Happen GP Limited

Annual Report and Financial Statements

For the year ended 31 December 2015

Company Registration No 07761402 (England and Wales)

Happen GP Limited

Company Information

Directors	M Cowan R Fifield C Papaikonomou D Walker
Secretary	Speafi Secretarial Limited
Company number	07761402
Registered office	1 London Street Reading Berkshire RG1 4QW
Auditors	Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL

Happen GP Limited

Contents

Happen GP Limited

Strategic Report

For the year ended 31 December 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015

Fair review of the business

Happen is a global innovation agency Its mission is to significantly improve innovation success rates, turning ideas into value and make new things happen

Its core services are to provide, actionable innovation, smart innovation strategies, innovation capabilities and research, analytics including concept and marketing testing and new product development

Happen has offices in London, Amsterdam, New York, Toronto and Syndey, and has a truly global client base of major corporates and differentiates through a focus on commercial outcomes, smart collaboration, the creativity of its team and proven innovation IP

Its business model is typical of an agency with revenues derived from outcome based project fees Location and talent is assessed carefully to ensure a commercial return can be delivered if investment is agreed The Group continues to develop new revenue streams

Both the level of business, turnover achieved and the year end position were in accordance with the directors' expectations The business has been successful in developing global accounts, winning new projects and carefully managing overheads

The directors anticipate that the future level of activity will be in accordance with their expectations and consider that the project yield returns are in line with current forecasts

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Principal risks and uncertainties

The group has invested in leadership, systems, people and development & IP and is creating an infrastructure capable of supporting the growth plans and managing the challenges inherent in a people , short sales cycle, project based business

The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks and uncertainties affecting the company are considered to be loss of major clients, loss of key talent, competitive pressure and macro economic conditions that cut innovation budgets These are mitigated by ensuring a sufficient spread of clients so that any loss is manageable, continual development of a high performing team culture and best of breed internal innovation training, continual development of smart tools, processes and commercial (ROI based) solutions and ensuring working capital is tightly managed and investment decisions are robustly assessed

On behalf of the board

D Walker
Director
23/09/2016

The directors present their annual report and financial statements for the year ended 31 December 2015

Principal activities
The principal activity of the company and group continued to be that of a global innovation agency

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

M Cowan
R Fifield
C Papaikonomou
D Walker

Results and dividends
The results for the year are set out on page 6

No ordinary dividends were paid The directors do not recommend payment of a final dividend

Auditors
In accordance with the company's articles, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the group will be put at a General Meeting

Statement of disclosure to auditors
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 auditors are 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 auditors are aware of that information

On behalf of the board

D Walker
Director
23/09/2016

Directors' Responsibilities statement

For the year ended 31 December 2015

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

Independent Auditors' Report

To the Members of Happen GP Limited

We have audited the financial statements of Happen GP Limited for the year ended 31 December 2015, which comprise the Consolidated Statement of Total Comprehensive Income, the Group and Company Balance Sheet, the Group and Company Statement of Changes in Equity, the Consolidated Statement of Cashflows, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102

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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

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

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Kingston Smith LLP

Valerie Cazalet (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

26 September 2016

Chartered Accountants
Statutory Auditor

Happen GP Limited

Consolidated Statement of Total Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 £	2014 as restated £
Turnover	**3**	9,922,817	8,988,509
Cost of sales		(3,065,578)	(3,103,518)
Gross profit		6,857,239	5,884,991
Administrative expenses		(6,884,391)	(5,264,044)
Other operating income		201,975	1,731
Operating profit	**4**	174,823	622,678
Interest receivable and similar income	**8**	5,456	8,826
Interest payable and similar charges	**9**	(2,758)	(2,654)
Profit attributable to non-controlling interests		24,420	(80,732)
Profit on ordinary activities before taxation		201,941	548,118
Tax on profit on ordinary activities	**10**	(98,744)	(175,970)
Profit on ordinary activities after taxation	**22**	103,197	372,148
Profit for the financial year is attributable to			
- Owners of the parent company		78,777	452,880
- Non-controlling interests		24,420	(80,732)
		103,197	372,148

Profit for the financial year is all attributable to the owners of the parent company

Total comprehensive income for the year is attributable to			
- Owners of the parent company		78,777	452,880
- Non-controlling interests		24,420	(80,732)
		103,197	372,148

The profit and loss account has been prepared on the basis that all operations are continuing operations

