)	572,401,922	(0.25)	(1,071,383)	471,318,047	(0.23)

10. Intangible Assets

	Licenses	Goodwill	Customer relationships	Total
	£	£	£	£
Cost				
Balance as at 1 October 2013	189,073	407,987	242,927	839,987
Balance as at 1 October 2014	189,074	407,987	242,927	839,988
Balance as at 30 September 2015	**189,074**	**407,987**	**242,927**	**839,988**
Amortisation and impairment				
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 as at 1 October 2014	**132,346**	**407,987**	**242,927**	**783,260**
Amortisation charged in the year	37,814	-	-	37,814
Balance at 30 September 2015	**170,160**	**407,987**	**242,927**	**82,1074**
Net book value				
As at 30 September 2015	**18,914**	**-**	**-**	**18,914**
As at 30 September 2014	56,728	-	-	56,728

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.

In the previous period, the review suggested that the Goodwill in Oil Productions has been impaired on a value-in-use basis and therefore an impairment charge of £nil been recognised in the statement of comprehensive income (2014: £94,947).

10. Intangible Assets (continued)

Subsidiaries as at 30 September 2015	Registered Address	Class of Shares	Total Number of Shares in issue at 30 September 2015	Percentage held by Milestone
Oil Productions Ltd (Relative)	2-8 Scrutton Street, London EC2A 4RT	Ordinary Shares of 0.1p	2325	100%
Nexstar League Ltd	2 Royal Exchange Steps, The Royal Exchange, London EC3V 3DG	Ordinary Shares of 0.1p	100	51%
OnSide Now Ltd (Dormant)	2 Royal Exchange Steps, The Royal Exchange, London EC3V 3DG	Ordinary Shares of 0.1p	1	100%

11. Property, plant and equipment

	Fixtures, fittings and equipment	Total
	£	£
Cost		
At 1 October 2013	146,991	146,991
Assets written off	(146,991)	(146,991)
At 30 September 2014	-	-
At 1 October 2014 and 30 September 2015	-	-
Depreciation		
At 1 October 2013	146,991	146,991
Assets written off	(146,991)	(146,991)
At 30 September 2014	-	-
At 1 October 2014 and 30 September 2015	-	-
Net book value		
At 30 September 2014 and 30 September 2015	-	-

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

12. Available for sale investments

	Level 3	Total
	£	£
Cost		
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	-	-
At 1 October 2014 and 30 September 2015	-	-
Net book value		
At 30 September 2014 and 30 September 2015	-	-

13. Trade and other receivables

	2015	2014
	£	£
Trade receivables	12,330	57,307
Other receivables	51,147	57,676
	63,477	**114,983**

Trade receivable days at the year-end were 14 days (2014: 27 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 (2014: nil). No amounts included within trade and other receivables are expected to be recovered in more than one year (2014: 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:

	2015	2014
	£	£
Not yet due		
0 - 29 days	12,330	57,307
Overdue		
30 - 59 days	-	-
	12,330	**57,307**

14. Trade and other payables

	2015	2014
	£	£
Trade payables	389,939	371,227
Other payables	16,736	154,270
Taxation and social security	170,865	78,879
Accruals and deferred income	1,196,909	731,912
	1,774,449	**1,336,288**

Included in payables and accruals are amounts of £754,872 (2014: £502,804) relating to unpaid contingent remuneration to the Directors in office at the year-end. This has been accrued in accordance with the payments agreed between the Company and Directors.

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

	2015	2014
	£	£
Interest bearing loans	106,527	73,527
	106,527	**73,527**

Of these loan balances, £91,527 is unsecured, attracts no interest and has no fixed repayment schedule. The remaining £15,000 is unsecured, attracts 3% per annum interest and has no fixed repayment schedule.

The interest charge in the consolidated statement of comprehensive income for the year was £6,660 (2014: £35,336 credit).

16. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a rate of 20% (2014: 20%). Recognised deferred tax liabilities for 2015 are nil (2014: nil).

A deferred tax asset of £1.81m, arising principally from losses in the Group, has not been recognised (2014: £1.60m). 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 trade receivables and cash at bank. The statement of financial position values for the financial assets and liabilities are not materially different from their fair values.

