

COMPANIES HOUSE

COMPANY REGISTRATION NUMBER: 05247414

Hasgrove Limited
Financial Statements
For the Year Ended
31 December 2016



CHAMPION ACCOUNTANTS LLP

Chartered Accountants & statutory auditor
1 Worsley Court
High Street
Worsley
Manchester
M28 3NJ

Hasgrove Limited

Financial Statements

Year Ended 31 December 2016

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Hasgrove Limited

Officers and Professional Advisers

The Board of Directors

P A Sanders
G L F Taylor

Registered Office

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

Auditor

Champion Accountants LLP
Chartered Accountants & statutory auditor
1 Worsley Court
High Street
Worsley
Manchester
M28 3NJ

Hasgrove Limited

Strategic Report

Year Ended 31 December 2016

The directors present their strategic report of the group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the group during the year was the provision of intranet solutions.

OVERVIEW AND STRATEGY

The group's remaining operating subsidiaries, Odyssey Interactive Limited ('Odyssey') and its subsidiary Interact Intranet Inc, have continued to perform well following the decision at the beginning of 2015 to focus on subscription sales, where invoices are typically raised annually. In prior years the principal offering had been perpetual licensing, where total invoicing for the software is raised upfront. As a result the transition has had a short term impact on revenue and has resulted in an increase of accruals and deferred income.

However, the increase in committed sales orders has been encouraging and contracted future invoicing is constantly increasing. Sales orders in 2016 were £11,686k compared to £8,622k in 2015, an increase of 35% (2015: 55%).

The number of shares in issue at the end of the year was 6,900,297. In February 2017 there was a further buy-back of 298,387 shares which will be cancelled resulting in 6,601,910 shares.

OPERATIONAL REVIEW

Odyssey is a leading global supplier of intelligent social intranet software ('Interact Intranet') for businesses. Companies using Interact Intranet report improved efficiency, greater productivity, increased employee engagement, better decision-making and cost savings.

Odyssey delivered statutory revenues of £5.3m (2015: £5.1m) and operating losses before central costs of £461k (2015: operating profit of £224k). In 2016 deferred income increased by approximately £450k. In the year we also wrote-off £281k of Research & Development costs.

As indicated above the increase in revenue was reduced due to the continued deliberate move to the subscription offering which will be of benefit in both the medium and long term. It should also be noted that we continued to invest in product development, sales and marketing and our people. The number of total employees at the end of 2016 was 106 (2015: 85).

Interact continues to benefit from its entry into the US market and the growth of the enterprise social network marketplace. The number of US employees included in the total above is 21.

Interact Intranet Inc delivered statutory revenues of £1,913k in the year (2015: £308k) and an operating loss of £593k (2015: £441k).

FINANCIAL RESULTS

The results for the Group are presented based on the operations of Odyssey and its subsidiary Interact Intranet Inc.

The Group's revenue was £7,566k (2015: £5,827k) and the operating loss was £1,665k (2015: £533k). Loss before tax was £1,678k (2015: £562k). The group wrote-off £281k of Research & development costs in the year so that all historic costs are now written-off.

The Group's year end cash position was £1.5m (31 December 2015: £1.4m).

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.

Hasgrove Limited

Strategic Report *(continued)*

Year Ended 31 December 2016

This report was approved by the board of directors on 30 June 2017 and signed on behalf of the board by:



P A Sanders
Director

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

Hasgrove Limited

Directors' Report

Year Ended 31 December 2016

The directors present their report and the financial statements of the group for the year ended 31 December 2016.

Directors

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

P A Sanders
G L F Taylor

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Future developments

Future developments are detailed within the strategic report.

Directors' responsibilities statement

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 group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Hasgrove Limited

Directors' Report *(continued)*

Year Ended 31 December 2016

This report was approved by the board of directors on 30 June 2017 and signed on behalf of the board by:



P A Sanders
Director

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

Hasgrove Limited

Independent Auditor's Report to the Members of Hasgrove Limited

Year Ended 31 December 2016

We have audited the financial statements of Hasgrove Limited for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' 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 of the parent company's affairs as at 31 December 2016 and of the group's loss 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hasgrove Limited

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

Year Ended 31 December 2016

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.

