CO HOUSE

Registered number: 07031609

Moshen Limited
(formerly Keyser Holdings Limited)

Directors' Report and
Consolidated Financial Statements

For the Period ended 31 December 2011

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Company information

Directors	Mr G P Baines
Company number	07031609
Registered office	The Storey Creative Industries Centre Meeting House Lane Lancaster LA1 1TH
Auditors	CLB Coopers Fleet House New Road Lancaster LA1 1EZ
Bank	Barclays Bank plc 38 Market Street Lancaster LA1 1HS

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Contents

Directors' report	1
Directors' responsibilities	2
Independent audtior's report to the members of Moshen Limited	3
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of financial position	7
Consolidated statement of cash flows	8
Company statement of changes in equity	9
Company statement of financial position	10
Company statement of cash flows	11
Notes to the financial statements	12

Directors' report

For the period ended 31 December 2011

The directors present their annual report and the consolidated financial statements of Moshen Limited (the 'Company') for the 15 month period ended 31 December 2011

Principal activities

The principal activities of the group continued to be software development and the provision of SMS delivery and platform services

On 28 June 2011 the name of the Company was changed from Keyser Holdings Limited to Moshen Limited

Proposed dividends

The directors do not recommend the payment of a dividend (2010 £Nil)

Directors

The directors who served during the period were as follows

Mr G P Baines	
Mr P T Armer	(Resigned 26 March 2011)
Mr G E Garside	(Appointed 27 April 2011, resigned 31 December 2012)

Financial instruments

Details of the Company's financial risk management objectives and policies are included in note 25 to the financial statements

Directors' responsibilities in relation to the company's auditor

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 11 January 2013 and signed on its behalf

Mr G P Baines
Director

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Directors' responsibilities
For the period ended 31 December 2011

The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, issued by the International Accounting Standards Board 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 group and parent company and of the profit or loss of the group for that period

In preparing these financial statements, the directors are required to
- (i) select suitable accounting policies and then apply them consistently,
- (ii) make judgements and estimates that are reasonable and prudent,
- (iii) state that the consolidated financial statements comply with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the financial statements, and
- (iv) prepare the group and parent company financial statements on a going concern basis unless it is inappropriate to presume that the group and parent company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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 the group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the directors, whose names are listed on page 1, confirms that, to the best of their knowledge

- (i) the group and parent company financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company on a consolidated and individual basis, and
- (ii) the annual report includes a fair review of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces

By order of the Board

Mr G P Baines
Director

11 January 2013

Independent auditor's report to the members of Moshen Limited

We have audited the financial statements of Moshen Limited for the period ended 31 December 2011 on pages 5 to 30 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, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 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

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 group's and the parent 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

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's loss for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Moshen Limited (continued)

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group and company's ability to continue as a going concern The group incurred a net loss of £438,694 during the period ended 31 December 2011 and, at that date, the company's total liabilities exceeded its total assets by £35,659 and it had net current liabilities of £223,238 These conditions, along with the other matters explained in note 1 to the financial statements under "Going Concern", indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Opinion on other matters 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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report

Other matter

Corresponding figures within the financial statements are unaudited

CLB Coopers

Philip Whiteway (Senior Statutory Auditor)

For and on behalf of
CLB Coopers
Statutory Auditors and Chartered Accountants

Fleet House
New Road
Lancaster
LA1 1EZ

11 January 2013

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Consolidated statement of comprehensive income
For the period ended 31 December 2011

	Note	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Revenue	3	**842,190**	165,367
Cost of sales		**(847,240)**	(98,516)
Gross (loss)/profit		**(5,050)**	66,851
Administrative expenses		**(424,879)**	(106,912)
Operating loss		**(429,929)**	(40,061)
Finance income		**2**	-
Finance costs	8	**(56)**	(1,163)
Loss on continuing operations before taxation		**(429,983)**	(41,224)
Taxation expense	9	**(8,711)**	8,711
Loss for the period	4	**(438,694)**	(32,513)
Loss attributable to the equity holders		**(438,694)**	(32,513)
Total comprehensive loss for the period		**(438,694)**	(32,513)