Liquidity risk

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

Credit risk

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

Currency risk

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

Capital risk management

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

The Group had current loan liabilities of £106,527 at the year-end (2014: £73,527).

Liability maturity analysis

2015	**Repayable on demand or within 1 month**	**Between 1 month and 6 months**	**Between 6 months and 1 year**
	£	**£**	**£**
Trade payables	389,939	-	-
Other trade payables	33,413	16,736	-
Accruals and deferred income	-	170,865	1,163,496
Interest bearing loans	-	106,527	-

2014	**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	-

Liability maturity analysis (continued)

Within interest bearing loan balances at the year-end, there are no convertible loans (2014: nil).

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

Interest rate and liquidity risk

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

18. Share capital

	2015	2014
	£	£
Authorised		
2,267,095,595 (2014: 2,267,095,595) ordinary shares of 0.1p (2014: 0.1p) each	2,267,096	2,267,096
	2,267,096	**2,267,096**
Allotted, called up and fully paid		
592,086,032 (2014: 553,961,032) ordinary shares of 0.1p (2014: 0.1p) each	592,086	553,961
	592,086	**553,961**

On 30 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 for settlement of outstanding trade payables of £31,750.

On 19 June 2015, the Company issued 21,950,000 ordinary shares at a price of 1 penny per share for a cash consideration of £217,000 and to certain creditors in lieu of £2,500 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 2015, the Company had no warrants in issue (2014: nil).

The charge recognised in the consolidated statement of comprehensive income for share warrants was £nil (2014: £nil).

20. Capital commitments

There were no capital commitments at 30 September 2015 or 30 September 2014.

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.

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

Details of the Options are as follows:

2015	**Options held at 1 October 2014**	**Number of new options granted in the year**	**Number of options forfeited in the year**	**Options held at 30 September 2015**	**Option price**
Holder					
Deborah White	6,000,000	40,056,000	-	46,056,000	1p
David Hill	4,000,000	3,676,000	-	7,676,000	1p
Tony Sanders	-	15,352,000	-	15,352,000	1p
Kevin Everett	-	3,582,000	-	3,582,000	1p
Others	4,000,000	23,121,000	-	27,121,000	1p
Others	5,085,000	-	-	5,085,000	1.5p
Total	**19,085,000**	**85,787,000**	**-**	**104,872,000**	

21. Share based payment (continued)

2014	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
Holder					
Deborah White	6,000,000	-	-	6,000,000	1p
David Hill	4,000,000	-	-	4,000,000	1p
Tony Sanders	-	-	-	-	1p
Kevin Everett	-	-	-	-	1p
Others	4,000,000	-	-	4,000,000	1p
Others	5,085,000	-	-	5,085,000	1.5p
Total	**19,085,000**	**-**	**-**	**19,085,000**	

At 30 September 2015, none of the options were exercisable due to the mid-market share price of the Company in the period (30 September 2014: nil). At this date, the weighted average contractual life of the outstanding options was 8.9 years (30 September 2014: 7.2 years).

There were no share options exercised during the year (2014: 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
Options granted in 2015	
Weighted average share price (pence)	0.65p
Weighted average exercise price (pence)	1p
Option life (years)	10
Risk free interest rate (%)	1.66
Dividend yield	0
Volatility (%)	67

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 total fair value of the options granted in the period was £364,700 (2014: £nil). The amount debited to the consolidated statement of comprehensive income for share options was £18,235 (2014: £nil).

22. Transactions with Directors and other related parties

Other transactions with Directors

As stated in note 14 to the accounts a total of £748,847 (2014: £502,804) is due to certain Directors as unpaid remuneration.

Related Party relationship	Transaction amount		Balance owing / owed	
	2015	2014	2015	2014
	£	£	£	£
Purchases from companies in which Directors or their immediate family have a significant controlling interest	44,395	36,984	12,468	3,880
Amounts lent to the Company by immediate family members of the Directors	-	-	30,000	30,000
Amounts lent by the Company to companies in which Directors or their immediate family have a significant controlling interest	-	-	7,100	100

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 (2014: nil).

