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IN-DEED ONLINE LIMITED

Registered number. 07176993

Directors' Report and Financial Statements

For the period ended 31 March 2011

IN-DEED ONLINE LIMITED

Financial Statements
For the period ended 31 March 2011

Contents	**Page**

Company Information

Company registration number:	07176993
Country of incorporation:	England and Wales
Registered office:	Elizabeth House 39 York Road London SE1 7NQ
Directors.	H Hill P Gordon C Smiley B Zhilin
Principal banker:	HSBC Bank plc 67 George Street Richmond Surrey TW9 1HG
Auditors:	Moore Stephens Chartered Accountants 25 Bothwell Street Glasgow G2 6NL
Solicitors·	DWF LLP Bridgewater Place Water Lane Leeds LS11 5DY

Report of the Directors
For the period ended 31 March 2011

The directors present their report and the audited financial statements of the company from the date of incorporation on 3 March 2010 until the period end date of 31 March 2011

Principal activity
The principal activity and core business of the company is currently the development of the company branding, investment in IT, identifying a panel of lawyers with whom to work and development of our business model for the conveyancing market

Review of business
The loss after providing for taxation amounted to £471,013

During the period we made significant progress towards the launch of a new conveyancing product Major investment was made in people, IT, branding and building a panel of legal firms We are looking forward to launch in the next financial year

Post balance sheet event
Since the period end the company has issued additional ordinary shares which have generated funding of £2,910,001 which will be used in the development of the business

Directors
The directors during the period were

H Hill (Appointed on incorporation on 3 March 2010)
P Gordon (Appointed on 7 July 2010)
C Smiley (Appointed on 30 September 2010)
B Zhilin (Appointed on 3 August 2010)

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable 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 in accordance with International Financial Reporting Standards as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Report of the Directors (cont'd)
For the period ended 31 March 2011

Disclosure of information to auditors
To the knowledge and belief of each of the persons who are directors at the time the report is approved

- So far as each director is aware, there is no relevant information of which the company's auditor is unaware, and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information, and to establish that the company's auditor is aware of the information

Auditors
A resolution to re-appoint Moore Stephens, Chartered Accountants, as auditors will be put to members at the annual general meeting

By order of the Board

Peter Gordon
Director

28 April 2011

Report of the Independent Auditors' to the Members of In-Deed Online Limited

We have audited the financial statements of In-Deed Online Limited for the period ended 31 March 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 company'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 financial statements In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and,
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Report of the Independent Auditors' to the Members of In-Deed Online Limited

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

Iain D Lee (Senior Statutory Auditor)
for and on behalf of Moore Stephens, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

28 April 2011

Income Statement
For the period ended 31 March 2011

	Note	Period ended 31 March 2011 £
Continuing Operations		
Revenue		-
Cost of sales		-
Gross profit		-
Administrative expenses		(471,759)
(Loss) from operations	5	(471,759)
Finance cost		-
Investment income		746
(Loss) for the period before taxation		(471,013)
Taxation	7	-
(Loss) for the period	14	(471,013)
Attributable to Owners of the parent company		(471,013)

Statement of Comprehensive Income

(Loss) for the year / Total comprehensive (expense)	(471,013)
Attributable to Owners of the parent company	(471,013)

Statement of Financial Position
As at 31 March 2011

	Note	2011 £	£
Non-current assets			
Intangible asset	8	278,750	
Property, plant and equipment	9	3,166	
			281,916
Current assets			
Trade and other receivables	10	38,792	
Cash and cash equivalents		265,862	
			304,654
Total assets			586,570
Current liabilities			
Trade and other payables	11		(20,942)
Net current assets			283,712
Net assets			565,628
Equity			
Share capital	12		10,000
Share premium	13		970,000
Share based payment reserve	13		56,641
Retained deficit	14		(471,013)
Equity attributable to equity shareholders			565,628

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2011 and signed on its behalf by -

