

**IN-DEED ONLINE PLC**

***Registered number: 07176993***

**Directors' Report and Financial Statements**

**For the year ended 31 March 2012**

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## **IN-DEED ONLINE PLC**

### **Financial Statements For the year ended 31 March 2012**

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**IN-DEED ONLINE PLC**

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**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 - Chairman  
P Gordon – Managing Director  
P Williamson – Non Executive  
B Zhilin – Non Executive

**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

**Nominated Advisers and Brokers:** Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London  
EC4M 7LT

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**Report of the Directors  
For the year ended 31 March 2012**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2012. The comparative period relates to the results from the date of incorporation on 3 March 2010 until 31 March 2011.

**Principal activity**

The principal activity and core business of the company is to provide home buyers/sellers in England and Wales with access to a high quality conveyancing service. This requires expertise in branding, development of IT and recruitment and management of a panel of lawyers/licenced conveyancers. Since the year end the company has acquired a firm of licensed conveyancers which means that the provision of conveyancing services is also one of its activities.

**Review of business, developments and future prospects**

The loss after providing for taxation amounted to £1,572,168 (2011: loss of £471,013).

During the year the company raised £4.5m of additional capital through the issue of new shares. On 4 May 2011 the company raised £2.92m through the issue of new shares. On 15 June 2011 the company raised a further £1.58m and its shares were admitted to the Alternative Investment Market.

The In-Deed conveyancing service was launched to consumers on 23 May 2011. Since launch the company has experienced a consistent growth in its customer numbers, however the directors have been disappointed with the rate of growth. Consequently the Board reviewed the company strategy and decided to accelerate plans to provide a conveyancing service through corporate estate agents and to achieve this with the acquisition of a firm of licensed conveyancers.

The Board are satisfied with the company's progress over the year and the objective remains to create a market leading conveyancing business in the UK. As noted above, the acquisition of Runnett & Co completed on 14 May 2012. Note 22 to the financial statements provides further information in respect to the acquisition.

**Events after the reporting period**

The acquisition of Runnett & Co completed on 14 May 2012 and gives the company immediate scale in conveyancing. The company's plans are to continue to develop the In-Deed direct to consumer offering, alongside the Runnett service sold through corporate agents. Runnett will undertake conveyancing work for In-Deed. There are also plans to grow Runnett's London based conveyancing service.

**Risks**

The company remains at an early stage of its development and there is a high degree of operational, strategic and financial risk associated with an early stage business. The company has developed robust financial and operational processes and strives to mitigate this risk. Market conditions in the residential property market remain volatile and any change in the number of housing transactions affects the company both directly, and through its impact on the intensity of competition.

**Key performance indicators**

The company is highly focussed on cost of customer acquisition and monthly cash 'burn'. Customer acquisition costs are generally above the targets set by the company and remain volatile, although the overall trend is downwards. Cash 'burn' has been reduced materially since the year end as less effective marketing costs have been curtailed.

**Directors**

The directors during the year were

H Hill  
P Gordon  
C Smiley (resigned 26 May 2011)  
P Williamson (appointed 26 May 2011)  
B Zhilin

**Dividends**

The directors do not recommend a dividend in respect of the year (2011 – nil).

**Report of the Directors (cont'd)**  
**For the year ended 31 March 2012**

**Substantial interests**

At the year-end the following interests in the ordinary shares of the company in excess of 5% of the total ordinary shares of the company are

Hargreave Hale	3,671,657 shares	18.00%
Harry Hill	1,700,000 shares	8.33%
Peter Gordon	1,700,000 shares	8.33%
Octopus Investments Limited	1,190,476 shares	5.84%
Laurence Jacobs	1,100,000 shares	5.39%
Boris Zhilin	1,100,000 shares	5.39%

**Donations**

The company made no charitable donations during the year (2011: £nil)

**Going concern**

The directors have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009. The directors confirm that they have reviewed going concern considerations, and having made enquiries, are satisfied that they have adequate resources for the foreseeable future and it is appropriate for the financial statements to be drawn up on the going concern basis.

**Payment Policy for Creditors**

The company aims to pay all of its creditors promptly. It is the company's policy to

1. agree the terms of the payment at the start of the business with each supplier,
2. ensure that suppliers are aware of the terms of the payment, and
3. pay in accordance with contractual and other legal obligations.

