Company Registration No. 08807827 (England and Wales)

GANAPATI PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017

GANAPATI PLC

COMPANY INFORMATION

Directors	Mr A Drury	
	Mr Y Ishihara	
	Mr H Hasegawa	
	Mr M Fujimoto	(Appointed 31 August 2016)
	Mr T Sawada	(Appointed 2 February 2016)
Secretary	Mr M Hudson	
Company number	08807827	
Registered office	6-8 Standard Place Rivington Street London EC2A 3BE	
Auditors	Welbeck Associates 30 Percy Street London W1T 2DB	

GANAPATI PLC

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GANAPATI PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2017

Review of the Twelve Months Period ended 31 January 2017
I am pleased to announce the financial results for the year ended 31 January 2017 for Ganapati Plc ("Ganapati" or "the Company"). By any measure this has been a period of extraordinary development. This has required significant capital expenditure but your directors believe that the start of possible sustained profitability is within reach, albeit not for another two years.

Ganapati is a British registered Public Limited Company. It was founded in Tokyo where it is based in the prestigious Roppongi IT centre. It continues to develop software ("Apps") for the social media and consumer games markets: BUZZ POP, a free app for communications involving video messaging, Zapppi, an instant billboard commentary service and MY list, a curation service for the building up of lists. These are intensely competitive products but your directors remain firmly of the belief that the early signs of revenue generation that they are seeing augurs well for the future.

During the year under review your directors realised that the solid base already established has global potential within the entertainment sector using Japanese culture-based styles of imagery, animation and technology. It is the Company's unique ability to bring these advantages to its product range by implementing its branding into the iGaming industry in Europe. Ganapati is thus investing in people, processes and entertainment platforms. It is using social media to spread its message starting in Europe.

The Company is working through third parties for licensing purposes including involving the Malta Gaming Authority ("MGA"). It will generate revenues from bets placed through its games, amounting to 10% of the net gaming yield. Some revenue will be shared with the licensed company and aggregators through whom the bets are placed. It has purchased a competitively priced Remote Gambling Server ("RGS") software suite which it has further developed and renamed Ganapati Gaming Platform ("GGP").

The Ganapati Group now includes:

Ganapati Malta Limited
GANAPATI APPS Co. Ltd (20.5%)
GPJ Venture Capital LLC (86.25%)
GANALOGICS OU
GANALOGICS SRL

Financial Review
The results for the twelve month period ending 31 January 2017 show a loss of £9,459,100 (2016: £7,819,748) on turnover of £3,269,908 (2016: £2,296,739). Total assets are £17,270,415; (2016: £9,906,982). The loss per share was (31)p per share (2016: (25)p). Losses due to exchange rate fluctuations were £3,808,254 (2016: gain £31,915). The expected tax charge is £719,863 (2016: £338,000).

The Company had, at the end of the period under review, cash balances of £2,376,011 (2016: £1,281,315). Your directors believe that interest in the Company's business amongst high-net worth investors in Japan remains high and, providing there are no unforeseen circumstances, the capital needed to sustain the current investment programme will be generated by its subsidiary company GPJ Venture Capital LLC.

The Market Trading Facility
The Company shares are traded on the NEX Exchange Growth Market in London.

The Gambling Commission
Ganapati is continuing its dialogue with the Gambling Commission ("GC") in the UK. There is, as yet, no resolution albeit the Company continues to respond the GC's request for additional information.

GANAPATI PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2017

The directors present the strategic report and financial statements for the year ended 31 January 2017.

Review of the business
A review of the business is contained in the Chairman's Statement.

Corporate Governance
The Company runs Audit, Nominations and Remuneration Committees. The roles and composition of these committees are kept under regular review.

Risk Assessment
Your Directors believe there are three significant risks that investors need to be aware of :

a) The developed strategy explained above does not produce the anticipated revenues.

b) Investor support dwindles and it is not possible to raise additional capital prior to the start of revenue generation.

c) There are changes to the online gambling business which cannot be foreseen at present.

