

Company Registration No. 08807827 (England and Wales)

GANAPATI PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

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COMPANIES HOUSE

GANAPATI PLC

DIRECTORS AND ADVISERS

Directors	Mr A Drury Mr Y Ishihara Mr H Hasegawa	(Appointed 6 August 2015)
Secretary	Ms S Scott	
Company number	08807827	
Registered office	30 Percy Street London W1T 2DB	
Registered 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 2016

Review of the Twelve Months Period ended 31 January 2016

I am pleased to announce the financial results for the year ended 31 January 2016 for Ganapati Plc ("Ganapati" or "the Company"). This has been a significant and, at times, demanding period for the Company. Ganapati is a British registered Public Limited Company but operates from Tokyo, Japan. It invests in and develops software ("Apps") for the social media and consumer games markets. For much of the twelve months it has been developing three products: BUZZ POP, a free app for communications involving video messaging, ZAPPI, an instant billboard commentary service and MY List, a curation service for the building up of lists.

During the period under review competition has intensified with the numbers of games being offered, steadily increasing. This has meant that income generation has become more challenging and the Company has failed to achieve its revenue forecasts.

However, the development of the apps has created a significant in-house expertise. A detailed research exercise was completed with the result that the directors have decided that online gambling (wagering with games-style front ends) might offer a more lucrative market. This has resulted in a strategy of offering to operators, a full online gambling software suite based on innovative and fresh products. It will design, build and supply games with a consumer front-end for all online gambling operations. An additional source of income will come from software support for the operators with whom it partners.

Financial Review

The results for the twelve month period ending 31 January 2016 show a loss of £7,819,747 (2015: (£1,188,296) on turnover of £2,296,741 (2015: £215,789). Total assets are £10,491,973 (2015: £9,519,172). The loss per share was 29p (2015 5p).

On 4 March 2016 we advised shareholders in a trading statement that the delay in the generation of revenues might result in your directors recommending the write-down of the value of the Company's intangible assets. After consulting carefully with our advisers and an industry specialist, the decision was taken to reduce the value by £4,559,700 which is reflected in the operating loss.

The company had, at the end of the period under review, cash balances of £1,281,315 (2015: £1,385,201). 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 available.

The Market Trading Facility

On 19 August 2015 trading in the Company's shares was switched from GXG Markets (which had announced its closure) to the ISDX Growth Market, part of ICAP, a major financial institution in London.

The Gambling Commission

On 14 October 2015 the Company submitted an application to the UK Gambling Commission. There is a continuing engagement with officials at the Commission and your directors believe our application can be successful within the coming months. There are, however, a number of issues which require further discussion and a positive outcome is not certain.

GANAPATI PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2016

Post Period End Events

The Company has now produced one advanced gambling game which has confirmed the Directors' belief that Ganapati has the capability to build suitable software for the online gambling sector.

An office has been opened in London and a senior executive will be based full-time to spearhead the Company's drive into the UK and European markets.

Board Changes

On 6 August 2015 David Scott resigned as a director of Ganapati. On the same day Tony Drury was appointed a director of the Company and the non-executive chairman.

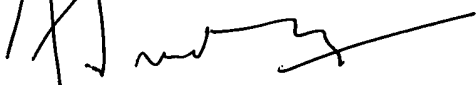
Financial Reporting

In my statement to shareholders on October 2015 I said that we will, in future, report on a quarterly basis. Your directors still intend implementing this action but will wait until the revenue streams become more meaningful.

Outlook

I visited Tokyo in September 2015 and have made a second trip earlier this year. The work ethic apparent in the Directors and staff is quite extraordinary. The whole ethos is centred round a determination to succeed for our shareholders. My Board colleagues are truly gifted and focused.

We are attempting to succeed in the online gambling markets. The products are coming. I sincerely hope to report on a successful year in twelve months' time.



Tony Drury
Chairman
28 July 2016

GANAPATI PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors present the strategic report and financial statements for the year ended 31 January 2016.

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.

