Company Registration Number: 09896161

WEALTH DRAGONS GROUP PLC

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Company number:	09896161
Directors:	Andrew Beaumont Vincent Wong John Lee John Foster-Powell
Company secretary:	Aldbury Secretaries Limited
Registered office:	Scorpio House Linford Wood Business Park Rockingham Drive Milton Keynes MK14 6LY
Auditors:	UHY Hacker Young LLP Chartered Accountants 4 Thomas More Square London E1W 1YW

CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2019

It is with great pleasure that the Directors are now able to present to you, our shareholders our first full set of Group consolidated financial statements for the seventeen month period to 31 December 2019.

Your board lengthened the accounting year end to 31 December 2019 to bring the year end in line with a calendar year, which better reflects the accounting period of the business. All future year ends will be on the 31 December each year.

2019 was a significant year for the Company in that we were able to achieve our ambition to list the Company for the benefit of shareholders. After pursuing the listing for three years with all the regulatory compliance and due diligence associated with being quoted we were able to list the Group on the Vienna Stock Exchange in July 2019. We believe that we are the first company within our sector to achieve such a listing.

The 17 months to 31 December 2019 was a significant period for the Group where we expanded our event business as well as investing heavily in our online capabilities. As with many companies we did not know what was to come in 2020 and with the benefit of hindsight we believe that the resources and investment we dedicated to establish a greater online ability enabled us to react to the changing environment that faced us.

Our revenue increased in the 17 months to £3.68m (12 months to 31 July 2018: £1.43m) to generate a respectable gross profit of £1.77m. Although our costs were contained and remained consistent in the 17 month period compared to the previous period, the investment in the online platform at £1.1m took the Group into an overall loss of £1.106m. The Group's policy is to write these costs off to the Statement of Comprehensive Income.

Although the Group is loss making at this stage we have halved the loss compared to the previous year and we continue to review our cost base on a regular basis to ensure that we effectively use our resources to achieve future revenue growth. Confidence was weak throughout 2019 going into 2020 through the political and economic uncertainty created by Brexit and Covid-19 which have affected our business model. We discuss this more in the subsequent events note 27 to the financial statements. We constantly review our strategy to deal with such significant changes and the challenges created by these outside influences in these unusual times.

The increase in revenue during 2019 is a testament to our executive management team and I would like to thank my fellow board members for keeping their focus and priority on creating income generation for the Group. In addition I thank all our staff for their expertise, dedication, personal commitment and enthusiasm in driving the business forward. We are grateful to all our colleagues for remaining committed and carrying out their jobs safely whilst tackling the major demands faced by our Group throughout the Covid-19 pandemic.

The outlook for the company and the Group remains positive and although we face many hurdles opportunities also arise which we seek to embrace. The support of you, our stakeholders and shareholders has been crucial in our ability to respond effectively to the challenges presented by the pandemic and I therefore thank you for your continued support during these turbulent times. Our strategy continues to be to build long term shareholder value over time. The development of our online presence is a key part of this strategy as we move forward.

Andrew Beaumont
Chairman and Non-Executive Director

Financial statements
The directors present their annual strategic report of the Group and the Company for the period ended 31 December 2019.

Principal activity
The principal activity of the Group during the period under review was that of providing online educational courses for the self-improvement of individuals.

The principal activity of Wealth Dragons Group Plc, the 'Company' in the period under review was that of a holding company which provides support and services to its wholly owned subsidiaries, including Wealth Dragons Limited and Wealth Dragons Media Limited.

Fair review of the business
The results for the period and the financial position of the Company and Group at the period end were considered satisfactory by the directors and are shown in the financial statements.

The directors confidently expect the Company to continue to improve in the future. The loss for the 17 month period to 31 December 2019, after taxation, amounted to £1,106,885 (year ended 31 July 2018: £2,125,475). No dividends were paid or proposed during the period ended 31 December 2019.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the Company and Group will have sufficient financial facilities and cash flow to enable liabilities and debts to be met as they fall due for the foreseeable future. The Group has made a loss after tax for the 17 month period to 31 December 2019 of £1,106,885 (year ended 31 July 2018: £2,125,475 loss) and had net current liabilities of £749,000 at 31 December 2019 (31 July 2018: net current liabilities of £219,000). The Group continued to be loss making in 2020 and the operations of the Group are currently being financed by funds from its activities, equity and debt fund raisings.

The Group has not yet become profitable because it has not reached the size, in terms of stages of development and revenue volumes which would allow the break-even point to be surpassed. The Group is reliant on the continuing support and funds raised from its directors, shareholders and lenders. The Directors expect that funding will be available and that the Group will have sufficient cash to fund its activities and to continue its operations for the foreseeable future, and at least for one year from the date of approval of these financial statements. The Company has raised further funds in 2020 as further discussed in note 27 (Subsequent Events).

The impact of Covid-19 on the business was initially very severe, stopping the core revenue generating capacity of the business which was running live face to face events. Following Covid-19 the Directors' have re-assessed the business and moved to an online event proposition. This was implemented from September 2020 and has had the benefit of significantly reducing the costs of hosting these events and to be able to expand the catchment area to a worldwide forum. As a result we are seeing a significant increase in registration and purchasing of programs. These increased worldwide sales together with the reduction in overheads has now enabled the Company to move into profit on a day to day basis.

Since the year end the Group has 'soft launched' its Membby product, a test phase to gauge market reaction. As a result the Group is making some modifications which will help to improve the product before its official launch. The Group's 2020 revenue remained below the 2019 levels but the Board's latest forecasts show expected revenue increasing in 2021-2022.

