

**Hasgrove Limited**  
**Financial Statements**  
**For the Year Ended**  
**31 December 2013**

**CHAMPION ACCOUNTANTS LLP**  
Chartered Accountants and Statutory Auditor  
1 Worsley Court  
High Street  
Worsley  
Manchester  
M28 3NJ

# **Hasgrove Limited**

## **Financial Statements**

**Year Ended 31 December 2013**

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# Hasgrove Limited

## Officers and Professional Advisers

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**The Board of Directors**

P A Sanders  
G L F Taylor

**Company Secretary**

P A Sanders

**Registered Office**

4th Floor  
Station House  
Stamford New Road  
Altrincham  
Cheshire  
WA14 1EP

**Auditor**

Champion Accountants LLP  
Chartered Accountants and Statutory Auditor  
1 Worsley Court  
High Street  
Worsley  
Manchester  
M28 3NJ

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# Hasgrove Limited

## Strategic Report

### Year Ended 31 December 2013

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The directors present their strategic report for Hasgrove Limited for the year ended 31 December 2013.

#### OVERVIEW AND STRATEGY

The year to 31 December 2013 was a year of significant change for the group following the disposal of Amaze on 28 March to St Ives Marketing Services. As previously announced the sale was for a total cash consideration comprising £15.3 million, which included £1.8 million repayment of intercompany debt. There had been the potential for a further payment had certain stretch targets been achieved but this was not the case.

Following the sale of Amaze, Hasgrove owns three trading subsidiaries; Interact, The Chase and Landmarks. Landmarks, which is based in Brussels and comprises seven people was sold to the management team on 6 August 2014. The consideration for the sale was modest with an upfront payment of €9,999 plus an effective earn-out capped at €100,000, reflecting the fact that Landmarks lost its largest client towards the end of 2013. During 2013 the group wrote-off an intercompany balance with Landmarks of €175,000.

Of the net proceeds from the sale of Amaze, £10.25m was returned to shareholders in July 2013 following a tender process, which reduced the share capital to 11,354,173. Of these shares 1,163,149 were held by Interel Holdings SA, the purchaser of the Interel group of companies from Hasgrove in 2011. These shares were used to satisfy the final element of the deferred consideration on the sale of Interel and were cancelled by Hasgrove in April 2014 thereby reducing the share capital to 10,191,024. The company also commenced a further share buy-back process in April 2014 which should result in the buy-back and cancellation of a further 2,198,333 shares before the end of 2014. A further £1.7m of the Amaze sale proceeds was used to repay bank debt and a proportion will be invested to accelerate the growth of Interact, particularly outside of the UK.

The Board believes that the remaining group businesses, Interact and The Chase, address key market segments and offer good growth potential.

#### OPERATIONAL REVIEW

##### Interact

Interact is a leading global supplier of intelligent social intranet software. Organisations using Interact Intranet report improved efficiency, greater productivity, increased employee engagement, better decision-making and cost savings.

In May 2013 Interact launched a new version of its software, Interact 7, which focuses on delivering a key blend of communication, productivity and collaboration tools that can be used either on-premise or in the cloud. Interact is a true multi-tenanted SaaS solution (Software as a Service) which will reduce the cost of deployment and improve scalability for customers. The publicly hosted / multi-tenanted option takes advantage of the shift in software spend from IT to line of business. It is a cost effective solution, which will appeal to a wide range of companies who may want to outsource part of their IT infrastructure.

Interact delivered revenues of £4.3m (2012: £3.4m) and operating profits before central costs of £0.4m (2011: £0.5m).

In spite of the increased sales, operating profits reduced principally due to the following:

- significant investment in product development of £731k in 2013 (£534k in 2012).
- the remaining balance of capitalised Research & Development that related to earlier versions of the software was written-off.

Interact continues to benefit from its entry into the US market in early 2012 and the growth of the enterprise social network marketplace. In August 2014 the Board's confidence in the US opportunity resulted in Interact establishing a subsidiary in the US which currently employs seven people in addition to five contractors, with offices in New York and Dallas.