The notes on pages 12 to 30 form part of these financial statements

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Consolidated statement of changes in equity
For the period ended 31 December 2011

	Note	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
Total comprehensive loss for the period		-	-	-	(32,513)	(32,513)
Shares issued for cash	23	100	-	-	-	100
Unaudited at 30 September 2010		100	-	-	(32,513)	(32,413)
Shares issued for cash	23	**1,869**	**233,579**	-	-	**235,448**
Shares issued as consideration	11	**200**	-	**199,800**	-	**200,000**
Transfer between reserves	15	-	-	**(168,375)**	**168,375**	-
Total comprehensive loss for the period		-	-	-	**(438,694)**	**(438,694)**
As at 31 December 2011		**2,169**	**233,579**	**31,425**	**(302,832)**	**(35,659)**

The notes on pages 12 to 30 form part of these financial statements

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Consolidated statement of financial position

Registered number: 07031609

As at 31 December 2011

	Note	31 December 2011 £	Unaudited 30 September 2010 £
Assets			
Non-current assets			
Property, plant and equipment	12	**12,033**	12,420
Goodwill	11	**41,418**	-
Other intangible assets	13	**311,531**	-
Total non-current assets		**364,982**	12,420
Current assets			
Deferred tax asset	16	**-**	8,711
Trade and other receivables	17	**209,939**	30,920
Cash and cash equivalents		**42,024**	4,359
Total current assets		**251,963**	43,990
Total assets		**616,945**	56,410
Equity and liabilities			
Equity attributable to equity holders			
Share capital	23	**2,169**	100
Share premium		**233,579**	-
Merger reserve		**31,425**	-
Retained earnings		**(302,832)**	(32,513)
Total equity		**(35,659)**	(32,413)
Non-current liabilities			
Long-term borrowings	21	**177,403**	14,991
Total non-current liabilities		**177,403**	14,991
Current liabilities			
Trade and other payables	19	**475,201**	73,832
Total current liabilities		**475,201**	73,832
Total equity and liabilities		**616,945**	56,410

These financial statements were approved and authorised for issue by the board of directors on 11 January 2013 and were signed on its behalf by

Mr G Baines
Director

The notes on pages 12 to 30 form part of these financial statements

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Consolidated statement of cash flows
For the period ended 31 December 2011

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Cash flows from operating activities		
Loss for the year	**(438,694)**	(32,513)
Adjustments for		
Income tax expense	**-**	(8,711)
Depreciation	**11,705**	2,785
Amortisation	**137,449**	-
Impairment	**95,365**	-
Finance income	**(2)**	
Finance costs	**56**	1,163
Income tax expense	**8,711**	
Increase in trade and other receivables	**(9,354)**	(30,920)
Increase in trade and other payables	**244,917**	74,522
Net cash generated from operating activities	**50,153**	6,326
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,319)**	(15,205)
Purchase of intangible assets	**(445,764)**	-
Purchase of shares in group undertakings	**(10)**	(690)
Disposal of shares in group undertakings	**90**	-
Cash acquired with subsidiary undertakings	**46,709**	-
Interest received	**2**	-
Net cash used in investing activities	**(410,292)**	(15,895)
Cash flows from financing activities		
Proceeds from issue of share capital	**235,448**	100
Proceeds from long-term borrowings	**162,412**	14,991
Interest paid and similar charges	**(56)**	(1,163)
Net cash generated from financing activities	**397,804**	13,928
Net increase in cash and cash equivalents	**37,665**	4,359
Cash and cash equivalents at beginning of the year	**4,359**	-
Cash and cash equivalents at end of the year	**42,024**	4,359

The notes on pages 12 to 30 form part of these financial statements

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Company statement of changes in equity
For the period ended 31 December 2011

	Note	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
Total comprehensive loss for the period		-	-	-	(32,513)	(32,513)
Shares issued for cash	23	100	-	-	-	100
Unaudited at 30 September 2010		100	-	-	(32,513)	(32,413)
Shares issued for cash	23	1,869	233,579	-	-	235,448
Shares issued as consideration	11	200	-	199,800	-	200,000
Transfer between reserves	15	-	-	(168,375)	168,375	-
Total comprehensive loss for the period		-	-	-	(580,114)	(580,114)
As at 31 December 2011		2,169	233,579	31,425	(444,252)	(177,079)