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 Y Ishihara
Director
28 July 2016

GANAPATI PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors present their report and financial statements for the year ended 31 January 2016.

Results and dividends

The consolidated profit and loss account for the year is set out on page 7.

Directors

The following directors have held office since 1 February 2015:

Mr A Drury	(Appointed 6 August 2015)
Mr Y Ishihara	
Mr D Scott	(Resigned 6 August 2015)
Mr H Hasegawa	

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

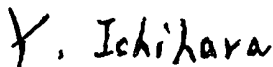
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors 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 group's auditors are aware of that information.

On behalf of the board



Mr Y Ishihara
Director
28 July 2016

GANAPATI PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GANAPATI PLC

We have audited the group and parent company financial statements (the "financial statements") of Ganapati plc for the year ended 31 January 2016 set out on pages 7 to 23. 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).

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 set out on page 4, 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 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 parent company's affairs as at 31 January 2016 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion

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 2 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.

GANAPATI PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF GANAPATI PLC

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.



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

28 July 2016

Chartered Accountants
Statutory Auditor

30 Percy Street
London
W1T 2DB

GANAPATI PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2016

		2016	2015
	Notes	£	as restated £
Turnover	3	2,296,741	215,789
Administrative expenses		(8,931,176)	(954,313)
Operating loss	5	(6,634,435)	(738,524)
Other interest receivable and similar income		2,165	421
Interest payable and similar charges	6	(840,803)	(450,193)
Loss on ordinary activities before taxation		(7,473,073)	(1,188,296)
Tax on loss on ordinary activities	7	(338,000)	-
Loss on ordinary activities after taxation		(7,811,073)	(1,188,296)
Minority interests		(8,674)	-
Loss for the financial year	8	(7,819,747)	(1,188,296)
		2016	2015
Loss per share attributable to owners of the parent company		p	p
Basic and diluted (pence per share)			
From continuing operations		(29)	(5)

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

There are no recognised gains and losses other than those passing through the profit and loss account.

GANAPATI PLC

BALANCE SHEETS

AS AT 31 JANUARY 2016

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Fixed assets					
Intangible assets	10	8,007,105	7,321,660	8,000,000	7,321,660
Tangible assets	11	77,087	18,663	-	-
Investments	12	106,140	114,207	514,183	522,250
		<u>8,190,332</u>	<u>7,454,530</u>	<u>8,514,183</u>	<u>7,843,910</u>
Current assets					
Debtors	13	1,020,326	679,442	148,163	272,888
Cash at bank and in hand		1,281,315	1,385,201	315,629	85,708
		<u>2,301,641</u>	<u>2,064,643</u>	<u>463,792</u>	<u>358,596</u>
Creditors: amounts falling due within one year	14	<u>(584,991)</u>	<u>(292,046)</u>	<u>(183,400)</u>	<u>(10,900)</u>
Net current assets		<u>1,716,650</u>	<u>1,772,597</u>	<u>280,392</u>	<u>347,696</u>
Total assets less current liabilities		<u>9,906,982</u>	<u>9,227,127</u>	<u>8,794,575</u>	<u>8,191,606</u>
Creditors: amounts falling due after more than one year	15	<u>(18,134,173)</u>	<u>(9,646,123)</u>	<u>(17,176,789)</u>	<u>(8,691,431)</u>
		<u>(8,227,191)</u>	<u>(418,996)</u>	<u>(8,382,214)</u>	<u>(499,825)</u>
Capital and reserves					
Called up share capital	16	308,197	305,317	308,197	305,317
Share premium account	17	396,526	396,526	396,526	396,526
Profit and loss account	17	(9,008,045)	(1,188,296)	(9,086,937)	(1,201,668)
Shareholders' funds	19	<u>(8,303,322)</u>	<u>(486,453)</u>	<u>(8,382,214)</u>	<u>(499,825)</u>
Minority interests	18	<u>76,131</u>	<u>67,457</u>	<u>-</u>	<u>-</u>
		<u>(8,227,191)</u>	<u>(418,996)</u>	<u>(8,382,214)</u>	<u>(499,825)</u>