The Company is therefore dependent upon its shareholders and lenders for continuing financial support. The Directors believe that the Company is well placed to manage its business risks successfully despite the current challenging economic outlook. While this is an inherent material uncertainty, as there can be no certainty that the required amount revenue or funds will be raised in the foreseeable future, the financial statements have, however, been prepared on the going concern basis.

1. Accounting policies (continued)

Principal risks and uncertainties
The Directors ("the Board") has overall responsibility for identifying the most significant risks faced by the business and for developing appropriate policies to ensure that those risks are adequately managed.

The following have been identified as the most significant risks faced by the Group, however, it should be noted that this is not an exhaustive list and the Company has policies and procedures to address other risks facing the business.

The impact of Covid-19, and longer term the impact on inflation as a result of the vast amounts of money being printed by central governments around the world.

Development and performance
The core focus of the Group will be to ensure the that we keep abreast of the most up-to-date trend in the technological development and user behaviour in the fast-changing e-learning market and develop products and services to serve those needs. We are flexible to adapt to any changes in the marketplace to establish first-mover advantages.

Key performance indicators
Here are the Group's performance indicators:

- Online event sales to meet the day-to-day operations and subsidise the development of our online software business.
- The growth of our online event funnels through recruitment of external speakers.
- The official launch date for our online e-learning platform when it is fully developed.
- The uptake of free and paid members for our online platform.
- The sales figures for paid membership for our online platform.

Section 172 Statement

This is the first year that the Directors are required to provide a section 172 statement as part of the Strategic report. Below we explain the background to the section 172 statement.

Background
Section 172 of the Companies Act 2006 ('Act') requires the Directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to various factors, including the matters listed below in section.
172(1)(a) to (f):

a. the likely consequences of any decisions in the long-term;
b. the interests of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly as between members of the Company.

This statement is aimed at helping shareholders better understand how directors discharged their duty to promote the success of companies under Section 172 of the Companies Act 2006 ("S172 Matters"). Throughout the year, in performance of its duties, the Board has had regard to the interests of the Group's key stakeholders and has taken account of any potential impact on these stakeholders of the decisions it has made.

Details of how the Board had regard to the following S172 matters are as per the below.

S172 Matters	**Example**
• The likely consequences of any decisions in the long-term.	• Communication with shareholders through the website, AGM, investor meeting and circulars • Maximisation of shareholders' value as reflected in the company's share price
• The interests of the Company's employees	• Adherence to Health and Safety Regulations • Provision of a safe and flexible working environment • Ongoing training and development at all levels • Internal promotions for career development opportunities • Protection of teams throughout the COVID-19 pandemic
• The need to foster the Company's business relationships with suppliers, customers and others.	• Protection of customers and teams throughout the COVID-19 pandemic • Monitoring feedback from customers through Google Review and Trustpilot • Ongoing customer service in relation to purchasing our programmes and online subscription
• The impact of the Company's operations on the community and environment.	• Promotion of business and entrepreneurship contributes to the wider economy • Adoption of online business models allow staff to work flexible hours from home
• The desirability of the Company maintaining a reputation for high standards of business conduct.	• Compliance with Vienna Stock Exchange's rules as a listed company • Compliance with rules and regulations set out by relevant governing bodies such as the FCA, Trading Standards and Financial Ombudsman • Compliance updates at Board meetings • Ongoing training for all staff
• The need to act fairly as between members of the Company.	• We maintain an open dialogue with our employees and shareholders. • We act swiftly to resolve issues as they arise in a timely manner.

Internal controls
The Board is responsible for identifying and evaluating the major business risks faced by the Group and for determining and monitoring the appropriate systems of internal controls to manage these risks. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication.

While they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

This report was approved by the Board on 24 June 2021 and signed on its behalf:

[redacted]

REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 31 DECEMBER 2019

The Directors present their annual report and financial statements of the Group and the Company for the period ended 31 December 2019.

Directors
The Directors who served during the period and their shareholdings at 31 December 2019 were:

Andrew Beaumont
Vincent Wong
John Lee
John Foster-Powell (Appointed 16 January 2019)

Name of Directors	Number of shares	% of issued share capital
Andrew Beaumont	16,000	0.08%
Vincent Wong	7,540,833	38.81%
John Lee	7,540,833	38.81%
John Foster-Powell	-	-

Creditor payment policy
The Group agrees specific individual terms with certain suppliers. Payment is normally made in accordance with those terms, subject to the suppliers' own performance.

Employees
Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

The Group takes a positive view toward employee communication and has established systems for ensuring employees are informed of developments and that they are consulted regularly.

Political and charitable donations
During the period the Group made charitable donations of £Nil (2018: £Nil).

Financial Instruments
Details of the use of financial instruments and the principal risks faced by the Group are contained in notes to the financial statements.

Future developments
Details of future developments are contained in the Chairman's Statement, Chief Executive Officers' Report and the Strategic Report.

Auditors
UHY Hacker Young LLP were appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Financial risk management
The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are subject to standard price risks and are not subject to liquidity risk.

Statement of directors' responsibilities
The Directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that period.

In preparing those financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board on 24 June 2021 and signed on its behalf:

Vincent Wong
Director

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF WEALTH DRAGONS GROUP PLC

Opinion

We have audited the financial statements of Wealth Dragons Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the Group's loss and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the Going Concern section of the Accounting Policies of the Group financial statements (note 1.3) which indicates that the Group had a loss for the year of £1.1m (2018: £2.1m loss) and net current liabilities of £749,100 at 31 December 2019 (31 July 2018: net current liabilities of £219,000). Due to the Covid-19 pandemic, the Group's trading over the 2020 year has been significantly impacted. Following guidance provided by the UK Government, the Group took the decision to cease live events for an extended period of time. Trading remains impacted by Covid-19 despite the economy starting to reopen following the latest Government lockdown. The Group's activities have moved to an online model with increasing global sales and reduction in overheads required. The development of the online (Membby) platform has continued. The Group's 2020 revenue remained below the 2019 levels but the Board's latest forecasts show expected revenue increasing gradually in 2021-2022.

