REGISTERED NUMBER: 06223892 (England and Wales)

# ACE LIBERTY AND STONE PLC

## DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 APRIL 2013

# ACE LIBERTY AND STONE PLC

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# ACE LIBERTY AND STONE PLC

## COMPANY INFORMATION, DIRECTORS AND ADVISORS

| | |
|---|---|
| **Directors:** | Mark Thomas – MRICS, IRRV – Non Executive Chairman<br>Ismail Ghandour - MBA - Chief Executive<br>Mark Eichhorn - CIMA, CA - Finance Director (Resigned 06 June 2013)<br>Keith Pankhurst – Non Executive Director<br>Kayssar Ghorayeb - Non Executive Director (Appointed 18 September 2012)<br>Ivan Minter FCA - Finance Director (Appointed 06 June 2013)<br>Dr Anthony Ghorayeb - Non Executive Director (Appointed 19 September 2013) |
| **Company Secretary:** | International Registrars Limited |
| **Registered Number:** | 06223892 (England and Wales) |
| **Registered Office:** | Finsgate<br>5-7 Cranwood Street<br>London<br>EC1V 9EE |
| **Bankers:** | HSBC Private Bank Plc<br>78 St James's Street<br>London<br>SW1A 1JB |
| **Auditors:** | Merali's<br>Chartered Accountants and Statutory Auditors<br>Scottish Provident House<br>76-80 College Road<br>Harrow, Middlesex<br>HA1 1BQ |

# ACE LIBERTY AND STONE PLC

## CHAIRMAN'S STATEMENT
## FOR THE YEAR ENDED 30 APRIL 2013

I am pleased to present the consolidated financial results of Ace Liberty and Stone Plc. for the year ended 30 April 2013.

**Business and operations**

The Group continues to hold the properties referred to in my statement dated 30 July 2012 attached to the 2012 financial statements and is pleased with their progress.

Radcliff Property Limited, in which the Company has a 38% stake, is negotiating the sale of the tower building in central Sheffield. This transaction is not yet irrevocable and will be announced at the appropriate time. The Directors are confident this will result in a significant profit for the Group.

Negotiations are also in progress to purchase a plot of land in Eastern France with potential for development as a ski resort and, separately, a property in Leeds. Again, these transactions are not yet irrevocable and will be announced at the appropriate time.

**Shareholder Investment**

During the year under review, new shareholders invested £1.598m (net of fundraising costs) in new ordinary shares of the Company. This has continued in the period since 30 April 2013 when a further £1.34m has been invested. The directors welcome this as a sign of confidence in their management and support for the Company's property investment strategy. The Company is now capitalised at £11.5m.

The Board has a strategy of attracting cash investment from new and existing shareholders in order to build up the company's capital base for the group's operations in the belief that a strong, well-capitalised company is better positioned both to arrange finance and to take advantage of market opportunities. In pursuit of this strategy, the Board has considered it to be in the interests of all shareholders to issue new shares for cash at a discount to the existing market price.

The Company has also arranged and drawn down a loan of £1,000,000 from a private lender to enhance its long term resources.

**Corporate Governance**

There have been a number of changes in the Board during the past year. On 6 June 2013, Mark Eichhorn resigned as a Finance Director and Ivan Minter FCA returned to the Company after a period of employment at the Bank of England to take his place. Dr Anthony Ghorayeb joined the Board on 19 September 2013; he is the Chairman of Levant Investment Bank s.a.l. (LiBank s.a.l.) and his appointment enhances the links which have been beneficial to the Company. The Board is of the view that these changes strengthen the Board and will improve its ability to successfully manage its affairs in the forthcoming months and years.

Consistent with other changes in the Company, Ace has developed its corporate governance and a report is given in the Corporate Governance Statement which is included for the first time.

**Financial Results**

The consolidated profit for the year after taxation was £129,426 (2012: £93,843 restated) on consolidated revenue of £697,270 (2012: £97,053). The Company's earnings fluctuate from year to year as profits are realised from property sales and an important indicator of the group's strength is the total of share capital and reserves which stands at £3,871,551 (2012: £2,143,969 restated). The Board is very pleased with the result of the year's activities and believe the Group is well-placed to capitalise on future events in the property market.

**Outlook**

Recent data indicate that economic conditions in the UK may be improving slowly and this Board will be prepared to move incisively when opportunities arise. The Directors monitor the property market continuously and will maintain the Group's resources for maximum effectiveness. Cash resources currently amount to approximately £3 million. The Company is considering several further opportunities and is in detailed discussions with receivers handling a number of large projects both in London and in the provinces. Further announcements will be made as these discussions develop. The Directors believe their policies will enable them to make many more positive reports to their shareholders over future years.

