Financial Statements
Shidu Capital plc

(formerly Digital Learning Marketplace plc)

For the year ended 31 December 2012

Company No. 5212388

Company information

Company registration number:	5212388 - incorporated in England and Wales
Registered office:	31 Lombard Street London EC3V 9BQ
Directors:	Angus Forrest – Non-Executive Chairman Cheong Yee Chan – Executive Director Hui Jie Lim – Executive Director Christopher Neo – Executive Director Gregory Collier– Non-Executive Director
Executive office	23/F, On Hing Commercial Building 145 Hennessy Road Wan Chai Hong Kong
Broker:	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ
Registrar:	Computershare Investor Services Plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Nominated Advisor:	ZAI Corporate Finance Limited 1 Hobhouse Court 2nd Floor 6-8 Suffolk Street London SW1Y 4HH
Auditors:	Welbeck Associates Statutory Auditor Chartered Accountants 31 Harley Street London W1G 9QS
Website:	www.shiducapital.com

Index to the financial statements

	Page
Chairman's statement	1
Report of the directors	2
Independent auditor's report	6
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated statement of cash flows	13
Company statement of cash flows	14
Principal accounting policies	15
Notes to the group financial statements	22

Chairman's statement

Overview

At a General Meeting held on 3 December 2012 shareholders approved resolutions to restructure the Company, as an investment company, appoint new directors and adopt a new name Shidu Capital plc, whilst raising c. £300,000 by way of a placing and conversion of loans. Full details of the resolutions can be found on the Company's website: shiducapital.com

Following the meeting Shidu Capital Plc is actively seeking to acquire and consolidate holdings in companies operating in high-growth Asian economies, with the intention to create and sustain long-term value.

The Directors are focusing on investment opportunities which have some or all of the following characteristics:

- a majority of their revenue derived from the Asia-Pacific, and strongly positioned to benefit from the region's growth;
- a trading history which reflects past profitability or potential for significant capital growth going forward; and
- where all or part of the consideration could be satisfied by the issuance of new Ordinary Shares or other securities in the Company.

Financial Review

The Company is now an investment company; in the Report & Accounts the Consolidated statement of comprehensive income reports on previous and discontinued activities for 2012 whereas the Consolidated statement of financial position as at 31 December 2012 is the start of the investment activities.

Outlook

The directors believe your Company has a great opportunity to create shareholder value through its investing activities.

I would like to take this opportunity to thank the directors, shareholders and the Company's advisers for their support during this transitional period.

Angus Forrest

Chairman
3 June 2013

Report of the directors

The directors present their report together with financial statements for the year ended 31 December 2012.

Principal activities and review of the business

Following the closure of its e-Learning operations and disposal of the associated assets during the year the Group's principal activity is as an investing company with the main focus being on the exploitation of natural resources in the Asia-Pacific region.

A detailed review of the Group's activities during the period and of its prospects is contained within the Chairman's statement.

On 4 January 2012, the Company changed its name from Intellego Holdings Plc to Digital Learning Marketplace plc, and on 11 December 2012, the Company changed its name again, to Shidu Capital plc.

CVA
On 3 December 2012 the Company entered into a CVA with its creditors, under which it was agreed that a total of 6,694,546 shares would be issued in settlement of the CVA creditors, resulting in an extraordinary credit to the profit and loss account of £468,618.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 8.

The directors do not propose the payment of a dividend.

Financial risk management objectives and policies

The financial risk management objectives and policies are detailed in note 19.

Directors

The directors who served during the period and their beneficial interests in the shares of the company as at 31 December 2011 (or date of appointment if later) and 31 December 2012 were as follows:

	31 December 2012		31 December 2011	
	Shares	**Options**	*Shares	*Options
A G P Forrest	**37,269**	**-**	37,020	11,000
B H Leith (resigned 3 December 2012)	**-**	**-**	12,860	10,000
A S M Hasoon (resigned 2 August 2012)	**-**	**-**	-	-
J P Henry (appointed 9 May 2012, resigned 24 October 2012)	**-**	**-**	-	-
C Y Chan (appointed 3 December 2012)	**-**	**-**	-	-
G Collier (appointed 3 December 2012)	**-**	**-**	-	-
H J Lim (appointed 3 December 2012)	**-**	**-**	-	-

*The comparative numbers for shares and options at 31 December 2011 have been adjusted to reflect the share consolidation in September 2012.

A G P Forrest owns 27,837 shares in his own name and 9,432 in his SIPP.

All share options are deemed to have lapsed as stated in note 20 to the financial statements.

Mr Christopher Neo was appointed a director on 29 January 2013.

Report of the directors

Corporate Governance

Although not required to provide corporate governance disclosures by the AIM rules issued by the London Stock Exchange, the directors recognise the benefits of good governance and endeavour to adopt procedures appropriate to the Group's size and circumstances. In this regard, the directors have considered the guidance of the Quoted Companies' Alliance with regard to smaller companies wishing to establish governance procedures to comply with those elements of the UK Corporate Governance Code pertinent to the Group's circumstances.

Audit Committee
The audit committee comprises two directors, A G P Forrest and G Collier, and is chaired by A G P Forrest. The committee is primarily responsible for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the auditors relating to accounting and internal controls.

AIM Compliance Committee
The AIM compliance committee reports on compliance with the AIM Rules. It comprises two directors, A G P Forrest and G Collier and is responsible for establishing that procedures, resources and controls are in place to ensure AIM Rule compliance within the company is operating effectively from time to time.

Remuneration Committee
The remuneration committee comprises two directors, G Collier and AGP Forrest, and is chaired by G Collier. The committee is responsible for determination of the terms, conditions and remuneration of the executive directors.