The Group has not yet become profitable because it has not reached the size, in terms of stages of development and revenue volumes which would allow the break-even point to be surpassed. The Group is reliant on the continuing support and funds raised from its directors, shareholders and lenders.

These events, the uncertainty of the rate of the increase in trade despite the economy opening up and the global opportunities now available, along with the other matters explained in the Going Concern section (note 1.3) of the Accounting Policies of the Group financial statements, constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. These financial statements do not include the adjustments (such as impairment of assets) that would result if the Group and Company were unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

The risk

The Group is financed by a mixture of debt and equity. The Group made a loss of £1.1m in the 17 month period before tax and has been loss making in prior periods. The nature of the Group means it operates on relatively low net margins. A number of other event businesses have also under performed in the year generating negative returns.

Given the above factors, we consider going concern to be a significant audit risk area.

The Directors' conclusion of the risks and circumstances described in the Going Concern section of the Accounting Policies of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of these financial statements. However, clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

How our audit addressed the key audit matter:

Our audit procedures included:

- Assessing the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cashflow projections for the next 12 months and the underlying assumptions.
- We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We obtained post year end trading results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations.
- We completed sensitivity analysis on the budgets provided to assess the change in turnover or costs that would need to occur to push the Group into a cash negative position.
- Evaluated the key assumptions in the forecasts, which were consistent with our knowledge of the business and considered whether these were supported by the evidence we obtained.
- Discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the Group.
- We also reviewed the disclosures relating to going concern basis of preparation and found that these provided an explanation of the Directors’ assessment that was consistent with the evidence we obtained.

Key observations:

Based on the audit procedures performed we concluded that the Group has a material uncertainty over the ability to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - valuation of investments in subsidiaries

We draw attention to note 12 of the financial statements, which describes the valuation of the investments in subsidiaries. The Directors have undertaken a review for indicators of impairment and where identified have completed an impairment review. The Group will require either additional funds and/or improved revenue and profits in order for the recoverability of the Company's investments in its subsidiaries to be recovered, the timing and outcome of which is currently unknown. As further discussed above under going concern, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the value of the investments in subsidiaries. Our opinion is not modified in this respect.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the Group companies. At the Parent Company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the CFO in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit. Going concern is a significant key audit matter and is described above. In arriving at our audit opinion above, the other key audit matters were as follows:

Key audit matters	**How our audit addressed the key audit matters**
Revenue recognition and deferred income (applicable to the Group) The Group recognises revenue for events and services provided in the Group's activities over the period to which the income relates. It should be ensured that any revenue relating to future periods is deferred until the events take place and included in deferred income in the balance sheet. Revenue is a key driver of the business and is made up of a number of individual transactions therefore in respect of services provided there is a risk that revenue is recorded in the incorrect period. We therefore identified the risk over the occurrence and cut off assertions relating to revenue recognition as a significant risk, which was the most significant risk of material misstatement.	Our audit work included, but was not restricted to: • Performing transaction testing from the nominal ledger to the source documents on a sample of sales transactions to test the occurrence and the accuracy of revenue. • Assessment of sales recorded around the financial year end to determine if recorded in the correct accounting period to gain assurance on the cut off assertion. • Documenting our understanding of the systems and controls around the recording of revenue and testing the design effectiveness of such controls • Ensuring that deferred income was appropriately recognised. The Group's accounting policy on revenue recognition is shown in the Accounting Policies for the consolidated financial statements and related disclosures are included in note 3. **Key observations** We have not found any issues or errors involving sales and are therefore satisfied we have assurance over sales recognition and treatment.

Key audit matters	How our audit addressed the key audit matters
Impairment of Investments in Subsidiaries ***(applicable to the Company only)*** Investments in subsidiaries on the Company's balance sheet have a net book value of £3.4m. The balance is primarily comprised of the investment in Wealth Dragons Limited. The assets are at risk of potential impairment due to the Group operating in a competitive industry and due to the start-up and current loss making nature of the Group. The estimated recoverable amount of the balance is subjective due to the inherent uncertainty involved in forecasting and discounting the related future cash flows. Management has undertaken an assessment of the carrying value of these assets and, where there are indicators of impairment has carried out an impairment review by reference to cash flows in relation to the assets. Significant management judgement and estimation uncertainty is involved in this area. This area has been recognised by the Board as a critical accounting judgement and estimate. There is also a risk that Management may unduly influence the significant judgements and estimates in respect of the requirement for an impairment provision. Given the value of the investments and the recent trading performance over the period, we consider this to be a significant risk of material misstatement.	We assessed Management's process for the impairment review process and performed analysis to challenge their assumptions on impairments. Our audit work included, but was not restricted to, the following: • Evaluating Management's assessment of the carrying value of investment in subsidiaries, including challenging Management underlying assumptions particularly around forecast cash flows, growth rates and discount rates. • Challenging the assumptions by comparing to historic results, market trends and future expectations and tested mathematical accuracy. • Ensure the disclosures included within the annual report regarding Management's assessment of the carrying value of the investment in subsidiaries meets the requirements of the accounting standards. The Group's accounting policy on the investments in subsidiaries is shown in Accounting Policies for the consolidated financial statements. **Key observations** As discussed in the Emphasis of Matter paragraph, the Group will require either additional funds and/or improved revenue and profits in order for the recoverability of the Company's investments in its subsidiaries to be recoverable, the timing and outcome of which is currently unknown. In addition, as discussed in the Material uncertainty relating to going concern section, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the value of the investments in subsidiaries.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be £75,000.
How we determine it	Based on a benchmark of 2% of revenue for the period.
Rationale for benchmarks applied	We believe revenue for the year to be the most appropriate benchmark due to the size, growth stage, lack of profitability and the nature of the Company and Group.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group’s control environment, our judgement is that performance materiality for the financial statements should be 60% of materiality, and was set at £45,000.