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# Hasgrove Limited

## Strategic Report *(continued)*

### Year Ended 31 December 2013

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#### The Chase

The Chase is an award-winning creative design agency. It experienced a challenging year due to further delays in client projects with revenues relatively flat at £2.7m (2012: £2.6m) and operating profits before central costs and the write-off of an intercompany balance flat at £0.1m (2011: £0.1m).

The Chase's performance since year end has been very encouraging with key clients providing significant project briefs.

#### FINANCIAL RESULTS

The results for the Group are presented based on the continuing operations of Interact, The Chase and Landmarks.

The Group's revenue was £8,434k and operating profits was £1,926k, with a separately identifiable item of £256k in respect of goodwill impairment. Profit before tax was £1,892k.

The profit on the disposal of Amaze was £1,809k. In addition, there was also a profit associated with the deferred cash consideration for the sale of Interel in July 2011. In December 2013, the final value of the deferred consideration relating to the shares held by Interel Holdings SA was £961k compared with a value of £651k at 31 December 2012 resulting in a further gain on disposal of £310k.

The Board is proposing to maintain the dividend at 2.0p per share (2012: 2.0p per share), which will be subject to shareholder approval.

The Group's year end cash position was £2.7m (31 December 2012: net debt £0.1m). This includes £1.6m that was held in Escrow until 30 September 2014, subject to warranty claims, following the sale of Amaze.

#### RISKS

The principal risk facing the group relates to any unforeseen changes in software development which could have an adverse impact on the group's software sales. However, the Board and management teams are closely involved in the group's businesses on a day to day basis and are appropriately qualified and experienced to identify and deal with any such issues that may arise.

Signed by order of the directors

P A Sanders  
Company Secretary

Approved by the directors on 30 October 2014

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# Hasgrove Limited

## Directors' Report

### Year Ended 31 December 2013

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The directors present their report and the financial statements of the group for the year ended 31 December 2013.

#### RE-REGISTRATION

On 12 July 2013, the company re-registered from a public company to a private company and consequently is now incorporated under its current name (formerly Hasgrove PLC).

#### RESULTS AND DIVIDENDS

The profit for the year amounted to £1,998k. Particulars of dividends paid are detailed in note 11 to the financial statements.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors consider the main risks that arise from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks on a regular basis.

#### DIRECTORS

The directors who served the company during the year were as follows:

S Collins  
P A Sanders  
G L F Taylor  
J Schuybroek  
P Cookson

S Collins resigned as a director on 28 March 2013.

J Schuybroek resigned as a director on 18 July 2013.

P Cookson resigned as a director on 18 July 2013.

#### DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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# Hasgrove Limited

## Directors' Report *(continued)*

### Year Ended 31 December 2013

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#### AUDITOR

After the balance sheet date, Deloitte LLP resigned as auditor and Champion Accountants LLP were appointed. Champion Accountants LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director 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 company's auditor is aware of that information.

Registered office:  
4th Floor  
Station House  
Stamford New Road  
Altrincham  
Cheshire  
WA14 1EP

Signed by order of the directors

P A Sanders  
Company Secretary

Approved by the directors on 30 October 2014

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# Hasgrove Limited

## Independent Auditor's Report to the Members of Hasgrove Limited

### Year Ended 31 December 2013

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We have audited the group and parent company financial statements ("the financial statements") of Hasgrove Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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# Hasgrove Limited

## Independent Auditor's Report to the Members of Hasgrove Limited *(continued)*

### Year Ended 31 December 2013

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#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

1 Worsley Court  
High Street  
Worsley  
Manchester  
M28 3NJ

30 October 2014

ANTHONY FLANAGAN FCA

(Senior Statutory Auditor)

For and on behalf of

CHAMPION ACCOUNTANTS LLP

Chartered Accountants and Statutory Auditor

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# Hasgrove Limited

## Group Profit and Loss Account

Year Ended 31 December 2013

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	Note	2013 £000	2012 £000
<b>Group Turnover</b>	2	8,434	24,858
Cost of sales		(5,135)	(5,717)
<b>Gross Profit</b>		<b>3,299</b>	19,141
Net operating expenses		(1,722)	(17,872)
Profit from discontinued operations		349	212
<b>Operating Profit:</b>	3	<b>1,926</b>	1,481
Interest payable and similar charges	6	(34)	(130)
<b>Profit/(Loss) on Ordinary Activities Before Taxation</b>		<b>1,892</b>	1,351
Tax on profit on ordinary activities	7	105	169
<b>Profit for the Financial Year</b>		<b>1,998</b>	1,520

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 14 to 27 form part of these financial statements.