**Company Chairman**

It has been my pleasure to serve as Chairman since the formation of the Company in 2007. During this period the Company has made good progress in one of the most difficult trading periods seen for seventy years.

Your Board has reviewed the executive requirements needed to match the opportunities which will arise as a result of the additional investment made by the new shareholders. In order to strengthen the executive team, I shall be stepping down as a Chairman at the conclusion of the AGM to become Commercial Director. I am very much looking forward to this new, hand-on role.

My colleague Keith Pankhurst, who has been a non-executive director since 2007 has agreed to become Chairman of the Board which will now comprise three executive and three non-executive Directors. This structure assures the Company of a good mix of skills and I wish Keith every success in his new role.

**Mark Thomas**
**Chairman**
**Date: 27 September 2013**

## CORPORATE GOVERNANCE STATEMENT
## FOR THE YEAR ENDED 30 APRIL 2013

The Board welcomes the decision of ISDX markets to strengthen the Corporate Governance requirements for its listed companies. The directors support the principles contained in the Combined Code on Corporate Governance as applied to smaller quoted companies, and although not yet mandatory, consider it appropriate to provide corporate governance disclosures.

**The Board**

Since floatation, the Board has consisted of two executive and two non-executive directors, one of the latter being chairman. During 2012 and 2013, the Company has been successful in securing a significant amount of additional equity funding and on 18 September 2012, it was considered appropriate to appoint a further non-executive director, Kayssar Ghorayeb; subsequently, on 19 September 2013, Dr Anthony Ghorayeb also became a non-executive director.

The Board then further reviewed its composition in the light of its current operations, Corporate Governance best practice, and the recognition of its responsibility to an enlarged body of shareholders.

Three further decisions were taken. The first was to set up three Board Committees, covering Audit, Remuneration and Nominations. In each instance the committee is chaired by a non-executive director and there is a majority of non-executive votes at every meeting. The second decision recognised that Mark Thomas, who has been Chairman since the formation of the Company, could be of assistance to the Chief Executive in the position of Commercial Director. Mark is a Chartered Surveyor and has skills which will be valuable in an executive capacity as the Company explores growth opportunities. The third decision was to invite Keith Pankhurst, a board member since 2007, to accept the post of Chairman. Keith has recently retired from full-time responsibilities in a West End firm property consultants and can bring appropriate experience to this role.

The directors believe that the resultant balance of executive and non-executive directors and mix of skills will serve the Company and shareholders well. A brief biography of each director appears on the Company's website at http://acelibertyandstone.com/

**Board Committees**

Each committee will meet at least twice a year and will provide a means for each of these important functions to be properly scrutinised by the Board without the distraction of other day-to-day business. As the company has no employees apart from the directors, internal controls are simple to operate and the duties and responsibilities of each committee have been structured accordingly. The terms of reference of each committee appear on the Company's website and will be kept under review to ensure development in step with the Company's growth.

The directors present their report with the audited consolidated financial statements for the year ended 30 April 2013.

**Incorporation**

The Company was incorporated in England and Wales on 24 April 2007. The Company's ordinary shares were listed on the Plus Stock Exchange ('PLUS') now known as ICAP Securities and Derivatives Exchange (ISDX) and it commenced operations in November 2007.

**Financial reporting**

The consolidated financial statements for the year ended 30 April 2013 are set out on pages 10 to 28 for Ace Liberty and Stone Plc. These have been prepared in accordance with the group's accounting policies under International Financial Reporting Standards (IFRS) as adopted by the European Union.

**Principal activity and review of business**

The principal activity of the group continued to be that of property investment.

An overall review of business is given in the Chairman's Statement on pages 3 to 4.

Under the Companies Act 2006, the Board is required to report against key financial performance indicators for the year. The achievements against these indicators for the year ended 30 April 2013 are summarised below:-

- The group's net profit after tax for the year was £129,426 (2012: £93,843 restated).
- Shareholders' funds amounted to £3,871,551 (2012: £2,141,969 restated).

**Principal risks and uncertainties**

The Directors consider that the principal risk for the Group is in respect of the valuation of the Group's interest in investment properties. The properties are subject to fluctuating market conditions, affected by consumer confidence and the liquidity in the market as well as fluctuating interest rates. These risks will also affect the Group's ability to acquire properties in the future

**Future developments**

The directors consider that the programme of investment undertaken since the ISDX listing (previously known as PLUS) will continue and will result in an increase in the group's assets in the future. Further details are provided in the Chairman's Statement on pages 3 and 4.