We have determined Parent Company materiality to be £43,000. As the company is a holding company materiality was based on 1.75% of net assets. Performance materiality for the Parent Company was set at 75% of financial statement materiality, for the same reasons as for the Group, being £32,250.

Reporting threshold

We agreed with the Board of Directors that we would report to them all misstatements over £5,650 (7.5% of Group materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to report

The financial statements of the Company for the prior period (year ended 31 July 2018) were audited by a predecessor auditor and the audit report of those financial statements was unqualified and dated 16 November 2018. Those statutory financial statements only presented the financial information of the Company and did not present consolidated financial statements of the Group. The corresponding consolidated figures for the year ended 31 July 2018 were therefore not presented as ‘audited’ in the Company’s previous statutory financial statements.

Use of our report

This report is made solely to the Parent Company’s members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Wright (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young

Chartered Accountants and Statutory Auditor

UHY Hacker Young
4 Thomas More Square
London E1W 1YW

24 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	17 months ended 31 December 2019 £	Year ended 31 July 2018 £
Turnover	3	3,683,132	1,429,298
Cost of sales		(1,909,641)	(662,013)
Gross profit		1,773,491	767,285
Administrative expenses		(1,752,992)	(2,126,643)
Online platform development costs		(1,115,528)	(746,887)
Other operating income		69,021	-
Operating loss	4	(1,026,008)	(2,106,245)
Interest receivable and similar income	7	440	-
Interest payable and similar charges	8	(81,317)	(19,230)
Loss before taxation		(1,106,885)	(2,125,475)
Tax charge	9	-	-
Loss for the financial period	21	(1,106,885)	(2,125,475)
Loss per share – basic and diluted (pence)	20	(5.77)	(11.63)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

	17 months ended 31 December 2019 £	Year ended 31 July 2018 £
Loss for the financial period	(1,106,885)	(2,125,475)
Other comprehensive income:		
Currency translation differences	-	-
Total comprehensive loss for the period	(1,106,885)	(2,125,475)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

		31 December 2019		31 July 2018	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	10		47,725		95,050
Tangible assets	11		45,078		18,569
			92,803		113,619
Current assets					
Debtors	14	203,992		207,133	
Cash at bank and in hand		40,234		248,664	
		244,226		455,797	
Creditors: amounts falling due within one year	15	(993,299)		(674,763)	
Net current liabilities			(749,073)		(218,966)
Total assets less current liabilities			(656,270)		(105,347)
Creditors: amounts falling due after more than one year	16		(454,090)		(12,917)
Deferred income	17		(523,943)		(1,125,240)
Deferred tax liability	18		-		-
Net liabilities			(1,634,303)		(1,243,504)
Capital and reserves					
Called up share capital	19		196,085		188,314
Share premium	19		2,761,750		1,918,143
Shares to be issued	19		132,221		265,690
Shares held in treasury	19		(1,823)		-
Other reserve	21		833,989		833,989
Retained losses	21		(5,556,525)		(4,449,640)
Total equity			(1,634,303)		(1,243,504)

The financial statements of Wealth Dragons Group plc were approved by the Board of Directors and authorised for issue on 24 June 2021 and were signed on its behalf by:

Vincent Wong
Director
Company Number: 09896161

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

		31 December 2019		31 July 2018 Restated	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Investments	12		3,375,002		175,004
Current assets					
Debtors	14	161,881		1,907,538	
Cash at bank		5,987		28,024	
		167,868		1,935,562	
Creditors: amounts falling due within one year	15	(1,001,851)		(120,109)	
Net current (liabilities)/assets			(833,983)		1,815,453
Creditors: amounts falling due after more than one year	16		(65,755)		-
Net assets			2,475,264		1,990,457
Capital and reserves					
Called up share capital	19		196,085		188,314
Share premium	19		2,761,750		1,918,143
Shares to be issued	19		132,221		265,690
Shares held in treasury	19		(1,823)		-
Retained losses	21		(612,969)		(381,690)
Total equity			2,475,264		1,990,457

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the period was £231,279 (2018: £179,190).

The financial statements of Wealth Dragons Group plc were approved by the Board of Directors and authorised for issue on 24 June 2021 and were signed on its behalf by:

Vincent Wong
Director
Company Number: 09896161

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 DECEMBER 2019

	Share capital £	Shares held in treasury £	Share premium £	Other reserve £	Shares to be issued £	Retained losses £	Total equity £
Period ended 31 December 2019							
Balance as at 1 August 2018	188,314	-	1,918,143	833,989	265,690	(4,449,640)	(1,243,504)
Loss for the period	-	-	-	-	-	(1,106,885)	(1,106,885)
Total comprehensive loss for the period	-	-	-	-	-	(1,106,885)	(1,106,885)
Transactions with owners recorded directly in equity							
New shares issued	7,771	(1,823)	886,155	-	(133,469)	-	758,634
Less: share issue costs	-	-	(42,548)	-	-	-	(42,548)
Net share proceeds	7,771	(1,823)	843,607	-	(133,469)	-	716,086
Balance at 31 December 2019	196,085	(1,823)	2,761,750	833,989	132,221	(5,556,525)	(1,634,303)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 DECEMBER 2019

Comparative year:

	Share capital £	Shares held in treasury £	Share premium £	Other reserve £	Shares to be issued £	Retained losses £	Total equity £
Year ended 3 July 2018							
Balance as at 1 August 2017	175,000	-	-	833,989	275,900	(2,324,165)	(1,039,276)
Loss for the year	-	-	-	-	-	(2,125,475)	(2,125,475)
Total comprehensive loss for the period	-	-	-	-	-	(2,125,475)	(2,125,475)
Transactions with owners recorded directly in equity							
New shares issued	13,314	-	1,983,770	-	(10,210)	-	1,986,874
Less: share issue costs	-	-	(65,627)	-	-	-	(65,627)
Net share proceeds	13,314	-	1,918,143	-	(10,210)	-	1,921,247
Balance at 31 July 2018	188,314	-	1,918,143	833,989	265,690	(4,449,640)	(1,243,504)
	========	========	========	========	========	========	========

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 DECEMBER 2019

	Share capital £	Shares held in treasury £	Share premium £	Shares to be issued £	Retained losses £	Total £
Period ended 31 December 2019						
Balance as at 1 August 2018 – as previously reported	190,148	-	2,247,626	-	(386,941)	2,050,833
Prior year adjustments (note 1.19)	(1,834)	-	(329,483)	265,690	5,251	60,376
Balance as at 1 August 2018 – as restated	188,314	-	1,918,143	265,690	(381,690)	1,990,457
Loss for the period	-	-	-	-	(231,279)	(231,279)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	(231,279)	(231,279)
Transactions with owners recorded directly in equity						
New shares issued	7,771	(1,823)	886,155	(133,469)	-	758,634
Less: share issue costs	-	-	(42,548)	-	-	(42,548)
Net share proceeds	7,771	(1,823)	843,607	(133,469)	-	716,086
Balance at 31 December 2019	196,085	(1,823)	2,761,750	132,221	(612,969)	2,475,265

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 DECEMBER 2019

Comparative year:

	Share capital £	Shares held in Treasury £	Share premium £	Shares to be issued £	Retained losses £	Total £
Year ended 31 July 2018						
Balance as at 1August 2017	175,000	-	-	275,900	(202,500)	248,400
Loss for the year	-	-	-	-	(179,190)	(179,190)
Total comprehensive loss for year	-	-	-	-	(179,190)	(179,190)
Transactions with owners recorded directly in equity						
New shares issued	13,314	-	1,983,770	(10,210)	-	1,986,874
Less: share issue costs	-	-	(65,627)	-	-	(65,627)
Net share proceeds	13,314	-	1,918,143	(10,210)	-	1,921,247
Balance at 31 July 2018	188,314	-	1,918,143	265,690	(381,690)	1,990,457

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Loss before income tax		(1,106,885)	(2,125,475)
Adjustments for:			
Depreciation/amortisation charges	10/11	72,289	45,273
Operating loss before working capital changes		(1,034,596)	(2,080,202)
Decrease in receivables		3,141	610,337
Decrease in payables and deferred income		(523,393)	(326,357)
Cash used by operations		(1,554,848)	(1,792,222)
Income tax paid		-	-
Net cash used in operating activities		(1,554,848)	(1,796,222)
Cash flows from investing activities			
Purchases of plant and equipment	11	(51,473)	(3,023)
Intangible assets additions		-	(29,144)
Net cash used in investing activities		(51,473)	(32,167)
Cash flows from financing activities			
Proceeds from issue of shares, after costs		716,086	1,921,247
Net proceeds from borrowings		633,238	79,809
Net cash from financing activities		1,349,324	2,001,056
(Decrease)/increase in cash and cash equivalents		(256,997)	172,667
Cash and cash equivalents at 1 August		247,855	75,188
Cash and cash equivalents at period end		(9,142)	247,855
Cash and cash equivalents made up of:			
Cash at bank and on hand		40,234	248,664
Bank overdraft	15	(49,376)	(809)
		(9,142)	247,855

1 Accounting policies

1.1 Company information

Wealth Dragons Group Plc ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Scorpio House, Linford Wood Business Park, Rockingham Drive, Milton Keynes, MK14 6LY

The Group consists of Wealth Dragons Group Plc and all of its subsidiaries.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

In a prior year the Group was restructured following the incorporation of the Company. As a result the Company acquired its subsidiaries by means of a share for share exchange. The financial statements and comparative figures for Group have been prepared as though the combining entities had always been part of the Group.

This is the first year that the Company has prepared consolidated financial statements, the prior year's financial statements of the Company only included the financial statements for the Company.

The financial statements are prepared in pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company and Group will have sufficient financial facilities and cash flow to enable liabilities and debts to be met as they fall due for the foreseeable future.

The Group has made a loss after tax for the 17 month period to 31 December 2019 of £1,106,885 (year ended 31 July 2018: £2,125,475 loss) and had net current liabilities of £749,100 at 31 December 2019 (31 July 2018: net current liabilities of £219,000). The Group continued to be loss making in 2020 and the operations of the Group are currently being financed by funds from its activities, equity and debt fund raisings.

The Group has not yet become profitable because it has not reached the size, in terms of stages of development and revenue volumes which would allow the break-even point to be surpassed. The Group is reliant on the continuing support and funds raised from its directors, shareholders and lenders. The Directors expect that funding will be available and that the Group will have sufficient cash to fund its activities and to continue its operations for the foreseeable future, and at least for one year from the date of approval of these financial statements. The Company has raised further funds in 2020 as further discussed in note 27 (Subsequent Events).

The impact of Covid-19 on the business was initially very severe, stopping the core revenue generating capacity of the business which was running live face to face events. Following Covid-19 the Directors' have re-assessed the business and moved to an online event proposition. This was implemented from September 2020 and has had the benefit of significantly reducing the costs of hosting these events and to be able to expand the catchment area to a worldwide forum. As a result we are seeing a significant increase in registration and purchasing of programs. These increased worldwide sales together with the reduction in overheads has now enabled the Company to move into profit on a day to day basis.

