Company Registration No. 05247414 (England and Wales)

HASGROVE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

HASGROVE LIMITED

COMPANY INFORMATION

Directors	P Sanders G Taylor
Company number	05247414
Registered office	4th Floor Station House Stamford New Road Altrincham Cheshire WA14 1EP
Auditor	Champion Accountants LLP 1 Worsley Court High Street Worsley Manchester M28 3NJ

HASGROVE LIMITED

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HASGROVE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Principal Activities
The principal activity of the company during the year is the development and sale of intranet software and the provision of related professional services. Over the last three years there has been a significant shift in development and sales from on premise software to Software as a Service ("SaaS").

Overview and Strategy
Over the reporting period the group's remaining operating companies, Odyssey Interactive Limited and its US subsidiary Interact Intranet, Inc. (together 'Interact'), have delivered significant growth in bookings (sales orders) and gross profit whilst also delivering significant strategic progress.

Interact has continued to perform extremely well following the decision at the beginning of 2015 to focus on subscription sales, where invoices are typically raised annually and the revenue recognised on a daily basis. In prior years the principal offering had been perpetual licensing, where total invoicing for the software is raised and recognised 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, which will be recognised for statutory purposes in future periods.

The increase in contracted sales orders has been very encouraging and future committed invoicing is constantly increasing. Sales orders in 2017 were £15,377k compared to £11,686k in 2016, an increase of 32% (2016: 35%)

At the beginning of 2018 the amount of contracted revenue, including deferred income, to be recognised in the future was in excess of £23.0m. A significant benefit with annual subscription SaaS invoicing is that reported revenue increases significantly from three years after the switch to SaaS.

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 in issue.

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.

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

Odyssey delivered revenues of £6.6m (2016: £5.0m) and operating profits before management charges of £605k (2016: operating losses before central costs of £814k).

Interact Intranet, Inc. delivered statutory revenues of £3.0m in the year (2016: £1.9m) and an operating profit of £112k (2016: loss £719k).

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.

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 at year end was 21.

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 £9,576k (2016: £7,566k) and the operating profit was £326k (2016: operating loss £2,131k). Profit before tax was £323k (2016: Loss £2,144k). After foreign exchange gains, Total comprehensive income was £433k (2016: Loss £1,643k).

The Group's year end cash position was £2.4m (31 December 2016: £1.5m).

On behalf of the board

P Sanders
Director
16 August 2018

The directors present their annual report and financial statements for the year ended 31 December 2017.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Sanders
G Taylor

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £126,400. The directors do not recommend payment of a further dividend.

Auditor
The auditor, Champion Accountants LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual 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 company, and of 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 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 and company 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 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

P Sanders
Director
16 August 2018

HASGROVE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HASGROVE LIMITED

Opinion

We have audited the financial statements of Hasgrove Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of 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 the parent company's affairs as at 31 December 2017 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.

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 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, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 our 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 the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

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, 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 the 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Mark Turner FCA (Senior Statutory Auditor)
for and on behalf of Champion Accountants LLP

16 August 2018

Chartered Accountants
Statutory Auditor

1 Worsley Court
High Street
Worsley
Manchester
M28 3NJ

HASGROVE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 as restated £
Turnover	3	9,575,990	7,100,018
Cost of sales		(5,140,243)	(5,385,171)
Gross profit		4,435,747	1,714,847
Administrative expenses		(4,109,431)	(3,845,973)
Operating profit/(loss)	4	326,316	(2,131,126)
Interest payable and similar expenses	8	(13,275)	(12,873)
Profit/(loss) before taxation		313,041	(2,143,999)
Tax on profit/(loss)	9	9,838	501,290
Profit/(loss) for the financial year		322,879	(1,642,709)
Other comprehensive income			
Currency translation differences		110,251	-
Total comprehensive income for the year		433,130	(1,642,709)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company,

HASGROVE LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 as restated £	2016 as restated £
Fixed assets					
Goodwill	11		2,493,605		2,805,306
Tangible assets	12		236,735		259,592
			2,730,340		3,064,898
Current assets					
Debtors	16	2,714,879		1,930,331	
Cash at bank and in hand		2,418,490		1,469,792	
		5,133,369		3,400,123	
Creditors: amounts falling due within one year	17	(5,430,209)		(3,872,099)	
Net current liabilities			(296,840)		(471,976)
Total assets less current liabilities			2,433,500		2,592,922
Provisions for liabilities	18		458,447		448,609
Net assets			2,891,947		3,041,531
Capital and reserves					
Called up share capital	19		660,591		690,030
Share premium account			1,249,866		1,249,866
Capital redemption reserve			1,816,547		1,787,108
Other reserves			32,799		10,878
Profit and loss reserves			(867,856)		(696,351)
Total equity			2,891,947		3,041,531

