Company Registration No. 03275461 (England and Wales)

ODYSSEY INTERACTIVE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ODYSSEY INTERACTIVE LIMITED

COMPANY INFORMATION

Directors	P Sanders G Taylor S Dance
Company number	03275461
Registered office	5th Floor 24 Mount Street Manchester M2 3NX
Auditor	Champion Accountants LLP 1 Worsley Court High Street Worsley Manchester M28 3NJ

ODYSSEY INTERACTIVE LIMITED

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ODYSSEY INTERACTIVE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

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 five years there has been a significant shift in development and sales from on premise software to Software as a Service ("SaaS").

Overview and Strategy
During 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 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. The transition has resulted in an increase of accruals and deferred income, which will be recognised for statutory purposes in future periods. As at 31 December 2020 the figure for deferred income, included in creditors due within one year, was £ 4,132k (2019: £ 3,958k).

The increase in contracted sales orders has been very encouraging and future committed invoicing is constantly increasing. Sales orders for Interact and its wholly owned US subsidiary in 2020 were £29,870k compared to £20,543k in 2019, an increase of 45% (2019:13%).

At the beginning of 2021 the amount of contracted revenue, including deferred income and that of its subsidiary Interact Intranet, Inc., to be recognised in future accounting periods was in excess of £34m. 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 Interact 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.

The ultimate duration of the Covid-19 crisis is still unknown, and there is potential for further disruption which could have an impact on future revenues. However, the Board believe the Group is well positioned within a growing sector with a diversified portfolio of customers across many different geographies and industries to any challenges that may lie ahead.

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

Interact delivered revenues of £11.9m (2019: £11.3m) and operating profits before management charges of £6,087k (2019: £5,019k).

Interact continues to invest in product development, sales and marketing and our people. During 2020 significant development efforts, particularly in the areas of mobile, integration and pulse surveys which resulted in the enhancement of our product offering and £0.8m of development costs, net of amortisation, were capitalised.

On behalf of the board

P Sanders
Director
14 September 2021

ODYSSEY INTERACTIVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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 five 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
G Taylor
S Dance

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

Ordinary dividends were paid amounting to £9,000,000. 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 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.

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.

On behalf of the board

P Sanders
Director
14 September 2021

ODYSSEY INTERACTIVE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ODYSSEY INTERACTIVE LIMITED

Opinion

We have audited the financial statements of Odyssey Interactive Limited (the 'company') for the year ended 31 December 2020 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 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006 & GDPR.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to deferred income, depreciation methods & cut-off.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party balances and transactions.

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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

14 September 2021

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 2020

	Notes	2020 £	2019 £
Turnover	**3**	11,859,255	11,348,556
Cost of sales		(3,925,038)	(3,751,448)
Gross profit		7,934,217	7,597,108
Administrative expenses		(4,459,628)	(3,740,937)
Other operating income		1,361,937	663,193
Operating profit	**4**	4,836,526	4,519,364
Interest receivable and similar income	**6**	8,109	-
Interest payable and similar expenses	**7**	(3,609)	(8,619)
Amounts written off investments	**8**	-	(11,000)
Profit before taxation		4,841,026	4,499,745
Tax on profit	**9**	(285,990)	(478,600)
Profit for the financial year		4,555,036	4,021,145

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 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	**11**		2,073,439		1,286,002
Tangible assets	**12**		889,625		647,776
Investments	**13**		65,423		65,423
			3,028,487		1,999,201
Current assets					
Debtors	**15**	3,945,851		6,079,404	
Cash at bank and in hand		662,960		3,689,896	
		4,608,811		9,769,300	
Creditors: amounts falling due within one year	**16**	(5,364,740)		(5,080,339)	
Net current (liabilities)/assets			(755,929)		4,688,961
Total assets less current liabilities			2,272,558		6,688,162
Provisions for liabilities					
Deferred tax liability	**17**	78,397		49,037	
			(78,397)		(49,037)
Net assets			2,194,161		6,639,125
Capital and reserves					
Called up share capital	**18**		770		770
Share premium account			99,770		99,770
Profit and loss reserves			2,093,621		6,538,585
Total equity			2,194,161		6,639,125

The financial statements were approved by the board of directors and authorised for issue on 14 September 2021 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 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2019		770	99,770	3,017,440	3,117,980
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	4,021,145	4,021,145
Dividends	**10**	-	-	(500,000)	(500,000)
Balance at 31 December 2019		770	99,770	6,538,585	6,639,125
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	4,555,036	4,555,036
Dividends	**10**	-	-	(9,000,000)	(9,000,000)
Balance at 31 December 2020		770	99,770	2,093,621	2,194,161

ODYSSEY INTERACTIVE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from operations	**23**		7,809,046		3,231,708
Interest paid			(3,609)		(8,619)
Net cash inflow from operating activities			7,805,437		3,223,089
Investing activities					
Purchase of intangible assets		(1,435,809)		(1,011,862)	
Purchase of tangible fixed assets		(404,673)		(577,927)	
Interest received		8,109		-	
Net cash used in investing activities			(1,832,373)		(1,589,789)
Financing activities					
Dividends paid		(9,000,000)		(500,000)	
Net cash used in financing activities			(9,000,000)		(500,000)
Net (decrease)/increase in cash and cash equivalents			(3,026,936)		1,133,300
Cash and cash equivalents at beginning of year			3,689,896		2,556,596
Cash and cash equivalents at end of year			662,960		3,689,896

1 Accounting policies

Company information
Odyssey Interactive Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5th Floor, 24 Mount Street, Manchester, M2 3NX.