The notes on pages 12 to 30 form part of these financial statements

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Company statement of financial position

Registered number: 07031609

As at 31 December 2011

	Note	31 December 2011 £	Unaudited 30 September 2010 £
Assets			
Non-current assets			
Property, plant and equipment	12	**12,033**	12,420
Intangible assets	14	**259,341**	-
Investments	15	**32,235**	690
Total non-current assets		**303,609**	13,110
Current assets			
Deferred tax asset	16	-	8,711
Trade and other receivables	18	**184,251**	30,920
Cash and cash equivalents		**31,868**	4,359
Total current assets		**216,119**	43,990
Total assets		**519,728**	57,100
Equity and liabilities			
Equity attributable to equity holders			
Share capital	23	**2,169**	100
Share premium		**233,579**	-
Merger reserve		**31,425**	-
Retained earnings		**(444,252)**	(32,513)
Total equity		**(177,079)**	(32,413)
Non-current liabilities			
Long-term borrowings	22	**177,403**	14,991
Total non-current liabilities		**177,403**	14,991
Current liabilities			
Trade and other payables	20	**519,404**	74,522
Total current liabilities		**519,404**	74,522
Total equity and liabilities		**519,728**	57,100

These financial statements were approved and authorised for issue by the board of directors on 11 January 2013 and were signed on its behalf by

Mr G Baines
Director

The notes on pages 12 to 30 form part of these financial statements

MOSHEN LIMITED
(formerly Keyser Holdings Limited)

Company statement of cash flows

For the period ended 31 December 2011

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Cash flows from operating activities		
Loss for the year	**(580,114)**	(32,513)
Adjustments for		
Income tax expense	**-**	(8,711)
Depreciation	**11,705**	2,785
Amortisation	**91,059**	-
Impairment	**263,740**	-
Finance income	**(2)**	
Finance costs	**41**	1,163
Income tax expense	**8,711**	
Increase in trade and other receivables	**(153,331)**	(30,920)
Increase in trade and other payables	**444,882**	74,522
Net cash generated from operating activities	**86,691**	6,326
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,319)**	(15,205)
Purchase of intangible assets	**(445,764)**	-
Purchase of shares in group undertakings	**(10)**	(690)
Disposal of shares in group undertakings	**90**	-
Interest received	**2**	-
Net cash used in investing activities	**(457,001)**	(15,895)
Cash flows from financing activities		
Proceeds from issue of share capital	**235,448**	100
Proceeds from long-term borrowings	**162,412**	14,991
Interest paid and similar charges	**(41)**	(1,163)
Net cash generated from financing activities	**397,819**	13,928
Net increase in cash and cash equivalents	**27,509**	4,359
Cash and cash equivalents at beginning of the year	**4,359**	-
Cash and cash equivalents at end of the year	**31,868**	4,359

The notes on pages 12 to 30 form part of these financial statements

Notes to the financial statements

1. Accounting policies

Reporting entity

Moshen Limited is a private limited company which is incorporated and domiciled in the United Kingdom The consolidated financial statements of the Company for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the 'group') The Company financial statements deal with Company as a standalone entity

The principal activities of the Company are software development and provision of SMS delivery and platform services

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB), as adopted for use in the EU

The financial statements have been prepared on a historical cost basis

Going concern

The group made a loss of £438,694 during the 15 month period and at the balance sheet date the group's net current liabilities exceeded its net current assets by £223,238

After preparing detailed cash flow projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and that sufficient cash will be available to meet its liabilities for at least 12 months from the date of signing of the financial statements Accordingly they have adopted the going concern basis in preparing the financial statements

However, given the general inherent risk with forecasting revenues in the current markets in which the Company operates, there is uncertainty inherent in the development of new applications and penetrating the related markets

These uncertainties might cast doubt on the Company's ability to continue as a going concern and therefore the Company might be unable to continue to realise their assets and discharge their liabilities in the normal course of business These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate

Notes to the financial statements (continued)

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity Inter-company transactions and balances between group companies are therefore eliminated in full

The consolidated financial statements incorporate the results of business combinations using the purchase method In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained

Revenue recognition

Revenues arising from SMS delivery and platform services are recognised in the period in which the relating transaction takes place Revenue represents the amount received by the Company in exchange for the services provided, net of value added tax

Revenues arising from software sales and premium rate SMS services are recognised in the period in which the relating transaction takes place Revenue represents the amount charged to the end user, net of value added tax

Revenues arising from software development are recognised in proportion to the stage of completion of the project at the reporting date The stage of completion is assessed by reference to surveys of work performed

Property, plant and equipment

All assets are stated at historical cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Office equipment 50% per annum straight-line
Furniture and fixtures 50% per annum straight-line

The depreciation policy for office equipment has been changed during the period (2010 20%) in order to give a more realistic representation of the useful life of computer equipment

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost of a business combination over the total fair value of the identifiable assets, liabilities and contingent liabilities acquired on the date of acquisition

Goodwill is capitalised as an intangible asset and its carrying value is reviewed whenever there is an indication of impairment Impairment is charged to the consolidated statement of comprehensive income

Notes to the financial statements (continued)

Software applications

Software developed which is expected to generate future revenue streams or reduce future costs is capitalised at historical cost and is subject to straight-line amortisation over a 12 month period The carrying value of software applications is reviewed when there is any indication of impairment

SMS delivery platform

The cost to acquire the SMS delivery platform was capitalised at historical cost Additional development to the platform are also capitalised at cost The SMS delivery platform and additions to it are subject to 33 3% straight-line amortisation

Domain names

Domain names are capitalised at historical cost and are subject to 10% straight-line amortisation Domain names are reviewed when there is any indication of impairment

Customer databases

Customer databases acquired as part of business combinations are valued by estimating discounted cash flows that will be generated by the assets over their lifetime and are subject to 50% straight-line amortisation The carrying value of player databases is reviewed when there is an indication of impairment Internally-generated player databases are not capitalised

Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment

Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax Current tax is provided at amounts expected to be paid (or recovered) under the relevant tax rates and laws

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised The amount of the deferred tax asset or liability is determined using tax rates that are expected to apply when the deferred tax liability is settled or asset is recovered

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the reporting period

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the statement of comprehensive income

Notes to the financial statements (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments

Financial assets

Financial assets held by the group consist of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary asset They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at cost less impairment provisions

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

The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and, for the purpose of the statement of cash flows, bank overdrafts

Financial liabilities

Financial liabilities held by the group consist of trade payables and other short-term monetary liabilities Financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument and subsequently at amortised cost

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities The Company's ordinary shares are classified as equity instruments

Cash and cash equivalents

Cash and cash equivalents include cash balances held by the Company

Merger reserve

The merger reserve represents the difference between the fair value and the face value of equity purchase consideration issued when entering into business combinations

Notes to the financial statements (continued)

Standards and interpretations

None of the new standards, amendments and interpretations applied to the financial statements for the first time have had a material effect on the Group

None of the new standards, interpretations and amendments, which are issued but not yet effective for periods beginning on or after 1 October 2010 are expected to have a material effect on the Group's future financial statements

2. Critical accounting estimates and judgements

Estimates and judgements are based on historical experience, expectations of future events, and other factors deemed to be relevant in the circumstances

Valuation of goodwill and other intangible assets acquired with business combinations

The acquisition which took place during the period resulted in the recognition of customer databases as intangible assets Such assets are valued by forecasting future cash flows and require judgements in respect of customer behaviour and discount rates

Impairment of intangible assets

Intangible assets are tested for impairment when there is an indication that the carrying values of the assets may be greater than the value of future economic benefits that will be received

Impairment reviews require judgement in calculating expected future cash flows and discount rates

3. Revenue

	15 months ended 31 December 2011	Unaudited Year ended 30 September 2010
	£	£
Communications	**302,628**	35,883
Applications development	**216,409**	129,484
SMS quiz services	**255,378**	-
Other	**67,775**	-
	842,190	165,367