The financial statements were approved by the board of directors and authorised for issue on 16 August 2018 and are signed on its behalf by:

PS

P Sanders
Director

HASGROVE LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	12		245		746
Investments	13		3,617,283		3,617,283
			3,617,528		3,618,029
Current assets					
Debtors	16	982,487		1,182,035	
Cash at bank and in hand		19,921		229,068	
		1,002,408		1,411,103	
Creditors: amounts falling due within one year	17	(329,395)		(168,601)	
Net current assets			673,013		1,242,502
Total assets less current liabilities			4,290,541		4,860,531
Provisions for liabilities	18		595		595
Net assets			4,291,136		4,861,126
Capital and reserves					
Called up share capital	19		660,591		690,030
Share premium account			1,249,866		1,249,866
Capital redemption reserve			1,816,547		1,787,108
Profit and loss reserves			564,132		1,134,122
Total equity			4,291,136		4,861,126

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 year was £75,606 (2016 - £152,062 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 August 2018 and are signed on its behalf by:

P Sanders
Director

Company Registration No. 05247414

HASGROVE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
		£	£	£	£	£	£
As restated for the period ended 31 December 2016:							
Balance at 1 January 2016		685,030	1,215,866	1,787,108	-	946,378	4,634,382
As restated		685,030	1,215,866	1,787,108	-	946,378	4,634,382
Year ended 31 December 2016:							
Loss and total comprehensive income for the year		-	-	-	-	(1,642,709)	(1,642,709)
Issue of share capital	19	5,000	34,000	-	-	-	39,000
Dividends	10	-	-	-	-	(20)	(20)
Transfers		-	-	-	10,878	-	10,878
Balance at 31 December 2016		690,030	1,249,866	1,787,108	10,878	(696,351)	3,041,531
Year ended 31 December 2017:							
Profit for the year		-	-	-	-	322,879	322,879
Other comprehensive income:							
Currency translation differences on overseas subsidiaries		-	-	-	-	110,251	110,251
Total comprehensive income for the year		-	-	-	-	433,130	433,130
Dividends	10	-	-	-	-	(126,400)	(126,400)
Own shares acquired		-	-	-	-	(367,984)	(367,984)
Transfers		-	-	-	21,921	(110,251)	(88,330)
Other movements		(29,439)	-	29,439	-	-	-
Balance at 31 December 2017		660,591	1,249,866	1,816,547	32,799	(867,856)	2,891,947

HASGROVE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2016:						
Balance at 1 January 2016		685,030	1,215,866	1,787,108	982,080	4,670,084
As restated		685,030	1,215,866	1,787,108	982,080	4,670,084
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	152,062	152,062
Issue of share capital	19	5,000	34,000	-	-	39,000
Dividends	10	-	-	-	(20)	(20)
Balance at 31 December 2016		690,030	1,249,866	1,787,108	1,134,122	4,861,126
Year ended 31 December 2017:						
Loss and total comprehensive income for the year		-	-	-	(75,606)	(75,606)
Dividends	10	-	-	-	(126,400)	(126,400)
Own shares acquired		-	-	-	(367,984)	(367,984)
Other movements		(29,439)	-	29,439	-	-
Balance at 31 December 2017		660,591	1,249,866	1,816,547	564,132	4,291,136

HASGROVE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	**24**		1,536,324		79,384
Interest paid			(13,275)		(12,873)
Income taxes refunded/(paid)			3		-
Net cash inflow from operating activities			1,523,052		66,511
Investing activities					
Purchase of tangible fixed assets		(79,970)		(115,100)	
Net cash used in investing activities			(79,970)		(115,100)
Financing activities					
Proceeds from issue of shares		-		39,000	
Purchase of treasury shares		(367,984)		-	
Dividends paid to equity shareholders		(126,400)		(20)	
Net cash (used in)/generated from financing activities			(494,384)		38,980
Net increase/(decrease) in cash and cash equivalents			948,698		(9,609)
Cash and cash equivalents at beginning of year			1,469,792		1,479,401
Cash and cash equivalents at end of year			2,418,490		1,469,792

HASGROVE LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		285,418		(379,528)
Interest paid			(181)		(192)
Income taxes paid			-		(595)
Net cash inflow/(outflow) from operating activities			285,237		(380,315)
Investing activities					
Dividends received		-		300,000	
Net cash (used in)/generated from investing activities			-		300,000
Financing activities					
Proceeds from issue of shares		-		39,000	
Purchase of treasury shares		(367,984)		-	
Dividends paid to equity shareholders		(126,400)		(20)	
Net cash (used in)/generated from financing activities			(494,384)		38,980
Net decrease in cash and cash equivalents			(209,147)		(41,335)
Cash and cash equivalents at beginning of year			229,068		270,403
Cash and cash equivalents at end of year			19,921		229,068

1 Accounting policies

Company information

Hasgrove Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 4th Floor, Station House, Stamford New Road, Altrincham, Cheshire, WA14 1EP.