If the Company's application to the Gambling Commission is not successful, the Company has several alternative strategies it can pursue.

Key performance indicators
The directors continue to monitor the overhead costs and fee generation capabilities of the group as well as the maintenance of resources as part of the regular business reviews.

In view of the developmental stage of the company, the directors believe that key performance indicators are not applicable at this stage.

Corporate Governance
The company runs Audit, Nominations and Remuneration Committees. The roles and composition of these committees are kept under regular review.

Principal risks and uncertainties
The Board regularly reviews the risks facing the company and seeks to exploit, avoid or mitigate these risks as appropriate.

On behalf of the board:

Mr A Drury
Director
30 June 2017

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

Principal activities
The principal activity of the company and group continued to be that of developers of gaming apps.

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

Mr A Drury	
Mr Y Ishihara	
Mr H Hasegawa	
Mr M Fujimoto	(Appointed 31 August 2016)
Mr T Sawada	(Appointed 2 February 2016)

Results and dividends
The results for the year are set out on page 9.

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

Auditor
In accordance with the company's articles, a resolution proposing that Welbeck Associates be reappointed as auditor of the group will be put at a General Meeting.

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

On behalf of the board

Mr A Drury
Director
30 June 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2017

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 AUDITOR'S REPORT

TO THE MEMBERS OF GANAPATI PLC

We have audited the financial statements of Ganapati plc for the year ended 31 January 2017 set out on pages 9 to 34. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 January 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we draw your attention to the disclosures made in note 2 to the financial statements concerning the Company's ability to continue as a going concern.

These conditions, along with other matters explained in note 1.3 to the financial statements, indicate the existence of uncertainty which may cast doubt about the ability of the Group and Company to continue as a going concern. However, the directors have plans to manage the cash flows of the Company to enable it to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Jonathan Bradley-Hoare (Senior Statutory Auditor)
for and on behalf of Welbeck Associates 30 June 2017

Chartered Accountants
Statutory Auditor

GANAPATI PLC

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	2016 £
Turnover	3	3,269,908	2,296,739
Administrative expenses		(10,415,497)	(8,931,175)
Operating loss	5	(7,145,589)	(6,634,436)
Interest receivable and similar income	9	-	2,165
Interest payable and similar expenses	10	(1,475,129)	(840,803)
Amounts written off investments		(106,140)	-
Loss before taxation		(8,726,858)	(7,473,074)
Taxation	11	(719,863)	(338,000)
Loss for the financial year		(9,446,721)	(7,811,074)
Loss for the financial year is attributable to:			
- Owners of the parent company		(9,459,100)	(7,819,748)
- Non-controlling interests		12,379	8,674
		(9,446,721)	(7,811,074)

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

GANAPATI PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2017

	2017 £	2016 £
Loss for the year	(9,446,721)	(7,811,074)
Other comprehensive income	-	-
Total comprehensive income for the year	(9,446,721)	(7,811,074)
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(9,459,100)	(7,819,748)
- Non-controlling interests	12,379	8,674
	(9,446,721)	(7,811,074)

GANAPATI PLC

GROUP BALANCE SHEET

AS AT 31 JANUARY 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		13,535,736		8,007,105
Tangible assets	13		118,257		77,087
Investments	14		-		106,140
			13,653,993		8,190,332
Current assets					
Debtors	17	2,013,344		1,020,326	
Cash at bank and in hand		2,376,011		1,281,315	
		4,389,355		2,301,641	
Creditors: amounts falling due within one year	18	(772,933)		(584,991)	
Net current assets			3,616,422		1,716,650
Total assets less current liabilities			17,270,415		9,906,982
Creditors: amounts falling due after more than one year	19		(34,944,328)		(18,134,174)
Net liabilities			(17,673,913)		(8,227,192)
Capital and reserves					
Called up share capital	21		308,197		308,197
Share premium account			396,526		396,526
Profit and loss reserves			(18,467,146)		(9,008,046)
Equity attributable to owners of the parent company			(17,762,423)		(8,303,323)
Non-controlling interests			88,510		76,131
			(17,673,913)		(8,227,192)

