

Company Registration No. 03275461 (England and Wales)

**ODYSSEY INTERACTIVE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

# ODYSSEY INTERACTIVE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P Sanders R McCourty G Taylor	(Appointed 13 December 2017)
<b>Company number</b>	03275461	
<b>Registered office</b>	4th Floor Station House Stamford New Road Altrincham Cheshire WA14 1EP	
<b>Auditor</b>	Champion Accountants LLP 1 Worsley Court High Street Worsley Manchester M28 3NJ	

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# ODYSSEY INTERACTIVE LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 21

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# ODYSSEY INTERACTIVE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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

#### Overview and Strategy

Over the reporting period, Odyssey Interactive Limited ('Interact'), has 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 a subscription revenue model, where invoices are typically raised annually. Bookings are generally for a three-year commitment with the ability to renew.

In prior years the principal offering had been perpetual licencing, where invoicing for the software is raised and recognised upfront. Accordingly the transition has had a short term impact on revenue and has resulted in an increase of deferred income, which will be recognised for accounting purposes in future years.

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 to be recognised in the future, including deferred income, 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.

#### 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 senior management team are closely involved in the business 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 digital workplace software for businesses. Companies using Interact report improved efficiency, greater productivity, increased employee engagement, better decision-making and cost savings.

Interact delivered revenues of £6.6m (2016: £5.0m) and operating profits before management charges of £605k (2016: operating losses before central costs of £814k). In 2017 deferred income on invoicing increased by approximately £750k.

Interact and its US subsidiary are free from debt and at the end of 2017 had £2,419k in cash (2016: £1,470k). The business continues to be cash generative.

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, via its 100% subsidiary, and the growth of the enterprise social network marketplace. The number of US employees at the end of 2017 was 21 with plans for significant expansion in sales and marketing.

On behalf of the board

P Sanders

**Director**

16 August 2018

# ODYSSEY INTERACTIVE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their annual report and financial statements 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").

#### 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

R McCourty

N Danson

G Taylor

(Resigned 16 June 2017)

(Appointed 13 December 2017)

#### 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 company and of the profit or loss of the company 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;
- 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.

## **ODYSSEY INTERACTIVE LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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#### **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 company's auditor 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 company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

P Sanders

**Director**

16 August 2018

# ODYSSEY INTERACTIVE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ODYSSEY INTERACTIVE LIMITED

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#### Opinion

We have audited the financial statements of Odyssey Interactive Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 December 2017 and of its 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 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.

# **ODYSSEY INTERACTIVE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ODYSSEY INTERACTIVE LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

#### **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 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 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

# ODYSSEY INTERACTIVE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	as restated £
<b>Turnover</b>	<b>3</b>	6,575,099	4,960,421
Cost of sales		(3,685,278)	(3,334,513)
<b>Gross profit</b>		2,889,821	1,625,908
Administrative expenses		(2,760,383)	(2,884,803)
Other operating income		283,503	257,730
<b>Operating profit/(loss)</b>	<b>4</b>	412,941	(1,001,165)
Interest payable and similar expenses	<b>6</b>	(7,519)	(12,681)
<b>Profit/(loss) before taxation</b>		405,422	(1,013,846)
Tax on profit/(loss)	<b>7</b>	9,838	501,290
<b>Profit/(loss) for the financial year</b>		415,260	(512,556)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# ODYSSEY INTERACTIVE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		224,940		246,891
Investments	11		76,423		76,423
			<u>301,363</u>		<u>323,314</u>
<b>Current assets</b>					
Debtors	14	2,937,694		2,683,845	
Cash at bank and in hand		1,629,325		951,393	
		<u>4,567,019</u>		<u>3,635,238</u>	
<b>Creditors: amounts falling due within one year</b>	15	(4,633,434)		(4,129,026)	
<b>Net current liabilities</b>			<u>(66,415)</u>		<u>(493,788)</u>
<b>Total assets less current liabilities</b>			<u>234,948</u>		<u>(170,474)</u>
<b>Provisions for liabilities</b>			<u>457,852</u>		<u>448,014</u>
<b>Net assets</b>			<u><u>692,800</u></u>		<u><u>277,540</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		770		770
Share premium account			99,770		99,770
Profit and loss reserves			592,260		177,000
<b>Total equity</b>			<u><u>692,800</u></u>		<u><u>277,540</u></u>