The average number of days' purchases in creditors for the year was 30 days (2011: 30 days)

**Disabled persons**

The company recognises its obligations towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demands of the company's operations and the abilities of the disabled persons allow.

**Employee information programme**

It is the company's policy that employees should be kept as fully informed as possible about the activities of the company. This is achieved through internal communications such as notice boards and regular briefings.

**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 year. 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.

**Report of the Directors (cont'd)  
For the year ended 31 March 2012**

**Statement of directors' responsibilities (cont'd)**

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.

**Disclosure of information to auditors**

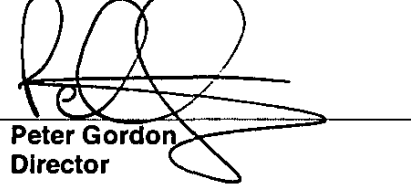
To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- 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**

14 September 2012

**Corporate Governance****The Board**

The Board comprises 2 executive directors and 2 non-executive directors. It is the main responsibility of the Board to ensure that there is effective stewardship of the company's affairs. The Board meets monthly and is principally responsible for agreeing the overall strategy of the business. In order to provide effective control certain elements of the Board's powers have been delegated to committees.

**Internal control**

The Board has overall responsibility for ensuring that the company maintains a system of internal control to provide it with reasonable assurance regarding the reliability of financial information used within the business and that the assets are safeguarded.

The key features of the internal control system which has been in force throughout the financial year are as follows:

- Financial reporting information is presented to the Board on a monthly basis. This includes the production of profit and loss accounts, cash flow and balance sheet information.
- Defined procedures are in place to ensure capital expenditure is approved by the Board.

**Audit committee**

The audit committee comprises P Williamson, B Zhilin and P Gordon. The committee meets each year to review and discuss the appointment of the auditors, planning, progress and conclusion of the audit. They have access to financial reporting information throughout the year and have unrestricted access to the auditors.

**Directors' Remuneration Report****Remuneration committee**

The company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are the two non-executive directors of the company and the Chairman as follows -

P Williamson (Committee Chairman)  
B Zhilin  
H Hill (Chairman)

The committee is to decide the remuneration strategy and policy for the company and to ensure that executive directors of the company and other senior executives are fairly rewarded for their individual contribution to the overall performance of the company.

The committee must demonstrate to the shareholders of the company, so far as possible, that members of the committee setting the remuneration of executive directors and other senior executives do not have personal interests in the outcome of those decisions.

**Remuneration Policy**

The policy of the committee is to ensure that the members of the executive management of the company are provided with appropriate salary and incentives to encourage enhanced performance and that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.

There are two main elements of the remuneration packages for executive directors and senior management:

- Basic annual salary and benefits
- Share options

**Basic salary**

Basic salary is reviewed annually on 1 April with increases taking effect from 1 April. In addition to basic salary, the executive directors also receive certain benefits in kind, principally private medical insurance.

**Share options**

Share options are considered as part of the Directors' overall remuneration package. Details of the share options exercised and granted in the year are shown in the table on the next page.

**Directors' contracts**

It is the company's policy that executive directors should have contracts with an indefinite term providing for three months' notice. In the event of early termination, the directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

**Non-executive directors**

The fees of non-executive directors are determined by the board as a whole having regards to the commitment of time required.

## Directors' Remuneration Report (cont'd)

## Directors' emoluments

	Salary and fees	Benefits	Total 2012	Total 2011
H Hill	£70,000	£1,960	£71,960	£52,500
P Gordon	£70,000	£823	£70,823	£52,500
P Williamson	£20,000	-	£20,000	-
B Zhilin	£20,000	-	£20,000	-
C Smiley	£15,000	£98	£15,098	£45,000

C Smiley resigned as a director on 26 May 2011

## Directors' share options

	2012	2011	Exercise price	Date from which exercisable	Expiry date
H Hill	900,000	N/A	£0 42	15/06/2014	15/06/2018
P Gordon	900,000	N/A	£0 42	15/06/2014	15/06/2018
H Hill	N/A	600,000	£0 125	06/10/2010	06/10/2020
P Gordon	N/A	600,000	£0 125	06/10/2010	06/10/2020
C Smiley	N/A	300,000	£0 125	06/10/2010	06/10/2020

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

We have audited the financial statements of In-Deed Online PLC for the year ended 31 March 2012 which comprise 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 pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 2012 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 matters prescribed by the Companies Act 2006**

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- 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 PLC (cont'd)**

