SMARTSPACE SOFTWARE PLC

Annual Report

for the Year Ended 31 January 2022

SMARTSPACE
SOFTWARE

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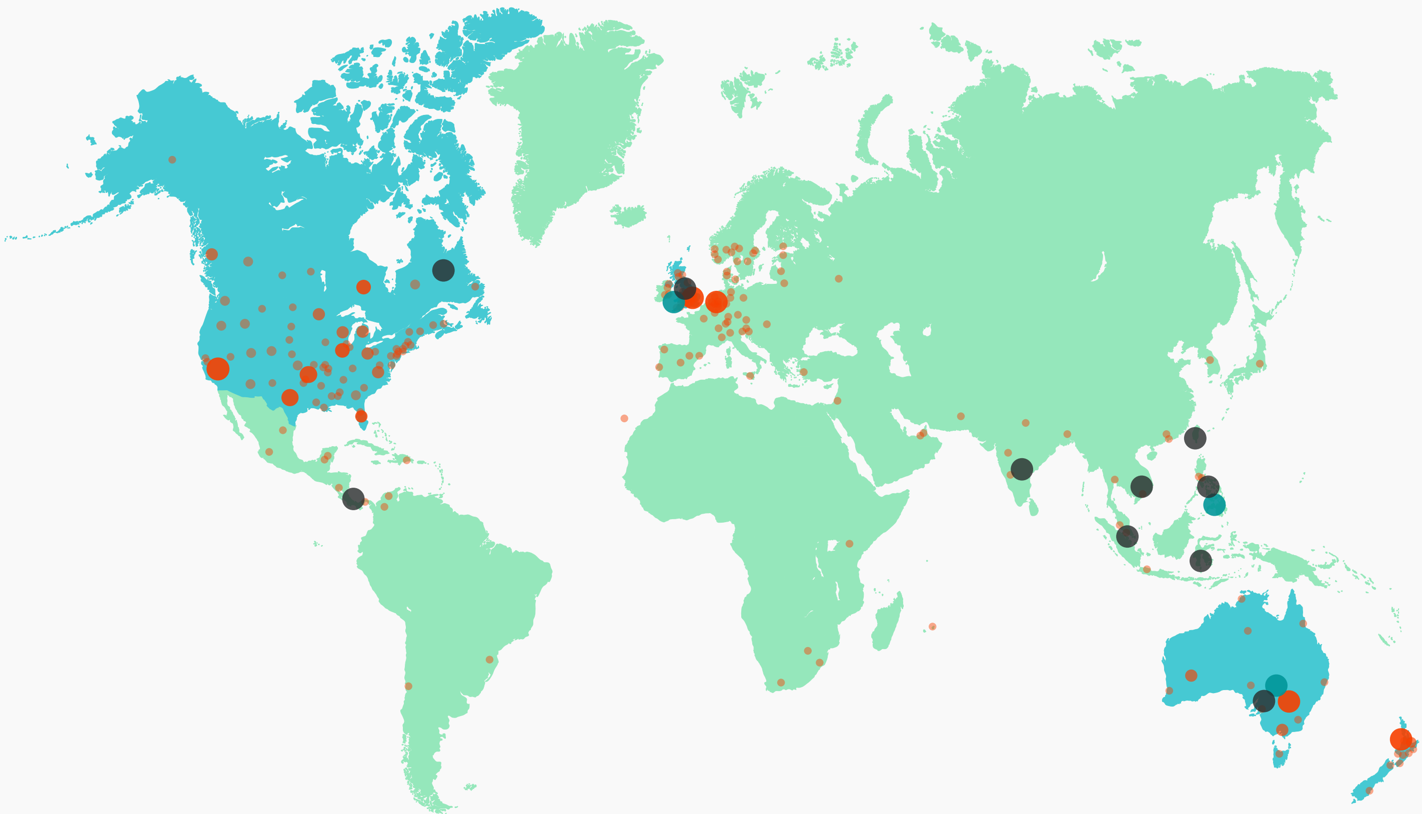
OUR CUSTOMERS AND PARTNERS



swipedon

Customers

USA	36%	Ireland	1%
UK	20%	Germany	1%
Australia	18%	Singapore	1%
New Zealand	12%	Italy	1%
Canada	5%	ROW	4%
Netherlands	1%		