Notes to the financial statements (continued)

4. Loss before taxation

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
The operating loss is stated after charging		
Depreciation of tangible assets owned by the Company	**11,705**	2,785
Amortisation of intangible assets	**137,449**	-
Impairment of intangible assets	**95,365**	-
Bad debt expense	**85,500**	-
Commitments under operating leases	**23,905**	3,496
Foreign exchange loss	**3,138**	-

5. Auditor's remuneration

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Fees payable for the audit of		
the parent company and consolidated financial statements	**8,800**	-
the Company's subsidiaries pursuant to legislation	**2,200**	-

6. Directors' remuneration

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Emoluments	**88,438**	20,833

Notes to the financial statements (continued)

7. Employee numbers and cost

The average monthly number of employees, including the directors, during the year was as follows

	15 months ended 31 December 2011 Number	Unaudited Year ended 30 September 2010 Number
IT staff	**10**	2
Administrative	**3**	3
	13	5

The aggregate payroll costs were

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Wages and salaries	**553,510**	70,099
Social security costs	**60,155**	3,771
	613,665	73,870

8. Finance costs

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Interest payable and similar charges	**56**	1,163

Notes to the financial statements (continued)

9. Taxation

Analysis of tax charge in the period

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Current tax		
UK corporation tax on loss for the period	-	-
Deferred tax (note 16)		
Origination and reversal of timing differences	**8,711**	(4,938)
Losses and other deductions	-	(3,773)
Tax charge on loss on continuing operations	**8,711**	(8,711)

Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20% (2010 21%) The differences are explained below

	15 months ended 31 December 2011 £	Unaudited Year ended 30 September 2010 £
Loss on continuing operations before tax	**(429,983)**	(41,224)
Current tax at 20% (2010 21%)	**(85,997)**	(8,657)
Effects of		
Expenses not deductible for tax purposes	**1,019**	-
Capital allowances for period in excess of depreciation	**2,341**	(2,608)
Timing differences	-	7,304
Tax losses carried forward	**82,637**	3,961
Total current tax charge for the period	-	-

Factors that may affect future current and total tax charges

The Company has trading losses carried forward of £410,187 (2010 £18,864) The group has trading losses carried forward of £432,047 (2010 £18,864) No deferred tax asset has been recognised in respect of unused tax losses

Notes to the financial statements (continued)

10. Profit/loss for the year (Company)

As permitted by section 408 of the Companies Act 2006, the parent Company's income statement has not been included in these financial statements The parent Company's loss after tax for the period was £580,114 (2010 loss of £32,513)

11. Acquisitions

On 8 June 2011 the Company acquired the entire share capital of Touch Mobile Limited, a company operating premium rate SMS quiz services

Identifiable assets were as follows

	£
Intangible assets customer databases	98,582
Trade and other receivables	169,054
Cash and cash equivalents	46,709
Trade and other payables	(155,763)
Total identifiable net assets	**158,582**

Purchase consideration was satisfied by the issue of 200 new ordinary shares in Moshen Limited, valued at £200,000 Value was placed on the newly-issued shares by reference to the previous transaction, which was settled by cash consideration and at arm's length

Goodwill arising on the business combination was calculated as

	£
Total consideration paid	200,000
Total identifiable net assets	(158,582)
Goodwill arising	**41,418**

The goodwill recognised can be attributed to expected synergies from combining the operations of the acquirer and acquiree

Valuation of assets acquired

The customer databases acquired were valued by estimating future cash flows receivable by the Company using the following assumptions

- The length of the forecast was 12 months,
- No discount rate was applied due to the length of the forecast, and
- Revenue was forecasted as a product of expected active users and the average revenue per user Deductions were then made for expected operating costs of the services

All other identifiable assets and liabilities are monetary

The consolidated statement of comprehensive income includes revenue of £259,128 and a profit after tax of £30,837 generated by Touch Mobile Limited If the acquisition of Touch Mobile had taken place at the start of the reporting period the consolidated revenue would be have been £1,389,662 and the comprehensive loss for the period would have been £422,429

