MERCER RESOURCES

(formerly Alexander David Securities Group plc)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

MERCER
RESOURCES
Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

Contents

Company Information

Company	**MERCER RESOURCES PLC**
Directors	**Trevor Wells** (Non-Executive Chairman) **Shahed Mahmood** (Non-Executive Director)
Registered office	32 St James's Street London SW1A 1HD
Registered number	**03861966**
Company secretary	**Trevor Wells**
Nominated adviser	**Cairn Financial Advisers LLP** 61 Cheapside London EC2V 6AX
Broker	**Peterhouse Corporate Finance Limited** 31 Lombard Street London EC3V 9BQ
Auditors	**Welbeck Associates** Chartered Accountants and Registered Auditors 30 Percy Street London W1T 2DB
UK registrars	**Capita Registrars** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Bankers	**Barclays** 27 Soho Square London W1D 3QR

Chairman's Statement

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

Highlights

- Total comprehensive loss for the period £674,000 (2012 £4,862,000)
- Successful Capital Re-organisation, Conversion of Preference Shares, Disposal of Operating Businesses and Investing Strategy adopted in July 2013
- £345,000 raised before costs during the year ended 31 December 2013
- Company Changes name from Alexander David Securities Group Plc to Mercer Resources Plc

Review of the year

The annual accounts for the period ended 31 December 2013 reflect the activity for the Company only that was previously the holding company for the Alexander David Securities Group, who through its subsidiaries conducted private client stockbroking and corporate finance business

The period to 30 June 2013 continued to prove to be challenging for the Company, and as a result, in June 2013 the former Directors of the Company finalised details of the plans to dispose of the entire trading operations of the Group They felt that in the current climate the public market was not supportive of small brokerage companies and the costs of being quoted on AIM far outweighed the benefits for securities firms such as Alexander David Securities Group Plc

Against this background, the Board concluded that the only option to achieve value for Shareholders was to pursue an alternative strategy, namely to complete the disposal of the Company's existing assets, become an investing company focused on natural resources and to raise new funds for the implementation of this strategy

Shareholder approval for this alternative strategy was obtained on 8 July 2013 and shortly after the adoption of the investing policy the Company changed its name to Mercer Resources Plc The existing board stood down and were replaced by Shahed Mahmood and myself The investing policy became effective on 30 July 2013 when all the requirements to complete the disposal of stockbroking and corporate finance businesses had been met

Outlook

The board is currently reviewing a number of possible investment opportunities and look forward to updating the market on our progress in due course

On behalf of the Board I would like to thank our shareholders for their continued support and patience over what has been a formative period for the Company I view the future prospects of the Company with great optimism

Trevor Wells
Chairman
27 June 2014

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Strategic Report

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2013

Business Review

The net assets of the Company at 31 December 2013 totalled £91,000 (2012 £346,000) The net assets per ordinary share as at 31 December 2013 were £0 0012 (2012 £ 0 0187)

A more detailed review of the activity and progress of the business is contained in the Chairman's Statement on page 2

Future Developments

As explained in the Chairman's Statement the Company has been reviewing for potential investment targets and expects to announce updates throughout 2014

Key Performance Indicators

The key performance indicators are set out below

COMPANY STATISTICS	31 December 2013	31 December 2012	Change %
Net asset value	£91,000	£346,000	-74
Net asset value – fully diluted per share	£0 0012	0 0187	-94
Closing share price	0 65p	0 03p	+2,067
Current liabilities	£23,000	-	-
Cash and cash equivalents	£68,000	-	-

Financial Risk Management Objectives and Policies

The Company's policy in respect of financial instruments and its risk profile is set out in Note 19 to the financial statements

Principal Business Risks and Uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks The Directors have set out below the principal risks facing the business Where possible, processes are in place to monitor and mitigate such risks The Company operates a system of internal control and risk management in order to provide assurance that the Board is managing risk whilst achieving its business objectives No system can fully eliminate risk and, therefore, the understanding of operational risk is central to the management process