The group consists of Hasgrove Limited and all of its subsidiaries.

1.1 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.

The financial statements are prepared in 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Hasgrove Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. 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 on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.4 Turnover

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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation 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:

Development costs	25% straight line

1.7 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 recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line
Fixtures and fittings	20% reducing balance
Computers	33% reducing balance

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 at bank and in hand

Cash at bank and in hand 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 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 balance sheet 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 payments 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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 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 period 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.

1.14 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.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1 Accounting policies **(Continued)**

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2017	2016
	£	£
Turnover analysed by class of business		
Rendering of services	9,575,990	7,100,018

	2017	2016
	£	£
Turnover analysed by geographical market		
United Kingdom	5,334,597	5,630,368
Overseas	4,241,393	1,469,650
	9,575,990	7,100,018

4 Operating profit/(loss)

	2017	2016
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,830	(176,574)
Depreciation of owned tangible fixed assets	103,004	79,627
Amortisation of intangible assets	311,701	592,361
Operating lease charges	261,498	209,620

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £3,830 (2016 - £176,574).

5 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	12,000	8,250
Audit of the financial statements of the company's subsidiaries	8,000	3,750
	20,000	12,000

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2017	2016	Company 2017	2016
	Number	Number	Number	Number
Administrative	4	4	-	-
Direct	98	94	-	-
Management	2	2	2	2
	104	100	2	2

Their aggregate remuneration comprised:

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Wages and salaries	5,829,122	4,458,872	185,169	186,000
Social security costs	381,393	365,067	23,302	23,429
	6,210,515	4,823,939	208,471	209,429

7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	185,169	186,000
Pensions to former directors	-	79,000
	185,169	265,000

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,275	12,873

9 Taxation

	2017	2016
	£	£
Deferred tax		
Origination and reversal of timing differences	(9,838)	(501,290)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit/(loss) before taxation	313,041	(2,143,999)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	59,478	(428,800)
Tax effect of expenses that are not deductible in determining taxable profit	69,342	8,823
Unutilised tax losses carried forward	-	(285,004)
Change in unrecognised deferred tax assets	14,365	-
Effect of change in corporation tax rate	29,132	-
Amortisation on assets not qualifying for tax allowances	-	59,781
Effect of overseas tax rates	(56,024)	143,910
Deferred tax adjustments in respect of prior years	(126,131)	-
Taxation credit for the year	(9,838)	(501,290)

10 Dividends

	2017	2016
	£	£
Final paid	126,400	20

11 Intangible fixed assets

Group	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 January 2017 and 31 December 2017	3,117,007	1,887,992	5,004,999
Amortisation and impairment			
At 1 January 2017	311,701	1,887,992	2,199,693
Amortisation charged for the year	311,701	-	311,701
At 31 December 2017	623,402	1,887,992	2,511,394
Carrying amount			
At 31 December 2017	2,493,605	-	2,493,605
At 31 December 2016	2,805,306	-	2,805,306

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

12 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2017	182,626	68,079	408,751	659,456
Additions	-	1,506	78,464	79,970
Exchange adjustments	-	-	177	177
At 31 December 2017	182,626	69,585	487,392	739,603
Depreciation and impairment				
At 1 January 2017	122,169	39,255	238,440	399,864
Depreciation charged in the year	15,791	6,066	81,147	103,004
At 31 December 2017	137,960	45,321	319,587	502,868
Carrying amount				
At 31 December 2017	44,666	24,264	167,805	236,735
At 31 December 2016	60,457	28,824	170,311	259,592

12 Tangible fixed assets **(Continued)**

Company	Computers
	£
Cost	
At 1 January 2017 and 31 December 2017	11,480
Depreciation and impairment	
At 1 January 2017	10,734
Depreciation charged in the year	501
At 31 December 2017	11,235
Carrying amount	
At 31 December 2017	245
At 31 December 2016	746

13 Fixed asset investments

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	3,617,283	3,617,283

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2017 and 31 December 2017	3,617,283
Carrying amount	
At 31 December 2017	3,617,283
At 31 December 2016	3,617,283

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Odyssey Interactive Limited	England	Intranet solutions	Ordinary	100.00	-
Hasgrove UK Limited	England	Dormant	Ordinary	100.00	-
Interact Intranet Inc	USA	Intranet solutions	Ordinary	-	100.00
Interact Intranet LLP	England	Intranet solutions	Member	-	100.00
Amaze UK LLP	England	Dormant	Member	100.00	-
Amaze Digital Ltd	England	Dormant	Ordinary	100.00	-
Amaze Public Relations Limited	England	Dormant	Ordinary	100.00	-