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# Hasgrove Limited

## Group Balance Sheet

31 December 2013

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	Note	2013 £000	2012 £000	2012 £000
<b>Fixed Assets</b>				
Intangible assets	10	4,955	17,351	
Tangible assets	11	244	989	
			<u>5,199</u>	<u>18,340</u>
<b>Current Assets</b>				
Stocks	13	10	45	
Debtors	14	3,507	5,676	
Cash at bank		2,680	2,112	
		<u>6,197</u>	<u>7,833</u>	
<b>Creditors: Amounts Falling due Within One Year</b>	15	<u>(2,326)</u>	<u>(7,040)</u>	
<b>Net Current Assets</b>			<u>3,871</u>	<u>793</u>
<b>Total Assets Less Current Liabilities</b>			<u>9,070</u>	<u>19,133</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	16		–	(1,178)
<b>Provisions for Liabilities</b>				
Deferred taxation	17		<u>(55)</u>	<u>(595)</u>
			<u>9,015</u>	<u>17,360</u>
<b>Capital and Reserves</b>				
Called-up equity share capital	20		1,135	2,346
Share premium account	21		7,156	15,079
Other reserves				
Capital redemption reserve	22		1,319	70
Translation reserve	22		(5)	(1)
Profit and loss account	23		<u>(590)</u>	<u>(134)</u>
<b>Shareholders' Funds</b>	24		<u>9,015</u>	<u>17,360</u>

These accounts were approved by the directors and authorised for issue on 30 October 2014 and are signed on their behalf by:

.....  
P A Sanders

The notes on pages 14 to 27 form part of these financial statements.

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**Hasgrove Limited**  
**Company Balance Sheet**  
**31 December 2013**

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	Note	2013 £000	2012 £000
<b>Fixed Assets</b>			
Tangible assets	11		2
Investments	12		12,339
		<u>6,113</u>	<u>12,341</u>
<b>Current Assets</b>			
Debtors	14	5,708	8,632
Cash at bank		<u>1,843</u>	<u>252</u>
		7,551	8,884
<b>Creditors: Amounts Falling due Within One Year</b>	15	<u>(371)</u>	<u>(1,227)</u>
<b>Net Current Assets</b>		<u>7,180</u>	<u>7,657</u>
<b>Total Assets Less Current Liabilities</b>		<u>13,295</u>	<u>19,998</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	16	<u>–</u>	<u>(1,178)</u>
		<u>13,295</u>	<u>18,820</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	20	1,135	2,346
Share premium account	21	7,156	15,079
Other reserves			
Capital redemption reserve	22	1,319	70
Profit and loss account	23	<u>3,685</u>	<u>1,325</u>
<b>Shareholders' Funds</b>		<u>13,295</u>	<u>18,820</u>

These accounts were approved by the directors and authorised for issue on 30 October 2014 and are signed on their behalf by:

.....  
P A Sanders

Company Registration Number: 05247414

**The notes on pages 14 to 27 form part of these financial statements.**

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# Hasgrove Limited

## Group Cash Flow Cash Flow Statement

Year Ended 31 December 2013

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	2013		2012	
	£000	£000	£000	£000
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>		<b>1,848</b>		<b>3,038</b>
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	11		–	
Interest paid	(45)		(130)	
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>		<b>(34)</b>		<b>(130)</b>
<b>Taxation</b>		<b>30</b>		<b>37</b>
<b>Capital Expenditure and Financial Investment</b>				
Payments to acquire intangible fixed assets	(13)		–	
Payments to acquire tangible fixed assets	(149)		(346)	
Receipts from sale of fixed assets	5		1	
Expenditure on product development	(401)		(421)	
Payment of deferred consideration	(44)		(668)	
Receipt of deferred consideration	305		300	
Net cash balances disposed of with subsidiary undertaking	(1,030)		–	
(Loss)/profit on disposal of subsidiary	13,489		(14)	
<b>Net Cash Inflow for Capital Expenditure and Financial Investment</b>		<b>12,162</b>		<b>(1,148)</b>
<b>Equity Dividends Paid</b>		<b>(203)</b>		<b>(224)</b>
<b>Financing</b>				
Issue of equity share capital	168		2	
Shares purchased and cancelled	(11,263)		(227)	
New loan received	–		31	
(Repayment of)/increase in bank loans	(2,121)		(334)	
Capital element of hire purchase and finance lease	(19)		–	
<b>Net Cash (Outflow)/Inflow from Financing</b>		<b>(13,235)</b>		<b>(528)</b>
<b>Increase in Cash</b>		<b>568</b>		<b>1,045</b>