**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 and the part of the Directors' Remuneration Report to be audited 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

14 September 2012

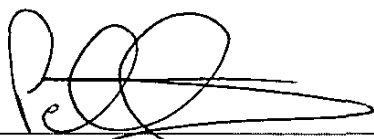
**Statement of Comprehensive Income  
For the year ended 31 March 2012**

	<b>Note</b>	<b>Year ended 31 March 2012</b>	<b>Period ended 31 March 2011</b>
		<b>£</b>	<b>£</b>
<b>Continuing Operations</b>			
Revenue	5	19,050	-
Cost of sales		(462,227)	-
<b>Gross loss</b>		<u>(443,177)</u>	<u>-</u>
Administrative expenses		(1,179,613)	(471,759)
<b>Loss from operations</b>	6	<u>(1,622,790)</u>	<u>(471,759)</u>
Finance cost		(30)	-
Investment income		50,808	746
<b>Loss for the year before taxation</b>		<u>(1,572,012)</u>	<u>(471,013)</u>
Taxation	8	(156)	-
<b>Loss for the year</b>	16	<u><u>(1,572,168)</u></u>	<u><u>(471,013)</u></u>
<b>Other comprehensive income</b>			
<b>Total comprehensive expense</b>		<u><u>(1,572,168)</u></u>	<u><u>(471,013)</u></u>
Loss attributable to Owners of the company		<u><u>(1,572,168)</u></u>	<u><u>(471,013)</u></u>
Total comprehensive expense attributable to Owners of the company		<u><u>(1,572,168)</u></u>	<u><u>(471,013)</u></u>
<b>Earnings per share</b>			
Basic (pence per share)	9	(8 4)	(70 8)
Diluted (pence per share)	9	(7 4)	(34 3)

**Statement of Financial Position  
As at 31 March 2012**

	Note	2012		2011	
		£	£	£	£
<b>Non-current assets</b>					
Intangible asset	10	186,315		278,750	
Property, plant and equipment	11	5,134		3,166	
			191,449		281,916
<b>Current assets</b>					
Trade and other receivables	12	93,780		38,792	
Cash and cash equivalents		3,299,191		265,862	
			3,392,971		304,654
<b>Total assets</b>			<u>3,584,420</u>		<u>586,570</u>
<b>Current liabilities</b>					
Trade and other payables	13		(142,057)		(20,942)
Net current assets			<u>3,250,914</u>		<u>283,712</u>
<b>Net assets</b>			<u>3,442,363</u>		<u>565,628</u>
<b>Equity</b>					
Share capital	14		76,500		10,000
Share premium	15		1,218,335		970,000
Share based payment reserve	15		93,924		56,641
Retained earnings	16		2,053,604		(471,013)
<b>Equity attributable to owners of the company</b>			<u>3,442,363</u>		<u>565,628</u>

The financial statements were approved and authorised for issue by the Board of Directors on 14 September 2012 and signed on its behalf by -

  
**Peter Gordon**  
 Director

**Company No: 07176993**

**Statement of Changes in Equity  
For the year ended 31 March 2012**

	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
Cost 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	<u>10,000</u>	<u>970,000</u>	<u>56,641</u>	<u>(471,013)</u>	<u>565,628</u>
At 1 April 2011	10,000	970,000	56,641	(471,013)	565,628
Shares issued during year	66,500	4,639,988	-	-	4,706,488
Cost of share issue	-	(351,509)	-	-	(351,509)
Elimination of share premium	-	(4,040,144)	-	4,040,144	-
Share based payment in the year	-	-	93,924	-	93,924
Share options exercised in the year	-	-	(56,641)	56,641	-
Loss/total comprehensive expense for the year	-	-	-	(1,572,168)	(1,572,168)
At 31 March 2012	<u>76,500</u>	<u>1,218,335</u>	<u>93,924</u>	<u>2,053,604</u>	<u>3,442,363</u>