Assessment of Business Risk

The Board regularly reviews operating and strategic risks The Company's operating procedures include a system for reporting financial and non-financial information to the Board including

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising,
- reports on the performance of investments,
- reports on selection criteria of new investments,
- discussion with senior personnel, and
- consideration of reports prepared by third parties

Trevor Wells
Director
27 June 2014

The Directors present their annual report and the audited financial statements of Mercer Resources plc for the year ended 31 December 2013

The Company's shares of 0 1p each are traded on AIM of the London Stock Exchange

Principal activities and review of the business

The principal activity of the Company during the year was that of an investing company, actively seeking and evaluating potential acquisition targets in the oil and gas and precious metals sectors to increase shareholder value The new investing policy was approved during the period at the EGM dated 26 July 2013 The investment strategy can be found on the Company's website at www mercerresources com

The review of the business is contained within the Strategic Report on page 3

Results and Dividends

The results for the period are shown in the statement of comprehensive income on page 13

The total loss for the year was £674,000 (2012 £4,862,000)

The directors do not recommend the payment of a dividend

Events after the Reporting Period

On 27 May 2014 the Company raised £193,500 before expenses from two professional investors by way of a combination of subscription for new ordinary shares of 0 1 pence each and the issue of convertible loan notes The Company issued 10,333,333 subscription shares at 1l per share raising £103,333 and £90,167 loan notes convertible into new ordinary shares at 1p The loan notes do not carry a coupon and are convertible at any time until 19 May 2017 If not converted the loan notes will become payable in a single instalment On full conversion the loan note holders would receive 9,016,700 ordinary shares of 0 1 pence each The capital raised will provide the Company with financial flexibility to advance a number of strategic investment discussions and implementation of its investing policy

Political and Charitable Donations

No political or charitable donations were made during the period

Directors

The Directors who served during the year are set out below

Trevor Wells	(appointed 26 July 2013)
Shahed Mahmood	(appointed 26 July 2013)
Alon Bull	(resigned 31 July 2013)
Trevor Coote	(resigned 31 July 2013)
Michael Hicks	(resigned 31 July 2013)
Angus Rose	(resigned 31 July 2013)
David Scott	(resigned 31 July 2013)

Substantial shareholdings

The only interests in excess of 3% of the issued share capital of the Company which have been notified at 24 June 2014, were as follows

	Ordinary shares of 0.1p each Number	Percentage of capital %
Stanhill Special Situations Fund	10,981,833	12 27
Inversiones Bergamo Limited	9,300,000	10 39
Mark Anthony Ward	7,480,000	8 36
David Scott	6,731,931	7 52
James Forrest Stewart	5,555,556	6 21
Paul Johnson	4,045,000	4 52
Trevor Coote	3,696,241	4 13

Going Concern

The financial statements have been prepared on the going concern basis because, as set out in detail in Note 1 (Going Concern), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future

Disclosure of Information to the Auditors

In the case of each of the persons who are directors of the Company at the date when this report is approved

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Publication of Accounts on the Company Website

Financial statements are published on the Company's website The maintenance and integrity of the website is the responsibility of the directors The director's responsibility also extends to the financial statements contained therein The Company is compliant with AIM Rule 26 regarding the maintenance of information contained on the Company website

Independent Auditors

Welbeck Associates, 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
Signed on behalf of the board

Trevor Wells
Director
27 June 2014

Statement of Directors' responsibilities

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

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Corporate Governance Statement

The Company's shares are traded on AIM and, accordingly, compliance with the revised UK Corporate Governance Code is not mandatory However, the Company has sought to comply with a number of the provisions of the Code in so far as it considers them to be appropriate for a company of this size and nature The Board is accountable to the Company's shareholders for good corporate governance This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance

Board of Directors

The Company supports the concept of an effective Board leading and controlling the Company The Board is responsible for approving Company policy and strategy It meets on a regular basis and has a schedule of matters specifically reserved to it for decision Consultants supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense

The Board currently consists of the Non-executive Chairman and two other Non-executive Directors whilst it is seeking investment opportunities The Directors will review the composition of the Board on a regular basis and intend to appoint additional executive and/or independent non-executive directors once a suitable acquisition has been identified

Matters which would normally be referred to appointed committees, other than the Audit and Remuneration Committees, as below, are dealt with by the full Board Examples of such committees being the AIM Compliance Committee and the Remuneration Committee

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance The Annual General Meeting is used to communicate with private investors and they are engaged to participate The Directors will be available to answer questions Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts
In addition to the publication of the annual report and an interim report, there is regular dialogue with shareholders and analysts

Internal control

The Board is committed to the maintenance of effective internal controls The Board recognises its responsibility for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss

The Board has determined that there is currently no requirement for an internal audit function whilst it is seeking investment opportunities However, the Directors will continue to review the requirement for an internal audit function on a regular basis

Auditors

The Board as a whole considers the appointment of external auditors, including their independence, specifically including the nature and scope of non-audit services provided

Audit Committee

The Audit Committee, once established, will meet at least twice a year and will be chaired by Shahed Mahmood In summary, the committee will be responsible for the functions recommended by the UK Corporate Governance Code including

- Review of the annual financial statements and interim reports prior to approval, focusing on changes in the principal accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, Stock Exchange and legal requirements,
- Receive and consider reports on internal financial controls, including reports from the auditors and report their findings to the Board,
- Consider the appointment of the auditors and their remuneration including the review and monitoring of independence and objectivity,
- Meet with the auditors to discuss the scope of their audit, issues arising from their work and any matters the auditors wish to raise,
- Develop and implement a policy on the engagement of the external auditor to supply non-audit services, and
- Review the Company's corporate review procedures and any statement on internal control prior to endorsement by the Board

Remuneration Committee

The Remuneration Committee will be chaired by Trevor Wells The committee has the following key duties

- Reviewing and recommending the emoluments, pension entitlement and other benefits of any executive and, as appropriate, other senior executives, and
- Reviewing the operation of any share option schemes implemented by the Company and the granting of options under such schemes

The Board review the Company's compliance with the provisions of the Code on an annual basis, and should there be any changes in the future will consider further adoption

Report on Remuneration

Policy on Executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Company's objectives Since the disposal of the Company's trading subsidiaries no Executive Directors have been appointed to the board and therefore a separate remuneration committee has yet to be formally established, but the Board will keep this under review

The remuneration of the Directors, for their employment with the Company, was as follows

	David Scott £'000	Michael Hicks £'000	Trevor Coote £'000	Alon Bull £'000	Tony Cowling £'000	Andrew Grant £'000	Angus Rose £'000	Shahed Mahmood £'000	Trevor Wells £'000	Total £'000
2013										
Salary and fees	-	-	-	-	-	-	-	3	2	4
2012										
Salary and fees	18	9	30	2	2	4	13	-	-	78

The following share options had been granted to directors on 16 October 2013

	Number of options granted	Number of options lapsed	At 31 December 2013	Average Exercise Price	Earliest date of exercise	Average date of expiry
Shahed Mahmood	100,000	-	100,000	1 175P	16/10/2013	15/10/2018
Trevor Wells	100,000	-	100,000	1 175p	16/10/2013	15/10/2018

There were no other options in force as at 31 December 2013

Pensions and benefits in kind

There are no pension schemes in operation and the Directors do not receive any benefits in kind

Bonuses

There were no contractual or discretionary bonuses paid to the Directors during the year ended 31 December 2013

Trevor Wells
Director
27 June 2014

Report of the Independent Auditor

We have audited the financial statements of Mercer Resources plc for the year ended 31 December 2013, which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and the related notes on pages 12 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 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 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 Director's Responsibilities Statements set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the Company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union and as applies in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been properly prepared in accordance with the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006,
- the information given in the Strategic Report and 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 Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jonathan Bradley-Hoare, FCA (Senior Statutory Auditor)
For and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
30 Percy Street
London
W1T 2DB