Nominations Committee
The nominations committee comprises two directors, AGP Forrest and C Y Chan and is chaired by AGP Forrest. The committee leads the process for identifying and making recommendations to the Board on candidates for appointment as Directors and Company Secretary.

Going Concern
The directors have considered the position of the Group and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements. See note 1 of the financial statements for further detail.

Internal Controls
The directors acknowledge their responsibility for the Group's system of internal controls. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

Report of the directors

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

In the case of each person who was a director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Payment policy

The Company and its subsidiaries agree terms and conditions for their transactions with suppliers. The average number of days for the Group to settle suppliers' invoices in the period was 151 days (Dec 2011: 127 days).

Report of the directors

Substantial shareholdings

At 28 May 2013 the Company had been notified of the following substantial shareholdings (over 3%):

Sze Thye Group Ltd	57.84%
Lombard Capital plc	10.66%
Yong Weng Chun TWC Brendan	8.26%

Post year end events

On 25 February 2013 the Company issued 40,000,000 ordinary shares at 0.625p per share on the conversion of loan stock totalling £250,000, and 5,000,000 ordinary shares at 1p per share on the conversion of loan stock totalling £50,000. In addition 1,259,547 ordinary shares were issued at 0.625p per share on the exercise of warrants.

Auditors

Welbeck Associates were appointed during the year, following the resignation of Grant Thornton UK LLP, and, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD
A G P Forrest
Director
3 June 2013

Independent auditor's report to the members of Shidu Capital plc

We have audited the financial statements of Shidu Capital plc for the period ended 31st December 2012 which comprise the group and company principal accounting policies, the consolidated statement of comprehensive income, the consolidated statement of financial position and parent company balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the group and parent company related notes. The financial reporting framework that has been applied in the preparation of the financial statements 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

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 2012 and of the group's loss for the period then ended;

- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.

Jonathan Bradley Hoare (Senior Statutory Auditor)
For and on behalf of
Welbeck Associates
Statutory Auditor
Chartered Accountants

London

3 June 2013

Consolidated statement of comprehensive income

	Note	12 months to Dec 2012 £	9 months to Dec 2011 *(restated) £
Continuing operations			
Administration costs		**(766,842)**	(350,103)
Exceptional items	4	**468,618**	-
Operating loss after exceptional items		**(298,224)**	(350,103)
Loss on disposal of investments		**(57,638)**	-
Loss before financing		**(355,862)**	(350,103)
Finance cost	7	**(7,711)**	(5,632)
Loss on continuing operations before taxation	2	**(363,573)**	(355,735)
Taxation	8	**-**	-
Loss on continuing operations after taxation		**(363,573)**	(355,735)
Loss from discontinued operations	9	**(471,041)**	(71,110)
Loss after taxation and total comprehensive expense		**(834,614)**	(426,845)
Basic and diluted loss per share	10		
- Basic and diluted - continuing operations		(21p)	(34p)
- Basic and diluted - discontinued operations		(26p)	(7p)
- **Total basic and diluted loss per share**		**(47p)**	**(41p)**

*The comparatives figures for the 9 months to 31 December 2011 have been restated to reflect the contribution to the results of operations that were discontinued in 2012.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of financial position

	Note	Dec 2012 £	Dec 2011 £
Assets			
Non-Current Assets			
Property, plant and equipment	13	**-**	566
Goodwill	11	**-**	464,189
Other intangible assets	12	**-**	326,319
		-	791,074
Current Assets			
Inventory	15	**-**	7,875
Trade and other receivables	16	**38,664**	310,756
Cash and cash equivalents		**179,989**	43,487
		218,653	362,118
Total Assets		**218,653**	1,153,192
Liabilities			
Non-Current Liabilities			
Trade and other payables	17	**-**	160,800
Long term borrowings	18	**125,663**	49,750
		125,663	210,550
Current Liabilities			
Trade and other payables	17	**73,865**	1,060,530
Borrowings	18	**41,124**	-
		114,989	1,060,530
Total Liabilities		**240,652**	1,271,080
Net Liabilities		**(21,999)**	(117,888)
Equity			
Share capital	20	**1,285,679**	1,071,040
Share premium		**2,748,904**	2,200,052
Shares to be issued		**200,836**	-
Loan note equity reserve		**137,176**	-
Merger reserve		**-**	171,000
Profit and loss account		**(4,394,594)**	(3,559,980)
Total Equity		**(21,999)**	(117,888)

The financial statements were approved by the Board of Directors on 3 June 2013.

A G P Forrest

Director

The accompanying accounting policies and notes form an integral part of these financial statements

Company statement of financial position

	Note	Dec 2012	Dec 2011 *(restated)	Mar 2011 *(restated)
		£	£	£
Fixed assets				
Property, plant and equipment	13	**-**	10,258	12,625
Goodwill	11	**-**	225,405	225,405
Investments	14	**-**	550,800	150,000
		-	786,463	388,030
Current assets				
Trade and other receivables	16	**38,664**	1,051,396	355,022
Cash and cash equivalents		**179,989**	622	-
		218,653	1,052,018	355,022
Total Assets		**218,653**	1,838,481	743,052
Non-Current Liabilities				
Trade and other payables	17	**-**	160,800	-
Long term borrowings	18	**125,663**	-	-
		125,663	160,800	-
Current liabilities				
Trade and other payables	17	**73,865**	487,554	112,167
Borrowings	18	**41,124**	-	-
		114,989	487,554	112,167
Total liabilities		**240,652**	648,354	112,167
Net assets/(liabilities)		**(21,999)**	1,190,127	630,885
Capital and reserves				
Called up share capital	20	**1,285,679**	1,071,040	924,134
Share premium		**2,748,904**	2,200,052	1,802,411
Shares to be issued		**200,836**	-	-
Loan note equity reserve		**137,176**	-	-
Merger reserve		**-**	171,000	31,000
Profit and loss account		**(4,394,594)**	(2,251,965)	(2,126,660)
Equity shareholders' funds		**(21,999)**	1,190,127	630,885

*The comparative figures for March 2011 and December 2011 have been restated on first time adoption of IFRS in accordance with the transitional requirements (see note 3).