**Dividends**

The directors do not recommend any dividend for the year ended 30 April 2013.

**Directors**

The following directors have held office since 01 May 2012:

| | | |
|---|---|---|
| Mark Thomas | | |
| Ismail Ghandour | | |
| Keith Pankhurst | | |
| Kayssar Ghorayeb | Appointed | 18 September 2012 |
| Mark Eichhorn | Resigned | 06 June 2013 |
| Ivan Minter | Appointed | 06 June 2013 |
| Dr Anthony Ghorayeb | Appointed | 19 September 2013 |

**Going concern**

The Directors can report that, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

**Creditors' payment policy**

The group's payment policy for the forthcoming year is to agree terms of payment with all suppliers before business is transacted, to ensure suppliers are aware of the agreed terms and to settle accounts in accordance with those terms.

**Charitable and political donations**

No such donations were made in the period

**Auditors**

Merali's have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

**Statement of directors' responsibilities**

The directors are responsible for preparing the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss for that period. In preparing those consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and of the group and to prevent and detect fraud and other irregularities.

**Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to ensure they are aware of all information and to establish that the group's auditors are aware of that information.

The Directors' Report was approved by the Board on 27 September 2013 and signed on its behalf by:

**Ivan Minter**
**Director**

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ACE LIBERTY AND STONE PLC

**Report on the consolidated financial statements**

We have audited the consolidated financial statements of Ace Liberty and Stone Plc for the year ended 30 April 2013 which comprises of the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company cash flow statement and the related notes to the consolidated financial statements. The financial reporting framework that has been applied in their preparation is 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 auditors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the consolidated financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition we read all the financial and non-financial information in the consolidated financial statements to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on consolidated financial statements**

In our opinion:

- the consolidated financial statements give a true and fair value of the state of the affairs of the group as at 30 April 2013 and of the profit for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the consolidated financial statements of the group have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ACE LIBERTY AND STONE PLC

**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 consolidated 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.

**Ihsan Mustafa FCCA (Senior Statutory Auditor)**
for and on behalf Merali's
Chartered Accountants & Statutory Auditors
Scottish Provident House
76-80 College Road
Harrow
HA1 1BQ

Date: 30 September 2013

# ACE LIBERTY AND STONE PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 APRIL 2013

| | Notes | 2013<br>£ | 2012<br>Restated<br>£ |
|---|---|---|---|
| Revenue | 4 | 697,270 | 97,053 |
| Administrative Expenses | 5 | (534,260) | (243,575) |
| Share of(loss)/ profit from associates | | (92,234) | 565,667 |
| Profit on disposal of investment property | | - | 29,008 |
| Fair value adjustments | | - | (329,500) |
| Other income | 5 (a) | 153,751 | 10,387 |
| Finance cost | 5 (b) | (26,290) | (30,196) |
| **Profit before tax** | 6 | 198,237 | 98,844 |
| Taxation | 9 | (68,811) | (5,001) |
| **Profit for the year** | | **129,426** | **93,843** |
| ***Attributable to:*** | | | |
| Equity holders | | 129,426 | 93,843 |
| | | **129,426** | **93,843** |
| ***Earnings per share*** | | **Pence** | **Pence** |
| *Basic Earnings per share attributable to equity holders of the parent* | 10 | 0.0577 | 0.0481 |
| *Diluted Earnings per share attributable to equity holders of the parent* | 10 | 0.0577 | 0.0461 |