Notes to the financial statements (continued)

12. Property, plant and equipment: Group and Company

	Office equipment £	Furniture and fixtures £	Total £
Cost			
Additions	15,205	-	15,205
As at 30 September 2010 (unaudited)	15,205	-	15,205
Additions	9,390	1,929	11,319
As at 31 December 2011	**24,595**	**1,929**	**26,524**
Depreciation			
Charge for the period	2,785	-	2,785
As at 30 September 2010 (unaudited)	2,785	-	2,785
Charge for the period	11,332	374	11,706
As at 31 December 2011	**14,117**	**374**	**14,491**
Net book value			
As at 31 December 2011	**10,478**	**1,555**	**12,033**
As at 30 September 2010 (unaudited)	12,420	-	12,420

Notes to the financial statements (continued)

13. Intangible assets: Group

	Software applications £	SMS delivery platform £	Customer databases £	Domain names £	Total £
Cost					
As at 1 October 2010	-	-	-	-	-
Additions acquired	28,582	160,000	-	9,143	197,725
Additions developed	211,801	36,238	-	-	248,039
Acquired with subsidiary	-	-	141,342	-	141,342
As at 31 December 2011	**240,383**	**196,238**	**141,342**	**9,143**	**587,106**
Amortisation					
As at 1 October 2010	-	-	-	-	-
Charge for the period	13,113	77,793	46,391	152	137,449
Impairment	95,365	-	-	-	95,365
Acquired with subsidiary	-	-	42,761	-	42,761
As at 31 December 2011	**108,478**	**77,793**	**89,152**	**152**	**275,575**
Net book value					
As at 31 December 2011	**131,905**	**118,445**	**52,190**	**8,991**	**311,531**
As at 1 October 2010	-	-	-	-	-

Amortisation of software applications, the SMS delivery platform and customer databases are expensed to cost of sales in the income statement Amortisation of domain names is expensed to administrative expenses in the income statement

Impairment losses have been recognised in the year in respect of software applications where actual and expected future revenue streams are lower than the value capitalised

Notes to the financial statements (continued)

14. Intangible assets: Company

	Software applications £	SMS delivery platform £	Domain names £	Total £
Cost				
As at 1 October 2010	-	-	-	-
Additions acquired	28,582	160,000	9,143	197,725
Additions developed	211,801	36,238	-	248,039
As at 31 December 2011	**240,383**	**196,238**	**9,143**	**445,764**
Amortisation				
As at 1 October 2010	-	-	-	-
Charge for the period	13,113	77,793	152	91,058
Impairment	95,365	-	-	95,365
As at 31 December 2011	**108,478**	**77,793**	**152**	**186,423**
Net book value				
As at 31 December 2011	**131,905**	**118,445**	**8,991**	**259,341**
As at 1 October 2010	-	-	-	-

Amortisation of software applications and the SMS delivery platform are expensed to cost of sales in the income statement Amortisation of domain names is expensed to administrative expenses in the income statement

Impairment losses have been recognised in the year in respect of software applications where actual and expected future revenue streams are lower than the value capitalised

Notes to the financial statements (continued)

15. Non-current investments (Company)

	Shares in subsidiary undertakings £
As at 28 September 2009	-
Additions	690
As at 30 September 2010 (unaudited)	690
Additions	200,010
Disposals	(90)
Impairment	(168,375)
As at 31 December 2011	**32,235**

On 26 March 2011 the Company disposed of its investment in Future Proof Clothing Limited for £90

On 8 June 2011 the Company acquired 100% of the share capital of Touch Mobile Limited in exchange for equity consideration valued at £200,000

On 8 June 2011 the Company acquired 10 shares in Comshen Limited, satisfied by consideration of £10 The transaction takes the Company's total interest in Comshen Limited to 100%

As at 31 December, the net assets of Touch Mobile Limited had a fair value of £131,625 An impairment charge of £168,375 has been recognised in the income statement for the period to write-down the carrying value of the investment to £31,625 An amount equal to the impairment charge has been transferred between reserves, from the merger reserve to retained earnings

The Company has investments in the ordinary shares of the following subsidiary undertakings