SPACE CONNECT

Customers

UK	82%
Australia	9%
ROW	9%

Partners

UK	65%
APAC	21%
Americas	14%

OUR OFFICES

SwipedOn

1/115 The Strand
Tauranga
New Zealand

Space Connect

Norderstedt House
James Carter Road
Mildenhall
UK

Anders & Kern

Norderstedt House
James Carter Road
Mildenhall
UK

WHAT WE DO

SmartSpace Software Plc develops and sells SaaS software solutions to help clients manage their workspaces.

We do this by offering cloud-based SaaS software solutions and complementary hardware to allow:

- Desk booking
- Meeting room management
- Visitor management
- Analytics

We differentiate ourselves by offering products that are fast to deploy and easily configured by our customers or partners.

OPERATING BUSINESSES:

	swipedon	SPACE CONNECT	A+K
Products/ Services	SaaS Visitor Management Software (VMS) and desk management software	SaaS Integrated Workplace Software Includes Meeting Room Booking, Desk Management & Visitor Management	Distribution of Smart workplace solutions Hardware & software sales Meeting room, workplace sensors design and install
Market	Global Small single-site business to multi-location Fortune 500 businesses	Global Small to medium size businesses (up to 1500 employees per location)	UK
Sales Model	Direct	Channel	Channel
Deal size	Average ARR per client £1,000	Average ARR per client £7,500	Varies
Employees	34	21	12
Location	Tauranga, New Zealand Austin, Texas	Mildenhall, UK	Mildenhall, UK

OUR HISTORY

2000 Started life as an AIM company called Coms with a business offering telecoms and IT infrastructure services.

2013 Acquired Redstone, a major provider of System Integration and IT managed service business, along with a number of other companies in the animation and telecoms sectors.

2014 Developed our first software solution to help a client manage their desk utilisation.

2015 Restructured the group and divested or closed a number of subsidiaries, exited the telecoms market.

2016 Accelerated our investment in our space management software, acquired ConnectIB to enable us to scale our software development capability. Renamed Coms plc to RedstoneConnect plc with a focus on systems integration, managed services and a growing software division.

2017 Acquired Anders & Kern, based in Mildenhall who had over 10 years' experience in supplying meeting room management technology and implementation.

2018 June 2018 disposed of the systems integration and managed services divisions to focus on software specialising in space management.
July 2018 renamed RedstoneConnect as SmartSpace Software plc.
October 2018 acquired SwipedOn, a leading SaaS provider of visitor management software.

2019 November 2019 acquired Space Connect, a self-service SaaS workspace management platform

2020 August 2020 disposed of Enterprise software division to allow focus on SaaS sales to the SME and mid-market

2021 Development of Space Connect partner network, first sales of Evoko Naso, and the launch of SwipedOn Desks

2022 April 2022 multi language variant of SwipedOn launched to South Korean market, first step in broadening the addressable market for SwipedOn

OUR CUSTOMERS

KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Total Group revenues up **11%** to £5.14m* (FY21: £4.63m)

Annual recurring revenue ("ARR") up **64%** year on year to £4.94m (FY21: £3.02m)

Recurring revenues up **43%** to £3.42m (FY21: £2.39m)

Cash balance at the period end of **£2.76m** (FY21: £4.52m) and a net cash position of **£2.38m** (FY21: £4.10m)

Gross margin on continuing operations strong at **71%** (FY21: 72%)

Group Adjusted LBITDA of **£2.49m** (FY21: £2.12m)

Loss per share **8.91p** (FY21: 7.54p)

OPERATIONAL HIGHLIGHTS

swipedon

- SwipedOn ARR increased by **57%** year-on-year to **£4.23m** (NZ$8.67m) at 31 January 2022 (FY21: £2.70m)1
- Monthly average revenue per user ("ARPU") increased by **58%** year on year to **£75** (NZ$ 154) at 31 January 2022 (FY21: £48)
- SwipedOn locations increased to **7,076** at end 31 January 2022 (FY21: 6,741)
- Revenue churn at expected levels of **10.9%** (FY21: 6.8%) mainly from single site customers with lower value price plans and limited scope for upsell