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The notes on pages 14 to 27 form part of these financial statements.

# Hasgrove Limited

## Group Cash Flow Cash Flow Statement

Year Ended 31 December 2013

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### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	£000	£000
Operating profit	1,926	1,481
Profit on disposal	(1,809)	(212)
Amortisation & depreciation	512	930
(Profit)/loss on sale of tangible fixed assets	(4)	–
Share-based payment expense	–	33
Loss on disposal of subsidiary	–	52
Currency gain on bank loans	–	(64)
Impairment of goodwill	263	282
Decrease/(increase) in stocks	35	(45)
Decrease/(increase) in debtors	336	42
(Decrease)/increase in creditors	619	539
(Decrease)/Increase in provisions	(32)	–
Net cash (outflow)/inflow from operating activities	<u>1,848</u>	<u>3,038</u>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013	2012
	£000	£000
Increase in cash in the period	568	1,045
Effect of foreign exchange rate changes	–	(2)
Change in net funds	<u>568</u>	<u>1,043</u>
Net funds at 1 January 2013	<u>2,112</u>	<u>1,069</u>
Net funds at 31 December 2013	<u>2,680</u>	<u>2,112</u>

The notes on pages 14 to 27 form part of these financial statements.

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# Hasgrove Limited

## Group Cash Flow Cash Flow Statement

Year Ended 31 December 2013

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### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2013 £000	Cash flows £000	At 31 Dec 2013 £000
Cash in hand and at bank	2,112	568	2,680
Debt due within 1 year	—	—	—
Debt due after 1 year	—	—	—
Hire purchase and finance lease agreements	—	—	—
Net funds	<u>2,112</u>	<u>568</u>	<u>2,680</u>

The notes on pages 14 to 27 form part of these financial statements.

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### Turnover

Turnover is recognised consistently with the right to receive consideration in exchange for the performance of supplying services.

#### Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years. Useful economic lives are reviewed at the end of each reporting period and revised if necessary, subject to the constraint that the revised life shall not exceed 20 years from the date of acquisition. The carrying amount at the date of revision is depreciated over the revised estimate of remaining useful economic life.

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- over 20 years
Development expenditure	- 25% straight line

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and equipment	- 20% reducing balance and 4 – 7 years straight line
Motor vehicles	- 33 ⅓% straight line
Computer equipment	- 25% and 33 ⅓% reducing balance
Leasehold property	- 10% straight line

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 1. ACCOUNTING POLICIES *(continued)*

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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#### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	<b>2013</b>	2012
	<b>£000</b>	£000
United Kingdom	<b>6,577</b>	16,571
Overseas	<b>1,857</b>	8,287
	<b><u>8,434</u></b>	<u>24,858</u>

#### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	<b>2013</b>	2012
	<b>£000</b>	£000
Amortisation of intangible assets	<b>319</b>	465
Depreciation of owned fixed assets	<b>193</b>	465
Profit on disposal of property, plant and equipment	<b>(4)</b>	–
Goodwill amortisation	<b>256</b>	282
Profit/(loss) on disposal of subsidiary	<b>1,808</b>	(52)
De-listing costs	<b>273</b>	–
Staff costs	<b>3,272</b>	12,317
Operating lease costs:		
- Property	<b>205</b>	611
- Other	<b>39</b>	64
Net loss on foreign currency translation	<b>140</b>	(62)
Auditor's remuneration	<b>18</b>	50
	<b><u>18</u></b>	<u>50</u>

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 3. OPERATING PROFIT *(continued)*