The financial statements were approved by the Board of Directors on 3 June 2013.

A G P Forrest

Director

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated statement of changes in equity

	Share capital	Share premium	Shares to be issued	Loan note equity reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
Balance at 31 March 2011	924,134	1,802,411	-	-	31,000	(3,133,135)	(375,590)
Shares issued in year	146,906	397,641	-	-	140,000	-	684,547
Loss for the year and total comprehensive expense	-	-	-	-	-	(426,845)	(426,845)
Balance at 31 Dec 2011	**1,071,040**	**2,200,052**	**-**	**-**	**171,000**	**(3,559,980)**	**(117,888)**
Balance at 1 Jan 2012	**1,071,040**	**2,200,052**	**-**	**-**	**171,000**	**(3,559,980)**	**(117,888)**
Shares issued in year	**214,639**	**377,852**	**-**	**-**	**-**	**-**	**592,491**
Shares to be issued in settlement of CVA liabilities	**-**	**-**	**200,836**	**-**	**-**	**-**	**200,836**
Issue of convertible loan notes	**-**	**-**	**-**	**137,176**	**-**	**-**	**137,176**
Transfer on closure of subsidiary undertakings	**-**	**171,000**	**-**	**-**	**(171,000)**	**-**	**-**
Loss for the year and total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(834,614)**	**(834,614)**
Balance at 31 Dec 2012	**1,285,679**	**2,748,904**	**200,836**	**137,176**	**-**	**(4,394,594)**	**(21,999)**

Company statement of changes in equity

	Share capital £	Share premium £	Shares to be issued £	Loan note equity reserve £	Merger reserve £	Profit and loss account *(restated) £	Total equity *(restated) £
Balance at 31 March 2011	924,134	1,802,411	-	-	31,000	(2,126,660)	630,885
Shares issued in year	146,906	397,641	-	-	140,000	-	684,547
Loss for the year and total comprehensive expense	-	-	-	-	-	(125,305)	(125,305)
Balance at 31 Dec 2011	**1,071,040**	**2,200,052**	**-**	**-**	**171,000**	**(2,251,965)**	**1,190,127**
Balance at 1 Jan 2012	**1,071,040**	**2,200,052**	**-**	**-**	**171,000**	**(2,251,965)**	**1,190,127**
Shares issued in year	**214,639**	**377,852**	**-**	**-**	**-**	**-**	**592,491**
Shares to be issued in settlement of CVA liabilities	**-**	**-**	**200,836**	**-**	**-**	**-**	**200,836**
Issue of convertible loan notes	**-**	**-**	**-**	**137,176**	**-**	**-**	**137,176**
Transfer on closure of subsidiary undertakings	**-**	**171,000**	**-**	**-**	**(171,000)**	**-**	**-**
Loss for the year and total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(2,142,629)**	**(2,142,629)**
Balance at 31 Dec 2012	**1,285,679**	**2,748,904**	**200,836**	**137,176**	**-**	**(4,394,594)**	**(21,999)**

*The comparative figures for March 2011 and December 2011 have been restated on first time adoption of IFRS in accordance with the transitional requirements (see note 3).

Consolidated statement of cash flows

	12 months to Dec 2012	9 months to Dec 2011
	£	£
Cash flows from operating activities		
Loss after taxation	**(834,614)**	(426,845)
Adjustments for:		
Depreciation and amortisation	**49,256**	139,583
Loss from discontinued operations	**471,041**	-
Extraordinary credit arising from CVA	**(468,618)**	-
Loss on disposal of investments	**57,638**	-
Interest expense	**7,711**	5,632
Decrease in trade and other receivables	**58,855**	77,818
Increase in inventories	**-**	(286)
Increase/(decrease) in trade and other payables	**16,867**	(151,958)
Net cash used in operating activities	**(641,864)**	(356,056)
Cash flows from investing activities		
Purchase of property, plant and equipment	**-**	(1,596)
Purchase of investments	**(198,000)**	-
Disposal of investments	**161,965**	-
Investment in intangible assets	**-**	(24,865)
Cash acquired with business	**-**	96
Cash balances held by discontinued businesses	**(10,342)**	-
Net cash used in investing activities	**(46,377)**	(26,365)
Cash flows from financing activities		
Net proceeds from issue of share capital	**528,491**	524,547
Proceeds from issue of convertible loan notes	**300,000**	-
Net repayment of bank and other loans	**-**	(131,950)
Finance costs	**(3,748)**	(5,632)
Net cash generated from financing activities	**824,743**	386,965
Net increase in cash and cash equivalents	**136,502**	4,544
Cash and cash equivalents at beginning of period	**43,487**	38,943
Cash and cash equivalents at end of period	**179,989**	43,487

Company statement of cash flows

	12 months to Dec 2012	9 months to Dec 2011
	£	£
Cash flows from operating activities		
Loss after taxation	**(2,142,629)**	(141,585)
Adjustments for:		
Depreciation and amortisation	**1,104**	18,647
Loss from discontinued operations	**1,778,518**	-
Extraordinary credit arising from CVA	**(468,618)**	-
Loss on disposal of investments	**57,638**	-
Interest expense	**7,711**	-
Decrease/(increase) in trade and other receivables	**14,578**	(2,354)
Increase in trade and other payables	**359,765**	295,387
Net cash used in operating activities	**(391,933)**	170,095
Cash flows from investing activities		
Purchase of investments	**(198,000)**	-
Disposal of investments	**161,965**	-
Advances to subsidiary undertakings	**(217,408)**	(694,020)
Net cash used in investing activities	**(253,443)**	(694,020)
Cash flows from financing activities		
Net proceeds from issue of share capital	**528,491**	524,547
Proceeds from issue of convertible loan notes	**300,000**	-
Finance costs	**(3,748)**	-
Net cash generated from financing activities	**824,743**	524,547
Net increase in cash and cash equivalents	**179,367**	622
Cash and cash equivalents at beginning of period	**622**	-
Cash and cash equivalents at end of period	**179,989**	622

Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS.