Happen GP Limited

Group Balance Sheet

As at 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Goodwill	12		110,076		131,514
Other intangible assets	12		541		1,041
Total intangible assets			110,617		132,555
Tangible assets	13		94,212		130,958
Investments	14		6,150		8,000
			210,979		271,513
Current assets					
Debtors	16	2,994,799		3,306,255	
Cash at bank and in hand		1,289,143		1,452,460	
		4,283,942		4,758,715	
Creditors amounts falling due within one year	17	(1,871,652)		(2,345,651)	
Net current assets			2,412,290		2,413,064
Total assets less current liabilities			2,623,269		2,684,577
Provisions for liabilities			(7,754)		(12,097)
			2,615,515		2,672,480
Capital and reserves					
Called up share capital	21		1,095		1,095
Share premium account			772,584		772,584
Foreign exchange reserve			(30,384)		-
Other reserves			809,219		803,051
Capital redemption reserve			53,293		53,293
Profit and loss reserves	22		462,137		358,940
Shareholders' funds			2,067,944		1,988,963
Non-controlling interests			547,571		683,517
			2,615,515		2,672,480

The financial statements were approved by the board of directors and authorised for issue on 23/09/2016 and are signed on its behalf by

D Walker
Director

Happen GP Limited

Company Balance Sheet

As at 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Investments	14		1,618,477		1,618,327
Current assets					
Debtors	16	148		148	
Cash at bank and in hand		98,296		19,541	
		98,444		19,689	
Creditors amounts falling due within one year	17	(15,580)		(62,175)	
Net current assets/(liabilities)			82,864		(42,486)
Total assets less current liabilities			1,701,341		1,575,841
Capital and reserves					
Called up share capital	21		1,095		1,095
Share premium account			772,584		772,584
Other reserves	22		809,219		809,219
Capital redemption reserve	22		53,293		53,293
Profit and loss reserves	22		65,150		(60,350)
Shareholders' funds			1,701,341		1,575,841

The financial statements were approved by the board of directors and authorised for issue on 23/09/2016 and are signed on its behalf by

D Walker
Director

Company Registration No. 07761402

Group Statement of Changes in Equity
For the year ended 31 December 2015

	Notes	Share capital £	Share premium account £	Share option reserve £	Other reserves £	Profit and loss reserves £	Total equity £	Non-controlling interest £	Total £
Balance at 1 January 2014		1,095	772,584	53,293	809,219	(13,208)	1,622,983	614,610	2,237,593
Period ended 31 December 2014:									
Profit and total comprehensive income for the year		-	-	-	-	372,148	372,148	80,732	452,880
Currency translation differences on overseas subsidiaries		-	-	-	-	-	-	(11,825)	(11,825)
Movement on foreign exchange reserve		-	-	-	(6,168)	-	(6,168)	-	(6,168)
Balance at 31 December 2014		1,095	772,584	53,293	803,051	358,940	1,988,963	683,517	2,672,480
Period ended 31 December 2015:									
Profit and total comprehensive income for the year		-	-	-	-	103,197	103,197	(24,420)	78,777
Currency translation differences on overseas subsidiaries		-	-	-	-	-	-	(51,175)	(51,175)
Movement on foreign exchange reserve		-	-	-	(24,216)	-	(24,216)	-	(24,216)
Dividends paid to minority interests		-	-	-	-	-	-	(60,351)	(60,351)
Balance at 31 December 2015		1,095	772,584	53,293	778,835	462,137	2,067,944	547,571	2,615,515

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Notes	Share capital £	Share premium account £	Share option reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2014		1,095	772,584	53,293	809,219	(31,890)	1,604,301
Period ended 31 December 2014:							
Loss and total comprehensive income for the year		-	-	-	-	(28,460)	(28,460)
Balance at 31 December 2014		1,095	772,584	53,293	809,219	(60,350)	1,575,841
Period ended 31 December 2015:							
Profit and total comprehensive income for the year		-	-	-	-	125,500	125,500
Balance at 31 December 2015		1,095	772,584	53,293	809,219	65,150	1,701,341

Consolidated Statement of Cashflows

For the year ended 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28		(52,665)		547,390
Interest paid			(2,758)		(2,654)
Income taxes paid			(868)		(141,485)
Net cash (outflow)/inflow from operating activities			(56,291)		403,251
Investing activities					
Purchase of tangible fixed assets		(51,981)		(103,538)	
Proceeds on disposal of subsidiaries		-		(8,000)	
Proceeds on disposal of fixed asset investments		(150)		-	
Interest received		5,456		8,826	
Net cash used in investing activities			(46,675)		(102,712)
Financing activities					
Dividends paid to non-controlling interests		(60,351)		-	
Net cash used in financing activities			(60,351)		-
Net (decrease)/increase in cash and cash equivalents			(163,317)		300,539
Cash and cash equivalents at beginning of year			1,452,460		1,151,921
Cash and cash equivalents at end of year			1,289,143		1,452,460