	2013 £000	2012 £000
Auditor's remuneration - audit of the parent company	6	10
Auditor's remuneration - audit of the subsidiary companies	12	40
	<u>18</u>	<u>50</u>

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2013 No	2012 No
Number of direct staff	75	236
Number of administrative staff	15	53
	<u>90</u>	<u>289</u>

The aggregate payroll costs of the above were:

	2013 £000	2012 £000
Wages and salaries	3,085	11,097
Social security costs	140	916
Other pension costs	47	304
	<u>3,272</u>	<u>12,317</u>

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2013 £000	2012 £000
Aggregate remuneration	176	340
Value of company pension contributions to money purchase schemes	—	17
	<u>176</u>	<u>357</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2013 No	2012 No
Money purchase schemes	<u>2</u>	<u>2</u>

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest payable on bank borrowing	34	130
	<u>34</u>	<u>130</u>

### 7. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2013 £000	2012 £000	2013 £000	2012 £000
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year	(50)		35	
Overseas tax	8		—	
Under/(over) provision in previous tax year	(35)		31	
Total current tax		<u>(77)</u>		<u>66</u>
Deferred tax:				
Origination and reversal of timing differences	(28)		(69)	
Under/(over) provision of deferred tax in previous tax year			<u>(166)</u>	
Total deferred tax (note 19)		<u>(28)</u>		<u>(235)</u>
Tax on profit on ordinary activities		<u>(105)</u>		<u>(169)</u>

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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#### 7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

##### (a) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).

	2013	2012
Profit on ordinary activities before taxation	<u>1,892</u>	<u>1,139</u>
Tax at UK corporation tax rate	440	331
Effect of foreign tax	9	26
Utilisation of tax losses	106	(183)
Effect on expenses that are not deductible	61	22
Enhanced R&D expenditure	(212)	(237)
Deferred tax not recognised on losses arising in the year	–	43
Effect of change in rate of deferred tax	–	(52)
Adjustments in respect of previous years	(36)	(135)
Goodwill amortisation	133	68
Effect on profit on discontinued operations	–	(52)
Income not taxable	(562)	–
Excess of capital allowances over depreciation	(19)	–
Unrelieved tax losses	53	–
Tax at lower rates	(50)	–
Deferred tax credit	(28)	–
Total current tax (note 9(a))	<u>(105)</u>	<u>(169)</u>

#### 8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £4,813,000 (2012 - £1,814,000).

#### 9. DIVIDENDS

##### Equity dividends

	2013 £000	2012 £000
Paid during the year:		
Dividends on equity shares	<u>203</u>	<u>224</u>

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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#### 10. INTANGIBLE FIXED ASSETS

Group	Goodwill £000	Development expenditure £000	Total £000
<b>Cost</b>			
At 1 January 2013	19,773	1,478	21,251
Additions	–	414	414
Disposals	(12,234)	–	(12,234)
<b>At 31 December 2013</b>	<u>7,539</u>	<u>1,892</u>	<u>9,431</u>
<b>Amortisation</b>			
At 1 January 2013	2,991	909	3,900
Charge for the year	256	319	575
Impairment	–	–	–
<b>At 31 December 2013</b>	<u>3,248</u>	<u>1,227</u>	<u>4,475</u>
<b>Net Book Value</b>			
<b>At 31 December 2013</b>	<u>4,292</u>	<u>664</u>	<u>4,955</u>
At 31 December 2012	<u>16,782</u>	<u>569</u>	<u>17,351</u>

#### 11. TANGIBLE FIXED ASSETS

Group	Leasehold Property £000	Plant, Fixtures & Equipment £000	Total £000
<b>Cost or Valuation</b>			
At 1 January 2013	803	1,998	2,801
Additions	1	148	149
Disposals	(558)	(1,405)	(1,963)
<b>At 31 December 2013</b>	<u>246</u>	<u>741</u>	<u>987</u>
<b>Depreciation</b>			
At 1 January 2013	316	1,496	1,812
Charge for the year	46	148	194
On disposals	(233)	(1,030)	(1,263)
<b>At 31 December 2013</b>	<u>129</u>	<u>614</u>	<u>743</u>
<b>Net Book Value</b>			
<b>At 31 December 2013</b>	<u>117</u>	<u>127</u>	<u>244</u>
At 31 December 2012	<u>487</u>	<u>502</u>	<u>989</u>

#### Hire purchase and finance lease agreements

Included within the net book value of £244,000 is £Nil (2012 - £42,000) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2012 - £Nil).