As in prior periods, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. A third statement of financial position in respect of the Company, as at the date of transition to IFRS, has been presented as required by IAS1 (revised) as these are the Company's first financial statements prepared in accordance with IFRS. As set out in note 3 certain adjustments have been made to the comparative figures for prior periods as a result of the transition to IFRS. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

These consolidated financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

Many of the amounts included in the consolidated financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated financial statements and the key areas are summarised below:

Judgements in applying accounting policies

- the directors must judge whether all of the conditions required for revenues to be recognised in the statement of comprehensive income of the financial year, as set out in the revenue accounting policy below, have been met;
- the directors have made a judgement that despite the losses in both the current and prior year (pre-release of CVA liabilities) it is appropriate to adopt the going concern basis in the preparation of the financial statements. This is based on the discontinuation of the previous loss making businesses, cost reductions and the future prospects of the business which have been detailed within the Chairman's Statement and note 1 to the financial statements.

Sources of estimation uncertainty

- estimates of future profitability are required for the decision whether or not to create a deferred tax asset.

Going concern

The reasons for the directors considering that it is appropriate to adopt the going concern basis in the preparation of these financial statements are set out in note 1.

Principal accounting policies

Standards and interpretations in issue not yet effective

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

		Effective for accounting periods beginning on or after:
IFRS 10	Consolidated Financial Statements – Identification of the concept of control of an entity and the requirement to include in consolidated accounts	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
lAS 1 (amended)	Presentation of Items of Other Comprehensive Income	1 July 2012
lAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
lAS 19 (revised)	Employee Benefits	1 January 2013

The Directors have not yet evaluated the effect of these standards on the financial statements.

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the parent company and all of its subsidiaries drawn up to 31 December 2012. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are expensed as incurred.

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 April 2006, the date of transition. Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement.

Principal accounting policies

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when a software licence is delivered.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is generally when the licence key is delivered,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the amount of revenue and the costs associated with the transaction can be measured reliably.

Related ancillary services such as support and maintenance and system hosting are recognised over the period of the contract. Content development sales are recognised on a work performed basis. Where training or support services are invoiced but not supplied by the period end, the value of these services is recorded in current liabilities as deferred income.

The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the stage of completion of the transaction at the reporting date can be measured reliably and is estimated by reference to the period of the contract,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the amount of revenue and costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Segmental reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. The disclosure is based on the information that is presented to the chief operating decision maker, which is considered to be the board of Shidu Capital Plc. Following the disposal and closure of all the Group’s trading operations there are no operational segments to report on.

Exceptional items

Exceptional items are those by which their size or nature are considered by the directors to be necessary to be disclosed separately so as to inform users of the financial statements. The release of CVA liabilities has been disclosed as such.

Goodwill

Goodwill, representing the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Principal accounting policies

Intangible assets

Distribution rights are initially recognised at cost, then amortised to the statement of comprehensive income over their estimated economic life.

Software development costs relate to expenditure on the development of certain new products and service projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over the expected sales life of the software, being generally a period not longer than five years commencing in the year the sales of the product were first made.
Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

Assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations revised, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill .

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Disposals

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments where it reflects the basis of consumption of the asset over their estimated useful economic lives. The rates/periods generally applicable are:

Fixtures, fittings and equipment	20-25% straight line
Computer hardware	33 1/3 % straight line
Improvements to leasehold	Over the term of the lease

Material residual value estimates are updated to current value as required, but at least annually.

Principal accounting policies

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, cash-generating units that include goodwill, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease costs are charged to the statement of comprehensive income on a straight line basis over the lease term.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Principal accounting policies

Financial assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and cash and cash equivalents are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is de-recognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value and all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Principal accounting policies

Equity

Equity comprises the following:

"Share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

“Shares to be issued” represents the nominal value and share premium of the shares agreed to be issued in respect of the CVA settlement.

“Loan note equity reserve” represents the equity portion of the convertible loan notes issued as detailed in note 18.

"Merger reserve" represents the fair value of the consideration received in excess of the nominal value of equity shares in connection with acquisitions where the company has exercised entitlement to the merger relief offered by the Companies Act 2006.

"Profit and loss account" represents retained profits and losses.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

Share-based payment

For equity-settled share options, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the statement of comprehensive income, together with a corresponding credit to "other reserves", on a straight-line basis over the vesting period, based on the best available estimate of the number of options that are expected eventually to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value.

IFRS 2 has been applied, in accordance with IFRS 1, to equity-settled share options granted on or after 7 November 2002 and not vested at 1 April 2006.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium. At the year-end date all options previously granted were deemed to have lapsed.

Notes to the group financial statements

1 Going concern

The consolidated accounts for the current period show a loss of £809,614 after the release of CVA liabilities and as at 31 December 2012 the Group had total net liabilities of £21,999. However the loss making businesses have been discontinued, the costs have been substantially reduced and the Group has adopted a new business plan. Also the Group had net cash resources of £179,989 at the year end, and since then the conversion of loan stock in February 2013 has had the effect of increasing the equity reserves of the Group by £166,787. For these reasons the directors have considered that it is appropriate to adopt the going concern basis in the preparation of the financial statements. In reaching this conclusion the directors have also considered the cash flow forecasts, current trading and prospects as further detailed in the Chairman's statement together with the Company Voluntary Arrangement which is detailed below.