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

Mr A Drury

Director

GANAPATI PLC

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	**12**		11,278,401		8,000,000
Investments	**14**		446,779		514,183
			11,725,180		8,514,183
Current assets					
Debtors	**17**	2,647,613		148,163	
Cash at bank and in hand		626,812		315,629	
		3,274,425		463,792	
Creditors: amounts falling due within one year	**18**	(197,175)		(183,400)	
Net current assets			3,077,250		280,392
Total assets less current liabilities			14,802,430		8,794,575
Creditors: amounts falling due after more than one year	**19**		(32,824,524)		(17,176,789)
Net liabilities			(18,022,094)		(8,382,214)
Capital and reserves					
Called up share capital	**21**		308,197		308,197
Share premium account			396,526		396,526
Profit and loss reserves			(18,726,817)		(9,086,937)
Total equity			(18,022,094)		(8,382,214)

GANAPATI PLC

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 JANUARY 2017

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £9,639,880 (2016 - £7,885,268 loss).

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

Mr A Drury

Director

Company Registration No. 08807827

GANAPATI PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 February 2015		305,317	396,526	(1,188,298)	(486,455)	67,457	(418,998)
Year ended 31 January 2016:							
Loss and total comprehensive income for the year		-	-	(7,819,748)	(7,819,748)	8,674	(7,811,074)
Issue of share capital	21	2,880	-	-	2,880	-	2,880
Balance at 31 January 2016		308,197	396,526	(9,008,046)	(8,303,323)	76,131	(8,227,192)
Year ended 31 January 2017:							
Loss and total comprehensive income for the year		-	-	(9,459,100)	(9,459,100)	12,379	(9,446,721)
Balance at 31 January 2017		308,197	396,526	(18,467,146)	(17,762,423)	88,510	(17,673,913)

GANAPATI PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 February 2015		305,317	396,526	(1,201,669)	(499,826)
Year ended 31 January 2016:					
Loss and total comprehensive income for the year		-	-	(7,885,268)	(7,885,268)
Issue of share capital		2,880	-	-	2,880
Balance at 31 January 2016	**21**	308,197	396,526	(9,086,937)	(8,382,214)
Year ended 31 January 2017:					
Loss and total comprehensive income for the year		-	-	(9,639,880)	(9,639,880)
Balance at 31 January 2017		308,197	396,526	(18,726,817)	(18,022,094)

GANAPATI PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	22		8,386,823		13,001,531
Interest paid			(1,475,129)		(840,803)
Income taxes paid			(680,811)		(252,245)
Net cash inflow from operating activities			6,230,883		11,908,483
Investing activities					
Purchase of intangible assets		(5,528,631)		(5,245,144)	
Proceeds on disposal of intangibles		-		(8,067)	
Purchase of tangible fixed assets		(76,128)		(91,445)	
Proceeds on disposal of tangible fixed assets		1,937		-	
Proceeds on disposal of fixed asset investments		-		8,067	
Interest received		-		2,165	
Net cash used in investing activities			(5,602,822)		(5,334,424)
Financing activities					
Repayment of borrowings		466,635		(6,677,945)	
Net cash generated from/(used in) financing activities			466,635		(6,677,945)
Net increase/(decrease) in cash and cash equivalents			1,094,696		(103,886)
Cash and cash equivalents at beginning of year			1,281,315		1,385,202
Cash and cash equivalents at end of year			2,376,011		1,281,315

1 Accounting policies

Company information
Ganapati plc ("the Company") is a public limited company domiciled and incorporated in England and Wales. The registered office is 6-8 Standard Place, Rivington Street, London EC2A 3BE.