Approved by the Board and authorised for issue on 28 July 2016

Y. Ishihara

Mr Y Ishihara
Director

Company Registration No. 08807827

GANAPATI PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2016

	£	2016 £	£	2015 £
Net cash outflow from operating activities		(2,167,341)		(1,605,625)
Returns on investments and servicing of finance				
Interest received	2,165		421	
Interest paid	(840,803)		-	
Minority interests	-		67,457	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(838,638)		67,878
Taxation		(252,245)		29,512
Capital expenditure and financial investment				
Payments to acquire intangible assets	(5,245,145)		(7,321,660)	
Payments to acquire tangible assets	(91,445)		(18,663)	
Payments to acquire investments	-		(114,207)	
Net cash outflow for capital expenditure		(5,336,590)		(7,454,530)
Net cash outflow before management of liquid resources and financing		(8,594,814)		(8,962,765)
Financing				
Issue of ordinary share capital	2,880		701,843	
Other new long term loans	8,488,050		9,646,123	
Net cash inflow from financing		8,490,930		10,347,966
(Decrease)/increase in cash in the year		(103,884)		1,385,201

GANAPATI PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2016

1	Reconciliation of operating loss to net cash outflow from operating activities		2016	2015	
			£	£	
	Operating loss		(6,634,435)	(738,524)	
	Depreciation of tangible assets		33,021	-	
	Amortisation of intangible assets		4,559,700	-	
	Loss on disposal of intangible assets		8,067	-	
	Increase in debtors		(340,884)	(679,442)	
	Increase/(decrease) in creditors within one year		207,190	(187,659)	
	Net cash outflow from operating activities		(2,167,341)	(1,605,625)	
2	Analysis of net debt	1 February 2015	Cash flow	Other non-cash changes	31 January 2016
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,385,201	(103,886)	-	1,281,315
	Debts falling due after one year	(9,646,123)	(8,488,050)	-	(18,134,173)
	Net debt	(8,260,922)	(8,591,936)	-	(16,852,858)
3	Reconciliation of net cash flow to movement in net debt		2016	2015	
			£	£	
	(Decrease)/increase in cash in the year		(103,886)	1,385,201	
	Cash inflow from increase in debt		(8,488,050)	(9,646,123)	
	Movement in net debt in the year		(8,591,936)	(8,260,922)	
	Opening net debt		(8,260,922)	-	
	Closing net debt		(16,852,858)	(8,260,922)	

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated);

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 January 2016. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

These financial statements are presented in pounds sterling although the functional currency of the trading subsidiary is Japanese Yen.

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

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.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Going Concern

During the year, the Company made a loss of £7,819,747 (2015 loss of £1,188,296), and at the year-end had net liabilities of £8,227,191 (2015 £418,996).

The cash balance at the year-end was £1,281,315 (2015 1,385,201) and whilst creditors falling due within one year was £584,991 (2015 £292,046) the creditors greater than one year was £18,134,173 (2015: £9,646,123). 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.

3 Turnover

The turnover in the year is derived primarily from the provision of IT services to two customers, both based in Japan, and commission from the fund raising in its Japanese subsidiary.

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

4 Loss per share

The basic earnings per share is based on the profit/(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 ended 31 January 2016 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2016	2015
	£	£
Loss attributable to owners of the Group:		
Loss from continuing operations	(7,819,747)	(1,188,297)
Loss for the year attributable to owners of the Group	(7,819,747)	(1,188,297)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	26,853,713	25,531,712
Loss per share (Pence per share)		
Basic and fully diluted.		
- from continuing operations	(29p)	(5p)
- from continuing and total operations	(29p)	(5p)

5 Operating loss

	2016	2015
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	4,559,700	-
Depreciation of tangible assets	33,021	-
Loss on disposal of intangible assets	8,067	-
Loss on foreign exchange transactions	-	129,968
Fees payable to the group's auditor for the audit of the group's annual accounts	23,176	12,000
and after crediting:		
Profit on foreign exchange transactions	(31,915)	-