Company Voluntary Arrangement (CVA)
On 3 December 2012 the Company entered into a CVA with its creditors, under which it was agreed that a total of 6,694,546 shares would be issued in settlement of the CVA creditors, resulting in a credit to the profit and loss account of £468,618. (see note 4).

Cash flow forecasts

Forecasts have been prepared by the directors for the years to December 2013 and December 2014 that show that the group will have sufficient funds during the period covered by the forecasts based on the following key assumptions:

- That overhead expenses will be restricted to the minimum level necessary to maintain the Company's quotation on AIM until additional finance is raised.
- That no new investment will be undertaken by the Group unless sufficient additional finance is raised.

2 Loss before taxation

Loss before taxation is stated after charging:

	Year to Dec 2012	9 months to Dec 2011
	£	£
Amortisation and impairment of intangible assets	**-**	136,198
Depreciation of plant, property and equipment		
- owned by the group	**1,104**	3,385
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's annual accounts	**10,000**	3,000
Fees payable to the company's auditors for other services:		
- The audit of the company's subsidiaries, pursuant to legislation	**-**	15,300
- Taxation services	**2,000**	4,200
- Other services	**-**	1,500
Operating lease rentals		
- other operating leases	**51,143**	54,616

Notes to the group financial statements

3 Parent company transition to IFRS

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these Company financial statements. Its accounts were prepared under UK GAAP for the previous financial period ended 31 December 2011. The following adjustments have been made to the comparative figures for that period as a result of the change in accounting policy:

Total equity

The debit balance on the profit and loss account has been decreased by £80,942 on the reversal of the cumulative goodwill amortisation charge, resulting in total equity increasing from £1,109,185 to £1,190,127 as at 31 December 2011.

Comprehensive expense for the period

The reversal of the goodwill amortisation charge of £16,280 for the period to 31 December 2011 has resulted in a decrease in the comprehensive expense from £141,485 to £125,305 for that period.

Cash flow

There has been no adjustment to the cash flow statement for the period ended 31 December 2011.

The loss for the Company on ordinary activities after taxation for the year was £ 2,117,629 (9 months to Dec 2011: loss restated £125,305).

4 Exceptional items

	Year to Dec 2012 £	9 months to Dec 2011 £
Release of liabilities resulting from the CVA	**468,618**	-
	468,618	-

Company Voluntary Arrangement (CVA)

On 3 December 2012 the Company entered into a CVA with its creditors, under which it was agreed that a total of 6,694,546 ordinary shares would be issued in settlement of the CVA creditors, resulting in an extraordinary credit to the profit and loss account of £468,618.

Notes to the group financial statements

5 Directors and employees

Staff costs during the period were as follows:	**Year to Dec 2012 £**	9 months to Dec 2011 £
Wages and salaries	**242,481**	851,688
Social security costs	**1,826**	43,079
	244,307	894,767

The average number of employees (including directors) of the Group during the period was as follows:

	Year to Dec 2012 Number	9 months to Dec 2011 Number
Sales, Administration and Technical	**4**	29

6 Directors

Key management are considered to be the Directors. Remuneration in respect of directors is disclosed as follows.

Year to 31 December 2012	**Emoluments £**	**Total £**
Emoluments receivable		
A Forrest	**66,252**	**66,252**
B Leith	**44,000**	**44,000**
A Hasoon	**42,500**	**42,500**
P Henry	**25,000**	**25,000**
Emoluments receivable	**177,752**	**177,752**

9 months to 31 December 2011	Emoluments £	Total £
Emoluments receivable		
A Forrest	78,333	78,333
B Leith	52,496	52,496
A Hasoon	80,000	80,000
R Murphy	20,170	20,170
Emoluments receivable	230,999	230,999

There were no pension contributions made or payable during the year.

7 Finance costs

	Year to Dec 2012 £	9 months to Dec 2011 £
Finance costs		
On other loans wholly repayable within five years	**7,711**	5,632
	7,711	5,632

Notes to the group financial statements

8 Taxation

No provision has been made for corporation tax due to group trading losses being available for relief against the future profits of the Group. At 31 December 2012 the Group had £1,740,000 (December 2011: £1,450,000) of excess trading losses to offset against future profits. No deferred tax has been recognised in respect of the losses as recoverability is uncertain.

Analysis of the charge for the period;

	Year to Dec 2012 £	9 months to Dec 2011 £
Current tax	**-**	-

The tax assessed for the period differs from that calculated at the standard rate of corporation tax in the UK. The difference is explained below:

	Year to Dec 2012 £	9 months to Dec 2011 £
Loss on continuing activities before taxation	**(363,573)**	(426,845)
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 25.6% (Dec 2011: 26%)	**(93,074)**	(110,980)
Effects of:		
Expenses not deductible for tax purposes	**11,520**	7,782
Excess of depreciation and amortisation over capital allowances	**-**	22,043
Unutilised tax losses carried forward	**81,554**	229,720
Exceptional items	**-**	(148,565)
Tax charge for the period	**-**	-

9 Discontinued operations

During the year the Group either disposed of or closed all its trading operations. The comparatives figures for the 9 months to 31 December 2011 have been restated to reflect the contribution to the results of operations that have been discontinued in 2012.

In September 2012, Intellego PDP Limited entered into a Company Voluntary Arrangement ("CVA"), which was terminated in November 2012. The business was sold for a 5% royalty and a liquidator was appointed on 13 December 2012.

DLM Products Limited was formed in January 2012 to sell courses created by other group companies and those licenced in from third party publishers of learning materials direct to end customers and via distributors, but sales did not progress and the company was put into liquidation in December 2012.