The group consists of Ganapati plc and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

These group and company financial statements for the year ended 31 January 2017 are the first financial statements of Ganapati plc 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 February 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1 Accounting policies

1.2 Basis of consolidation

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

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

All financial statements are made up to 31 January 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1 Accounting policies

1.3 Going concern

During the year, the Company made a loss of £9,459,100 (2016 loss of £7,819,748), and at the year-end had net liabilities of £17,673,913 (2016 £8,227,192).

The cash balance at the year-end was £2,376,011 (2016 £1,281,315) and whilst creditors falling due within one year was £772,933 (2016 £584,991) the creditors greater than one year was £34,944,328 (2016 £18,134,174). The creditors greater than one year are semi -quasi bonds that are repayable after 3 years. These bonds have been issued monthly in varying amounts and the first repayments fall due after June 2017. The viability of the company is dependent on both the Apps being successful and the ability of the directors to generate future funding or converting some of the debt into equity.

However, after making enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Company can secure further adequate resources, either through external financing or the core business generating sufficient working capital for the Company to continue in operational existence for the foreseeable future. Further, this will ensure that adequate arrangements will be in place to enable the settlement of their financial commitments as and when they fall due.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependent on the success of their efforts to complete these activities, the Company will be a going concern for the next twelve months.

1 Accounting policies

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT or applicable sales tax, and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when a software licence is delivered.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is generally when the licence key is delivered,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the amount of revenue and the costs associated with the transaction can be measured reliably.

Support services

Related ancillary services such as support and maintenance and system hosting are recognised over the period of the contract. Content development sales are recognised on a work performed basis. Where training or support services are invoiced but not supplied by the period end, the value of these services is recorded in current liabilities as deferred income.

The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the stage of completion of the transaction at the reporting date can be measured reliably and is estimated by reference to the period of the contract,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the amount of revenue and costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Commission

Commission income from the securities business of GPJ is recognised when services are rendered.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 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.

1.6 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.

1 Accounting policies

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	by review

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:

Land and buildings Leasehold	over 5 years
Plant and machinery	over 5 years
Motor vehicles	over 5 years

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

1.8 Fixed asset investments

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

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

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

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

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

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

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

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

1 Accounting policies

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash 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.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

1 Accounting policies

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 group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
Turnover		
App sales	3,269,908	2,296,739
Other significant revenue		
Interest income	-	2,165

4 Earnings per share

The basic earnings per share is based on the loss for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2017	2016
Profit/(loss) attributable to equity holders of the Company:	£	£
Profit/(loss) from continuing operations	(9,459,100)	(7,819,748)
Profit/(loss) for the year attributable to equity holders of the Company	(9,459,100)	(7,819,748)
	No.	No.
Weighted average number of Ordinary shares in issue for basic earnings	30,819,700	30,819,700
Weighted average number of Ordinary shares in issue for fully diluted earnings	30,819,700	30,819,700
Earnings/(loss) per share		
Basic and fully diluted:		
Basic earnings/(loss) per share from continuing and total operations	(31)p	(25)p
Fully diluted earnings/(loss) per share from continuing and total operations	(31)p	(25)p

5 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,808,254	(31,915)
Depreciation of owned tangible fixed assets	33,021	33,021
Amortisation of intangible assets	-	4,559,700
(Profit)/loss on disposal of intangible assets	-	8,067

6 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	20,000	20,000
Audit of the financial statements of the company's subsidiaries	3,000	3,176
	23,000	23,176

7 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
	58	50	2	1

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	2,770,487	1,924,310	160,067	57,048

8 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	137,980	57,048

9 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	-	2,165

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	2,165

10 Interest payable and similar expenses

	2017 £	2016 £
Other finance costs:		
Other interest	1,475,129	840,803
Total finance costs	1,475,129	840,803