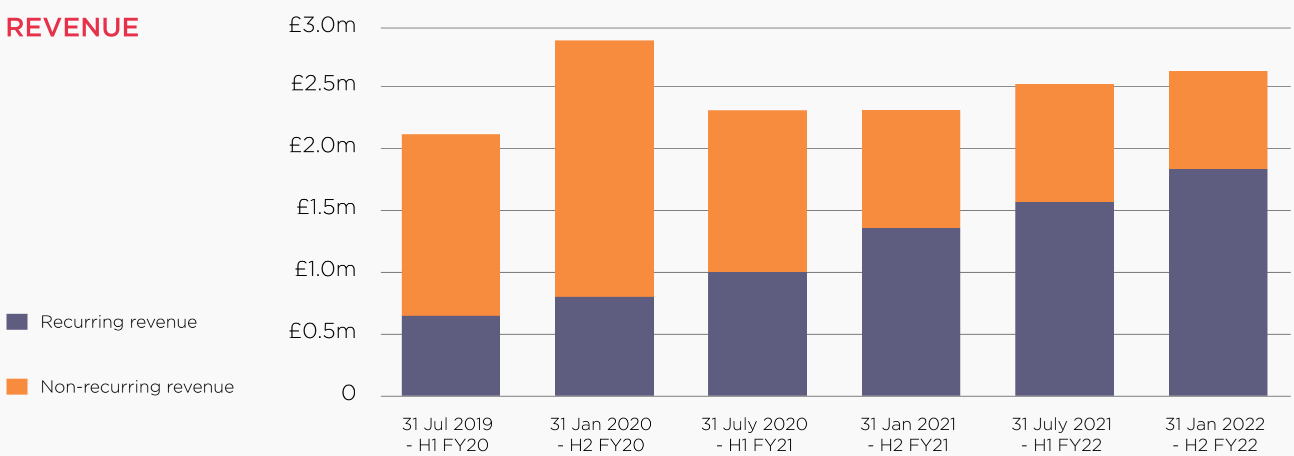
SPACE CONNECT

- Space Connect ARR increased by **291%** year-on-year to **£0.61m** at 31 January 2022 (FY21: £0.16m)
- At 31 January 2022, Space Connect had **69** customers, an increase of **56** new customers in the twelve month period
- New partners signed during the year in key geographies including Poland, The Philippines, India, Ireland, Belgium, Canada and the USA

A+K

- A+K revenue for the twelve months to 31 January 2022 down **24%** to **£1.73m** (FY21: £2.27m) due to the continued impact of the UK lockdown during the period
- New complementary workspace technology product lines added to the portfolio

REVENUE



CHAIRMAN'S STATEMENT

OVERVIEW

I am pleased to report a period of strong organic revenue growth, especially when taking into account another year of challenging trading conditions for many businesses. Despite the considerable disruption caused by Covid-19, Group recurring revenue grew by 43% year on year, to £3.42m and contributed towards a total Group revenue of £5.14m, up 11% from the prior year. Growing recurring revenue is one of our key objectives and now accounts for 66% of Group revenue (2021: 52%). Our LBITDA has increased by 18% to £2.49m as a result of higher staff costs as we establish the team needed for our growth plans.

Growth in Average Revenue Per User ("ARPU") has contributed significantly towards an overall growth in Annual Recurring Revenue ("ARR") of 64% to £4.94m at 31 January 2022. With lockdowns and 'work from home' ("WFH") mandates in place our focus has been concentrated on expanding revenue from existing clients. By growing the value of each customer, with more customers on higher tier plans, more locations, and more 'add-on' software sales, we were able to achieve many of our key financial objectives for the year.

The overall growth in Group revenue was achieved despite Anders & Kern ("A&K") being severely impacted by ongoing Covid-19 restrictions in its UK customer base. This led to a fall in hardware revenues for A&K which was mitigated to the extent possible by utilising the UK Government Job Retention Scheme. Sales of our strategic partner's meeting room panel (the "Evoko Naso") were impacted by Covid-19 as businesses across multiple markets in the US and Europe delayed hardware investment decisions, leading to significantly lower than expected revenues for this product.