DLM Professional Services Limited also started trading in January 2012, as a supplier of software and related services, and was put into liquidation in December 2012.

The assets of Pixelearning Limited were sold for £3,000 and the company was put into liquidation in November 2012.

In October 2012 the parent company, then named Digital Learning Marketplace plc, disposed of its trading activities which consisted of a library of pharmaceutical content for £35,000 plus a 10% royalty payable over the next year's sales, together with associated fixed assets for £10,000.

Notes to the group financial statements

9 Discontinued operations (continued)

The results of the discontinued activities are as follows:

	Year to Dec 2012	9 months to Dec 2011
	£	£
Revenue	**652,055**	901,441
Cost of sales	**(311,704)**	(405,417)
Gross profit	**340,351**	496,024
Administrative expenses	**(1,260,023)**	(1,138,540)
Exceptional credit resulting from the CVA and subsequent winding-up of Intellego Group Limited	**-**	571,406
Operating loss on discontinued activities	**(919,672)**	(71,110)
Finance costs	**(8,955)**	-
Credit on disposal and closure of discontinued activities	**457,586**	-
Attributable tax expense	**-**	-
Net loss attributable to discontinued activities	**(471,041)**	(71,110)

During the year discontinued activities consumed £249,931 (2011: £526,151) of the Group's net operating cash flows, consumed £10,342 (2011: £26,365) in investing activities and consumed £nil (2011: £137,582) in financing activities.

10 Loss per share

	Year to Dec 2012	9 months to Dec 2011
	£	£
Loss attributable to equity holders of the Group:		
Loss from continuing operations	**(363,573)**	(355,735)
Loss from discontinued operations	**(471,041)**	(71,110)
Loss for the period attributable to equity holders of the Group	**(834,614)**	(426,845)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings (the number of shares for 2011 has been adjusted to reflect the 1 for 500 share consolidation in September 2012)	**1,795,349**	1,029,699
Earnings per share attributable to equity holders of the Group:		
Basic and diluted loss per share from continuing operations	**(21p)**	(34p)
Basic and diluted loss per share from discontinued operations	**(26p)**	(7p)
Basic and diluted loss per share for the period	**(47p)**	(41p)

For the current year and for the prior period the loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic loss per share. This is because the exercise of share options and warrants would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

Notes to the group financial statements

11 Goodwill

Group

	Goodwill
	£
Cost after impairment	
At 1 April 2011	206,289
Acquisitions (see note 20)	257,900
Impairment	-
At 31 December 2011	464,189
Acquisitions	-
Impairment on disposal and closure of discontinued operations	**(464,189)**
At 31 December 2012	-

The goodwill relates to the acquisition of Copia Limited in November 2007, The Professional Development Partnership Limited in April 2008, the business and assets of Zenosis Limited in May 2008 and Pixelearning Limited in April 2011. All these businesses were either disposed of or closed during the year.

Company

	Goodwill
	£
Cost	
At 1 April 2011 and 31 December 2011	225,405
Disposals	(225,405)
	-
Net book amount at 31 December 2012	-
Net book amount at 31 December 2011	225,405

Goodwill relates to the acquisition of the business and selected assets and liabilities of eMedit Limited and Zenosis Limited both of which were disposed of or closed during the year. The amortisation disclosed as a charge to the profit and loss account for the period ended 31 December 2011 and for prior periods has been reversed as a result of the transition from accounting under UK GAAP to accounting under IFRS (see note 4).

Notes to the group financial statements

12 Other intangible assets

Group

	Distribution rights £	Software development £	Content modules £	Customer relationships £	Total £
Cost					
At 1 April 2011	29,500	292,723	123,250	89,942	535,415
Additions	-	-	24,865	-	24,865
Acquisitions	-	294,732	-	-	294,732
At 31 December 2011	29,500	587,455	148,115	89,942	855,012
Disposals	**(29,500)**	**(587,455)**	**(148,115)**	**(89,942)**	**(855,012)**
At 31 December 2012	**-**	**-**	**-**	**-**	**-**
Amortisation					
At 1 April 2011	29,500	218,067	72,088	72,840	392,495
Charge for the year	-	101,483	17,613	17,102	136,198
At 31 December 2011	29,500	319,550	89,701	89,942	528,693
Charge for the year	**-**	**41,489**	**7,201**	**-**	**48,690**
Disposals	**(29,500)**	**(361,039)**	**(96,902)**	**(89,942)**	**(577,383)**
At 31 December 2012	**-**	**-**	**-**	**-**	**-**
Net book amount at 31 December 2012	**-**	**-**	**-**	**-**	**-**
Net book amount at 31 December 2011	-	267,905	58,414	-	326,319

Notes to the group financial statements

13 Property, plant and equipment

Group

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2011	25,330	357,702	383,032
Additions	-	1,596	1,596
Acquisitions	-	552	552
Disposals	(25,330)	-	(25,330)
At 31 December 2011	-	359,850	359,850
Disposals	**-**	**(359,850)**	**(359,850)**
At 31 December 2012	**-**	**-**	**-**
Depreciation			
At 1 April 2011	25,330	355,899	381,229
Charge for the year	-	3,385	3,385
Disposals	(25,330)	-	(25,330)
At 31 December 2011	-	359,284	359,284
Charge for the year	**-**	**566**	**566**
Disposals	**-**	**(359,850)**	**(359,850)**
At 31 December 2012	**-**	**-**	**-**
Net book amount at 31 December 2012	**-**	**-**	**-**
Net book amount at 31 December 2011	-	566	566

Company

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 April 2011	12,625	12,625
Additions	-	-
At 31 December 2011	12,625	12,625
Disposals	**(12,625)**	**(12,625)**
At 31 December 2012	**-**	**-**
Depreciation		
At 1 April 2011	-	-
Charge for the year	2,367	2,367
At 31 December 2011	2,367	2,367
Charge for the year	**1,104**	**1,104**
Disposals	**(3,471)**	**(3,471)**
At 31 December 2012	-	-
Net book amount at 31 December 2012	**-**	**-**
Net book amount at 31 December 2011	**10,258**	**10,258**

Notes to the group financial statements

14 Fixed asset investments

Company

	Shares in subsidiary undertakings £	Total £
At 1 April 2011	150,000	150,000
Additions	400,800	400,800
Impairment	-	-
At 31 December 2011	550,800	550,800
Disposals	(550,800)	(550,800)
At 31 December 2012	-	-

All investments are unlisted.