1 Accounting policies

Company information

Happen GP Limited ("the Company") is a limited company domiciled and incorporated in England and Wales The registered office is
1 London Street
Reading
Berkshire
RG1 4QW

The Group consists of Happen GP 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 pound

The financial statements have been prepared on 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 group and company financial statements for the year ended 31 December 2015 are the first financial statements of Happen GP Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland The financial statements for the preceding period were prepared in accordance with previous UK GAAP The date of transition to FRS 102 was 1 January 2014 The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes The Company's profit for the year was £125,500 (2014 - £28,460 loss)

1 Accounting policies **(Continued)**

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Happen GP Limited and all of its subsidiaries (i e 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 2015

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

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

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

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

1.4 Turnover

The turnover shown in the profit and loss account represents the value of all marketing and innovation consultancy services provided during the year at selling price exclusive of Value Added Tax Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attached to the product or service have been transferred to the customer

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

1 Accounting policies **(Continued)**

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 ten 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 if the fair value 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

Patents and trademarks	20% 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

Fixtures and fittings	25% straight line
Computer equipment	50% straight line

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 instruments which 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

1 Accounting policies **(Continued)**

1.9 Impairment of fixed assets

At each reporting 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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired

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) prior years A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

1.10 Cash and cash equivalents

Cash and cash equivalents 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 statement of financial position 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

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include trade and other receivables 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

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' Loans and receivables are measured at amortised cost using the effective interest method, less any impairment

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition

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

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including trade and other payables, 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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Accounts 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 payables 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

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

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

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 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

1 15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due

1 16 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

1.17 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

1.18 Transition to FRS102

The group's date of transition to FRS102 was 1 January 2014 The transition to FRS102 has had no effect on the entities financial positions of financial performances since transition date

The group's latest financial statements prepared under the previous regime were for the year ended 31 December 2014

1 Accounting policies (Continued)

1.19 Share based payments

The group issues equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value at the date of the grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, together with corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest

Fair value is measured using the Black Scholes model The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified In additions, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements

Revenue Recognition

Fee income represents revenue earned under a wide variety of contracts to provide professional services Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs

3 Turnover and other revenue

An analysis of the group's turnover is as follows

	2015	2014
	£	£
Turnover		
Project fees	9,922,817	8,988,509
Other significant revenue		
Interest income	5,456	8,826

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	2,698,379	2,229,573
Overseas	7,224,438	6,758,936
	9,922,817	8,988,509

4 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging/(crediting)		
Exchange losses/(gains)	9,757	(7,908)
Depreciation of owned tangible fixed assets	63,604	49,772
Loss on disposal of tangible fixed assets	21,969	3,692
Amortisation of intangible assets	21,938	11,333
Operating lease charges	249,335	290,324

5 Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor	33,000	30,350
	33,000	30,350

6 Employees

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

	2015 Number	2014 Number
Number of administrative staff	63	87

6 Employees (Continued)

Their aggregate remuneration comprised

	2015	2014
	£	£
Wages and salaries	4,337,240	3,935,987
Social security costs	411,169	376,590
Pension costs	83,823	82,840
	4,832,232	4,395,417

7 Directors' remuneration

	2015	2014
	£	£
Remuneration for qualifying services	-	9,000

8 Interest receivable and similar income

	2015	2014
	£	£
Interest income		
Interest on bank deposits	5,456	8,826

9 Interest payable and similar charges

	2015	2014
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	388	-
Other interest	2,370	2,654
	2,758	2,654

10 Taxation

	2015	2014
	£	£
Current tax		
UK corporation tax on profits for the current period	107,309	75,381
Adjustments in respect of prior periods	(942)	-
Total UK current tax	106,367	75,381
Foreign current tax on profits for the current period	(3,280)	90,859
Total current tax	103,087	166,240

10 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	(4,343)	9,730
Total tax charge	98,744	175,970

The charge for the year can be reconciled to the loss per the profit and loss account as follows