PEOPLE

The continued strength of the Group is due to the hard work and resilience of all the people who work for SmartSpace. I would like to thank the team for their contribution, especially for the commitment and focus they have shown throughout this year. We have continued to invest in employees who are being supported through professional training relevant to their functional areas, as well as other relevant role-specific training. We recognise the importance of the right people to our business and therefore are pro-actively monitoring salary levels to ensure staff retention is managed.

Our priority during the Covid-19 pandemic has been the health and safety of our employees. We minimised the risk of infection in our offices and worked from home when necessary. Our staff showed great flexibility and patience in dealing with these challenges.

Last year we decided to re-locate all our software development to New Zealand, centralising development for the Group under the management of Matt Cooney, Group Chief Technology Officer ("CTO"). This task was completed by Autumn 2021. Whilst we do not expect to see financial synergies from this change the operational benefit will be significant.

BOARD CHANGES

In May 2021 Bruce Morrison and Diana Dyer Bartlett stepped down as directors of the Company to be replaced by Kris Shaw as Chief Financial Officer ("CFO") and Philip Wood as non-executive director ("NED"). Kris had been with SmartSpace for over two years before his appointment as CFO having worked closely with Bruce on both the acquisition of Space Connect and disposal of SmartSpace Global. The experience of working with both Bruce and Diana has provided Kris with the core foundations to be an excellent CFO.

With our increased focus on software offerings, there was a requirement that the role of the NED has direct experience of building fast growing international software businesses. We therefore appointed Philip Wood as an independent NED and Chair of the Audit Committee. Philip is the Deputy Chief Executive Officer and Chief Financial Officer of Aptitude Software Group plc, a specialist provider of powerful financial management software to large global businesses. The experience Philip brings in growing software businesses and mentoring finance teams is being hugely helpful to SmartSpace, as we move through our next phase of development as a global SaaS business.

ANNUAL GENERAL MEETING

The Board will shortly be sending out a notice of the Annual General Meeting which once again will be fully open to all shareholders to attend. For those unable to attend I would urge shareholders to email any questions they may have to investors@smartspaceplc.com and to send in proxies so their votes on the resolutions contained in the notice of meeting will be counted.

FUTURE DEVELOPMENTS AND OUTLOOK

Our intention is to become a profitable business and we have plans in place to transition SmartSpace through to cash generation. The board believes the Company has sufficient liquidity to complete this transition to cash generation towards the end of FY23.

The global economy has entered a period of higher inflation with raised living costs and consequently higher wage expectations for both existing staff members and new hires. The majority of our customers are on contracts of one year or less allowing us to factor inflation into our price plans upon renewal.

Recent investment activity within our sector values our SaaS peers on higher multiples than that commanded by SmartSpace. We intend to close this gap and build shareholder value by growing recurring revenues and delivering high quality cash generative earnings. With such a large addressable market for our products globally we are confident in our ability to capitalise on the opportunities open to us.

As we target strong revenue growth in all three divisions we intend to:

- Focus on entering new geographies, with a view to building our customer base in non-English speaking markets. Our recent launch into South Korea is a first step in this process.
- We will continue to prioritise revenue expansion opportunities from existing customers by growing customer accounts to include more locations. A key focus for growth will be to continue to build ARPU by selling SwipedOn Desks and other add-ons to new and existing customers.
- Build on the momentum achieved so far with the now well established Space Connect indirect partner network.
- Seek new technology offerings in the area of workplace optimisation for A&K to sell to its established channel partner customers.

These actions combined with the already strong growth in recurring revenues are key to achieving our financial plans, allowing us to transition SmartSpace through to cash generation.

Whilst Covid-19 has hampered sales of Evoko Naso to date, we remain optimistic about the prospects of this product, especially as customers return to the office and WFH mandates are lifted. The feedback on Naso from the Evoko partner network around the globe is very positive.