Peter Gordon
Director

Company No: ***07176993***

Statement of Changes in Equity
For the period ended 31 March 2011

	Share capital £	Share premium £	Share based payment reserve £	Retained earnings £	Total £
At incorporation	1	-	-	-	1
Shares issued during period	9,999	990,000	-	-	999,999
Costs of share issue	-	(20,000)	-	-	(20,000)
Share based payment in the period	-	-	56,641	-	56,641
Loss/total comprehensive expense for the period	-	-	-	(471,013)	(471,013)
At 31 March 2011	10,000	970,000	56,641	(471,013)	565,628

Statement of Cash Flows
For the period ended 31 March 2011

	Notes	Period ended 31 March 2011 £
Net cash from operating activities	15	(338,996)
Cash flows from investing activities		
Acquisition of property, plant & equipment		(4,221)
Acquisition of intangible asset		(371,667)
Interest received		746
Net cash (used in) investing activities		(375,142)
Cash flows from financing activities		
Proceeds on issue of ordinary shares		1,000,000
Costs of share issue		(20,000)
Net cash generated by financing activities		980,000
Net increase in cash and cash equivalents		265,862
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		265,862
Comprising -		
Cash		265,862

Notes to the Financial Statements
For the period ended 31 March 2011

1. **General information**

In-Deed Online Limited is a company incorporated in the United Kingdom The address of its registered office and principal place of business are disclosed in the company information section of the financial statements These financial statements are in respect of the individual entity only

The principal activity of the company is described on page 2

2. **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union

3. **Summary of significant accounting policies**

The accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied to each year presented unless otherwise stated

Basis of preparation

The financial statements have been prepared under the historical cost convention

Adoption of new and revised standards

The following standards, amendments and interpretations became effective during the period and have been adopted in these financial statements Their adoption has not had any impact on the amounts reported in these financial statements

IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 32	Financial Instruments Presentation
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments Recognition and Measurement
IFRS 2	Share-Based Payment
IFRS 7	Financial Instruments Disclosures

At the period-end the following standards, amendments and interpretations, which have not been applied in these financial statements, were in issue but not yet effective

IAS 1	Presentation of Financial Statements
IAS 12	Income Taxes
IAS 24	Related Party Disclosures
IAS 32	Financial Instruments Presentation
IAS 39	Financial Instruments Recognition and Measurement
IFRS 7	Financial Instruments Disclosures
IFRS 9	Financial Instruments

The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments At the period-end there were further standards, amendments and interpretations in issue but not yet effective which are not expected to be relevant to the company's operations and are therefore not disclosed separately

Notes to the Financial Statements
For the period ended 31 March 2011

3. Summary of significant accounting policies (cont'd)

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate

Taxation

The tax expense represents the sum of the tax currently payable Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Intangible assets

Expenditure on research activities are recognised as an expense in the period in which it is incurred

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the asset first meets the recognition criteria listed above Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses

The amortisation rates applicable are -

Website development costs - 25% straight line

Property, plant and equipment

Fixtures & fittings and equipment are stated at cost less accumulated depreciation

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

Notes to the Financial Statements
For the period ended 31 March 2011

3. **Summary of significant accounting policies (cont'd)**

Depreciation

Depreciation is calculated to write off the cost less the estimated residual value of assets over their expected useful lives The estimated useful lives, residual values and depreciation method are reviewed by class of asset at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

The rates applicable are -

Fixtures & fittings	-	25% straight line
Computer equipment	-	25% straight line

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible 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 to determine the extent of the impairment loss (if any) Recoverable amount is the higher of fair value less costs to sell and value in use Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where the impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years A reversal of an impairment loss is recognised immediately in profit or loss

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on deposit

Share-based payment transactions of the company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date Details regarding the determination of the fair value of equity settled share-based transactions are set out in note 18 The fair value determined at the grant date of the equity-settled share-based payments is expense on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase to equity At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve

The policy described above is applied to all equity settled share based payment transactions

Equity settled share based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities Equity instruments issued are recorded at the proceeds received, net of direct issue costs

Notes to the Financial Statements
For the period ended 31 March 2011

3 Summary of significant accounting policies (cont'd)

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits of the leased asset are consumed