Mark Turner FCA (Senior Statutory Auditor)

For and on behalf of
Champion Accountants LLP
Chartered Accountants & statutory auditor

1 Worsley Court
High Street
Worsley
Manchester
M28 3NJ

30 June 2017

Hasgrove Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	7,566,123	5,826,832
Cost of sales		<u>(5,385,171)</u>	<u>(3,437,803)</u>
Gross Profit		2,180,952	2,389,029
Administrative expenses		<u>(3,845,972)</u>	<u>(2,927,525)</u>
Other operating income	5	<u>-</u>	<u>5,602</u>
Operating Loss	6	(1,665,020)	(532,894)
Interest payable and similar expenses	10	<u>(12,873)</u>	<u>(29,719)</u>
Loss Before Taxation		(1,677,893)	(562,613)
Tax on loss	11	<u>433,309</u>	<u>(62,863)</u>
Loss for the Financial Year		<u>(1,244,584)</u>	<u>(625,476)</u>
Foreign currency retranslation		<u>10,877</u>	<u>-</u>
Total Comprehensive Income for the Year		<u>(1,233,707)</u>	<u>(625,476)</u>

All the activities of the group are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Hasgrove Limited

Consolidated Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed Assets			
Intangible assets	13	2,805,306	3,397,667
Tangible assets	14	259,591	224,118
		<u>3,064,897</u>	<u>3,621,785</u>
Current Assets			
Debtors	16	1,930,331	1,934,522
Cash at bank and in hand		1,469,792	1,479,401
		<u>3,400,123</u>	<u>3,413,923</u>
Creditors: amounts falling due within one year	17	<u>(3,405,994)</u>	<u>(2,348,517)</u>
Net Current (Liabilities)/Assets		<u>(5,871)</u>	<u>1,065,406</u>
Total Assets Less Current Liabilities		<u>3,059,026</u>	<u>4,687,191</u>
Provisions			
Taxation including deferred tax	18	380,628	(52,810)
Net Assets		<u>3,439,654</u>	<u>4,634,381</u>
Capital and Reserves			
Called up share capital	22	690,030	685,030
Share premium account	23	1,249,866	1,215,866
Capital redemption reserve	23	1,787,108	1,787,108
Foreign exchange translation reserve	23	10,877	—
Profit and loss account	23	(298,227)	946,377
Members Funds		<u>3,439,654</u>	<u>4,634,381</u>

These financial statements were approved by the board of directors and authorised for issue on 30 June 2017, and are signed on behalf of the board by:



P A Sanders
Director

Company registration number: 05247414

The notes on pages 14 to 26 form part of these financial statements.

Hasgrove Limited


Company Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed Assets			
Tangible assets	14	746	1,600
Investments	15	3,617,283	3,617,282
		<u>3,618,029</u>	<u>3,618,882</u>
Current Assets			
Debtors	16	1,182,035	902,935
Cash at bank and in hand		229,068	270,403
		<u>1,411,103</u>	<u>1,173,338</u>
Creditors: amounts falling due within one year	17	<u>(168,601)</u>	<u>(122,136)</u>
Net Current Assets		<u>1,242,502</u>	<u>1,051,202</u>
Total Assets Less Current Liabilities		<u>4,860,531</u>	<u>4,670,084</u>
Provisions			
Taxation including deferred tax	18	595	-
Net Assets		<u>4,861,126</u>	<u>4,670,084</u>
Capital and Reserves			
Called up share capital	22	690,030	685,030
Share premium account	23	1,249,866	1,215,866
Capital redemption reserve	23	1,787,108	1,787,108
Profit and loss account	23	1,134,122	982,080
Members Funds		<u>4,861,126</u>	<u>4,670,084</u>

The profit for the financial year of the parent company was £152,062 (2015: £4,494,282 loss).

These financial statements were approved by the board of directors and authorised for issue on 30 June 2017, and are signed on behalf of the board by:


P A Sanders
Director

Company registration number: 05247414

The notes on pages 14 to 26 form part of these financial statements.