**Statement of Cash Flows**  
**For the year ended 31 March 2012**

	<b>Notes</b>	<b>Year ended 31 March 2012 £</b>	<b>Period ended 31 March 2011 £</b>
<b>Net cash from operating activities</b>	17	(1,319,041)	(338,996)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant & equipment		(3,719)	(4,221)
Acquisition of intangible asset		(542)	(371,667)
Interest received		1,808	746
<b>Net cash (used in) investing activities</b>		<u>(2,453)</u>	<u>(375,142)</u>
<b>Taxation paid</b>		(156)	-
<b>Cash flows from financing activities</b>			
Proceeds on issue of ordinary shares		4,706,488	1,000,000
Costs of share issue		(351,509)	(20,000)
<b>Net cash generated by financing activities</b>		<u>4,354,979</u>	<u>980,000</u>
<b>Net increase in cash and cash equivalents</b>		3,033,329	265,862
<b>Cash and cash equivalents at beginning of year</b>		265,862	-
<b>Cash and cash equivalents at end of year</b>		<u><u>3,299,191</u></u>	<u><u>265,862</u></u>
<b>Comprising:-</b>			
Cash		<u><u>3,299,191</u></u>	<u><u>265,862</u></u>

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**1. General Information**

In-Deed Online PLC 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, International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and the Companies Act 2006 where applicable to companies reporting under IFRSs.

**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 year 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 24	Related Party Disclosures
IAS 32	Financial Instruments Presentation
IFRS 7	Financial Instruments Disclosures

At the year 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 7	Statement of Cash Flows
IAS 12	Income Taxes
IAS 39	Financial Instruments Recognition and Measurement
IFRS 7	Financial Instruments Disclosures
IFRS 9	Financial Instruments
IFRS 13	Fair Value Measurement

The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments. At the year 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 year ended 31 March 2012****3. Summary of significant accounting policies (cont'd)****Revenue**

Revenue is recognised for the rendering of services when all the following conditions are satisfied

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity

The point at which the company recognises its revenue is where contracts between the vendor and buyer have been exchanged

**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 year 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 year 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

The amortisation charge for the year is disclosed within administrative expenses within the Statement of Comprehensive Income

**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 year ended 31 March 2012****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 20. The fair value determined at the grant date of the equity-settled share-based payments is expensed 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 on 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 share based payment 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.

**Notes to the Financial Statements  
For the year ended 31 March 2012****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.

**Financial Instruments**

Financial assets and financial liabilities are recognised in the company's Statement of Financial Position when the company has become a party to the contractual provisions of the instrument.

**I Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**II Derecognition of financial assets**

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**III Impairment of financial assets**

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows.

**IV Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**V 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 by the Company are recorded at the proceeds received, net of direct issue costs.

**VI Other financial liabilities**

Trade payables, and other payables that have fixed or determinable payments are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, and subsequently measured at amortised cost.

**Notes to the Financial Statements  
For the year ended 31 March 2012**

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

**VII Derecognition of financial liabilities**

The company derecognises a financial liability only when the contractual obligations to the cash flows of the liability expire. Expiry occurs where full settlement of the amount outstanding is made in the form of cash payment or where an agreement is made with the relevant counter party which extinguishes the liability of the company.

**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**

The directors have considered the value of the company's intangible asset arising from its e-business development at the year-end. The web portal achieved operational status during the year and continues to operate in line with project expectations. 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.

**5. Revenue**

Revenue for the year comprises of fees rendered for the arrangement of conveyancing contracts, exclusive of value added tax. This includes revenue for contracts which have been completed and invoiced, and those where contracts have been exchanged revenue is accrued in line with the company's accounting policy.

	<b>Year ended 31 March 2012 £</b>	<b>Period ended 31 March 2011 £</b>
<b>6. Loss from operations</b>		
Loss from operations is stated after charging -		
Depreciation of property, plant and equipment	1,751	1,055
Amortisation of intangible assets	92,977	92,917
Auditors' remuneration – audit services	8,000	5,000
	<u>          </u>	<u>          </u>
<b>7. Staff costs</b>		
The average monthly number of employees was -	<b>Number</b> 7	<b>Number</b> 3
	<u>          </u>	<u>          </u>
Their aggregate remuneration comprised -	<b>£</b>	<b>£</b>
Wages and salaries	409,648	150,000
Share based payments	93,924	53,775
Social security costs	49,011	17,357
	<u>          </u>	<u>          </u>
	<u>552,583</u>	<u>221,132</u>

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**7. Staff costs (cont'd)**

**Compensation of key management personnel**

The remuneration of directors and key management personnel during the year was as follows