# ACE LIBERTY AND STONE PLC

## CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 Restated | 2013 | 2012 |
| | Notes | £ | £ | £ | £ |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investment properties | 11 | 1,271,000 | 1,271,000 | - | - |
| Investments | 12 | 1,927,833 | 2,020,067 | 2,434,504 | 2,620,974 |
| | | 3,198,833 | 3,291,067 | 2,434,504 | 2,620,974 |
| **Current assets** | | | | | |
| Trade and other receivables | 13 | 906,042 | 237,566 | 1,168,468 | 311,450 |
| Cash and cash equivalents | 14 | 2,263,363 | 23,071 | 2,263,363 | 23,071 |
| | | 3,169,405 | 260,637 | 3,431,831 | 334,521 |
| **TOTAL ASSETS** | | **6,368,238** | **3,551,704** | **5,866,335** | **2,955,495** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to Equity holders** | | | | | |
| Share capital | 15 | 2,717,267 | 1,949,669 | 2,717,267 | 1,949,669 |
| Share premium | | 1,607,174 | 741,096 | 1,607,174 | 741,096 |
| Treasury shares | | (500,000) | (500,000) | - | - |
| Share option reserve | | - | 44,400 | - | 44,400 |
| Investment revaluation reserve | | - | - | (365,496) | (179,026) |
| Retained earnings/(deficit) | | 47,110 | (91,196) | 412,607 | 166,654 |
| Total equity | | 3,871,551 | 2,143,969 | 4,371,552 | 2,722,793 |
| **Non-Current Liabilities** | | | | | |
| Borrowings | 16 | 1,943,048 | 1,116,280 | 1,000,000 | - |
| | | 1,943,048 | 1,116,280 | 1,000,000 | - |
| **Current Liabilities** | | | | | |
| Trade and other payables | 17 | 512,718 | 279,813 | 494,783 | 232,702 |
| Borrowings | 16 | 40,921 | 11,642 | - | - |
| | | 553,639 | 291,455 | 494,783 | 232,702 |
| **TOTAL EQUITY AND LIABILITIES** | | **6,368,238** | **3,551,704** | **5,866,335** | **2,955,495** |

The financial statements were approved and authorized for issue by the Board on 27 September 2013.

**Ivan Minter**
**Director**

**Company Registration number: 06223892**

# ACE LIBERTY AND STONE PLC

## CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2013

| Group | Share capital | Share premium | Treasury shares | Share option reserve | Retained Earnings/ (deficit) | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Balance as at 1 May 2011 | 1,949,669 | 741,096 | (500,000) | 35,520 | (185,039) | (2,041,246) |
| Profit for the year | - | - | - | - | 162,843 | 162,843 |
| Cost of share option | - | - | - | 8,880 | - | 8,880 |
| Balance as at 30 April 2012 | 1,949,669 | 741,096 | (500,000) | 44,400 | (22,196) | 2,212,969 |
| Prior year adjustments | - | - | - | - | (69,000) | (69,000) |
| Restated as at 01 May 2012 | 1,949,669 | 741,096 | (500,000) | 44,400 | (91,196) | 2,143,969 |
| Share issue during the year | 767,598 | 830,558 | - | - | - | 1,598,156 |
| Cost of share option | - | 35,520 | - | (44,400) | 8,880 | - |
| Profit for the year | - | - | - | - | 129,426 | 60,426 |
| **Balance as at 30 April 2013** | **2,717,267** | **1,607,174** | **(500,000)** | **-** | **47,110** | **3,871,551** |

| Company | Share capital | Share premium | Fair Value reserve | Share option reserve | Retained Earnings/ (deficit) | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Balance as at 1 May 2011 | 1,949,669 | 741,096 | - | 35,520 | 289,658 | 3,015,943 |
| Fair value adjustment to investment in associates | - | | (179,026) | - | - | (179,026) |
| Cost of share options for the year | - | - | - | 8,880 | - | 8,880 |
| Loss for the year | - | - | - | - | (123,004) | (123,004) |
| Balance as at 30 April 2012 | 1,949,669 | 741,096 | (179,026) | 44,400 | 166,654 | 2,722,793 |
| Shares issued during the year | 767,598 | 830,558 | - | - | - | 1,598,156 |
| Cost of share option | - | 35,520 | - | (44,400) | 8,880 | - |
| Fair value adjustments to investments in associates and subsidiary undertakings | - | - | (186,470) | - | - | (186,470) |
| Profit for the year | - | - | - | - | 237,073 | 237,073 |
| **Balance as at 30 April 2013** | **2,717,267** | **1,607,174** | **(365,496)** | **-** | **412,607** | **4,371,552** |