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the company to make estimates and assumptions that affect the application of policies and reported amounts Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances If in the future should such estimates and assumptions deviate from actual circumstances, the original estimates and assumptions would be modified as appropriate in the period in which circumstances change

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below

Valuation of intangible assets

During the period, the directors considered the value of the company's intangible asset arising from its e-business development The project continues to progress in a satisfactory manner with the web portal achieving operational status at the period end with live trials occurring post year end The directors are confident that the carrying amount of the asset will be recovered in full though this situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate

Notes to the Financial Statements
For the period ended 31 March 2011

	Period ended 31 March 2011 £
5. Loss from operations	
Loss from operations is stated after charging -	
Depreciation of property, plant and equipment	1,055
Amortisation of intangible assets	92,917
Auditors' remuneration – audit services	5,000

	Period ended 31 March 2011
6. Staff costs	
	Number
The average monthly number of employees was -	3
Their aggregate remuneration comprised -	£
Wages and salaries	150,000
Share based payments	53,775
Social security costs	17,357
	221,132

Compensation of key management personnel

Three members of key management were remunerated through this company in the period as follows	£
Emoluments	150,000
Share options granted	53,775
	203,775

		Period ended 31 March 2011
7.	**Taxation**	**£**
	UK corporation tax – current period	-
	Factors affecting the tax charge for the period	
	Loss on ordinary activities before taxation	(471,013)
	Loss on ordinary activities before taxation multiplied by the effective rate of corporation tax in the United Kingdom of 28%	(131,884)
	Expenses not deductible for tax purposes	16,103
	Capital allowances in excess of depreciation	(886)
	Unrelieved tax losses	116,667
		-

8.	**Intangible Assets**	**£**
	Cost	
	At Incorporation	-
	Additions	371,667
	At 31 March 2011	371,667
	Amortisation	
	At Incorporation	-
	Charge for period	92,917
	At 31 March 2011	92,917
	Net book value	
	At 31 March 2011	278,750

Intangible assets relate to costs incurred in the development and implementation of the company's web portal which is considered as having a finite useful life The amortisation method and rate applied are disclosed within the summary of significant accounting policies

Notes to the Financial Statements
For the period ended 31 March 2011

9 Property, plant and equipment	Fixtures & Fittings £	Equipment £	Total £
Cost			
At Incorporation	-	-	-
Additions	2,130	2,091	4,221
At 31 March 2011	2,130	2,091	4,221
Depreciation			
At Incorporation	-	-	-
Charge for period	532	523	1,055
At 31 March 2011	532	523	1,055
Net book value			
At 31 March 2011	1,598	1,568	3,166

10. Trade and other receivables	31 March 2011 £
Other debtors	27,372
Prepayments	11,420
	38,792

11. Trade and other payables	31 March 2011 £
Other payables	19,535
Other tax and social security	1,407
	20,942

Notes to the Financial Statements
For the period ended 31 March 2011

		31 March 2011 £
12	**Share capital**	
	Authorised	
	Equity	
	8,000,000 A ordinary shares of £0 00125 each	10,000
	2,000,000 B ordinary shares of £0 00125 each	2,500
		12,500
	Allotted, called up and fully paid	
	Equity	
	8,000,000 A ordinary shares of £0 00125 each	10,000

Fully paid A and B ordinary shares, which have a par value of £0 00125, carry one vote per share and carry a right to dividends

Reconciliation of shares	**Number of shares**
On incorporation	1
Subdivision of shares during the period	99
Issue of shares during the period	999,900
Further subdivision of shares during period	7,000,000
	8,000,000

		£
13.	**Reserves**	
	Share premium	
	At incorporation	-
	Issue of shares during the period	990,000
	Costs of share issue	(20,000)
	At 31 March 2011	970,000
	Equity-settled share based payments	
	At incorporation	-
	Share based payments in year	56,641
	At 31 March 2011	56,641

The above equity-settled share based payment reserve relates to share options granted by the company to 3 of its senior employees and one of its suppliers under a share option plan Further information about share-based payments is set out in note 18