	<b>Year ended 31 March 2012 £</b>	<b>Period ended 31 March 2011 £</b>
Emoluments	271,081	150,000
Share options granted	76,604	53,775
	<u>347,685</u>	<u>203,775</u>
	<b>Number</b>	<b>Number</b>
Number of directors and key management personnel	<u>5</u>	<u>3</u>
	<b>Year ended 31 March 2012 £</b>	<b>Period ended 31 March 2011 £</b>
<b>8. Taxation</b>		
UK corporation tax – current year	-	-
UK corporation tax – previous year under provision	(156)	-
	<u>(156)</u>	<u>-</u>
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	<u>(1,572,012)</u>	<u>(471,013)</u>
Loss on ordinary activities before taxation multiplied by the effective rate of corporation tax in the United Kingdom of 26% (2011 28%)	(408,723)	(131,884)
Expenses not deductible for tax purposes	24,420	16,103
Depreciation in excess of capital allowances	42	(886)
Unrelieved tax losses	384,261	116,667
	<u>-</u>	<u>-</u>

**Notes to the Financial Statements  
For the year ended 31 March 2012**

<b>9. Earnings per share</b>	<b>Year ended 31 March 2012</b> Pence per share	<b>Period ended 31 March 2011</b> Pence per share
Basic loss per share	(8.4)	(70.8)
Diluted loss per share	(7.4)	(34.3)

The loss used in the calculation of basic and diluted earnings per share are as follows

	<b>Year ended 31 March 2012</b> £	<b>Period ended 31 March 2011</b> £
Loss for the year (period) attributable to owners of the company	(1,572,168)	(471,013)

The weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows

	<b>Year ended 31 March 2012</b> Number	<b>Period ended 31 March 2011</b> Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	18,826,971	664,975
Shares deemed to be issued for no consideration in respect of - options exercised	2,425,776	707,604
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	21,252,748	1,372,579

**Notes to the Financial Statements  
For the year ended 31 March 2012**

<b>10. Intangible Assets</b>	<b>Total £</b>
<b>Cost</b>	
At incorporation	-
Additions	371,667
	<hr/>
At 31 March 2011	371,667
Additions	542
	<hr/>
At 31 March 2012	<u>372,209</u>
<b>Amortisation</b>	
At incorporation	-
Charge for year	92,917
	<hr/>
At 31 March 2011	92,917
Charge for year	92,977
	<hr/>
At 31 March 2012	<u>185,894</u>
<b>Net book value</b>	
At 31 March 2012	<u>186,315</u>
At 31 March 2011	<u>278,750</u>

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.

There are approximately 2 years remaining in respect of the amortisation period of the intangible assets.

**Notes to the Financial Statements  
For the year ended 31 March 2012**

11. Property, plant and equipment	Fixtures & Fittings £	Equipment £	Total £
<b>Cost</b>			
At incorporation	-	-	-
Additions	2,130	2,091	4,221
At 31 March 2011	2,130	2,091	4,221
Additions	380	3,339	3,719
At 31 March 2012	2,510	5,430	7,940
<b>Depreciation</b>			
At incorporation	-	-	-
Charge for year	532	523	1,055
At 31 March 2011	532	523	1,055
Charge for year	625	1,126	1,751
At 31 March 2012	1,157	1,649	2,806
<b>Net book value</b>			
At 31 March 2012	1,353	3,781	5,134
At 31 March 2011	1,598	1,568	3,166
<b>12. Trade and other receivables</b>		<b>2012 £</b>	<b>2011 £</b>
Trade receivables		3,120	-
Other debtors		31,275	27,372
Prepayments and accrued income		59,385	11,420
		93,780	38,792

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Trade receivables do not include any amounts that are past due at the end of the reporting period, therefore no allowance for doubtful receivables is necessary.

13. Trade and other payables	2012 £	2011 £
Trade payables	55,802	-
Other payables and accruals	69,951	19,535
Other tax and social security	16,304	1,407
	142,057	20,942

The average credit period on purchases is 30 days (2011 30 days). The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**Notes to the Financial Statements  
For the year ended 31 March 2012**