The Group's principal subsidiary undertakings during the year were as follows:

Principal subsidiaries	Country of Incorporation	Percentage of ordinary shares held	Principal activity
(1)Pixelearning Limited	England and Wales	100%	E-learning services
The Serious Sales Game Company Ltd	England and Wales	100%	Dormant
(2)Intellego PDP Limited	England and Wales	100%	E-learning services
(3)Intellego Knowledge Solutions Limited	England and Wales	100%	E-learning services
(4)DLM Products Limited	England and Wales	100%	E-learning services
(4)DLM Professional Services Limited	England and Wales	100%	E-learning services
(5)Intellego Group Limited	England and Wales	100%	E-learning services

(1)On 27 November 2012, a liquidator was appointed to Pixelearning Limited.

(2)On 27 September 2012, Intellego PDP Limited entered into a Company Voluntary Arrangement ("CVA"). On 30 November 2012 the CVA was terminated and a liquidator was appointed to the company on 13 December 2012.

(3)On 29 November 2012, Intellego Knowledge Solutions Limited filed an application for voluntary striking off and the company was dissolved on 26 March 2013

(4)On 26 November 2012, liquidators were appointed to DLM Products Limited and DLM Professional Services Limited

(5)On 15 June 2010, Intellego Group Limited entered into a CVA. This was terminated on 21 March 2012 following the granting of a winding up order by the court on 20 February 2012.

15 Inventory

Group

	Dec 2012 **£**	Dec 2011 £
Work in progress	-	7,875
	-	7,875

Notes to the group financial statements

16 Trade and other receivables

	Group		Company		
	Dec 2012	Dec 2011	Dec 2012	Dec 2011	Mar 2011
	£	£	£	£	£
Trade receivables	**-**	166,901	**-**	-	-
Amounts owed by group undertakings	**-**	-	**-**	1,015,338	321,318
Other receivables	**37,260**	106,904	**37,260**	21,531	12,625
Prepayments and accrued income	**1,404**	36,951	**1,404**	14,527	21,079
	38,664	310,756	**38,664**	1,051,396	355,022

Trade receivables are stated net of amounts totalling £Nil (Dec 2011: £2,833) which are provided for.

The carrying amount of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment.

The age of financial assets past due but not impaired is as follows:

	Dec 2012	Dec 2011
Not more than three months	**-**	15,058
More than three months but not more than six months	**-**	18,837
More than six months but not more than one year	**-**	-
More than one year	**-**	-
	-	33,895

17 Trade and other payables

	Group		Company		
Current	**Dec 2012**	Dec 2011	**Dec 2012**	Dec 2011	Mar 2011
	£	£	**£**	£	£
Trade payables	**11,122**	460,008	**11,122**	216,803	64,667
Taxes and social security costs	**-**	130,015	**-**	30,955	-
Other payables	**-**	-	**-**	64,750	-
Accruals and deferred income	**62,743**	355,507	**62,743**	95,046	47,500
Deferred contingent consideration	**-**	80,000	**-**	80,000	-
Directors' loans	**-**	35,000	**-**	-	-
	73,865	1,060,530	**73,865**	487,554	112,167
Non current					
Deferred contingent consideration	**-**	160,800	**-**	160,800	-
	-	160,800	**-**	160,800	-

All trade and other payables are short term. The carrying values are considered to be a reasonable approximation of fair value.

Notes to the group financial statements

18 Borrowings

Group and Company

The outstanding convertible loan notes at 31 December 2012 were issued in two tranches.

The first tranche totalling £50,000 were issued on 1st October 2012 ("2013 loan notes"). They are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount on 31 October 2013. In addition there are fees totalling £10,000 payable on conversion or redemption. The loan notes are convertible at 1p per share.

The second tranche totalling £250,000 were issued on 3rd December 2012 ("2015 loan notes"). They are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount on 31 December 2015. The loan notes are convertible at 0.625p per share.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

	2013 loan notes	**2015 loan notes**	**Total**
	£	**£**	£
Nominal value of convertible loan notes issued	50,000	250,000	300,000
Equity component of convertible loan notes issued	(10,494)	(126,682)	(137,176)
	39,506	123,318	162,824
Notional interest charged	1,618	2,345	3,963
Liability component at 31 December 2012	41,124	125,663	166,787

The interest charged during the period is calculated by applying an effective average interest rate of 25% to the liability component for the period since the loan notes were issued.

The Directors estimate the fair value of the liability component of the loan notes at 31 December 2012 to be approximately £166,787. This fair value has been calculated by discounting the future cash flows at the market rate of 25%.

The Group's borrowings are disclosed in the statements of financial position as follows:

	Dec 2012	Dec 2011
	£	£
Current		
Convertible loan stock	**41,124**	-
Other loans	**-**	-
	41,124	-
Non current		
Convertible loan stock	**125,663**	-
Bank loans	**-**	49,750
	125,663	49,750

Notes to the group financial statements

19 Financial instruments

The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from its financial instruments are interest rate, liquidity, foreign currency and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below together with a sensitivity analysis. These policies have remained unchanged from previous years.