	Country of incorporation	Principal activity	Shareholding
Appshen Limited	England	Dormant	100% ordinary
Comshen Limited	England	Dormant	100% ordinary
Touch Mobile Limited	England	Dormant	100% ordinary

The aggregate of the share capital and reserves as at 31 December 2011 and of the comprehensive income or loss for the period ended on that date for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves £	Comprehensive income/(loss) £
Appshen Limited	510	-
Comshen Limited	100	-
Touch Mobile Limited	131,625	(10,691)

Notes to the financial statements (continued)

16. Deferred tax asset

	31 December 2011 £	Unaudited 30 September 2010 £
Origination and reversal of timing differences	-	4,938
Losses and other deductions	-	3,773
	-	8,711

No deferred tax asset has been recognised because the group is not expected to make pre-tax profits in the subsequent financial year

17. Trade and other receivables: Group

	31 December 2011 £	Unaudited 30 September 2010 £
Trade receivables	**197,749**	17,572
Receivables from related parties	**5,000**	4,680
Prepayments and accrued income	**5,582**	-
Other receivables	**1,607**	8,668
	209,938	30,920

18. Trade and other receivables: Company

	31 December 2011 £	Unaudited 30 September 2010 £
Trade receivables	**172,062**	17,572
Receivables from related parties	**5,000**	4,680
Prepayments and accrued income	**5,582**	-
Other receivables	**1,607**	8,668
	184,251	30,920

Notes to the financial statements (continued)

19. Trade and other payables: Group

	31 December 2011 £	Unaudited 30 September 2010 £
Trade payables	**50,834**	11,042
Payables to related parties	**1,957**	12,957
Accruals and deferred income	**226,836**	41,173
Other payables	**195,575**	8,660
	475,202	73,832

20. Trade and other payables: Company

	31 December 2011 £	Unaudited 30 September 2010 £
Trade payables	**46,669**	11,042
Payables to subsidiary undertakings	**62,803**	690
Payables to related parties	**1,957**	12,957
Other payables	**188,148**	8,660
Accruals and deferred income	**219,827**	41,173
	519,404	74,522

21. Long-term borrowings: Group

	31 December 2011 £	Unaudited 30 September 2010 £
Payables to related parties	**177,403**	14,991

22. Long-term borrowings: Company

	31 December 2011 £	Unaudited 30 September 2010 £
Payables to related parties	**177,403**	14,991

Notes to the financial statements (continued)

23. Share capital

	31 December 2011 £	Unaudited 30 September 2010 £
Authorised		
Equity Ordinary shares of £1 each	**3,000**	1,000
Allotted, issued and fully paid		
Equity Ordinary shares of £1 each	**2,169**	100

On 23 May 2011 the Company issued 900 ordinary shares of £1 at par value for cash consideration

On 8 June 2011 the Company issued 800 ordinary shares of £1 at par value for cash consideration

On 8 June 2011 the Company issued 200 shares as purchase consideration to acquire 100% of the share capital of Touch Mobile Limited

On 12 August 2011 the Company issued 169 shares in exchange for cash consideration of £233,579

Ordinary shares have full voting rights, full rights to receive dividends and take part in distributions, and no rights to compulsory redemption

24. Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2011 £	Unaudited 30 September 2010 £
Land and buildings		
Expiring within one year	**14,330**	24,000
Other		
Expiring within one year	-	5,957
	14,330	29,957

Notes to the financial statements (continued)

25. Financial risk and capital management

The Company's financial instruments comprise cash, receivables and payables

The main risks arising from the Company's financial instruments are liquidity risk and credit risk

Liquidity risk

The Company's policy is to manage cash in such a way that allows for the settlement of liabilities as they become due

The Company generally requires cash advances for software development projects in order to reduce liquidly risk SMS services offered by the Company are prepaid in full prior to delivery so as to remove any liquidity risk

Credit risk

Credit risk is the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations

The Company is mainly exposed to credit risk from credit sales, though this exposure is mitigated by the policy of requesting prepayments where possible

Credit risk also arises where cash and cash equivalents are deposited with banks It is the Company's policy to deposit funds only with reputable institutions, and to keep this position under regular review