14. Share capital	2012 £	2011 £
<b>Authorised</b>		
Equity		
20,400,000 ordinary shares of £0 00375 each	76,500	-
8,000,000 A ordinary shares of £0 00125 each	-	10,000
2,000,000 B ordinary shares of £0 00125 each	-	2,500
	<u>76,500</u>	<u>12,500</u>
<b>Allotted, called up and fully paid</b>		
Equity		
20,400,000 ordinary shares of £0 00375 each	76,500	10,000
(2011 8,000,000 A ordinary shares of £0 00125 each)	<u>76,500</u>	<u>10,000</u>
The share classes noted above carry one vote per share and carry a right to dividends		
<b>Reconciliation of shares</b>		
	2012 Number of shares	2011 Number of shares
On 1 April / incorporation	8,000,000	1
Issue of shares during the year	45,657,148	999,900
Consolidation of shares	(33,257,148)	-
Subdivision of shares during the year	-	99
Further subdivision of shares during year	-	7,000,000
	<u>20,400,000</u>	<u>8,000,000</u>
<b>15. Reserves</b>		
<b>Share premium</b>		
At 1 April / incorporation	970,000	-
Elimination of share premium	(4,040,144)	-
Issue of shares during the year	4,639,988	990,000
Cost of share issue	(351,509)	(20,000)
At 31 March	<u>1,218,335</u>	<u>970,000</u>
<b>Equity-settled share based payments</b>		
At 1 April / incorporation	56,641	-
Share options exercised in the year	(56,641)	-
Share based payments in year	93,924	56,641
At 31 March	<u>93,924</u>	<u>56,641</u>

The above equity-settled share based payment reserve relates to share options granted by the company to six of its employees under a share option plan (2011 three employees and one of its suppliers) Further information about share-based payments is set out in note 20

**Notes to the Financial Statements  
For the year ended 31 March 2012**

<b>16. Retained earnings</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At 1 April / incorporation	(471,013)	-
Elimination of share premium	4,040,144	-
Options exercised in the period	56,641	-
Loss for the year	(1,572,168)	(471,013)
	<u>2,053,604</u>	<u>(471,013)</u>
At 31 March	<u>2,053,604</u>	<u>(471,013)</u>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>17. Notes to the Statement of Cash Flows</b>		
Loss from operations	(1,622,790)	(471,759)
Adjustments for		
Depreciation of property, plant and equipment	1,751	1,055
Amortisation of intangible assets	92,977	92,917
Share based payments	93,924	56,641
Interest paid	(30)	-
	<u>(1,434,168)</u>	<u>(321,146)</u>
Operating cash flows before movements in working capital	(1,434,168)	(321,146)
(Increase) in receivables	(5,988)	(38,792)
Increase in payables	121,115	20,942
	<u>(1,319,041)</u>	<u>(338,996)</u>
Net cash from operating activities	<u>(1,319,041)</u>	<u>(338,996)</u>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>18. Operating Lease Arrangements</b>		
Minimum lease payments under operating leases recognised as an expense for the year	<u>35,854</u>	<u>4,443</u>
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 -		
	<b>£</b>	<b>£</b>
Within one year	18,454	35,854
In the second to fifth years inclusive	-	12,823
	<u>18,454</u>	<u>48,677</u>

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 year ended 31 March 2012**

**19. Financial Instruments**

**Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the company's development there are no formal targets set for return on capital. There were no changes to the company's approach to capital management during the year.

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.

**Financial risk management**

The company's activities expose it to market risk (which would include currency risk and interest rate risk), credit risk and liquidity risk. As the company operates within the United Kingdom whereby all transactions are made in GBP there is no currency risk.

This note presents qualitative and quantitative information about the company's exposure to each of the above risks, their objectives, policies and procedures for managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The company's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the company. The company does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to movements in interest rates.

<b>Categories of financial instruments</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Financial assets</b>		
Cash and cash equivalents	3,299,191	265,862
Trade and other receivables	85,595	27,372
	<u>3,384,786</u>	<u>293,234</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>142,057</u>	<u>20,942</u>

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

**Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the company and arises principally from the company's receivables and cash deposits.

At the year end no receivables were past due or considered impaired. Cash and cash equivalents are held with Financial Institutions of high credit rating. Credit risk as assessed by the directors is considered low.

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**19. Financial Instruments (cont'd)**

***Liquidity risk***

The company monitors its cash position on a daily basis and utilises short term deposit accounts to maximise interest rate returns. Cash flow requirements are reviewed on a weekly basis with transfers made to current accounts to provide sufficient funds to settle invoices as required.

***Interest rate risk***

The management of interest rate risks to the company are dependent on a number of factors including

- Interest rates
- Level of cash and liquid investments
- Term of cash and liquid investments
- Maturity dates of investments

At the reporting date, the company had no interest bearing financial liabilities

***Sensitivity analysis***

A 1% increase in the Bank of England base rate would have increased equity and reduced the pre tax loss by £34,000, a decrease of 0.5% would have decreased equity and increased the loss by £17,000

**20. Share based payments**

**Details of the share option plan of the company**

The company has a share option scheme for its senior employees. 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.