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 11. TANGIBLE FIXED ASSETS *(continued)*

<b>Company</b>	<b>Equipment £000</b>
<b>Cost or Valuation</b>	
At 1 January 2013	9
Additions	1
Disposals	—
<b>At 31 December 2013</b>	<b><u>10</u></b>
<b>Depreciation</b>	
At 1 January 2013	7
Charge for the year	1
On disposals	—
<b>At 31 December 2013</b>	<b><u>8</u></b>
<b>Net Book Value</b>	
<b>At 31 December 2013</b>	<b><u>2</u></b>
At 31 December 2012	<u>2</u>

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 12. INVESTMENTS

The company owns the subsidiary undertakings listed below:

Subsidiary undertaking	Country of Registration	Principal activity	Class and percentage of shares held
The Chase Creative Consultants Limited	UK	Graphic design	100% ordinary
Odyssey Interactive Limited t/a Interact	UK	Intranet provider	100% ordinary
Hasgrove UK Limited	UK	Dormant	100% ordinary
Landmarks SA	Belgium	Corporate design	100% ordinary
Amaze UK LLP	UK	Digital marketing software solutions and consultancy	100% profit share
Interact Intranet LLP	UK	Intranet provider	100% profit share due to Odyssey Interactive Limited
Amaze Digital Limited	UK	Dormant	100% ordinary
Chase Digital Limited	UK	Dormant	100% ordinary owned by The Chase Creative Consultants Limited
Amaze Public Relations Limited	UK	Dormant	100% ordinary

On 28 March 2013, the company disposed of Amaze plc for £15,302,731 before intercompany settlements and costs of disposal. During the year, the company acquired Amaze Public Relations Limited for £15,706 and Amaze Digital Limited for £200 both from Amaze plc.

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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Company	Group companies £000
<b>Cost</b>	
At 1 January 2013	12,339
Additions	16
Disposals	(6,242)
At 31 December 2013	<u>6,113</u>
<b>Net Book Value</b>	
At 31 December 2013	<u>6,113</u>
At 31 December 2012	<u>12,339</u>

#### 13. STOCKS

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Stock	10	45	–	–
	<u>10</u>	<u>45</u>	<u>–</u>	<u>–</u>

#### 14. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	2,182	4,344	19	24
Amounts owed by group undertakings			4,695	8,546
Other debtors	1,028	957	989	3
Prepayments and accrued income	297	375	5	58
	<u>3,507</u>	<u>5,676</u>	<u>5,708</u>	<u>8,632</u>

#### 15. CREDITORS: Amounts Falling due Within One Year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans	–	943	–	943
Trade creditors	460	1,739	71	24
Hire purchase and finance lease agreements	–	59	–	–
Other creditors including taxation and social security:				
Corporation tax	(42)	35	–	–
PAYE and social security	116	633	3	1
VAT	331	–	–	–
Other creditors	30	–	–	37
Deferred consideration	142	186	142	–
Accruals and deferred income	1,289	3,445	155	222
	<u>2,326</u>	<u>7,040</u>	<u>371</u>	<u>1,227</u>

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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#### 15. CREDITORS: Amounts Falling due Within One Year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
Bank loans	<u>–</u>	<u>943</u>	<u>–</u>	<u>943</u>

#### 16. CREDITORS: Amounts Falling due after More than One Year

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
Bank loans	<u>–</u>	<u>1,178</u>	<u>–</u>	<u>1,178</u>
	<u>–</u>	<u>1,178</u>	<u>–</u>	<u>1,178</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
Bank loans	<u>–</u>	<u>1,178</u>	<u>–</u>	<u>1,178</u>

#### 17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
Provision brought forward	<b>595</b>	856	–	–
Disposed of with subsidiary	<b>(512)</b>	(26)	–	–
Decrease in provision	<b>(28)</b>	(235)	–	–
Provision carried forward	<u><b>55</b></u>	<u>595</u>	<u>–</u>	<u>–</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