	2015 £	2014 £
Profit before taxation	201,941	548,118
Expected tax charge based on the standard rate of corporation tax in the UK of 20 25% (2014 21 50%)	40,893	117,845
Tax effect of expenses that are not deductible in determining taxable profit	2,304	298
Tax effect of utilisation of tax losses not previously recognised	(6,898)	-
Permanent capital allowances in excess of depreciation	4,498	(7,349)
Effect of overseas tax rates	8,117	37,077
Tax at marginal rate	(27)	-
Dividend income	4,663	-
Capital items expensed	(244)	-
Adjustment for non controlling interest	(4,943)	17,358
Effect of accelerated capital allowances	(4,343)	9,730
Other taxation differences	54,724	1,011
Tax expense for the year	98,744	175,970

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss

	2015 £	2014 £
In respect of		
Fixed asset investments	(2,000)	(2,000)
Recognised in		
Administrative expenses	(2,000)	(2,000)

12 Intangible fixed assets

Group	Goodwill	Patents and trademarks	Negative goodwill	Total
	£	£	£	£
Cost				
At 1 January 2015 and 31 December 2015	195,829	2,499	(343,677)	(145,349)
Amortisation and impairment				
At 1 January 2015	64,315	1,458	(343,677)	(277,904)
Amortisation charged for the year	21,438	500	-	21,938
At 31 December 2015	85,753	1,958	(343,677)	(255,966)
Carrying amount				
At 31 December 2015	110,076	541	-	110,617
At 31 December 2014	131,514	1,041	-	132,555

The company had no intangible fixed assets at 31 December 2015 or 31 December 2014

13 Tangible fixed assets

Group	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2015	128,632	252,648	381,280
Additions	7,168	44,813	51,981
Disposals	(26,096)	(33,137)	(59,233)
Exchange adjustments	(1,616)	(2,616)	(4,232)
At 31 December 2015	108,088	261,708	369,796
Depreciation and impairment			
At 1 January 2015	60,045	190,278	250,323
Depreciation charged in the year	25,872	37,732	63,604
Eliminated in respect of disposals	(15,011)	(21,674)	(36,685)
Exchange adjustments	(379)	(1,279)	(1,658)
At 31 December 2015	70,527	205,057	275,584
Carrying amount			
At 31 December 2015	36,716	57,496	94,212
At 31 December 2014	68,588	62,370	130,958

The company had no tangible fixed assets assets at 31 December 2015 or 31 December 2014

13 Tangible fixed assets **(Continued)**

More information on the impairment arising in the year is given in note 11

14 Fixed asset investments

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Investments in subsidiaries	26	6,000	8,000	1,618,327	1,618,327
Unlisted investments		150	-	150	-
		6,150	8,000	1,618,477	1,618,327

Movements in fixed asset investments

Group	Shares £
Cost or valuation	
At 31 December 2015	8,000
Additions	150
At 31 December 2015	8,150
Impairment	
At 31 December 2015	-
Impairment losses	2,000
At 31 December 2015	2,000
Carrying amount	
At 31 December 2015	6,150
At 31 December 2014	8,000

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	**Shares**
	£
Cost or valuation	
At 31 December 2015	1,618,327
Additions	150
At 31 December 2015	1,618,477
Carrying amount	
At 31 December 2015	1,618,477
At 31 December 2014	1,618,327

15 Financial instruments

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	£	**£**	**£**	**£**
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,439,417	2,772,326	148	148
Equity instruments measured at cost less impairment	6,150	8,000	1,618,477	1,618,327
Carrying amount of financial liabilities				
Measured at amortised cost	1,575,651	2,012,621	13,596	62,175

16 Debtors

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	2,373,835	2,716,336	-	-
Unpaid share capital	148	148	148	148
Corporation tax recoverable	28,946	55,841	-	-
Other debtors	77,796	83,140	-	-
Prepayments and accrued income	514,074	450,790	-	-
	2,994,799	3,306,255	148	148

17 Creditors: amounts falling due within one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Corporation tax payable	75,324	-	1,984	-
Other taxation and social security	220,677	333,030	-	-
Trade creditors	475,828	507,556	-	-
Amounts due to fellow group undertakings	-	-	13,596	62,175
Other creditors	59,326	67,323	-	-
Accruals and deferred income	1,040,497	1,437,742	-	-
	1,871,652	2,345,651	15,580	62,175

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

Group	Liabilities 2015 £	Liabilities 2014 £
Accelerated capital allowances	7,754	12,097

The company has no deferred tax assets or liabilities

There were no deferred tax movements in the year

19 Retirement benefit schemes

Defined contribution schemes	2015 £	2014 £
Charge to profit and loss in respect of defined contribution schemes	83,823	82,840