Hasgrove Limited

Consolidated Statement of Changes in Equity

Year Ended 31 December 2016

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange translation reserve £	Profit and loss account £	Total £
At 1 January 2015	800,304	7,150,241	1,654,334	–	(3,279,307)	6,325,572
Loss for the year					(625,476)	(625,476)
Total Comprehensive Income for the Year	–	–	–	–	(625,476)	(625,476)
Issue of shares	17,500	65,625	–	–	–	83,125
Dividends paid and payable ¹²	–	–	–	–	(134,196)	(134,196)
Cancellation of subscribed capital	(132,774)	–	132,774	–	(1,014,644)	(1,014,644)
Conversion of debt to equity	–	(6,000,000)	–	–	6,000,000	–
Total Investments by and Distributions to Owners	(115,274)	(5,934,375)	132,774	–	4,851,160	(1,065,715)
At 31 December 2015	685,030	1,215,866	1,787,108	–	946,377	4,634,381
Loss for the year					(1,244,584)	(1,244,584)
Other comprehensive income for the year:						
Foreign currency retranslation	–	–	–	10,877	–	10,877
Total Comprehensive Income for the Year	–	–	–	10,877	(1,244,584)	(1,233,707)
Issue of shares	5,000	34,000	–	–	–	39,000
Dividends paid and payable ¹²	–	–	–	–	(20)	(20)
Total Investments by and Distributions to Owners	5,000	34,000	–	–	(20)	38,980
At 31 December 2016	<u>690,030</u>	<u>1,249,866</u>	<u>1,787,108</u>	<u>10,877</u>	<u>(298,227)</u>	<u>3,439,654</u>

The notes on pages 14 to 26 form part of these financial statements.

Hasgrove Limited

Company Statement of Changes in Equity

Year Ended 31 December 2016

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2015	800,304	7,150,241	1,654,334	625,202	10,230,081
Loss for the year				(4,494,282)	(4,494,282)
Total Comprehensive Income for the Year	-	-	-	(4,494,282)	(4,494,282)
Issue of shares	17,500	65,625	-	-	83,125
Dividends paid and payable 12	-	-	-	(134,196)	(134,196)
Cancellation of subscribed capital	(132,774)	-	132,774	(1,014,644)	(1,014,644)
Conversion of debt to equity	-	(6,000,000)	-	6,000,000	-
Total Investments by and Distributions to Owners	(115,274)	(5,934,375)	132,774	4,851,160	(1,065,715)
At 31 December 2015	685,030	1,215,866	1,787,108	982,080	4,670,084
Loss for the year				152,062	152,062
Total Comprehensive Income for the Year	-	-	-	152,062	152,062
Issue of shares	5,000	34,000	-	-	39,000
Dividends paid and payable 12	-	-	-	(20)	(20)
Total Investments by and Distributions to Owners	5,000	34,000	-	(20)	38,980
At 31 December 2016	<u>690,030</u>	<u>1,249,866</u>	<u>1,787,108</u>	<u>1,134,122</u>	<u>4,861,126</u>

The notes on pages 14 to 26 form part of these financial statements.

Hasgrove Limited

Consolidated Statement of Cash Flows

Year Ended 31 December 2016

	2016 £	2015 £
Cash Flows from Operating Activities		
Loss for the financial year	(1,244,584)	(625,476)
<i>Adjustments for:</i>		
Depreciation of tangible assets	79,627	60,449
Amortisation of intangible assets	592,361	280,660
Interest payable and similar expenses	12,873	29,719
Tax on loss	(433,309)	62,863
Accrued expenses	1,075,056	547,452
Foreign exchange movements	10,748	—
<i>Changes in:</i>		
Trade and other debtors	4,191	233,749
Trade and other creditors	(17,579)	(36,398)
Cash generated from operations	79,384	553,018
Interest paid	(12,873)	(29,719)
Net cash from operating activities	66,511	523,299
Cash Flows from Investing Activities		
Purchase of tangible assets	(115,100)	(101,758)
Net cash used in investing activities	(115,100)	(101,758)
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares	39,000	83,125
Purchase of own shares	—	(1,014,644)
Dividends paid	(20)	(134,196)
Net cash from/(used in) financing activities	38,980	(1,065,715)
Net Decrease in Cash and Cash Equivalents	(9,609)	(644,174)
Cash and Cash Equivalents at Beginning of Year	1,479,401	2,123,575
Cash and Cash Equivalents at End of Year	1,469,792	1,479,401

The notes on pages 14 to 26 form part of these financial statements.