# ACE LIBERTY AND STONE PLC

## CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS
## FOR THE YEAR ENDED 30 APRIL 2013

| | Notes | Group 2013 | Group 2012 Restated | Company 2013 | Company 2012 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| Profit/(loss) for the year | | 129,426 | 98,844 | 237,073 | (123,004) |
| **Cash flow from operating activities** | | | | | |
| *Adjustments for:* | | | | | |
| Loss/(Profits) from associates | | 92,234 | (565,667) | - | - |
| Investment income | | (153,751) | (387) | (158,178) | (11,699) |
| Impairment on investment in subsidiary | | - | - | - | - |
| Fair value adjustment | | - | 329,500 | - | - |
| Cost of share option | | - | 8,880 | - | 8,880 |
| Decrease/(increase) in receivable | | (668,476) | 286,415 | (857,018) | 257,481 |
| Profit/(loss) on disposal of investment property | | - | (29,008) | - | - |
| (Decrease)/increase in payables | | 232,905 | 42,655 | 262,081 | 15,896 |
| ***Net cash (used)/ generated from operating activities*** | | (367,662) | 171,232 | (516,042) | 147,554 |
| **Cash flows from investing activities** | | | | | |
| Interest received | | 153,751 | 387 | 158,178 | 11,699 |
| (increase)/decrease in equity investments | | - | (1,500,000) | - | (1,500,000) |
| Disposal proceeds | | - | 434,509 | - | - |
| ***Net cash used in investing activities*** | | 153,751 | (1,065,104) | 158,178 | (1,488,301) |
| **Cash flows from financing activities** | | | | | |
| Share issue | | 1,598,156 | - | 1,598,156 | - |
| Net movement in long term loans | | 856,047 | (446,875) | 1,000,000 | - |
| ***Net cash generated/(used) in finance activities*** | | 2,454,203 | (446,875) | 2,598,156 | - |
| **Net increase in cash and cash equivalents** | | 2,240,292 | (1,340,747) | 2,240,292 | (1,340,747) |
| **Cash and cash equivalents at the beginning of the period** | | 23,071 | 1,363,818 | 23,071 | 1,363,818 |
| **Cash and cash equivalents at end of the period** | **14** | **2,263,363** | **23,071** | **2,263,363** | **23,071** |

**1. General information**

Ace Liberty and Stone Plc (the "company") is a company that is incorporated in England and Wales whose shares are listed on the Plus Stock Exchange. The group's principal activity is that of property investment.

The group's consolidated financial statements for the year ended 30 April 2013 were authorised for issue on 27 September 2013 and the consolidated and company statement of financial position signed by Ivan Minter on behalf of the board.

Statement of Income for parent company is not included within the financial statements but details of income and expenses are included by way of note to the financial statements.

**2. Standards, amendments and interpretations to published standards not yet effective**

The following standards and interpretations (and amendments thereto) have been issued by the International Accounting Standards Board (IASB) and its International Financial Reporting Interpretations Committee (IFRIC) which are not yet effective and have not been adopted, many of which are either not relevant to the group and parent company or have no impact on the financial statements of the group and parent company.

| | **Effective Dates *** |
|---|---|
| IAS 12 Income Taxes (Amendment) | 1 January 2012 |
| IAS 1 Presentation of Financial Statements | 1 July 2012 |
| IFRS 7 Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilitiies (Amendment) | 1 January 2013 |
| IFRS 10 Consolidated Financial Statements | 1 January 2013 |
| IFRS 11 Joint Arrangements | 1 January 2013 |
| IFRS 12 Disclosure of Interests in Other Entities | 1 January 2013 |
| IFRS 13 Fair Value Measurement | 1 January 2013 |
| IAS 19 Employee Benefits (Amendment) | 1 January 2013 |
| IAS 27 Separate Financial Statements | 1 January 2013 |
| IAS 28 Investments in Associates and Joint Ventures | 1 January 2013 |
| IAS 32 Financial Instruments: Presentation (Amendment) | 1 January 2014 |
| IFRS 9 Financial Instruments: Classification and Measurement | 1 January 2015 |

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group and parent company prepares it financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for used in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard of interpretation but the need for endorsement restricts the group and parent company's discretion to early adopt standards.

**3. Basis of presentation and significant accounting policies**

The principal accounting policies applied in the preparation of the group and parent company's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Basis of presentation**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union and issued by the International Accounting Standards Board. The consolidated financial statements are presented in Sterling, the group and parent company's functional currency.

**3.1 Basis of presentation (continued)**

IFRS requires management to make certain critical accounting estimates and to exercise judgement in the process of applying the group's accounting policies. These estimates are based on the directors' and independent professional's best knowledge and past experience.

In the opinion of the directors, based on the group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

**3.2 Basis of consolidation**

The financial statements incorporate the financial statements of the Company, its subsidiary and associated entities made up to 30 April 2013.

**Subsidiaries**

The financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to the year ended 30 April 2013.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income, expenses and unrealised gains are eliminated when preparing the historical financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**3.2 Basis of consolidation (continued)**

**Associates**

Associates are all entities over which the group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associate are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**Investments**

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

Investments are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. For available-for-sale investments, gains and losses arising from changes in fair values are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

**3.3 Financial assets**

**Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment

**Available for sale financial assets (AFS Financial Assets)**

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loan and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit and loss.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and do not qualify as trading assets. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans or receivables are derecognised or impaired, as well as through the amortisation process.