6 Interest payable

	2016	2015
	£	£
Other interest	840,803	450,193

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

7	Taxation	2016 £	2015 £
	Foreign corporation tax		
	Foreign corporation tax	338,000	-
	Total current tax	<u>338,000</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(7,473,073)</u>	<u>(1,188,296)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015 - 20%)	<u>(1,494,615)</u>	<u>(237,659)</u>
	Effects of:		
	Tax losses carried forward	<u>1,832,615</u>	<u>237,659</u>
		<u>1,832,615</u>	<u>237,659</u>
	Current tax charge for the year	<u>338,000</u>	<u>-</u>

8 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2016 £	2015 £
Holding company's loss for the financial year	<u>(7,885,268)</u>	<u>(1,201,668)</u>

9 Prior year adjustment

In the period to 31 January 2015 the Group generated commission income on the issue of the bonds of £215,789. This commission was previously disclosed as being net of the nominal amount of each bond, however during the period it was discovered that this amount is actually on top of the individual bond amount. As such, where it was previously disclosed as a net amount within intercompany income in the accounts for the period ended 31 January 2015, it has since been restated with the gross amounts showing for both the total commission received included in Turnover and the total commission paid out within Administrative expenses in both the current and previous period.

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

10 Intangible fixed assets Group and Company

	Development Costs £
Cost	
At 1 February 2015	7,321,660
Additions	5,245,145
At 31 January 2016	<u>12,566,805</u>
Amortisation	
At 1 February 2015	-
Impairment for the year*	4,559,700
At 31 January 2016	<u>4,559,700</u>
Net book value	
At 31 January 2016	<u>8,007,105</u>
At 31 January 2015	<u>7,321,660</u>

The development costs above primarily relate to the expenditure incurred on the 3 apps. They have yet to generate any revenue, and as such continue to be capitalised, until such time as they are ready for market. The impairment charge in the year reflects the delay in generating any revenue from the 3 apps, and the directors' expectations for future revenue generation.

*The Apps were professionally valued by Maxim Corporate Finance LLP in their report dated 30 June 2016. The directors consider it an appropriate valuation as at 31 January 2016 and do not believe there have been any changes between the two dates.

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

11 Tangible fixed assets

Group

	Land and buildings Leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2015	5,709	12,478	2,202	20,389
Additions	14,139	66,826	10,480	91,445
At 31 January 2016	<u>19,848</u>	<u>79,304</u>	<u>12,682</u>	<u>111,834</u>
Depreciation				
At 1 February 2015	575	575	576	1,726
Charge for the year	11,007	11,007	11,007	33,021
At 31 January 2016	<u>11,582</u>	<u>11,582</u>	<u>11,583</u>	<u>34,747</u>
Net book value				
At 31 January 2016	<u>8,266</u>	<u>67,722</u>	<u>1,099</u>	<u>77,087</u>
At 31 January 2015	<u>5,134</u>	<u>11,903</u>	<u>1,626</u>	<u>18,663</u>

12 Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 February 2015	114,207
Disposals	(8,067)
At 31 January 2016	<u>106,140</u>
Net book value	
At 31 January 2016	<u>106,140</u>
At 31 January 2015	<u>114,207</u>

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

12 Fixed asset investments

Company	Unlisted investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 February 2015	114,207	-	114,207
Additions	-	408,043	408,043
Disposals	(8,067)	-	(8,067)
At 31 January 2016	<u>106,140</u>	<u>408,043</u>	<u>514,183</u>
Net book value			
At 31 January 2016	<u>106,140</u>	<u>408,043</u>	<u>514,183</u>
At 31 January 2015	<u>114,207</u>	<u>408,043</u>	<u>522,250</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
GPJ Venture Capital LLC	Japan	Ordinary	86.25
Participating interests			
Ganapati Apps Co. Ltd.	Japan	Ordinary	20.50

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
GPJ Venture Capital LLC	Seller of software services
Ganapati Apps Co. Ltd.	App development services