Our ambition and confidence for the year ahead remains high following a good start to the year. Our revenue, profitability and cash generation targets remain unchanged. As we continue to grow our high margin recurring revenues, we add financial strength to the business, and with such a large addressable market and well placed product set, we believe this can continue for the foreseeable future.

Guy van Zwanenberg
Chairman

17 May 2022

SPACE CONNECT CASE STUDY:

BUPA

The opportunity and challenges

In 2019, when their Melbourne HQ became due for renovation, the leadership team decided the time had come to reimagine the way their employees could use the workspace.

Kedar Viswanathan – Head of Technology for Employee Experience and Corporate Services* – takes up the story:

"Before the HQ renovation, the workplace model was very traditional. Everyone generally sat in the same place each day, and there was no booking process for desks. We knew the time was right to reimagine all that: to rethink how shared spaces and rooms were used, and to find the right technology to make it easy to manage".

BUPA chose Space Connect to provide the tech solution they needed to enable an agile, easily managed workplace environment, based around room booking.

And then, in March 2020, Covid and lockdowns hit

"At that point" recalls Kedar, "we had to rethink everything - all over again!" As lockdowns in Australia perpetuated, remote working became ingrained. By the end of the year the Bupa team were ready to begin bringing people back from remote working, and into the office.

But the situation was highly fluid, with lockdown and workplace restrictions changing almost weekly. "Flexibility became incredibly important" says Kedar. "Because we had Space Connect, we were able to very quickly and easily reconfigure the entire working model to fit the restrictions around workspace

The solution

Adapting to a highly fluid situation

Under the strict new Covid rules, BUPA needed to be able to tightly control desk usage and building capacity, and manage and report on who was in the workplace, where, and when.

And they needed to be able to change the parameters, fast, as the rules changed.

Space Connect's unique self-configuration features made all of this easy, including:

- Self-reconfigurable, bookable desks
- The admin ability to easily book and cancel desks on behalf of others
- Realtime views of current and forward desk availability capacity".

"I would recommend Space Connect for its flexibility and simplicity - even when you need to re-model how desks and spaces are used"

Kedar Viswanathan, Head of Technology

STRATEGIC REPORT: STRATEGY AND OPERATIONAL REVIEW

The Directors present their strategic report for the year ended 31 January 2022:

BUSINESS MODEL, PURPOSE AND STRATEGY

The Group's business model is to provide Software as a Service ("SaaS") workspace solutions including desk, meeting room, and visitor management products for small and medium sized enterprises ("SME") and mid-market, enabling our international client base to optimise the use of their corporate real estate. The Group's products are fast to deploy, easy to implement and configure making them ideally suited to SMEs but also larger companies in the market for simple but effective solutions for their space management. The Group also provides complementary hardware solutions which integrate with the Group's software solutions.

The Board believes that technology driven changes in working practices continues to generate demand from all industry sectors. Covid-19 has accelerated the move towards hybrid working further increasing the need for technology to enable companies to control the use of meeting rooms and desks more effectively as well as manage visitors to their premises. The Board has set the following strategic priorities:

- to focus on delivering pure SaaS revenues where the Group is not overly exposed to one market or a particular customer;
- to develop technology-led intellectual property to help businesses optimise use of their corporate real estate focussing on rooms, desks and visitors;
- to develop new sales channels to market our software solutions by establishing a global network of channel partners;
- to bring together the technologies of Space Connect and SwipedOn in order to offer a complete solution to both customer bases and therefore maximise revenue per user;
- to continue with a strategy of both organic and acquisitive growth both in our domestic market and overseas; and
- to deliver higher quality earnings which will, in turn, improve cash generation.

We believe as working practices change and businesses reconfigure their office real estate the market will gravitate towards greater use of technology to optimise how businesses operate. As employees demand hybrid working arrangements, and remote working becomes more prevalent, businesses will look for real estate efficiencies which will need technological solutions. Many businesses have indicated that they plan to reduce their real estate footprint whilst maintaining headcount. This change will stimulate demand for SmartSpace solutions which will allow employees to book desks for times they are in the office and to coordinate meetings between participants in the office and those working remotely. The strategy is to focus on developing our software to take advantage of the opportunities afforded by this fast-growing market.