27 June 2014

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Statement of Comprehensive Income

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FOR THE YEAR ENDED 31 DECEMBER 2013

Continuing operations	Notes	2013 £'000	2012 £'000
Administrative expenses		**(239)**	(37)
Net change in investments		**(3)**	-
Operating loss	**6**	**(242)**	(37)
Other gains and losses	**7**	**(432)**	(4,825)
Loss on ordinary activities before taxation		**(674)**	(4,862)
Taxation	**5**	**-**	-
Loss for the year from continuing operations		**(674)**	(4,862)
Loss for the year and total comprehensive loss		**(674)**	(4,862)
Basic and diluted loss per share (pence)			
From continuing and total operations	**9**	**(1.99)**	(14 33)

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

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Statement of Changes in Equity

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	Share Capital £'000	Share Premium Account £'000	Merger Reserve £'000	Preference shares £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2012	**2,882**	**1,462**	**3,278**	**1,724**	-	**(4,488)**	**4,858**
Total comprehensive loss for the period	-	-	-	-	-	(4,862)	**(4,862)**
Preference shares	-	-	-	350	-	-	**350**
Balance as at 31 December 2012	**2,882**	**1,462**	**3,278**	**2,074**	-	**(9,350)**	**346**
Issue of share capital	50	382		-	-	-	**432**
Share issue costs	-	(10)					**(10)**
Loss for the period	-	-	-	-	-	(674)	**(674)**
Total comprehensive loss for the period	-	-	-	-	-	(674)	**(674)**
Conversion of preference shares	22	208	-	(2,074)	1,844	-	-
Transfer of merger reserve	-	-	(3,278)	-	-	3,278	-
Balance as at 31 December 2013	**2,954**	**2,042**	-	-	**1,844**	**(6,746)**	**91**

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

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Statement of Financial Position

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AS AT 31 DECEMBER 2013

	Note	31 December 2013 £'000	31 December 2012 £'000
Non-current assets			
Investment in subsidiaries	10	-	485
Current assets			
Investments held at fair value through profit or loss	12	31	-
Cash and cash equivalents	13	68	-
Trade and other receivables	14	15	3
		114	3
Total assets		114	488
Non-current liabilities			
Long term borrowings	16	-	142
Current liabilities			
Trade and other payables	15	23	-
		23	-
Total liabilities		23	142
Net assets / (liabilities)		91	346
Equity			
Issued Share Capital	17	2,954	2,882
Share premium	17	2,042	1,462
Merger reserve		-	3,278
Preference shares		-	2,074
Capital redemption reserve		1,844	-
Retained earnings		(6,749)	(9,350)
Equity Attributable to owners of the company		91	346

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014 and were signed on its behalf by

Trevor Wells
Director

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Statement of Cash Flows

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FOR THE YEAR ENDED 31 DECEMBER 2013

Continuing operations	**31-Dec**	31-Dec
Cash flows from operating activities	**2013**	2012
Continuing operations		
Loss before taxation	**(674)**	(4,862)
Loss/(profit) on principal trading	**3**	-
Loss on disposal of subsidiary undertakings	**485**	-
Impairment provision	**-**	2,825
Share based payments	**1**	(8)
Finance costs	**-**	2
Impairment of receivables	**-**	(255)
Decrease/(increase) in trade and other receivables	**12**	1,953
(Decrease)/increase in trade and other payables	**(23)**	(5)
Net cash (outflow)/inflow from operating activities from continuing operations	**(196)**	(350)
Investing activities		
Continuing operations		
Purchase of investment securities	**(34)**	-
Net cash outflow used in investing activities from continuing operations	**(34)**	-
Financing activities		
Continuing operations		
Repayment of borrowings	**(53)**	-
Issue of preference shares	**-**	350
Issue of share capital	**351**	-
Net cash inflow generated from financing activities from continuing operations	**298**	350
Net increase / (reduction in cash and cash equivalents)	**68**	-
Cash and cash equivalents at beginning of period	**-**	-
Cash and cash equivalents at end of period	**68**	-