The following share-based payment arrangements were in existence during the year

Option series	Number	Expiry date	Exercise price	Fair value at grant date
			£	£
(1) Granted on 6 October 2010	1,500,000	06/10/2020	0.125	0.036
(2) Granted on 21 January 2011	200,000	21/01/2021	0.125	0.036
(3) Granted on 15 June 2011	2,538,000	15/06/2018	0.420	0.420

**Fair value of share options granted in the year**

The weighted average fair value of the share options granted during the year is £0.420 (2011: £0.036). Options were valued using the Black Scholes option pricing model. Where relevant, the expected life, used in the model, has been adjusted based on management's best estimate. Expected volatility is based on the historical share price volatility taking into account the effects of trading in the year.

***Inputs into the model***

	Series 1	Series 2	Series 3
Grant date share price	£0.125	£0.125	£0.420
Exercise price	£0.125	£0.125	£0.420
Expected volatility	20%	20%	30%
Option life	10 years	10 years	7 years
Dividend yield	0%	0%	0%
Risk-free interest rate	1%	1%	1%

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**20. Share based payments (cont'd)**

**Movements in share options**

	Number 2012	Number 2011
At 1 April / incorporation	1,700,000	-
Granted during the year	2,538,000	212,500
Impact of further subdivision of shares during year on options previously granted	-	1,487,500
Forfeited during the year	-	-
Exercised during the year	(1,700,000)	-
Expired during the year	-	-
	<u>2,538,000</u>	<u>1,700,000</u>
At 31 March	<u>2,538,000</u>	<u>1,700,000</u>

**Share options exercised during the year**

Option series 1 and 2, totalling 1,700,000, were exercised on 11 May 2011. The share price at the exercise date was £0.42.

**Share options outstanding at the end of the year**

The share options outstanding at the end of the year had an exercise price of £0.420 (2011 £0.125) and a weighted average remaining contractual life of 6.8 years (2011 9.5 years).

**21. Related party transactions**

No significant related party transactions arose during the year.

**22. Events after the reporting period**

On 14 May 2012, the company completed the purchase of 100% of the issued share capital of Xanther Ltd and its wholly owned subsidiary Runnett & Co Ltd. Runnett & Co is a volume provider of conveyancing in England and Wales and is regulated by the Council for Licensed Conveyancing. The initial accounting for the business combination was incomplete at the time these financial statements were authorised for issue, and so the directors are not yet able to assess the fair value of the assets and liabilities acquired, nor to calculate the goodwill involved.

At completion the company paid £225,000 in cash for 100% of the shares of Xanther Ltd. In addition the company lent Xanther Ltd £325,000 to repay directors' loans. At completion Xanther Ltd had an overdraft at the bank of £154,698 and this was repaid with a further loan from the company. These loans are interest free and have no fixed repayment terms.

The total value of payments to the shareholders of Xanther (including the payments above) are determined according to a multiple of 5 times post tax profit. Post tax profit is calculated by taking the average, audited, pretax profit, applying tax at the relevant small company rate calculated across the years ended 31 March 2014, 2015, 2016 and 2017. The vendors may, at their discretion, substitute the year ended 31 March 2013 for the year ended 31 March 2017 in which case the total value will be calculated when the accounts for the year ended 2016 have been finalised.

The vendors may draw down up to £200,000 in cash of the total value in any one year when the accounts for the years 31 March 2013, 2014, 2015 and 2016 respectively are finalised providing post tax profits are at least £200,000 for that year. The final payment may be made up to 50% in the company's shares at the sole discretion of the purchasing company. Total payments under the agreement cannot exceed £4m. To the extent that the loans referred to above are outstanding at the time of final settlement, the amounts involved will be deducted in arriving at the balance due to

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**22. Events after the reporting period (cont'd)**

the vendors. Forecasts for the acquired business are in course of preparation, and once these are available, the directors will be in a position to value the contingent consideration.

Total costs of the acquisition have not been finalised but are not expected to exceed £35,000. These costs relate primarily to legal advice and none of these costs have been recognised in the 2012 accounts. There is no revenue or profit of Xanther included in the company's accounts for the reporting period.