<b>Group</b>	<b>2013</b>	2012
	<b>Provided</b>	Provided
	<b>£000</b>	£000
Excess of taxation allowances over depreciation on fixed assets	<b>55</b>	(361)
Development costs timing differences	–	298
Goodwill timing differences	–	658
	<u><b>55</b></u>	<u>595</u>

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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#### 18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2013		2012	
	Land and buildings £000	Other items £000	Land and buildings £000	Other items £000
Operating leases which expire:				
Within 1 year	221	2	664	24
Within 2 to 5 years	77	3	1,479	17
In five years or more	—	—	2,230	—
	<u>298</u>	<u>5</u>	<u>4,373</u>	<u>41</u>

#### 19. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

#### 20. SHARE CAPITAL

##### Allotted and called up:

	2013		2012	
	No	£000	No	£000
Ordinary shares of £0.10 each	<u>11,354,173</u>	<u>1,135</u>	<u>23,463,372</u>	<u>2,346</u>

During the year, share options on 390,769 ordinary shares of £0.10 each were exercised at a price of £0.475 per share. On 4 July 2013, the company purchased and cancelled 12,499,968 ordinary shares of £0.10 each at a price of £0.82 per share.

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# Hasgrove Limited

## Notes to the Financial Statements

### Year Ended 31 December 2013

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#### 21. SHARE PREMIUM ACCOUNT

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
Balance brought forward	<b>15,079</b>	15,079	<b>15,079</b>	15,079
Issue of share capital	<b>128</b>	–	<b>128</b>	–
Share issue expense	<b>(51)</b>	–	<b>(51)</b>	–
Reduction in share premium	<b>(8,000)</b>	–	<b>(8,000)</b>	–
Balance carried forward	<b><u>7,156</u></b>	<u>15,079</u>	<b><u>7,156</u></b>	<u>15,079</u>

Under a special resolution passed on 3 July 2013, £8,000,000 standing to the credit of the share premium account was cancelled and distributed to revenue reserves.

#### 22. OTHER RESERVES CAPITAL REDEMPTION RESERVE

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Capital redemption reserve:</b>				
Balance brought forward	70	–	<b>70</b>	–
Purchase and cancellation of own shares	1,249	70	<b>1,249</b>	70
	<b><u>1,319</u></b>	<u>70</u>	<b><u>1,319</u></b>	<u>70</u>

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Translation reserve</b>				
Balance brought forward	(1)	–	–	–
Exchange differences on translation of foreign operations	<b>(4)</b>	(1)	–	–
Movement in year	<b><u>(5)</u></b>	<u>(1)</u>	<b><u>–</u></b>	<u>–</u>

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# Hasgrove Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

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### 23. GROUP PROFIT AND LOSS ACCOUNT

	2013 £000	2012 £000
Balance brought forward	(134)	(1,236)
Net profit for the year	1,998	1,520
Purchase and cancelation of own shares	(10,250)	(227)
Reduction in share premium	8,000	–
Credit to equity for equity-settled share-based payments	–	33
Dividend paid	(203)	(224)
Balance carried forward	<u>(590)</u>	<u>(134)</u>

### COMPANY PROFIT AND LOSS ACCOUNT

	2013 £000	2012 £000
Balance brought forward	1,325	(71)
Net profit for the year	4,813	1,814
Reduction in share premium	8,000	–
Purchase and calculation of own shares	(10,250)	(227)
Dividends paid	(203)	(224)
Share option charge	–	33
Balance carried forward	<u>3,685</u>	<u>1,325</u>

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000	2012 £000	2012 £000
Profit for the financial year		1,998		1,520
Net premium on new share capital subscribed	77		–	
Less capitalised from reserves	<u>38</u>	115	–	–
Credit to equity for equity-settled share-based payments			33	
Shares purchased and cancelled	(10,251)		(227)	
Equity dividends	<u>(203)</u>		(224)	
		(10,454)		(418)
Amortisation of issue expenses on non-equity shares				
Exchange differences on translation of foreign operations		(4)		(1)
Net (reduction)/addition to shareholders' funds		(8,345)		1,101
Opening shareholders' funds		<u>17,360</u>		<u>16,259</u>
Closing shareholders' funds		<u>9,015</u>		<u>17,360</u>

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