11 Taxation

	2017	2016
	£	£
Current tax		
Foreign current tax on profits for the current period	719,863	338,000

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

	2017	2016
	£	£
Loss before taxation	(8,726,858)	(7,473,074)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	(1,745,372)	(1,494,615)
Unutilised tax losses carried forward	2,465,235	1,832,615
Taxation charge for the year	719,863	338,000

12 Intangible fixed assets

Group	Development Costs
	£
Cost	
At 1 February 2016	12,566,805
Additions - internally developed	5,529,136
Exchange adjustments	(505)
At 31 January 2017	18,095,436
Amortisation and impairment	
At 1 February 2016 and 31 January 2017	4,559,700
Carrying amount	
At 31 January 2017	13,535,736
At 31 January 2016	8,007,105

12 Intangible fixed assets

Company	Development Costs
	£
Cost	
At 1 February 2016	12,559,700
Additions - internally developed	3,278,401
At 31 January 2017	15,838,101
Amortisation and impairment	
At 1 February 2016 and 31 January 2017	4,559,700
Carrying amount	
At 31 January 2017	11,278,401
At 31 January 2016	8,000,000

13 Tangible fixed assets

Group	Land and buildings Leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2016	19,848	79,304	12,682	111,834
Additions	11,311	49,794	15,023	76,128
Disposals	-	(1,937)	-	(1,937)
At 31 January 2017	31,159	127,161	27,705	186,025
Depreciation and impairment				
At 1 February 2016	11,582	11,582	11,583	34,747
Depreciation charged in the year	11,007	11,007	11,007	33,021
At 31 January 2017	22,589	22,589	22,590	67,768
Carrying amount				
At 31 January 2017	8,570	104,572	5,115	118,257
At 31 January 2016	8,266	67,722	1,099	77,087

The company had no tangible fixed assets assets at 31 January 2017 or 31 January 2016.

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	446,779	408,043
Unlisted investments		-	106,140	-	106,140
		-	106,140	446,779	514,183

Movements in fixed asset investments

Group

	Investments other than loans £
Cost or valuation	
At 1 February 2016	106,140
Valuation changes	(106,140)
At 31 January 2017	-
Carrying amount	
At 31 January 2017	-
At 31 January 2016	106,140

Movements in fixed asset investments

Company

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 February 2016	408,043	106,140	514,183
Additions	38,736	-	38,736
Valuation changes	-	(106,140)	(106,140)
At 31 January 2017	446,779	-	446,779
Carrying amount			
At 31 January 2017	446,779	-	446,779
At 31 January 2016	408,043	106,140	514,183

15 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
GPJ Venture Capital LLC	Japan	seller of software services	Ordinary	86.25	
Ganapati (Malta) Limited	Malta	supply of online game	Ordinary	100.00	
Ganalogic OU	Estonia	development of online game	Ordinary	100.00	

16 Financial instruments

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,847,022	749,065	2,605,700	148,163
Equity instruments measured at cost less impairment	-	106,140	-	106,140
Carrying amount of financial liabilities				
Measured at amortised cost	35,559,402	18,603,898	3,675,420	3,151,579

17 Debtors

	Group 2017	Group 2016	Company 2017	Company 2016
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,369,221	593,361	(1)	-
Unpaid share capital	2,880	2,880	2,880	2,880
Amounts due from group undertakings	-	-	2,395,899	-
Other debtors	532,393	152,824	248,835	145,283
Prepayments and accrued income	108,850	271,261	-	-
	2,013,344	1,020,326	2,647,613	148,163

18 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	282,510	211,014	-	-
Corporation tax payable	154,319	115,267	-	-
Other taxation and social security	3,540	-	(39,908)	-
Other creditors	319,220	245,088	226,483	172,800
Accruals and deferred income	13,344	13,622	10,600	10,600
	772,933	584,991	197,175	183,400