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 a mounts in these financial statements are rounded to the nearest £.

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

1.2 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.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1 Accounting policies **(Continued)**

1.5 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 fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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	20% straight line

1.6 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.

1.7 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.

1.8 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.

1.9 Cash and cash equivalents

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

1 Accounting policies **(Continued)**

1.10 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.

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.

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 company 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 company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

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.

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 through 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.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 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.

1 Accounting policies **(Continued)**

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.

1.13 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.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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 in the period are included in profit or loss.

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

	2020	2019
	£	£
Other significant revenue		
Interest income	8,109	-
Grants received	114,402	-

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	7,076,141	7,746,907
Overseas	4,783,114	3,601,649
	11,859,255	11,348,556

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2020 £	2019 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(154,175)	(21,411)
Government grants	(114,402)	-
Fees payable to the company's auditor for the audit of the company's financial statements	14,100	10,000
Depreciation of owned tangible fixed assets	142,325	81,925
Loss on disposal of tangible fixed assets	20,499	93,266
Amortisation of intangible assets	648,372	361,211
Operating lease charges	357,327	126,211

5 Employees

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

	2020 Number	2019 Number
Administrative	4	4
Direct	97	93
Total	101	97

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,758,476	3,585,489
Social security costs	428,912	474,858
	4,187,388	4,060,347

6 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	8,109	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	8,109	-

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	8,619
Other finance costs:		
Other interest	3,609	-
	3,609	8,619

8 Amounts written off investments

	2020	2019
	£	£
Gain/(loss) on disposal of fixed asset investments	-	(11,000)

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	256,630	-
Deferred tax		
Origination and reversal of timing differences	29,360	478,600
Total tax charge	285,990	478,600

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

	2020	2019
	£	£
Profit before taxation	4,841,026	4,499,745
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	919,795	854,952
Tax effect of expenses that are not deductible in determining taxable profit	1,456	7,069
Group relief	(152,454)	-
Depreciation on assets not qualifying for tax allowances	8,021	3,550
Amortisation on assets not qualifying for tax allowances	123,191	68,630
Research and development tax credit	(627,447)	(442,184)
Deferred tax adjustments in respect of prior years	13,428	(13,417)
Taxation charge for the year	285,990	478,600

10 Dividends

	2020	2019
	£	£
Final paid	9,000,000	500,000

11 Intangible fixed assets

	Development Costs
	£
Cost	
At 1 January 2020	1,806,051
Additions - internally developed	1,435,809
At 31 December 2020	3,241,860
Amortisation and impairment	
At 1 January 2020	520,049
Amortisation charged for the year	648,372
At 31 December 2020	1,168,421
Carrying amount	
At 31 December 2020	2,073,439
At 31 December 2019	1,286,002

12 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	487,317	51,135	407,644	946,096
Additions	245,210	59,283	100,180	404,673
Disposals	-	-	(191,412)	(191,412)
At 31 December 2020	732,527	110,418	316,412	1,159,357
Depreciation and impairment				
At 1 January 2020	-	1,721	296,599	298,320
Depreciation charged in the year	66,555	19,929	55,841	142,325
Eliminated in respect of disposals	-	-	(170,913)	(170,913)
At 31 December 2020	66,555	21,650	181,527	269,732
Carrying amount				
At 31 December 2020	665,972	88,768	134,885	889,625
At 31 December 2019	487,317	49,414	111,045	647,776

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	65,423	65,423

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
Interact Intranet Inc	USA	Ordinary	100.00	0

15 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	1,855,949	1,881,992
Amounts owed by group undertakings	1,316,509	3,446,664
Prepayments and accrued income	773,393	750,748
	3,945,851	6,079,404

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	476,759	669,356
Corporation tax	256,630	-
Other taxation and social security	456,388	238,913
Accruals and deferred income	4,174,963	4,172,070
	5,364,740	5,080,339

17 Deferred taxation

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

Balances:	Liabilities 2020 £	Liabilities 2019 £
Accelerated capital allowances	78,397	68,474
Tax losses	-	(19,437)
	78,397	49,037

Movements in the year:	2020 £
Liability at 1 January 2020	49,037
Charge to profit or loss	29,360
Liability at 31 December 2020	78,397

18 Share capital

Ordinary share capital	2020 Number	2019 Number	2020 £	2019 £
Issued and fully paid				
Ordinary of £1 each	770	770	770	770

19 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.

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:

	2020 £	2019 £
Within one year	231,439	246,501
Between two and five years	1,301,473	1,188,323
In over five years	-	277,369
	1,532,912	1,712,193

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 Ultimate 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

	2020	2019
	£	£
Profit for the year after tax	4,555,036	4,021,145
Adjustments for:		
Taxation charged	285,990	478,600
Finance costs	3,609	8,619
Investment income	(8,109)	-
Loss on disposal of tangible fixed assets	20,499	93,266
Amortisation and impairment of intangible assets	648,372	361,211
Depreciation and impairment of tangible fixed assets	142,325	81,925
(Gain)/loss on sale of investments	-	11,000
Movements in working capital:		
Decrease/(increase) in debtors	2,133,553	(2,140,651)
Increase in creditors	27,771	316,593
Cash generated from operations	7,809,046	3,231,708

24 Analysis of changes in net funds

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	3,689,896	(3,026,936)	662,960

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