1. Accounting policies (continued)

Since the year end the Group has 'soft launched' its Membby product, a test phase to gauge market reaction. As a result the Group is making some modifications which will help to improve the product before its official launch. The Group's 2020 revenue remained below the 2019 levels but the Board's latest forecasts show expected revenue increasing in 2021-2022.

The Company is therefore dependent upon its shareholders and lenders for continuing financial support. The Directors believe that the Company is well placed to manage its business risks successfully despite the current challenging economic outlook. While this is an inherent material uncertainty, as there can be no certainty that the required amount revenue or funds will be raised in the foreseeable future, the financial statements have, however, been prepared on the going concern basis.

1.4 Basis of consolidation

The consolidated financial statements incorporate those of Wealth Dragons Group plc and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

Business combinations involving entities under common control

The Company acquired its subsidiaries by means of a share-for-share exchange which has resulted in a business combination involving entities under common control, where no acquirer is identified. As the Company acquired other companies, by means of such a share-for-share exchange, resulting in a business combination involving entities under common control and where no acquirer is identified, the "pooling of interests" or "merger" method of consolidation has been used. Therefore, the difference between the purchase consideration and the carrying value of the share capital and reserves acquired is adjusted to equity and the comparative consolidated figures are stated on a combined basis.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5 Investment in subsidiaries

Investments in subsidiary companies are included in the parent company's statement of financial position at cost less provision for impairment in value.

1.6 Turnover

Turnover comprises revenue recognised by the Group in respect of event attendance and services provided during the period. Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Where revenue is received in advance of events or for long term courses, it is recognised over the term to which the revenue relates. Any revenue relating to events to be held in the following year(s) are deferred in the financial statements as deferred income.

1. Accounting policies (continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.7 Intangible fixed assets

Intangible assets include licences, script writing costs. These assets are capitalised as intangible assets at cost, less accumulated amortisation or impairment charges. Amortisation is charged on a straight line basis over 5 years.

Costs expended in developing the Group's online platform are expensed as incurred. The Group has decided to expense these costs as allowed by FRS 102 as the commercial viability of the project had not yet been proven. Total costs expensed to date amount to approximately £2.5 million.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is not charged on freehold land. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Furniture, fittings and equipment	-	20% straight line basis
Leasehold improvements	-	Over the life of the lease

1.9 Impairment of fixed assets

At each reporting year end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Finance leasing and hire purchase

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.12 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the year until the date the rent is expected to be adjusted to the prevailing market rate.

1.13 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

1.14 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Funds received for share capital in advance of shares being formally issued are held as 'Shares to be issued' in equity. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1. Accounting policies (continued)

1.15 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

1.18 Foreign exchange

The functional currency of each group entity is the currency of the primary economic environment in which the entity operates. Transactions denominated in foreign currencies have been translated into the functional currency of the Group entity at the month end exchange rates. Monetary assets and liabilities denominated in foreign currencies have been translated at rates ruling at the balance sheet date. Exchange differences have been taken to the consolidated profit and loss account.

The results of any foreign operations are translated into the Group's reporting currency at the average exchange rate and their balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of results of overseas operations are dealt with through reserves.

1. Accounting policies (continued)

1.19 Prior year adjustments

During the period, the Directors have made several prior year adjustments to the Company's financial statements for the year ended 31 July 2018. Share issue costs have been offset against the share premium account from expenses with professional costs, amounting to £65,627 being debited to share premium account and credited to the profit and loss account.

At 31 July 2018 the Company received funds for the allotment of shares that took place after that year end, these amounts of £265,690 have been adjusted to 'shares to be issued'. There is also an adjustment in respect of a trade receivable of £5,251 which has been credited to the profit and loss account reducing prior year losses.

The total impact of the restatements is to reduce prior year losses by £70,878, to increase reserves by £5,251 and to reduce net assets of the Company by £60,376. These adjustments only affect the 'Company' financial statements and not the 'Group' financial statements.

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Impairment of assets
Determining whether assets are impaired requires an estimation of the recoverable amounts of estimated future cash flows expected to arise from the assets.

Impairment of investments in subsidiaries in parent company
Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amounts of estimated future cash flows expected to arise from the operating subsidiaries. While the Directors expect, and have prepared forecasts showing, future profitability of the subsidiaries the timing is uncertain. The forecasts show profitability exceeding the carrying amount of the investments at the period end.

Online platform development
The Group is in the process of developing its online platform and incurred £1.1 million in the 17 month period. The Directors have chosen an accounting policy to expense the development costs and not to capitalise the costs as an intangible asset due to the uncertainty in the period about the technical feasibility and the commercial viability of the platform.

Deferred tax
The group estimates future profitability in arriving at the fair value of the deferred tax assets and liabilities. If the final tax outcome is different to the estimated deferred tax amount the resulting changes will be reflected in the statement of comprehensive income, unless the tax relates to an item charged to equity in which case the changes in tax estimates will also be reflected in equity. The Directors have not recognised deferred tax assets for tax losses at the period end as the Group has not yet become profitable and the timing of becoming profitable is uncertain in the foreseeable future.