19 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Other borrowings	20	3,434,814	2,968,179	32,824,524	17,176,789
Bonds		31,509,514	15,165,995	-	-
		34,944,328	18,134,174	32,824,524	17,176,789
Analysis of loans					
Wholly repayable within five years		34,944,328	18,134,173	32,824,524	17,176,789
		34,944,328	18,134,173	32,824,524	17,176,789
Loan maturity analysis					
In more than one year but not more than two years		21,992,668	5,717,690	21,992,668	5,717,690
In more than two years but not more than five years		12,951,660	12,416,483	10,831,856	11,459,099

The Bonds relate to the monies raised by the Company's subsidiary, GPJ. GPJ is incorporated and registered under the laws of Japan. Ganapati plc holds 86 per cent. of the issued share capital of GPJ. The remaining 14 per cent. of GPJ's issued share capital is held by Tomoaki Matsuhashi. Notwithstanding the fact that the Company holds 86 per cent. of the share capital, pursuant to the articles of incorporation, it controls 100 per cent. of the voting rights in GPJ.

Interest accrues at a rate of 0.45% per month payable monthly in arrears. The Bonds are unsecured and ordinarily repayable within 3 years. All Bondholders who were due for renewal have extended their term by 1 year following a meeting with the Board of GPJ.

20 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Loans from group undertakings	-	-	29,386,187	14,208,610
Other loans	3,434,814	2,968,179	3,438,337	2,968,179
	3,434,814	2,968,179	32,824,524	17,176,789
Payable after one year	3,434,814	2,968,179	32,824,524	17,176,789

Interest is payable at 1% per month on inter-company loans.

A loan was made by CD One LLC in the amount of £2,206,483 (2016: £1,828,573) in different stages throughout the year. The loan bears interest of 12% annually and was repayable in May 2017. However following a meeting between the Board and the investors of CD One LLC, there are plans to convert the loan balance into equity in the Company.

A loan was made by Equity Midas Inc. in the amount of £1,231,853 (2016: 1,139,604) in different stages throughout the year. The loan bears interest of 12% annually and was repayable in February 2017. However following a meeting between the Board and the investors of Equity Midas Inc. there are plans to convert the loan balance into equity in the Company.

21 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital		
Issued and not fully paid		
30,819,700 Ordinary shares of 1p each	308,197	308,197

22 Cash generated from group operations

	2017 £	2016 £
Loss for the year after tax	(9,446,721)	(7,811,074)
Adjustments for:		
Taxation charged	719,863	338,000
Finance costs	1,475,129	840,803
Investment income	-	(2,165)
(Gain)/loss on disposal of intangible assets	-	8,067
Amortisation and impairment of intangible assets	-	4,559,700
Depreciation and impairment of tangible fixed assets	33,021	33,021
Amounts written off investments	106,140	-
Movements in working capital:		
(Increase) in debtors	(935,546)	(338,006)
Increase in creditors	16,434,937	15,373,185
Cash generated from operations	8,386,823	13,001,531

23 Control

The ultimate holding company and controlling party is HLMS Inc., a company incorporated in the British Virgin Islands, by virtue of its majority holding of the company's ordinary share capital.

24 Related party relationships and transactions

Group

During the year, the company was invoiced £39,381 (2016: £117,249) for commission and corporate adviser fees from Alexander David Holdings Limited, a company in which the director Mr D Scott is a director and significant shareholder. No amounts were outstanding at the end of either year.

During the year, director Mr A Drury was paid consultancy fees of £24,370 (2016: £8,700). No amounts were outstanding at the end of either year.

During the year, £451,213 (2016: £1,805,031) was paid to United Blue, a software development company, for the development of the company apps. The director and major shareholder of United Blue is former director of the business Mr S Hashimoto. No amounts were outstanding at the end of either year.

25 Minority interests	**2017**	**2016**
	£	**£**
Minority interests' share of net assets and liabilities in subsidiary undertakings	88,510	76,131