A defined contribution pension scheme is operated for all qualifying employees The assets of the scheme are held separately from those of the group in an independently administered fund

20 Share-based payment transactions

The group has a share option scheme for certain employees of Happen Limited The share option scheme replaced the original share option scheme in Happen Limited On 31 August 2012 and 20 December 2012, Happen GP Limited, the parent company, issued a total of 12,114 share options to Happen Limited's employees There are no vesting or performance conditions attached, however, options can only be exercised at the date at which the group ownership changes hands The options lapse if the employee leaves the company, becomes bankrupt or releases the right to the options

During the year, no options (2014 4,812 options) were forfeited on employees leaving the company As at 31 December 2015, 330 (2014 330), 1,596 (2014 1,596), 2,500 (2014 2,500) and 2,500 (2014 2,500) were outstanding with respective exercise prices of £0 90, £1 94, £4 77 and £4 75 These were in respect of 4 employees (2014 4 employees)

21 Share capital

	Group and company	
	2015	**2014**
Ordinary share capital	**£**	**£**
Issued and fully paid		
88,953 Ordinary A shares of 1p each	890	890
14,364 Ordinary B shares of 1p each	144	144
6,140 Ordinary D shares of 1p each	61	61
	1,095	1,095

22 Reserves

The share premium account brought forward includes £809,219 in relation to shares issued in pursuance of a share for share arrangement where Happen GP Limited acquired 100% of the share capital in Happen Ltd The merger reserve is a non distributable other reserve

23 Operating lease commitments

Lessee

The group had the following outstanding commitments under non-cancellable operating leases in respect of properties

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 2015	2014	Company 2015	2014
	£	£	£	£
Within one year	108,865	197,568	-	-
Between two and five years	95,690	237,353	-	-
	204,555	434,921	-	-

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows

	2015	2014
	£	£
Aggregate compensation	479,689	563,477

No guarantees have been given or received

Company

The company has taken the exemption to not disclose transactions between 100% owned subsidiary undertakings

During the year the company made purchases of £48,000 from Pansensic Limited, a company related by virtue of common control At the year end there was £10,500 owed to Pansensic Limited

Group

The group has taken advantage of the exemption from disclosing transactions or balances between group entities that have been eliminated on consolidation

25 Directors' transactions

At the year end R Fifield has £39 (2014 £39) worth of unpaid shares This amount represents the maximum owed to the company throughout the year

R Fifield is a shareholder and director of Comentorise Limited and Realise Capital Limited During the year the group paid fees of £30,015 (2014 £91,956) to Comentorise Limited and £67,517 to Realise Capital Limited

C Papaikonomou is a shareholder and director of Aikono BV During the year the group paid fees of £197,076 (2014 £144,353) to Aikono BV

All transactions are on an arm's length basis

26 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct
Happen Ltd	England & Wales	Innovation agency	Ordinary	100 00
Winkle BV	Netherlands	Innovation agency	Ordinary	57 07
Happen Amsterdam BV	Netherlands	Innovation agency	Ordinary	58 50
Happen North America Inc (Canada)	Canada	Innovation agency	Ordinary	60 00
Happen North America Inc (USA)	United States of America	Innovation agency	Ordinary	60 00
Winkle Ltd	United States of America	Innovation agency	Ordinary	57 07

All subsidiaries have been included in the consolidated financial statements

27 Prior year restatement

The comparative profit and loss account has been restated in respect of the allocation of various recharged costs previously shown within direct costs, now shown within administrative expenses There is no effect on profit

28 Cash generated from operations

	2015	2014
	£	£
Profit for the year after tax	103,197	372,148
Adjustments for		
(Profit)/Loss attributable to non controlling interest	(24,420)	80,732
Taxation charged	98,744	175,970
Finance costs	2,758	2,654
Investment income	(5,456)	(8,826)
Loss on disposal of tangible fixed assets	22,548	6,168
Loss on impairment of investment	2,000	-
(Gain)/loss on disposal of intangible assets	-	11,358
Amortisation and impairment of intangible assets	21,938	11,333
Depreciation and impairment of tangible fixed assets	63,604	49,772
Movement on foreign exchange	(72,816)	(17,991)
Movements in working capital		
Decrease/(increase) in debtors	284,561	(385,540)
(Decrease)/increase in creditors	(549,323)	249,612
Cash (absorbed by)/generated from operations	(52,665)	547,390