Hasgrove Limited

Notes to the Financial Statements

Year Ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4th Floor, Station House, Stamford New Road, Altrincham, WA14 1EP, Cheshire.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Hasgrove Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting policies *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised in line with the provision of services based on work performed during the period where the outcome can be assessed with reasonable certainty. Where contracts involve the provision of more than one separable type of service or goods, revenue is attributed to the separable elements based on the fair value of the goods or services. For maintenance support income, only that proportion of revenue is recognised which relates to the part of the maintenance period falling within the financial period. Income recognised in turnover but not invoiced at the period end is recorded in prepayments and accrued income within debtors. Where invoices are raised in advance of the provision of services they are recorded as accruals and deferred income in creditors.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting policies *(continued)*

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful 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.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

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

Goodwill	-	10% straight line
Development costs	-	25% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Long leasehold property	-	10% straight line
Equipment	-	20% reducing balance

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	<u>7,566,123</u>	<u>5,826,832</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016	2015
	£	£
United Kingdom	6,096,473	3,933,139
Overseas	1,469,650	1,893,693
	<u>7,566,123</u>	<u>5,826,832</u>

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

5. Other operating income

	2016	2015
	£	£
Other operating income - profit on disposal of subsidiaries	<u>-</u>	<u>5,602</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	592,361	280,660
Depreciation of tangible assets	79,627	60,449
Impairment of trade debtors	30,000	1
Operating lease rentals	209,620	148,860
Foreign exchange differences	<u>(176,574)</u>	<u>(112,781)</u>

7. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>12,000</u>	<u>12,000</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Administrative staff	4	4
Management staff	2	2
Number of direct staff	<u>94</u>	<u>81</u>
	<u>100</u>	<u>87</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	4,458,872	3,041,198
Social security costs	365,067	459,261
Other pension costs	79,000	5,579
	<u>4,902,939</u>	<u>3,506,038</u>

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	186,000	180,000
Company contributions to defined contribution pension plans	79,000	-
	<u>265,000</u>	<u>180,000</u>

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

10. Interest payable and similar expenses

	2016	2015
	£	£
Interest on banks loans and overdrafts	<u>12,873</u>	<u>29,719</u>

11. Tax on loss

Major components of tax (income)/expense

	2016	2015
	£	£
Deferred tax:		
Origination and reversal of timing differences	<u>(433,309)</u>	62,863
Tax on loss	<u>(433,309)</u>	<u>62,863</u>

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016	2015
	£	£
Loss on ordinary activities before taxation	<u>(1,677,893)</u>	<u>(562,613)</u>
Loss on ordinary activities by rate of tax	<u>(335,578)</u>	(114,739)
Effect of expenses not deductible for tax purposes	8,822	6,833
Effect of capital allowances and depreciation	59,781	12,785
Effect of different UK tax rates on some earnings	118,670	99,142
Utilisation of tax losses	-	(4,021)
Unused tax losses	<u>(285,004)</u>	-
Deferred tax	-	62,863
Tax on loss	<u>(433,309)</u>	<u>62,863</u>

12. Dividends

	2016	2015
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>20</u>	<u>134,196</u>

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

13. Intangible assets

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 Jan 2016 and 31 Dec 2016	<u>3,117,007</u>	<u>1,887,993</u>	<u>5,005,000</u>
Amortisation			
At 1 January 2016	–	1,607,333	1,607,333
Charge for the year	311,701	280,660	592,361
At 31 December 2016	<u>311,701</u>	<u>1,887,993</u>	<u>2,199,694</u>
Carrying amount			
At 31 December 2016	<u>2,805,306</u>	–	<u>2,805,306</u>
At 31 December 2015	<u>3,117,007</u>	<u>280,660</u>	<u>3,397,667</u>

The company has no intangible assets.