1. Accounting Policies

General Information

Mercer Resources plc is a limited company incorporated and domiciled in the United Kingdom The principal activity of the Company was that of investment in the natural resource sector

Principal Accounting Policies

The Principal Accounting Policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all periods presented, unless otherwise stated

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs The financial statements have also been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Company's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in these accounting policies

The financial statements are presented in sterling (£), the functional currency, rounded to the nearest thousand

Going Concern

The financial statements have been prepared on the going concern basis

In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future At 31 December 2013 the Company had cash resources of £68,000 and net assets of £91,000 Subsequent to the year end, the Directors have raised a total of £193,500 in May 2014 The Directors have prepared cash flow forecasts through to June 2015, which show that the Company will have sufficient available cash resources to provide for its future requirements In preparing their forecasts they have given due regard to the risks and uncertainties affecting the business as set out in the Strategic Report and the liquidity risk disclosed in note 19

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the Company's financial statements

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1. Accounting Policies (continued)

Financial Assets

Classification

The Company classifies its financial assets into one of the following categories cash and cash equivalents, loans and receivables and investments available for sale The Company has not classified any of its financial assets as held to maturity, held for trading or designated at fair value through profit or loss

All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument All financial assets are initially recognised at fair value, plus transaction costs

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, 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

Loans and receivables

Loans receivable from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method

Investments held at fair value through profit or loss

All investments are determined upon initial recognition as held at fair value through profit or loss were designated as investments held for trading Investment transactions are accounted for on a trade date basis Assets are de-recognised at the trade date of the disposal Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments" Investments are initially measured at fair value plus incidental acquisition costs Subsequently, they are measured at fair value in accordance with IAS 39 This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted

Financial Liabilities

Classification

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method

The Company's financial liabilities comprise trade and other payables

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments

1. Accounting Policies (continued)

Equity

Classification

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

The share premium account represents premiums received on the initial issuing of the share capital Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits

The share capital account represents the amount subscribed for shares at nominal value

The share based payment reserve represents the fair value, calculated at the date of grant, of warrants or options unexercised at the balance sheet date

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income

Share Based Payment

All services received in exchange for the grant of any share based remuneration are measured at their fair values These are indirectly determined by reference to the fair value of the share options/warrants awarded Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets)

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to the retained earning reserve in equity, net of deferred tax where applicable If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to become exercisable Estimates are subsequently revised if there is any indication that the number of share options/warrants expected to vest differs from previous estimates No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income

Shares issued in settlement of creditors are issued at the fair value of the outstanding liability

Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position reporting date All exchange differences are dealt with through the profit or loss as they arise except where they arise from translation on consolidation, where they are recognised in other comprehensive income and reclassified to profit or loss on the disposal of the foreign operation

1. Accounting Policies (continued)

Current and Deferred Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Critical Judgments and Key Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required

1. Accounting Policies (continued)

Critical Judgments and Key Sources of Estimation Uncertainty (continued)

SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions These assumptions include the future volatility of the Company's share price These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards

2. Statement of Compliance

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been early adopted by the Company will be relevant to the Company but will not result in significant changes to the Company's accounting policies These are

		Effective for accounting periods beginning on or after
IFRS 2,8,16,24,36	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13, IAS 40	Amendments resulting from Annual improvements 2011-2013 Cycle	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities	1 January 2014
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 38	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IAS 39	Financial Instruments Recognition and Measurement – Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the Financial Statements of the Company

3. Segmental Reporting

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class There is one continuing class of business, being the investment in the natural resource sector

Given that there is only one continuing class of business, no further segmental information has been provided

4. Auditors' Remuneration

Loss before taxation includes auditors' remuneration as follows

	31 Dec 2013 £'000	31 Dec 2012 £'000
Fees payable to auditors for the audit of the Company's financial statements	15	25
Fees payable to auditors for other services		
Other Services	1	2
	16	27