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

13 Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	593,361	334,147	-	-
Called up share capital not paid	2,880	-	2,880	-
Other debtors	152,824	149,484	145,283	145,283
Prepayments and accrued income	271,261	195,811	-	127,605
	<u>1,020,326</u>	<u>679,442</u>	<u>148,163</u>	<u>272,888</u>

14 Creditors : amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	211,014	191,620	-	-
Corporation tax	115,267	29,512	-	-
Other creditors	245,088	57,115	172,800	-
Accruals and deferred income	13,622	13,799	10,600	10,900
	<u>584,991</u>	<u>292,046</u>	<u>183,400</u>	<u>10,900</u>

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bonds	15,165,995	6,534,989	-	-
Inter-co loans from subsidiary undertakings	-	-	14,208,611	5,580,297
Other loans	2,968,178	3,111,134	2,968,178	3,111,134
	<u>18,134,173</u>	<u>9,646,123</u>	<u>17,176,789</u>	<u>8,691,431</u>
Analysis of loans				
Wholly repayable within five years	<u>18,134,173</u>	<u>9,646,123</u>	<u>17,176,789</u>	<u>8,691,431</u>
	<u>18,134,173</u>	<u>9,646,123</u>	<u>17,176,789</u>	<u>8,691,431</u>
Loan maturity analysis				
In more than one year but not more than two years	5,717,690	2,893,143	5,717,690	2,893,143
In more than two years but not more than five years	<u>12,416,483</u>	<u>6,752,980</u>	<u>11,459,099</u>	<u>5,798,288</u>

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

A loan was made by CD One LLC in the amount of £1,828,573 (2015: £1,883,861) in different stages throughout the year. The loan bears interest of 12% annually and is repayable in May 2017.

A loan was made by Equity Midas Inc. (formerly Eightex Investment Inc.) in the amount of £1,139,604 (2015: £1,227,273) in different stages throughout the year. The loan bears interest of 12% annually and is repayable in February 2017.

16 Share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
30,819,700 Ordinary shares of 1p each	<u>308,197</u>	<u>305,317</u>

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

17 Statement of movements on reserves

Group

	Share premium account £	Profit and loss account £
Balance at 1 February 2015	396,526	(1,188,298)
Loss for the year	-	(7,819,747)
Balance at 31 January 2016	<u>396,526</u>	<u>(9,008,045)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 February 2015	396,526	(1,201,669)
Loss for the year	-	(7,885,268)
Balance at 31 January 2016	<u>396,526</u>	<u>(9,086,937)</u>

18 Minority interests

	2016 £	2015 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	<u>76,131</u>	<u>67,457</u>

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

19 Reconciliation of movements in shareholders' funds	2016	2015
Group	£	£
Loss for the financial year	(7,819,747)	(1,188,296)
Proceeds from issue of shares	2,880	701,843
	<hr/>	<hr/>
Net depletion in shareholders' funds	(7,816,867)	(486,453)
Opening shareholders' funds	(486,453)	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>(8,303,322)</u>	<u>(486,453)</u>
	2016	2015
Company	£	£
Loss for the financial year	(7,885,268)	(1,201,668)
Proceeds from issue of shares	2,880	701,843
	<hr/>	<hr/>
Net depletion in shareholders' funds	(7,882,388)	(499,825)
Opening shareholders' funds	(499,825)	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>(8,382,214)</u>	<u>(499,825)</u>
20 Directors' remuneration	2016	2015
	£	£
Remuneration for qualifying services	57,048	20,806
	<hr/>	<hr/>
21 Employees		
Number of employees		
The average monthly number of employees (including directors) during the year was:		
	2016	2015
	Number	Number
Operational	50	50
	<hr/>	<hr/>
Employment costs	2016	2015
	£	£
Wages and salaries	1,924,310	20,806
	<hr/>	<hr/>

GANAPATI PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

22 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.

23 Related party relationships and transactions

Group

During the year, the company was invoiced £117,249 (2015: £115,535) 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.

During the year, director Mr A Drury was paid consultancy fees of £8,700. There was no amount outstanding at the year end.

During the year, £1,805,031 (2015: £2,095,000) 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.