14. Tangible assets

Group	Land and buildings £	Equipment £	Total £
Cost			
At 1 January 2016	182,251	362,105	544,356
Additions	375	114,725	115,100
At 31 December 2016	<u>182,626</u>	<u>476,830</u>	<u>659,456</u>
Depreciation			
At 1 January 2016	103,925	216,313	320,238
Charge for the year	18,244	61,383	79,627
At 31 December 2016	<u>122,169</u>	<u>277,696</u>	<u>399,865</u>
Carrying amount			
At 31 December 2016	<u>60,457</u>	<u>199,134</u>	<u>259,591</u>
At 31 December 2015	<u>78,326</u>	<u>145,792</u>	<u>224,118</u>

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

14. Tangible assets *(continued)*

Company	Equipment £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>11,480</u>
Depreciation	
At 1 January 2016	9,880
Charge for the year	854
At 31 December 2016	<u>10,734</u>
Carrying amount	
At 31 December 2016	<u>746</u>
At 31 December 2015	<u>1,600</u>

15. Investments

The group has no investments.

Company	Other investments other than loans £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>3,617,283</u>
Impairment	
At 1 Jan 2016 and 31 Dec 2016	<u>—</u>
Carrying amount	
At 1 Jan 2016 and 31 Dec 2016	<u>3,617,283</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Odyssey Interactive Limited t/a Interact	ordinary	100
Hasgrove UK Limited	ordinary	100
Amaze UK LLP	profit share	100
	profit share due to Odyssey	
Interact Intranet LLP	Interactive Limited	100
Amaze Digital Limited	ordinary	100
Amaze Public Relations Limited	ordinary	100
Interact Intranet Inc	ordinary	100

Hasgrove Limited

Notes to the Financial Statements (continued)

Year Ended 31 December 2016

16. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	1,647,081	1,713,144	-	-
Amounts owed by group undertakings	-	-	1,094,717	737,917
Prepayments and accrued income	196,142	56,059	210	594
Directors loan account	39,000	-	39,000	-
Other debtors	48,108	165,319	48,108	164,424
	<u>1,930,331</u>	<u>1,934,522</u>	<u>1,182,035</u>	<u>902,935</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	99,310	144,597	(3,496)	2,054
Accruals and deferred income	2,937,588	1,862,532	94,838	48,037
Social security and other taxes	341,136	313,428	49,299	44,085
Other creditors	27,960	27,960	27,960	27,960
	<u>3,405,994</u>	<u>2,348,517</u>	<u>168,601</u>	<u>122,136</u>

18. Provisions

Group	Deferred tax (note 19) £
At 1 January 2016	52,810
Additions	(433,438)
At 31 December 2016	(380,628)
Company	Deferred tax (note 19) £
At 1 January 2016	-
Additions	(595)
At 31 December 2016	(595)

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 18)	<u>(380,628)</u>	<u>52,810</u>	<u>(595)</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	7,899	52,810	(595)	-
Unused tax losses	<u>(388,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(380,628)</u>	<u>52,810</u>	<u>(595)</u>	<u>-</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £79,000 (2015: £5,579).

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2016	2015
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>4,725,602</u>	<u>3,307,468</u>

Financial liabilities measured at amortised cost

	Group	
	2016	2015
	£	£
Financial liabilities measured at amortised cost	<u>1,257,018</u>	<u>2,262,044</u>

Hasgrove Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

22. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.10 each	<u>6,900,297</u>	<u>690,030</u>	<u>6,850,297</u>	<u>685,030</u>

Share movements

	No.	£
Ordinary		
At 1 January 2016	6,850,297	685,030
Issue of shares under share options	50,000	5,000
At 31 December 2016	<u>6,900,297</u>	<u>690,030</u>

23. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	140,480	6,814	-	-
Later than 1 year and not later than 5 years	302,831	129,320	-	-
	<u>443,311</u>	<u>136,134</u>	<u>-</u>	<u>-</u>