		£
14.	**Retained deficit**	
	At incorporation	-
	Loss for the period	(471,013)
	At 31 March 2011	(471,013)

Notes to the Financial Statements
For the period ended 31 March 2011

15 Notes to the Statement of Cash Flows

	31 March 2011 £
Loss from operations	(471,759)
Adjustments for	
Depreciation of property, plant and equipment	1,055
Amortisation of intangible assets	92,917
Share based payments	56,641
Operating cash flows before movements in working capital	(321,146)
(Increase) in receivables	(38,792)
Increase in payables	20,942
Net cash from operating activities	(338,996)

16. Operating Lease Arrangements

	31 March 2011 £
Minimum lease payments under operating leases recognised as an expense for the period	4,443

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows -

	£
Within one year	35,854
In the second to fifth years inclusive	12,823
	48,677

Operating lease payments are in respect of the rental of premises and ongoing computer hosting, with terms of one and two years from inception respectively

Notes to the Financial Statements
For the period ended 31 March 2011

17. Financial instruments

Capital management

The directors manage capital to ensure that the company will be able to continue as a going concern, whilst maximising the return to stakeholders through the optimisation of the debt and equity balance The capital structure of the company currently consists of cash and equity only

Categories of financial instruments	**31 March 2011 £**
Financial assets	
Cash and cash equivalents	265,862
Other receivables	27,372
	293,234
Financial liabilities	
Other payables	20,942

The fair value of the company's financial assets and liabilities is not considered to be materially different from their book values

Liquidity risk

The company considers its major financial risk to be liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors The company manages liquidity risk by maintaining both short and medium term cash flow forecasts

The financial risk on liquid funds is limited because the counterparty is a bank with a high credit rating

18. Share based payments

Details of the share option plan of the company

The company has a share option scheme for its senior employees and one of its suppliers Each option converts into one ordinary share of the company on exercise No amounts are paid or payable by the recipient on receipt of the option The options carry neither rights to dividends nor voting rights Options may be exercised at any time from the date of vesting to their date of expiry

Notes to the Fınancıal Statements
For the perıod ended 31 March 2011

18. Share based payments (cont'd)

The followıng share-based payment arrangements were ın exıstence durıng the current perıod

Optıon serıes	Number	Expıry date	Exercıse prıce	Faır value at grant date
			£	£
(1) Granted on 6 October 2010	1,500,000	6/10/2020	0 125	0 036
(2) Granted on 21 January 2011	200,000	6/10/2020	0 125	0 036

Fair value of share options granted ın the period
The weıghted average faır value of the share optıons granted durıng the fınancıal perıod ıs £0 036 Optıons were valued usıng the Black Scholes optıon prıcıng model Where relevant, the expected lıfe, used ın the model, has been adjusted based on management's best estımate Expected volatılıty ıs based on the hıstorıcal share prıce volatılıty adjusted downwards by 10% to allow for the effects of lımıted tradıng

Inputs ınto the model

	Serıes 1	Serıes 2
Grant date share prıce	£0 125	£0 125
Exercıse prıce	£0 125	£0 125
Expected volatılıty	20%	20%
Optıon lıfe	10 years	10 years
Dıvıdend yıeld	0%	0%
Rısk-free ınterest rate	1%	1%

Movements in share options durıng the perıod

	Number
At ıncorporatıon	-
Granted durıng the perıod	212,500
Impact of further subdıvısıon of shares durıng perıod on optıons prevıously granted	1,487,500
Forfeıted durıng the perıod	-
Exercısed durıng the perıod	-
Expıred durıng the perıod	-
Balance at 31 March 2011	1,700,000

Share options outstandıng at the end of the perıod
The share optıons outstandıng at the end of the perıod had an exercıse prıce of £0 125 and a weıghted average remaınıng contractual lıfe of 9 5 years

19. Post balance sheet event

Sınce the perıod end the company has ıssued addıtıonal ordınary shares whıch have generated fundıng of £2,910,001 whıch wıll be used ın the development of the busıness