5. Taxation

	31 Dec 2013 £'000	31 Dec 2012 £'000
Loss before tax from total operations	(674)	(4,862)
Loss before tax multiplied by rate of corporation tax in the UK of 20% (2012 20%)	(135)	(972)
Expenses not deductible for tax purposes	-	-
Unutilised tax losses carried forward	135	972
Exceptional items	-	-
Tax charge for the period	-	-

6. Operating Loss

	31 Dec 2013 £'000	31 Dec 2012 £'000
Loss from continuing operations has been arrived at after charging		
Auditors' remuneration	15	25
Directors' remuneration	78	4
Payments under operating lease	-	157

7. Other Gains and Losses

	31 Dec 2013 £'000	31 Dec 2012 £'000
Impairment of investment and advances in subsidiary undertakings	-	(4,825)
Loss on disposal of investment in subsidiaries	(485)	-
Accrued interest payable written off	53	-
	432	(4,825)

8. Remuneration

The average monthly number of employees (including Directors) during the year was

	31 Dec 2013	31 Dec 2012
Administration	2	18

Additional details of the Directors' remuneration is provided in the report on remuneration on page 10

Directors' remuneration

Expenditure relating to Directors' remuneration during the year is as follows

	31 Dec 2013 £'000	31 Dec 2012 £'000
Salaries and fees	4	78
	4	78

9. Loss per Share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company divided by the weighted average number of shares in issue during the year

	31 Dec 2013 £'000	31 Dec 2012 £'000
(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Continuing Operations	(674)	(4,862)

	2013 No. of shares	2012 No of shares
Weighted average number of shares for calculating basic loss per share	33,918,740	7,425,449

	2013	2012
BASIC AND DILUTED LOSS PER SHARE		
Continuing Operations	(1.99)p	(14 33)p

The comparative figures have been restated to reflect the capital reorganisation that occurred in the current period

10. Investments in Subsidiary Undertakings

	31 Dec 2013 £'000	31 Dec 2012 £'000
Opening carrying value of shares in subsidiary undertakings	485	3,047
Impairment of investment in subsidiary undertakings	-	(2,562)
Loss on disposal of investment in subsidiary	(485)	-
Closing carrying value of shares in subsidiary undertakings	-	485

In 2012 the Company recorded a provision of £2,562,000 to reflect the Directors review of the recoverable amounts of its investments

In 2013 the Company disposed of all of its subsidiaries for a consideration of £1 As part of the disposal the Company entered into a Share Transfer Agreement with Alexander David Holdings Limited ("ADHL") to which it sold the entire issued share capital of ADHL to shareholders in Rosendale Investments Limited ("Rosendale") Shareholders in Rosendale are entitled to a share of the post-tax profits ("profit-share") of Alexander David Securities Limited ("ADS") over the three financial periods ending June 2016 The entitlement is to 25% of profits up to a maximum of £300,000

Payments to Rosendale regarding the profit share in any period will be made within 30 days of ADS accounts being signed off by their auditors and will be after all and any contractual expenses and will come out of distributable reserves taking into account Companies House and the Financial Conduct Authority requirements

The fair value of this deferred consideration is £nil

11. Fair Value Measurement

The table below sets out the fair value measurements using the IFRS 7 fair value hierarchy Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

There were no transfers between Level 1 and Level 2 in 2013 or 2012

12. Investments held at fair value through profit or loss

	31 Dec 2013 £'000	31 Dec 2012 £'000
Investments at fair value brought forward	-	-
Cost of share purchases	34	-
Proceeds from disposal of investments	-	-
Market value adjustments to investment	(3)	-
Market value of investments carried forward	31	-
Categorised as		
Level 1 investments	31	-

The valuation techniques used by the Company are explained in the accounting policy note, "investments held at fair value through profit or loss"

13. Cash and cash equivalents

	31 Dec 2013 £'000	31 Dec 2012 £'000
The Directors consider that the carrying amount of cash and cash equivalents represents their fair value		
Cash at bank and on hand	68	-
	68	-