Interest rate risk

The Group finances its operations through a mixture of loans and equity capital. Borrowings are generally at floating rates of interest. The Group does not enter into any interest rate derivative transactions to manage interest rate risk. The Group had no interest bearing loans at the year-end or the prior period end and hence no interest rate exposure.

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

As at 31 December 2012 the Group's liabilities have contractual maturities which are summarised below:

31 December 2012	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	£	£	£	£
Other loans	**-**	**50,000**	**250,000**	**-**
Trade and other payables	**73,865**	**-**	**-**	**-**
	73,865	**50,000**	**250,000**	**-**

Included in trade and other payables are accruals and deferred income of £37,743 (Dec 2011:£355,507)

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

31 December 2011	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	£	£	£	£
Bank loan	-	-	49,750	-
Trade and other payables	1,060,530	-	160,800	-
	1,060,530	-	210,550	-

Notes to the group financial statements

19 Financial instruments (continued)

Credit risk

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as follows:

	Dec 2012	Dec 2011
	£	£
Trade and other receivables	**37,260**	310,756
Cash and cash equivalents	**179,989**	43,487
	217,249	354,243

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit controls. Where available at reasonable cost external credit ratings and / or reports on customers and other counter parties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial instruments measured at fair value

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the statement of financial position specifically the fair value hierarchy. The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair values of the financial assets and liabilities. The fair value hierarchy has the following levels; Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). No financial assets or liabilities are measured at fair value in the statement of financial position.

Notes to the group financial statements

19 Financial instruments (continued)

Categories of financial instruments

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	Dec 2012 £	Dec 2011 £
Financial assets		
Cash and bank balances	**179,989**	310,756
Loans and receivables	**37,260**	43,487
Financial liabilities at amortised cost		
Borrowings	**166,787**	49,750
Trade and other payables	**11,122**	1,221,330

Capital management policies and procedures

The Group's management objectives are:

- To ensure the Group's ability to continue as a going concern, and
- To provide an adequate return to shareholders

by pricing services commensurately with the levels of risk.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the balance sheet. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets or reduce debt.

Notes to the group financial statements

20 Share capital

The issued share capital of the Company is shown below:

	Number of shares		Share Capital	
	Ordinary	Deferred	Ordinary	Deferred
			£	£
At 31 December 2011				
Ordinary shares of 0.05p	645,259,182		322,630	
Deferred shares of 0.45p		166,313,349		748,410
	645,259,182	166,313,349	322,630	748,410
At 31 December 2012				
Ordinary shares of 0.01p	**2,149,056**		**215**	
Deferred shares of 0.45p		**166,313,349**		**748,410**
Deferred shares of 24.99p		**2,149,077**		**537,054**
	2,149,056	**168,462,426**	**215**	**1,285,464**

The deferred shares carry no right to payment of dividend or on a return of capital.

On 15 February 2012, 20,000,000 share were issued at 0.2p per share as part of the consideration for the acquisition of Digital Learning Marketplace. On the same date 1,600 shares were issued at 0.2p per share for cash and 9,500,000shares were issued at 0.2p per share in settlement of amounts owed to directors.

On 1 March 2012, 100,000,000 shares were issued at 0.2p per share as consideration for the purchase of an AIM quoted investment.

On 5 April 2012, 51,162,625 shares were issued at 0.2p per share for cash and 2,500,000 shares were issued at 0.2p per share in settlement of professional fees.

On 10 August 2012, 236,567,000 shares were issued at 0.1p per share for cash.

Share consolidation

On 11 September 2012 the ordinary shares were consolidated on a 1 for 500 basis and then subdivided into 2,149,077 ordinary shares of 0.01p each and 2,149,077 deferred shares of 24.99p each. The restricted rights of the deferred shares are such that the deferred shares have no economic value.

Share options

Share options totalling 4,500,000 ordinary shares that were granted on 29 March 2007 to directors at 2p per share were cancelled and subsequently reissued on 6 September 2007 within an EMI approved scheme. These options are exercisable between the third and tenth anniversaries of the original grant.

Share options totalling 1,500,000 ordinary shares were granted on 5 September 2007 to staff at 3.25p per share.

Share options totalling 600,000 ordinary shares were granted on 5 September 2007 to staff at 2.13p per share.

2,000,000 ordinary shares were granted on 1 August 2008 to directors at 0.88p per share.

Share options totalling 13,000,000 ordinary shares were granted on 30 September 2010 to directors at 0.25p per share.

As at 31 December all options granted had lapsed and there were no options extant.

Share warrant

In December the Company issued Peterhouse Corporate Finance Limited a warrant which is exercisable over 3% of the Company's issued share capital from time to time. The warrant is exercisable at 0.625p per share until 3 December 2015. The notional value of the warrant has not been reflected in these accounts as it is not considered material.

Notes to the group financial statements

21 Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not required to be disclosed.

Included in directors' remuneration for the year are £55,000 consultancy fees invoiced by Talisman Ventures Ltd, of which Mr A Forrest is a director and £35,000 consultancy fees invoiced by Milamber Ltd, of which Mr A Hasoon is a director.

22 Contingent liabilities

At the balance sheet date, the Group had no known contingent liabilities or commitments other than those shown in the financial statements.

23 Post year end events

On 25 February 2013 the Company issued 40,000,000 ordinary shares at 0.625p per share on the conversion of loan stock totalling £250,000, and 5,000,000 ordinary shares at 1p per share on the conversion of loan stock totalling £50,000. In addition 1,259,547 ordinary shares were issued at 0.625p per share on the exercise of warrants.

24 Ultimate controlling party

There was no single controlling party throughout the current or previous periods.