3 Turnover and other revenue

The whole of the turnover is attributable to wealth event fees. A geographical analysis of turnover is as follows:

	2019 £	2018 £
United Kingdom (100%)	3,683,132	1,429,298
	========	========

4 Operating loss

	2019	2018
	£	£
Operating loss for the period is stated after charging/(crediting):		
Amortisation of intangible fixed assets (note 10)	47,325	33,404
Depreciation of tangible fixed assets (note 11)	24,964	11,869
Exchange loss	13,599	3,370
Bad and doubtful debts impairments	146,222	286,130
Online platform development costs	1,115,528	746,887
Stock exchange listing, reorganisation & restructuring costs	150,811	321,989

5 Auditor's remuneration

	2019	2018
Fees payable to the Company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the Company	-	2,500
Audit of the financial statements of the subsidiaries	25,000	7,500
Non-audit work	40,000	34,000

6 Staff costs

Group

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	1,141,851	816,014
Social security costs	130,894	93,307
	1,272,745	909,321

The average monthly number of persons (including directors) employed by the Group during the period was:

	2019	2018
	No.	No.
Directors	4	2
Sales and marketing	2	3
Administration	14	11
	20	16

Company

The Company did not incur any direct staff costs in the period.

6. Staff costs (continued)

Directors' remuneration

	Year	Annual salary £	Salary £ (Note a)	Pension contribution £ (Note a)
Andrew Beaumont	2019	12,000	9,000	88
	2018		-	-
Vincent Wong	2019	150,000	160,000	1,142
	2018		*116,651*	*530*
John Lee	2019	150,000	160,000	1,142
	2018		*103,723*	*530*
John Foster-Powell	2019	100,000	91,667	2,500
	2018		-	-

The Directors' are paid by the main operating company in the Group, Wealth Dragons Limited. Mr Beaumont receives a monthly salary of £1,000 from Wealth Dragons with effect from April 2019. In addition, Aldbury Group Limited, a company controlled by Mr Beaumont, charges £4,000 per month consultancy fees for his services.

The highest paid director received remuneration of £161,142 (2018: £117,181).

Note a. The remuneration figures shown in the table represent the amounts paid and payable to the Directors during the seventeen month period. To assist the development of the business the Directors have made an interest free loan to the Company of two month's salary as shown in the Loans from directors note below.

7. Interest receivable and similar income

	2019 £	2018 £
Bank interest	440	-

8. Interest payable and similar charges

	2019 £	2018 £
On finance leases and hire purchase contracts	1,091	770
Bank overdraft charges	884	18,112
Interest payable on loans	79,342	348
	81,317	19,230

9. Taxation

	2019 £	2018 £
Current tax		
UK corporation tax charge on loss for year:		
Current	-	-
Foreign taxation		
Current	-	-
Total current tax	-	-
Deferred tax		
Origination of timing differences - current year	-	-
Tax charge on ordinary activities	-	-

The current tax charge for the year is lower than the standard rate of UK corporation tax due to the following:

	2019 £	2018 £
Loss on ordinary activities before tax	(1,106,885)	(2,125,475)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	210,308	403,840
Effects of:		
Tax losses for the year carried forward	(210,308)	(403,840)
Current tax charge for the year (see above)	-	-

10. Intangible assets

	Total £
Group	
Cost	
At 1 August 2018 and 31 December 2019	167,030
Amortisation	
At 1 August 2018	71,980
Charge for the period	47,325
At 31 December 2019	119,305
Net book value	
At 31 December 2019	47,725
At 31 July 2018	95,050

The intangible assets arise from the script writing and web development costs and are being written off in equal annual instalments over the estimated economic life of 5 years. The Company's online platform development costs are being expensed when incurred.

11. Tangible fixed assets – Group

	Furniture fittings & equipment £
Cost or valuation	
At 1 August 2018	88,862
Additions	51,473
At 31 December 2019	140,335
Depreciation	
At 1 August 2018	70,293
Charge for the period	24,964
At 31 December 2019	95,257
Net book value	
At 31 December 2019	45,078
At 31 July 2018	18,569

The aggregated cost assets held under finance leases included in furniture, fittings and equipment is £Nil (2018: £Nil).

Company
The Company has no tangible fixed assets at 31 December 2019.

12. Fixed asset investments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Investments in subsidiaries (note 25)	-	-	3,375,002	175,004

The Company's investments in its subsidiaries are currently held at cost. The main reason for the increase in the investment relates to the capitalisation of the inter-company balance in the period. The Directors review the investments in subsidiaries for indications of impairment on an annual basis. The recoverable amount being determined based on value in use and from financial budgets approved by the Directors.

Based on their assessment the Directors consider that there has been no impairment in value of the investments in the year as trading activity is expected to increase going forward. However, as discussed above in the going concern assessment there are currently inherent uncertainties for the future trading performance and profitability of the subsidiaries as they further develop their activities. Continued losses may therefore impact the recoverability of the value of the investments.

13. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	157,663	207,133	161,881	1,907,538
Carrying amount of financial liabilities				
Measured at amortised cost	1,336,132	687,680	1,067,606	120,109

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	157,663	114,784	5,251	5,251
Amounts owed by subsidiary companies	-	-	149,210	1,902,287
Other debtors	-	89,569	7,420	-
Prepayments and accrued income	46,329	2,780	-	-
	203,992	207,133	161,881	1,907,538

15. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdraft	49,376	809	-	-
Other loans (note 16)	154,000	-	19,865	-
Trade creditors	473,439	375,929	117,019	28,314
Net obligations under finance leases and hire purchase contracts (note 16)	5,000	5,000	-	-
Amounts owed to related parties (note 24)	110,853	49,109	18,200	65,627
Amounts owed to subsidiary companies	-	-	820,232	-
Other taxes and social security	60,916	141,010	-	-
Other creditors	28,458	84,000	-	23,322
Accruals	111,257	18,906	26,535	2,846
	993,299	674,763	1,001,851	120,109

The bank overdraft and finance leases are secured over the assets of the Group. Other loans represent borrowings from third parties which are unsecured and at a fixed monthly interest rate of 1% per month and are repayable after 3 months' notice.