### 3.3 Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pound sterling which is the presentation currency for the consolidated and company financial statements. The functional currency of the Company is pounds sterling.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet dates monetary items in foreign currencies are translated at the rate prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the income statement for the period.

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate.
- Income and expense for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity

### 3.4 Cash and Cash Equivalents

These include cash in hand, deposits held at call with banks and bank overdrafts

### 3.5 Trade and other receivables

Trade and other receivables are recognised by the group and carried at the original invoice amount less an allowance for any uncollectable or impaired amounts.

Other receivables are initially recognised at fair value.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the consolidated statement of comprehensive income when they are recognised as being bad.

### 3.6 Trade and other payables

These are initially recognised at fair value and then carried at amortised cost. These arise principally from the receipt of goods and services.

### 3.7 Provision

A provision is recognised in the consolidated statement of financial position when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

### 3.8 Taxation

The tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

### 3.9 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting ate.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on difference tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes

Revenue represents management fees charge to subsidiaries and its associated companies and rental income from investment properties.

### 3.10 Revenue recognition (continued)

**Rental income**

Rental income from investment property leased out under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of rental income.

**Other Income**

Other income includes interest income from bank and interest charged to subsidiaries and associated companies' outstanding balance.

### 3.11 Interest expense recognition

Interest expense is recognised as interest accrues, using the effective interest method, on the net carrying amount of the financial liability.

### 3.12 Investment property

Investment properties are properties held for long-term rental yields. Investment properties are carried in the balance sheet at fair value, representing open market value determined annually by directors or independent valuation. Gains or losses arising from changes in fair value of investment property are included in the income statement for the period in which they arise.

### 3.13 Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method.

### 3.14 Share based payments

The company has applied the requirements of IFRS 2 Share-based Payment. For all grants of share options, the fair value as at the date of grant is calculated using the option price model and the corresponding expense is recognised over the vesting period. The share based payments expense is recognised as a staff cost and the associated credit entry is made to reserves

## 4. Revenue

Revenue comprises of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **£** | **£** | **£** | **£** |
| Rental income | 92,380 | 97,053 | - | - |
| Management fees | 604,890 | - | 628,228 | - |
| | 697,270 | 97,053 | 628,228 | - |

### 5. Administrative Expenses

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Director's Fee | 74,000 | 15,500 | 74,000 | 15,500 |
| Rent, rates and light and heat | 10,085 | 9,285 | 7,200 | 7,200 |
| Insurance | 6,444 | 6,229 | 2,604 | 2,573 |
| Repairs and renewals | 38,770 | 30,419 | - | - |
| Travelling | 38,334 | 12,405 | 38,334 | 12,405 |
| Printing and postage | 2,214 | 2,946 | 2,214 | 2,946 |
| Telephone | 3,390 | 2,605 | 3,390 | 2,605 |
| Legal and professional fee | 282,391 | 99,284 | 278,475 | 82,315 |
| Audit fees | 23,000 | 23,000 | 20,000 | 20,000 |
| Book keeping and Accountancy fee | 5,000 | 20,101 | 5,000 | 20,101 |
| Amortised finance costs | 34,000 | 5,132 | 34,000 | - |
| Cost of options | - | 8,880 | - | 8,880 |
| General administrative expenses | 12,078 | 958 | 11,737 | 777 |
| Property management cost | 4,554 | 6,831 | - | - |
| | 534,260 | 243,575 | 476,954 | 175,302 |

### 5 (a) Other Income

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Bank and other interest | 153,751 | 10,387 | 158,178 | 11,699 |
| | 153,751 | 10,387 | 158,178 | 11,699 |

### 5 (b) Finance Costs

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Loan interest | 26,290 | 30,196 | 3,567 | - |
| | 26,290 | 30,196 | 3,567 | - |

**6. Operating profit**

Operating profit is stated after charging the following:-

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Audit fee – Consolidated and parent company | 20,000 | 20,000 |
| Audit fee – Subsidiary company | 3,000 | 3,000 |
| | 23,000 | 23,000 |

**7. Staff costs**

**Number of employees**

There were no employees other than the directors.

**8. Directors' remuneration**

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Director's fee – Mark Eichhorn | 2,000 | 3,500 |
| Director's fee – Ismail Ghandour | 72,000 | 12,000 |
| | 74,000 | 15,500 |

There were no pension payments in respect of either year.