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value

14. Trade and other Receivables

	31 Dec 2013 £'000	31 Dec 2012 £'000
Current		
Other receivables	15	3
	15	3

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value

15. Trade and other Payables

	31 Dec 2013 £'000	31 Dec 2012 £'000
Current		
Accruals and deferred income	**23**	-
	23	-

The Directors consider that the carrying amount of trade and other payables is approximately equal to their fair value

All trade and other payables are due in less than one year

16. Long Term Borrowings

	31 Dec 2013 £'000	31 Dec 2012 £'000
Non-current		
Subordinated loan notes – principal	-	119
Subordinated loan notes – accrued interest	-	23
	-	142

The subordinated loan notes accrued interest at 1 per cent over the 6 months London inter-bank offer rate, and were repayable on 31 December 2015 Accrued interest was payable on the same date that the loan notes were repaid An increase or decrease of 1 per cent in the average interest rate on the Company's borrowings would have no significant effect on the result for the period or on the value of the Company's equity

17. Issued Share Capital

	Number of shares	Nominal value £'000	Share premium £'000
Issued and fully paid:			
At 31 December 2011 :			
Deferred shares 4 9p each	43,676,629	2,140	-
Ordinary shares of 0 1p each	742,544,869	742	1,462
Preference shares of £1 each	1,723,866	1,724	-
		4,606	1,462
Preference shares issued in the period	350,000	350	
At 31 December 2012:			
Deferred shares 4 9p each	43,676,629	2,140	-
Ordinary shares of 0 1p each	742,544,869	742	1,462
Preference shares of £1 each	2,073,866	2,074	-
		4,956	1,462
Share capital reorganisation	(734,645,459)	(734)	-
Issuance of deferred shares	7,899,410	735	-
Shares issued in the period	71,246,393	71	590
Share issuance costs			(10)
At 31 December 2013·			
Deferred shares of 4 9p each	43,676,629	2,140	-
Deferred shares of 9 3p each	7,899,410	735	-
Ordinary shares of 0 1p each	79,145,803	79	2,042
		2,954	**2,042**

The ordinary shares carry one vote each and on a winding up of the Company, the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the members

A capital reorganisation took place during the period that had the following conditions Every £1 preference share be converted into ordinary shares at a ratio of 1 10 63 and new deferred shares by a ratio of 1 10 63, that every 94 of the ordinary shares be consolidated into one ordinary share of £0 94 and that every one ordinary share with a par value of £0 094 be sub-divided into one ordinary share with a par value of £0 001 and one new deferred share with a par value of £0 093

On 25 July 2013 ordinary shares were given in lieu of salaries in the amount of 2,784,347 ordinary shares of 0 1p each, conversion of preference shares for 22,170,787 ordinary share of 0 1p each and conversion of warrants for 5,557,923 ordinary shares of £0 001 each

On 25 July 2013 the Company raised £200,000 before expenses through the placing of 22,222,222 new ordinary shares of £0 001 each at a price of £0 009 per share

On 30 July 2013, the Company raised £34,600 through the placing of 3,844,444 new ordinary shares of £0 001 each

On 12 November 2013, the Company raised £110,000 by way of a subscription for 14,666,667 new ordinary shares of £0 001 each at a price of £0 0075 per share from professional and institutional investors

18. Related Party Transactions

The Company has entered into an agreement with Stanhill Capital Partners Holdings Limited ("Stanhill Capital") for the provision of general management, accounting, office facilities and company secretarial services at an annual cost of £42,000 per annum Stanhill is part of the same group as Stanhill Special Situations Fund Limited, which owns 12 27 per cent of the issued share capital of the Company Trevor Wells is the legal and compliance Director of Stanhill capital

19. Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders,
- to support the Company's growth, and
- to provide capital for the purpose of strengthening the Company's risk management capability

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities Management regards total equity as capital and reserves, for capital management purposes

CREDIT RISK

The Company's financial instruments, that are subject to credit risk, are cash and cash equivalents and loans and receivables The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions

The Company's maximum exposure to credit risk is £83,000 (2012 £3,000) comprising cash and cash equivalents and trade and other receivables