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. 03275461

# ODYSSEY INTERACTIVE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 December 2016:</b>					
<b>Balance at 1 January 2016</b>		770	99,770	989,556	1,090,096
<b>As restated</b>		770	99,770	989,556	1,090,096
<b>Year ended 31 December 2016:</b>					
Loss and total comprehensive income for the year		-	-	(512,556)	(512,556)
Dividends	8	-	-	(300,000)	(300,000)
<b>Balance at 31 December 2016</b>		770	99,770	177,000	277,540
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	415,260	415,260
<b>Balance at 31 December 2017</b>		770	99,770	592,260	692,800

# ODYSSEY INTERACTIVE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23		762,199		223,644
Interest paid			(7,519)		(12,681)
<b>Net cash inflow from operating activities</b>			754,680		210,963
<b>Investing activities</b>					
Purchase of tangible fixed assets		(76,748)		(103,145)	
Purchase of subsidiaries		-		(65,423)	
<b>Net cash used in investing activities</b>			(76,748)		(168,568)
<b>Financing activities</b>					
Dividends paid		-		(300,000)	
<b>Net cash used in financing activities</b>			-		(300,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>			677,932		(257,605)
Cash and cash equivalents at beginning of year			951,393		1,208,998
<b>Cash and cash equivalents at end of year</b>			1,629,325		951,393

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 Accounting policies**

#### **Company information**

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

#### **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.

These financial statements for the year ended 31 December 2017 are the first financial statements of Odyssey Interactive Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2016. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### **1.2 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.

#### **1.3 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.

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.

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.4 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
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#### 1.5 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, fittings & equipment	20% reducing balance
Computer equipment	33% reducing balance

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 credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company 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.

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 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.

#### 1.8 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.

#### 1.9 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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.

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.10 Equity instruments

Equity instruments issued by the company 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 company.

#### 1.11 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 company'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 when the company has 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.

#### 1.12 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.

#### 1.13 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.

#### 1.14 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.

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Deferred income

Revenue relating to providing intranet services is recognised on a straight line basis over the agreed contract period. Previously it was estimated that a proportion of the cost of providing this service was an up-front cost relating to setup. However, as the nature of this service is developing over time into more subscription based revenue, the Directors now deem it more appropriate to recognise 100% of the revenue on a straight line basis over the duration of the subscription. The effect of this change in accounting estimate can be seen at note 24.

### 3 Turnover and other revenue

	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	4,708,400	3,330,162
Overseas	1,866,699	1,630,259
	<u>6,575,099</u>	<u>4,960,421</u>

### 4 Operating profit/(loss)

	2017 £	2016 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	9,759	(127,380)
Depreciation of owned tangible fixed assets	98,699	78,773
Amortisation of intangible assets	-	280,660
Operating lease charges	<u>109,969</u>	<u>121,564</u>

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 £9,759 (2016 - £127,380).

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Employees

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

	2017 Number	2016 Number
Administrative	4	4
Direct	77	73
	<u>81</u>	<u>77</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,798,706	3,666,184
Social security costs	358,091	341,638
	<u>4,156,797</u>	<u>4,007,822</u>

### 6 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,519	12,681
	<u>7,519</u>	<u>12,681</u>

### 7 Taxation

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

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Taxation

(Continued)

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

	2017 £	2016 £
Profit/(loss) before taxation	405,422	(1,013,846)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	77,030	(202,769)
Tax effect of expenses that are not deductible in determining taxable profit	10,131	8,822
Unutilised tax losses carried forward	-	(367,124)
Adjustments in respect of prior years	-	3,649
Effect of change in corporation tax rate	29,132	-
Amortisation on assets not qualifying for tax allowances	-	56,132
Deferred tax adjustments in respect of prior years	(126,131)	-
Taxation credit for the year	(9,838)	(501,290)

### 8 Dividends

	2017 £	2016 £
Final paid	-	300,000

### 9 Intangible fixed assets

	Development Costs £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	1,887,992
<b>Amortisation and impairment</b>	
At 1 January 2017 and 31 December 2017	1,887,992
<b>Carrying amount</b>	
At 31 December 2017	-
At 31 December 2016	-