24. Operating lease rental commitments

At 30 September 2015, the Group had commitments under operating leases as follows:

	30 Sept 2015	30 Sept 2014
	Land and buildings	Land and buildings
	£	£
Within one year	6,637	6,637
More than one year	-	-
	6,637	**6,637**

25. Notes supporting the cash flow statement

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

	2015	2014
	£	£
Cash available on demand	92,495	75,855
	92,495	**75,855**

26. Events after the Reporting period

Subscriptions and funding

On 11 November 2015, the Company issued 15,067,550 ordinary shares at a price of 1 penny per share for a cash consideration of £113,500 and for settlement of outstanding trade payables of £37,175.50.

On 25 February 2016, the Company issued 18,010,000 ordinary shares at a price of 1 penny per share for a cash consideration of £180,100.

Appointment of Chief Financial Officer and Directorate Change

On 18 January 2016, the Company announced the appointment of Mr. Patrick Vigors as Interim Chief Financial Officer to the management team and the resignation of Mr. Jim Brown as Group Finance Director.

Company balance sheet at 30 September 2015
Company No: 04689130

	Note	2015	2014
		£	£
Fixed assets			
Intangible assets	5	18,914	56,728
		18,914	**56,728**
Current assets			
Debtors	7	42,687	78,677
Cash at bank and in hand		92,437	72,495
		135,124	**151,172**
Current liabilities			
Creditors: amounts falling due within one year	8,9	(1,728,664)	(1,222,496)
		(1,728,664)	**(1,222,496)**
Net current liabilities		**(1,593,540)**	**(1,071,324)**
Total assets less current liabilities		**(1,574,626)**	**(1,014,596)**
Creditors: amounts falling due in more than one year			
Other liabilities		-	-
		-	-
Net liabilities		**(1,574,626)**	**(1,014,596)**
Capital and reserves			
Called up share capital	10	592,086	553,961
Share premium account	12	13,395,669	13,056,175
Shares to be issued reserve	12	502,848	40,000
Capital redemption reserve	12	2,732,904	2,732,904
Profit and loss account	12	(18,798,133)	(17,397,636)
Shareholders' funds		**(1,574,626)**	**(1,014,596)**

The financial statements were approved by the Board and authorised for issue on 25 February 2016

Deborah White
Chief Executive Officer and Interim Chairman

The notes on pages 47 to 52 form part of these financial statements.

Notes to the Company accounts for the year ended 30 September 2015

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 and below. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition note 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 2015, being the Company's financial year-end, was £1,574,626 (2014: £1,014,596). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £293,600 in cash and exchanged £37,175 worth of shares for services received.

The Company continues to be reliant upon its continuing ability to manage the timing of settlement both of its current liabilities and future liabilities as they arise. Future fundraising will be required in the immediate to short term thereafter, however developing revenue lines through its various projections, including its subsidiary, Nexstar, and the expansion of the Passion Project, are expected to ease the reliance on fundraising in the coming months.

The Company's focus is on the generation of revenues across each of its business units. The Group is already at the contract stage with a number of new customers and, as a result, the Board has prepared forecasts to reflect these new revenues, which show the business becoming self-sustaining in the near future. Should any of these factors not deliver the funding envisaged by the Directors, then alternative sources of funds would continue to be required.

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

Intangible fixed assets

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

Software licenses:	5 years

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 £1,418,732 (2014: £1,067,031). 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 (2014: nil).

4. Directors and staff

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

	2015	2014
	£	£
Wages and salaries	483,436	344,511
Social security costs	48,119	30,966
	531,555	**375,477**

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

	2015	2014
	No.	No.
Directors and administration	12	7
	12	**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 2014	189,073	1	189,074
At 30 September 2015	**189,073**	**1**	**189,074**
Depreciation as at 1 October 2014	132,346	-	132,346
Charge for year	37,814	-	37,814
At 30 September 2015	**170,160**	**-**	**170,160**
Net book value			
At 30 September 2015	**18,913**	**1**	**18,914**
At 30 September 2014	56,727	1	56,728