FOREIGN CURRENCY RISK

The Directors do not consider the Group has significant exposure to movements in foreign currency in respect of its monetary assets

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities The Company manages this risk through the following

-monitoring undrawn credit facilities,

-obtaining funding from a variety of sources, and

-maintaining a reputable credit profile

The Directors are confident that adequate resources exist to finance current operations

19. Risk Management Objectives and Policies (continued)

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market

The Company's exposure to price risk on quoted investments is as follows

	31 Dec 2013 £'000	31 Dec 2012 £'000
Change in equity		
Increase in quoted investments by 10%	3	-
Decrease in quoted investments by 10%	(3)	-

INTEREST RATE RISK MANAGEMENT

The Company is exposed to interest rate risk because entities in the Company borrow funds at floating interest rates The risk is managed by the Company by maintaining an appropriate level and mix of the floating rate borrowings The Company's sensitivity to the risk has decreased in the current period due to the reduction in variable rate debt instruments

20. Financial Instruments

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows

	31 Dec 2013 £'000	31 Dec 2012 £'000
Financial assets		
Investments held at fair value through profit or loss	31	-
Loans and receivables	15	3
Cash and cash equivalents	68	-
Total	**114**	3

FINANCIAL LIABILTIES BY CATEGORY

The IAS 39 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows

	31 Dec 2013 £'000	31 Dec 2012 £'000
At 31 December 2012		
Long term borrowings	-	142
Total	-	142

21. Contingent Liabilities and Capital Commitments

The Company had no contingent liabilities or capital commitments as at 31 December 2013 (2012 £nil)

22. Share Based Payments

The Company has granted options to two employees Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant If the options remain unexercised after a period of between 3 and 10 years from the date of grant the options expire Options are forfeited if the employee leaves the Company before the options vest

On 16 October 2013 the Company granted options of 100,000 shares each to Shahed Mahmood and Trevor Wells The options are exercisable at any time until 15 October 2018 at 1 175p per share

The estimated fair value of the options granted was calculated by applying the Black-Scholes option pricing model The assumptions used in the calculation were as follows

Share price at date of grant	1 06 pence
Exercise price	1 175 pence
Expected volatility	50%
Expected dividend	Nil
Vesting criteria	Exercisable on date of grant
Contractual life	5 years
Risk free rate	3%
Estimated fair value of each warrant	0 46 pence

Details of the options outstanding during the year are as follows

	2013		2012	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	000's	**pence**	000's	pence
Outstanding at the beginning of the year	-	-	31,425	1 037
Granted during the year	**200**	**1.175**	-	-
Lapsed during the year	-	-	(31,425)	1 037
Reissued in the year	-	-	-	-
Outstanding at the end of the year	**200**	**1.175**	-	-
Exercisable at the end of the year	**200**	**1.175**	-	-

The options outstanding at 31 December 2013 had a weighted average exercise price of 1 175p and a weighted average remaining contractual life of 5 years

The charge in the income statement in respect of options in 2013 was £1,000 (2012 £8,000 Credit)

23. Events after the Reporting date

On 27 May 2014 the Company raısed £193,500 before expenses from two professıonal ınvestors by way of a combınatıon of subscrıptıon for new ordınary shares of 0 1 pence each and the ıssue of convertıble loan notes The Company ıssued 10,333,333 subscrıptıon shares at 11 per share raısıng £103,333 and £90,167 loan notes convertıble ınto new ordınary shares at 1p The loan notes do not carry a coupon and are convertıble at any tıme untıl 19 May 2017 If not converted the loan notes wıll become payable ın a sıngle ınstalment On full conversıon the loan note holders would receıve 9,016,700 ordınary shares of 0 1 pence each The capıtal raısed wıll provıde the Company wıth financıal flexıbılıty to advance a number of strategıc ınvestment dıscussıons and ımplementatıon of ıts ınvestıng polıcy

24. Ultimate Controlling Party

The Company does not consıder there to be one sıngle controllıng party