16. Creditors: amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Net obligations under finance leases and hire purchase contracts	7,084	12,917	-	-
Other loans	447,006	-	65,755	-
	454,090	12,917	65,755	-

Other loans represent borrowings from third parties which are unsecured and at fixed monthly interest rates from 0.75% to 1.5% per month and are repayable after 18 months' notice, and therefore have maturities of between 1 to 2 years from the period end.

17. Deferred income

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Deferred income	523,943	1,125,240	-	-

Deferred income mainly represents advance event fees received from customers, which are released to income over the course of the events.

18. Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	2019 £	2018 £
Other timing differences	-	-

19. Share capital

	2019	2018 (Restated)
	£	£
Issued and fully paid:		
19,608,454 Ordinary Shares of £0.01 each (2018: 18,831,389)	196,085	188,314
	196,085	188,314

Share capital – represents the nominal value of shares that have been issued.

During the period the Company raised £892,103 by the issue of 594,735 shares at £1.50 per share. These shares generated £886,155 of share premium prior to issue costs of 42,458 which have been deducted from the share premium. In addition, 182,330 shares were issued to Treasury at the nominal value of £0.01 per share. The Treasury shares will be held pending the appointment of a market maker and the company will use these shares to provide liquidity to the market and to consider the introduction of a staff share scheme.

At the reporting date 182,330 ordinary shares of £0.01 are held in Treasury. For capital calculation purposes the number of shares in issue at 31 December 2019 is 19,426,124 (being 19,608,454 minus 182,330 treasury shares).

20. Loss per share

Basic loss per share is calculated by dividing the net loss for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic loss per share computations:

	31 December 2019	31 July 2018
Net loss attributable to ordinary equity holder for basic loss (£)	£(1,106,885)	£(2,125,475)
Weighted average number of ordinary shares for basic loss per share (Number)	19,169,381	18,279,228
Loss per share (basic and diluted) (pence)	(5.77)	(11.63)

There are no share options in issue by the Company and therefore no dilution of the loss per share has been shown.

21. Reserves

Retained losses – includes all current and prior year retained profits and losses.

Other reserves – retranslation - include any foreign exchange translation differences occurring on consolidation and a reserve arising from the business combination of the subsidiaries by means of a share for share exchange.

22. Pension commitments

Contributions to staff pension plans amounted to £18,971 (2018: £4,700). At the period-end there were contributions outstanding of £1,316 (2018: £722).

23. Operating lease commitments

At 31 December 2019, the Group had annual commitments under non-cancellable operating leases as follows:

Group

	2019	2018
	£	£
Within one year	107,932	4,010
Between 2 and 5 years	296,814	-
After more than 5 years	-	-
	========	========

The Group has a break clause effective from 1 October 2021 on its premises at Carina House. The Group has also agreed with the landlord that it will vacate the premises on 1 January 2021 in return for a reduction in the rental cost of the premises. The Group has moved into smaller accommodation provided by the landlord in Scorpio House.

24. Related party transactions

At the balance sheet date, a sum of £38,448 was due to Mr J Lee, a director of the Company (2018: £32,969). His wife, Ms J Hoh Lee, has lent the Company £18,200 during the year (note 15). No interest is payable on the balances and the loans are repayable on demand.

At the balance sheet date, a sum of £39,185 was due to Mr V Wong, a director of the Company (note 15) (2018: £32,968). No interest is payable on the balance and it is repayable on demand.

At the balance sheet date the Group owed Mr A Beaumont £1,000 and his company, Aldbury Group Limited £74,461 for the provision of services (note 15) (2018: £Nil).

At the balance sheet date the Group owed Mr J Foster-Powell, a director of the Company £13,982 (note 15) (2018: £Nil).

The ultimate controlling party of all entities is Mr V Wong and Mr J Lee due to their combined majority shareholdings.

The Group has taken advantage of the exemption available in FRS 102 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the Group.

25. Subsidiaries

Details of the Company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Wealth Dragons Limited	Provision of educational courses	Ordinary	100%	-
Wealth Dragons Media Limited	Online platform development	Ordinary	100%	-

26. Ultimate controlling party

The Company's ultimate controlling parties are Mr Vincent Wong and Mr John Lee who each own 38.8% of the issued share capital at 31 December 2019.

27. Subsequent events

The major changes impacting the Group and the decisions implemented by your Board are as follows:

- Covid-19 struck the UK at the start of 2020 and had an immediate effect on the company. With our core business that of running live events it created uncertainty as to impact, timing and exit. Its effect has gone on for much longer than the group imagined. We now live in a different world which is still plagued by lockdowns and quarantines, working from home, disruptions to travel and education. As a result of the actions taken by your Board which were to ensure the survival of the Group we have restructured, slimmed down and focused on our core strengths. After weathering the initial storm we have regrouped and focused on using the internet to convey our message and provide our education online to a worldwide audience. The impact of Covid-19 has been a non-adjusting event for the Group so there has been no effect on the financial position of the Group as at 31 December 2019.

- The Group has taken advantage of the assistance provided by the Government and furloughed staff, borrowed funds under the approved loan schemes and entered into an agreement with its landlord regarding space and rent. Following these negotiations, the Group has moved to smaller premises on the same estate and slimmed down staff. It has also agreed with the landlord as part of the move that the landlord will waive part of the rental liability. These measures have allowed the Group to reshape its course delivery and expand its offering of courses.

- Since the period end the Group has issued 104,379 shares to raise a total of £156,568. This has assisted the Group to continue trading during lockdown.

- Since the period end the Group has 'soft launched' its Membby product, a test phase to gauge market reaction. As a result the Group is making some modifications which will help to improve the product before its official launch.