**9. Taxation**

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | £ | £ |
| Current year tax expenses | 68,811 | 45,600 |
| Prior year tax adjustment | - | (40,599) |
| | 68,811 | 5,001 |

| | Company | |
|---|---|---|
| | 2013 | 2012 |
| | £ | £ |
| Current year tax expenses | 68,811 | - |
| Prior year tax adjustment | - | (40,599) |
| | 68,811 | (40,599) |

**9. Taxation (continued)**

**Factors affecting tax charge for the period**

The charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

**Group**

| | 2013 | 2012 Restated |
|---|---|---|
| | £ | £ |
| Profit before taxation: Continuing operations | 198,237 | 98,844 |
| Taxation at the UK Corporation tax rate of 24% (2012: 26%) | 47,577 | 25,699 |
| Capital allowances in (advance)/arrears of depreciation | - | - |
| Expenses not deductible for tax purposes | 22,136 | - |
| Other tax adjustments | (902) | 19,901 |
| Current tax for the year | 68,811 | 45,600 |

**10. Earnings per share**

The basic earnings / (deficit) per share is calculated by dividing net profit or loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares during the year.

The diluted earnings / (deficit) per share is calculated by dividing the net profit or loss attributable to ordinary shareholders after adjustments for instruments that dilute basic earnings per share by the weighted average of ordinary shares outstanding during the year (adjusted for the effects of dilutive instruments).

| | Earnings /(loss) | 30 April 2013 Weighted average number of shares | Per share amount |
|---|---|---|---|
| **Basic EPS** | £ | | Pence |
| Earnings attributable to ordinary shareholders | 129,426 | 271,726,740 | 0.0577 |

This is the same as the Diluted EPS.

| | Earnings /(loss) Restated | 30 April 2012 Weighted average number of shares | Per share amount |
|---|---|---|---|
| **Basic EPS** | £ | | Pence |
| Earnings attributable to ordinary shareholders | 93,843 | 194,966,900 | 0.0481 |
| Effect of dilutive securities | | 8,571,419 | |
| **Diluted EPS** | | | |
| Adjusted earnings | 93,843 | 203,538,319 | 0.0461 |

## 11. Investment Property

| Group | Investment properties | Total |
|---|---|---|
| | £ | £ |
| Valuation as at 01 May 2012 | 1,271,000 | 1,271,000 |
| Fair value adjustments | - | - |
| Valuation as at 30 April 2013 | 1,271,000 | 1,271,000 |

The Group's investment properties have been recognised at fair value. The latest independent valuation of investment properties carried out on 23 January 2012 by Gerald Eve LLP, a firm of Chartered Surveyors and Independent Valuers. Gerald Eve LLP is not connected to the Group. The valuation conforms with the International Valuation Standards arrived at by reference to market evidence of transaction prices of similar properties.

The directors consider that no material change in valuation has occurred since the last valuation carried out by Gerald Eve LLP. The directors believe that the open market value of the investment properties as at 30.04.2013 remains at £1,271,000.

The Historical cost of investment properties held by the company is £1,217,550 (2012: £1,217,550)

The Group has pledged all of its investment properties to the Bank to secure facilities granted to the Group.

All the investment properties are held by Silverdale Worldwide Limited, a fully owned subsidiary.

## 12. Investments

| Group | Investment in Associates |
|---|---|
| | £ |
| **As at 01 May 2012 Restated** | |
| Share of net assets in associate undertakings | 2,020,067 |
| **Movement in net assets** | |
| Share of loss for the year | (92,234) |
| **Carrying Value of investment in Associates** | |
| At 30 April 2013 | 1,927,833 |
| At 30 April 2012 Restated | 2,020,067 |

In the opinion of the directors the aggregate value of the company's investment in associate undertakings is not less than the amount included in the statement of financial position.

**12. Investments (continued)**

**Company**

| | Investment in Subsidiaries | Investment in Associates | Total |
|---|---|---|---|
| | £ | £ | £ |
| Balance as at 01 May 2012 | 531,907 | 2,089,067 | 2,620,974 |
| Fair value adjustments | (25,236) | (161,234) | (186,470) |
| Balance as at 30 April 2013 | 506,671 | 1,927,833 | 2,434,504 |

Investment in associates includes share investment of £24 (38% of total share capital) and long term loan investment of £1.5 million. The fair value of total investment at balance sheet date was £1,927,833.