15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,939,446	1,734,189	982,277	1,181,825
Carrying amount of financial liabilities				
Measured at amortised cost	5,088,532	3,530,963	282,496	119,302

16 Debtors

Amounts falling due within one year:	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade debtors	1,916,540	1,647,081	-	-
Amounts owed by group undertakings	-	-	982,277	1,094,717
Other debtors	22,906	87,108	-	87,108
Prepayments and accrued income	775,433	196,142	210	210
	2,714,879	1,930,331	982,487	1,182,035

17 Creditors: amounts falling due within one year

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Trade creditors	91,444	99,310	(4,099)	(3,496)
Other taxation and social security	341,677	341,136	46,899	49,299
Other creditors	200,000	-	200,000	-
Accruals and deferred income	4,797,088	3,431,653	86,595	122,798
	5,430,209	3,872,099	329,395	168,601

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	10,870	7,899
Tax losses	(469,317)	(456,508)
	(458,447)	(448,609)

Company	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	(595)	(595)

Movements in the year:	Group 2017 £	Company 2017 £
Liability/(asset) at 1 January 2017	(448,609)	(595)
Credit to profit or loss	(38,970)	-
Effect of change in tax rate - profit or loss	29,132	-
Liability/(asset) at 31 December 2017	(458,447)	(595)

19 Share capital

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
6,605,910 Ordinary of 10p each	660,591	690,030

20 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.

21 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	132,542	140,480	-	-
Between two and five years	173,385	302,831	-	-
	305,927	443,311	-	-

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	185,167	186,000

Transactions with related parties

The group takes advantage of Para 33.1A of FRS 102 exempting it to disclosure transactions within a 100% owned group whose accounts are consolidated.

22 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	**2017**	**2016**
	£	**£**
Group		
Other related parties	200,000	-

During the year the company drew down on a loan facility with a company with an associated Director as detailed above.

23 Directors' transactions

During the previous period a loan was made to a director which has subsequently been repaid in the current period. No interest was charged on this short term loan.

Description	**% Rate**	**Opening balance**	**Amounts repaid**	**Closing balance**
		£	**£**	**£**
Short term loan	-	39,000	(39,000)	-
		39,000	(39,000)	-

24 Cash generated from group operations

	2017	**2016**
	£	**£**
Profit/(loss) for the year after tax	322,879	(1,642,709)
Adjustments for:		
Taxation credited	(9,838)	(501,290)
Finance costs	13,275	12,873
Amortisation and impairment of intangible assets	311,701	592,361
Depreciation and impairment of tangible fixed assets	103,004	79,627
Foreign exchange gains on cash equivalents	21,921	10,748
Movements in working capital:		
(Increase)/decrease in debtors	(784,548)	4,191
Increase in creditors	1,557,930	1,523,583
Cash generated from operations	1,536,324	79,384

24 Cash generated from operations - company

	2017	2016
	£	£
(Loss)/profit for the year after tax	(75,606)	152,062
Adjustments for:		
Finance costs	181	192
Investment income	-	(300,000)
Depreciation and impairment of tangible fixed assets	501	854
Movements in working capital:		
Decrease/(increase) in debtors	199,548	(279,101)
Increase in creditors	160,794	46,465
Cash generated from/(absorbed by) operations	285,418	(379,528)

26 Prior period adjustment

Changes to the balance sheet - group

	At 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Creditors due within one year			
Other creditors	(3,064,858)	(466,105)	(3,530,963)
Provisions for liabilities			
Deferred tax	380,628	67,981	448,609
Net assets	3,439,655	(398,124)	3,041,531
Capital and reserves			
Profit and loss	(298,227)	(398,124)	(696,351)
Total equity	3,439,655	(398,124)	3,041,531

26 Prior period adjustment **(Continued)**

Changes to the profit and loss account - group

	Period ended 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Turnover	7,566,123	(466,105)	7,100,018
Taxation	433,309	67,981	501,290
Loss for the financial period	(1,244,585)	(398,124)	(1,642,709)

Since the switch to subscription invoicing in 2015 the Board decided that 25% of the annual invoice would be recognised upfront with the balance spread on a daily basis over the twelve months of the contract. This was appropriate to reflect the initial time and effort spent following a significant change in the company's offering to Software as a service ("SaaS"). However, after three years the company has now fully transitioned to SaaS in relation to new business and the Board now believes that it is appropriate to recognise revenue from each subscription invoice on a straight line basis with no element recognised upfront. This has resulted in a prior adjustment.