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2017	182,626	68,079	385,316	636,021
Additions	-	1,506	75,242	76,748
At 31 December 2017	182,626	69,585	460,558	712,769
<b>Depreciation and impairment</b>				
At 1 January 2017	122,169	39,255	227,706	389,130
Depreciation charged in the year	15,791	6,066	76,842	98,699
At 31 December 2017	137,960	45,321	304,548	487,829
<b>Carrying amount</b>				
At 31 December 2017	44,666	24,264	156,010	224,940
At 31 December 2016	60,457	28,824	157,610	246,891

### 11 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	12	76,423	76,423

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2017 & 31 December 2017	76,423
<b>Carrying amount</b>	
At 31 December 2017	76,423
At 31 December 2016	76,423

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 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	Indirect
Interact Intranet Inc	USA	Intranet Solutions	Ordinary	100.00	-
Interact Intranet LLP	England & Wales	Intranet Solutions	Member	100.00	-

### 13 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,575,495	2,522,873
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	4,339,231	1,580,225

### 14 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,421,366	1,325,560
Amounts owed by group undertakings	1,154,129	1,197,313
Prepayments and accrued income	362,199	160,972
	2,937,694	2,683,845

### 15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	96,674	100,240
Amounts due to group undertakings	1,027,699	1,140,077
Other taxation and social security	294,203	285,955
Accruals and deferred income	3,214,858	2,602,754
	4,633,434	4,129,026

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 16 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	11,465	8,494
Tax losses	(469,317)	(456,508)
	<u>(457,852)</u>	<u>(448,014)</u>
		<b>2017 £</b>
<b>Movements in the year:</b>		
Liability/(Asset) at 1 January 2017		(448,014)
Credit to profit or loss		(38,970)
Effect of change in tax rate - profit or loss		29,132
		<u>(457,852)</u>
Liability/(Asset) at 31 December 2017		<u>(457,852)</u>

### 17 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
770 Ordinary of £1 each	770	770
	<u>770</u>	<u>770</u>

### 18 Reserves

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

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

### 19 Financial commitments, guarantees and contingent liabilities

Odyssey Interactive Limited is party to a cross guarantee in respect of borrowings of certain other companies within the group. Any bank borrowing that arises under this arrangement will be secured by an unlimited inter-company guarantee between Hasgrove Limited and certain subsidiaries. At 31 December 2017, the balance outstanding amounted to £nil (2016: £nil).

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Operating lease commitments

#### Lessee

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

	2017 £	2016 £
Within one year	132,542	140,480
Between two and five years	173,385	302,831
	<u>305,927</u>	<u>443,311</u>

### 21 Related party transactions

The company has taken advantage of FRS 102 paragraph 33.1A available to companies producing consolidated group financial statements and chosen not to disclose related party transactions within the group for 100% owned subsidiaries.

### 22 Controlling party

In the opinion of the Directors, the company's ultimate parent and controlling company is Hasgrove Limited, a company which is registered in England and Wales and which is the parent undertaking of the largest and smallest group to consolidate these financial statements.

### 23 Cash generated from operations

	2017 £	2016 £
Profit/(loss) for the year after tax	415,260	(512,556)
<b>Adjustments for:</b>		
Taxation credited	(9,838)	(501,290)
Finance costs	7,519	12,681
Amortisation and impairment of intangible assets	-	280,660
Depreciation and impairment of tangible fixed assets	98,699	78,773
<b>Movements in working capital:</b>		
(Increase) in debtors	(253,849)	(254,734)
Increase in creditors	504,408	1,120,110
<b>Cash generated from operations</b>	<u>762,199</u>	<u>223,644</u>

# ODYSSEY INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 24 Prior period adjustment

#### Reconciliation of changes in equity

	Notes	1 January 2016 £	31 December 2016 £
Equity as previously reported		1,090,096	549,467
<b>Adjustments to prior year</b>			
Change in accounting estimate - deferred income		-	(339,908)
Deferred tax on change in losses carried forward		-	67,981
Equity as adjusted		<u>1,090,096</u>	<u>277,540</u>

#### Reconciliation of changes in loss for the previous financial period

	Notes	2016 £
Loss as previously reported		(240,629)
<b>Adjustments to prior year</b>		
Change in accounting estimate - deferred income		(339,908)
Deferred tax on change in losses carried forward		67,981
Loss as adjusted		<u>(512,556)</u>

#### Notes to reconciliation

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.

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