6. Fixed asset investments

	Shares in subsidiary undertakings	Trade Investments	Total
	£	£	£
Cost			
At 1 October 2014	246,921	61,713	308,634
Disposals	-	-	-
At 30 September 2015	**246,921**	**61,713**	**308,634**
Amounts written off			
At 1 October 2014	(246,921)	(61,713)	(308,634)
Write down in carrying-value	-	-	-
At 30 September 2015	**(246,921)**	**(61,713)**	**(308,634)**
Net book value			
At 30 September 2014 and 30 September 2015	-		-

The value of shares in subsidiary undertakings and trade investments are tested annually for impairment. In the prior year, 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 was recognised in the Company Profit and Loss account.

Subsidiaries as at 30 September 2015	Registered Address	Class of Shares	Total Number of Shares in issue at 30 September 2015	Percentage held by Milestone
Oil Productions Ltd (Relative)	2-8 Scrutton Street, London EC2A 4RT	Ordinary Shares of 0.1p	2325	100%
Nexstar League Ltd	2 Royal Exchange Steps, The Royal Exchange, London EC3V 3DG	Ordinary Shares of 0.1p	100	51%
OnSide Now Ltd (Dormant)	2 Royal Exchange Steps, The Royal Exchange, London EC3V 3DG	Ordinary Shares of 0.1p	1	100%

7. Debtors

	2015	2014
	£	£
Trade debtors	2,340	31,800
Other debtors	40,347	46,877
	42,687	**78,677**

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

8. Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	337,139	317,080
Other creditors	-	21,098
Accruals and deferred income	1,192,211	731,912
Taxation and Social Security	92,787	78,879
	1,622,137	**1,148,969**

Included in creditors and accruals are amounts of £754,872 (2014: £497,258) relating to unpaid contingent remuneration to the Directors in office at the year-end. This has been accrued in accordance with the payments agreed between the Company and Directors.

Included in deferred income there is £12,363 (2014: £nil), which relates to the residual proportion of membership fees remaining at the year-end.

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

	2015	2014
	£	£
Interest bearing loans	106,527	73,527
	106,527	**73,527**

Loan balances are unsecured and have no fixed repayment schedule. The interest charge in the profit and loss account for the year was £6,660 (2014: £1,656).

10. Share capital

	2015	2014
Allotted, called up and fully paid	£	£
592,086,032 (2014: 553,961,032) ordinary shares of 0.1p (2014: 0.1p) each	592,086	553,961
	592,086	**553,961**

On 30 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 for settlement of outstanding trade payables of £31,750.

On 19 June 2015, the Company issued 21,950,000 ordinary shares at a price of 1 penny per share for a cash consideration of £217,000 and to certain creditors in lieu of £2,500 payable in respect of services provided to the Company.

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

11. 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.

12. Share Premium account and reserves

	Share capital	Share premium	Shares to be issued	Profit and loss account	Capital redemption reserve	Total
	£	£	£	£	£	£
At 1 October 2014	553,961	13,056,175	40,000	(17,397,636)	2,732,904	(1,014,596)
Loss for the year	-	-	-	(1,418,732)	-	(1,418,732)
Cash received in advance of share issue	-	-	462,848	-	-	462,848
Share capital issued	38,125	339,494	-	-	-	377,619
Share options	-	-	-	18,235	-	18,235
At 30 September 2015	**592,086**	**13,395,669**	**502,848**	**(18,798,133)**	**2,732,904**	**1,574,626**

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.

13. Capital commitments

There were no capital commitments at 30 September 2015 or 30 September 2014.

14. 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.

15. 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.

16 Retirement benefit schemes

No payments were made on behalf of Directors to any retirement benefit schemes in the year (2014: nil).

17 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 2015 which comprise the parent company Balance Sheet and the related notes 1 to 17. 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 16, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. 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 company's affairs as at 30 September 2015 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 parent company financial statements of Milestone Group PLC for the year ended 30 September 2015. 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 2016

Milestone Group PLC

Annual Report and Financial Statements

Year ended 30 September 2015

Address

1st Floor, 2 Royal Exchange Steps,
The Royal Exchange,
London, EC3V 3DG

Contact Us

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