Capital management

The Company does not have any debt financing and so considers the only significant component of capital to be shareholders' funds and reserves The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Company will fund its operations with trading cash flows where possible During the financial year, due to the Company's significant growth, this has not always been possible and external financing has been sought via the issue of new equity

There are no externally imposed capital requirements

26. Subsequent events

On 17 May 2012 the Company issued 667 ordinary shares for cash consideration of £100,000

On 28 May 2012 Mr A R Jones resigned as company secretary

On 20 July 2012 the Company issued 1,703 ordinary shares for cash consideration of £159,500 As a result of this transaction the Company became a subsidiary of Interactive Digital Entertainment Holdings Limited, a company registered in Scotland (registration number SC368537)

Notes to the financial statements (continued)

27. Ultimate controlling party

Until 16 May 2012 the ultimate controlling party was Mr G P Baines by virtue of his majority shareholding

From 17 May 2012 there was no ultimate controlling party

From 20 July 2012 the immediate and ultimate parent undertaking was Interactive Digital Entertainment Holdings Limited, a company registered in Scotland (registration number SC368537)

28. Directors' benefits: advances, credit and guarantees

During the period the Company loaned funds interest free to Mr G Baines The maximum overdrawn amount in the year was £4,680 At the end of the reporting period the Company was owed £Nil (30 September 2010 £4,680) by Mr G Baines

During the period the Company loaned funds interest free to Mr G E Garside The maximum overdrawn amount in the year was £5,000 At the end of the reporting period the Company was owed £5,000 (30 September 2010 £Nil) by Mr G E Garside

Notes to the financial statements (continued)

29. Related party transactions

Key management personnel are defined for the purpose of disclosure of IAS24 Related Party Disclosures as the members of the board Details of their remuneration can be found in note 6 to the financial statements

On 8 June 2011 the Company acquired the entire share capital of Touch Mobile Limited From this date the following transactions took place between the two companies

	£
Net cash received from subsidiary	(130,400)
Management charges invoiced to subsidiary	65,016
Net recharges	(3,077)
Amounts transferred under group VAT registration	6,268
Balance payable as at 31 December 2011	**(62,193)**

Appshen Limited, a subsidiary undertaking, provided an interest-free loan to the Company At the end of the reporting period the Company owed £510 (30 September 2010 £510) to Appshen Limited

Comshen Limited, a subsidiary undertaking, provided an interest-free loan to the Company At the end of the reporting period the Company owed £100 (30 September 2010 £90) to Comshen Limited

On 26 March 2011 the Company sold 100% of the share capital in Future Proof Clothing Limited to Mr G P Baines for £90, which equated to the value of its net assets at the time of the transaction At the end of the reporting period the Company owed £Nil (30 September 2010 £90) to Future Proof Clothing Limited

During the period Mr G P Baines, a director, sold intangible assets to the Company for £160,000

Mr G P Baines, a director, provided an interest-free loan to the Company At the end of the reporting period the Company owed £177,403 (30 September 2010 £Nil) to Mr G P Baines

Mr P T Armer, a director until 26 March 2011, provided an interest-free loan to the Company At the end of the reporting period the Company owed £1,957 (30 September 2010 £12,957) to Mr P T Armer The Company made purchases of £Nil (2010 £20,000) from Mr P T Armer

During the period the Company made sales of £101,835 (2010 £58,379) to Fusion Mobile Systems Limited, a company of which Mr G P Baines is a director At the end of the reporting period the Company was owed £88,200 by Fusion Mobile Systems Limited (30 September 2010 owed £14,991 to Fusion Mobile Systems Limited) A doubtful debt provision has been made for the full outstanding balance in response to a delay in Fusion Mobile Systems Limited receiving payment from their customer The expense during the period in respect of doubtful debts due from related parties is therefore £88,200 (2010 £Nil)

During the period the Company was invoiced £30,302 (2010 Nil) by R Jones Management Limited, a company of which Mr A R Jones, a shareholder, is a director At the end of the reporting period the Company owed £16,968 (30 September 2010 £Nil) to R Jones Management Limited