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies:

| Subsidiary Undertaking | Nature of business | Country of registration or incorporation | Shares Held Class | Shares Held % |
|---|---|---|---|---|
| Silverdale Limited | Investment | BVI | Ordinary | 100 |
| Hillcott Overseas Limited | Investment | England and Wales | Ordinary | 100 |
| Radcliff Property Limited | Investment | Anguilla | Ordinary | 38 |

The aggregate amounts of assets, liabilities, revenue and profit/(loss) for the period, for Radcliff Properties Limited, an associate company as at 30 April 2013 are as below:

| | 30 April 2013 | 30 April 2012 |
|---|---|---|
| | £ | £ |
| Total Assets | 7,856,169 | 8,222,904 |
| Total Liabilities | 7,020,131 | 6,672,640 |
| (Loss)/ profit for the period | (714,226) | 1,550,200 |

**13. Trade and other receivables**

| | Group 2013 | Group 2012 | Company 2013 | Company 2012 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Other receivables | 11,400 | 237,566 | 10,500 | 236,666 |
| Unamortised finance costs | 136,000 | - | 136,000 | - |
| Amounts due from related parties | 758,642 | - | 1,021,968 | 74,784 |
| | 906,042 | 237,566 | 1,168,468 | 311,450 |

### 14. Cash and cash equivalents

| Group & Company | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Cash at bank | 2,263,363 | 23,071 |

### 15. Share capital

| Group and Company | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| **Authorised, issued and fully paid up capital** | | |
| 271,726,740 (2012: 194,966,881) ordinary shares of £0.01 each | 2,717,267 | 1,949,669 |

### 16. Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Loans | 1,000,000 | - | 1,000,000 | - |
| Bank Loans | 983,969 | 1,127,922 | - | - |
| | 1,983,969 | 1,127,922 | 1,000,000 | - |

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Current | 40,921 | 11,642 | - | - |
| Non Current | 1,943,048 | 1,116,280 | 1,000,000 | - |
| | 1,983,969 | 1,127,922 | 1,000,000 | - |

## 17. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Other payables | 443,439 | 170,894 | 425,504 | 156,568 |
| Taxation and social security | 69,279 | 76,134 | 69,279 | 76,134 |
| Amounts owed to related party | - | 32,785 | - | - |
| | 512,718 | 279,813 | 494,783 | 232,702 |

## 18. Financial instruments

In common with other businesses, the group is exposed to the risk that arises from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

### 18.1 Principal financial instruments

The principal financial instruments of the group, from which financial instrument risk arises, are as follows:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | 2,263,363 | 23,071 |
| Trade and other payables | (512,718) | (279,813) |
| Non current borrowings | (1,983,969) | (1,127,922) |
| Trade and other receivables | 906,042 | 237,566 |

### 18.2 Financial risk management objectives and policies

**Credit risk**

The group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

The group's cash balances are all held with major banking institutions. The majority of trade receivables are due from credit worthy customers and or financial institutions and are automatically settled within a few days of arising. It is not thought that the credit risk is significant.

**Liquidity risk**

The group have given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

**Market risk**

The group's main exposure to risk is through interest rates. The group enters into the following derivative transactions.

**Interest rate risk**

The group is subject to interest rate risk as its bank balances are subject to interest at a floating rate. The interest rate on bank balances at 30 April 2013 was 0.5%.

**Foreign currency risk**

Some trade payables are denominated in foreign currencies however these liabilities are settled within a few days of arising so the risk to the group is low.

**Fair value risk**

In view of the above interest arrangement it is thought that fair value risk is minimal and that financial instruments are stated in the consolidated statement of financial position at value not significantly different from their fair value.

### 19. Related party transactions

Included within the trade and other receivables within the group's and company's balance sheet is an amount of £758,642 (2012: £ Nil) owed by Radcliff Property Limited, an associate undertaking. Included within trade and other receivables within the company's balance sheet is an amount of £263,326 (2012: £74,784) owed by Silverdale Worldwide Limited, a wholly owned subsidiary undertaking.

Included within company's revenue is an amount of £604,890 (2012: £Nil) and £23,338 (2012: £Nil) charged to Radcliff Properties Limited and Silverdale worldwide Limited respectively.

### 20. Other financial commitments

As at 31 December 2012 the group were not committed to make any payments during the next year in respect of non-cancellable operating leases.

### 21. Post balance sheet events

The Company issued further 57.19m shares raising capital of £1.34m.

### 22. Prior year adjustments

This relates to overstatement of share of profit from Radcliff Properties Limited, an associated company in financial statement for the year ended 30.04.2012. This overstatement in 2012 resulted from over-stated rental income in the accounts of the associated company. This has now been rectified and necessary adjustments made to debit the opening retained earnings and credit the opening investment in associate by £69,000. Comparatives were restated accordingly.