REVIEW OF THE BUSINESS

SwipedOn

We have continued our approach of growing revenue from existing customers by increasing ARPU, focusing on clients with the potential to use more of our products across multiple locations. Our sales team are incentivised to attract high value, multi-site customers who comprise an increasing proportion of our customer base and represent a higher proportion of our revenues.

From February 2021 all new customers have been moved to our new price plans, and, progressively, we have implemented the price increase across our existing customer base. These new price plans reflect the investment we have made in the platform enhancing functionality over the last 18 months. Despite the increased prices, we maintain a significant price advantage over our competitors, and SwipedOn remains one of the most cost effective offerings in the market. The average ARPU of new customers for the year has been £90 (2021: £72).

In implementing the price increase we anticipated an increase in customer churn. Encouragingly this was at levels lower than forecast and mainly occurred amongst our smaller, lower value, single site customers, who are often on the lowest value starter plans. Customer churn for the year averaged 15.6% whilst revenue churn was 10.9%. The average ARPU of churning customers was £51, significantly less than our new customer ARPU of £90.

The number of new SwipedOn customers in the year has been lower than historical rates. However as we target higher value customers with more locations, and expand revenue from existing customers, our recurring revenue has continued to grow. The average CAC (Customer Acquisition Cost), which includes the costs of all sales and marketing staff as well as direct marketing costs, has increased due to digital marketing price inflation, in particular Google Ad words. The Company continually reviews the effectiveness of its marketing spend including the consideration of alternative delivery channels in order to optimise CAC.

Net revenue retention measures revenue change from the customer base over a set period of time and includes the impact of churn, price increases, customer expansion and contraction, but does not include growth from new customers. As a result of the price increase SwipedOn's NRR at 31 January 2022 was a very strong 130% (2021: 105%). Such a strong NRR is not expected in future periods but we will continue to aim to maintain NRR above 100%.

Our recent launch into South Korea is our first step into new non-English speaking geographical markets. With less competition in these markets digital marketing costs are lower, therefore rebalancing the cost of acquisition back to historical levels. The launch into South Korea begins the process of broadening the addressable market for SwipedOn allowing us to open in other Far Eastern markets.

It has taken 18 months of development to ensure the functionality in the SwipedOn platform is fully multi-language, multi country and multi-location ready. To support the launch into South Korea there is a localised website https://www.swipedon.kr, along with a range of localised marketing collateral. The launch is supported by an in-country marketing agency with a digital marketing campaign that will focus on Naver, the dominant search engine in South Korea. Pre-sales and ongoing customer support will be handled in local language.

SwipedOn key performance indicators	31 Jan 2022	31 Jan 2021
Annual recurring revenue (ARR)	**£4.23m**	£2.70m
Monthly average revenue per user (ARPU)	**£75**	£48
Number of customers	**4,700**	4,735
Number of customer locations	**7,076**	6,741
Locations per customer	**1.51**	1.42
Net Revenue Retention (NRR)	**130%**	105%
Annual revenue churn	**10.9%**	6.9%
12 month average customer acquisition cost (CAC)	**£1,730**	£744

Space Connect

We have been focused on expanding our channel partner distribution network for Space Connect with new partners signed during the financial year in key geographies including Poland, The Philippines, India, Ireland, Belgium, Canada and the USA. Through these new partnerships, and our existing relationships with other partners such as Softcat, we have increased our ARR by 291% to £0.61m. The pipeline of new customer opportunities remains strong, reinforcing the momentum seen in the business and underpinning our confidence in the opportunity for Space Connect, its product capabilities and the potential market.

During the past year we have invested in the Space Connect platform including developing our own space mapping tool which allows faster on-boarding of new customers. The mapping tool also facilitates self-provisioning by customers and replaces a third-party service provider, therefore reducing cost of sales.

Sales of our strategic partner's meeting room panel (the "Evoko Naso") for which Space Connect receives both licence fees and SaaS revenues were below our expectations. This is a continued result of Covid-19, with offices in Evoko's key markets not fully back to normal working capacity. As a result, many have delayed investment decisions for new hardware. The Board remains convinced by the medium-term growth opportunity for Naso and expects that once businesses return to normal, sales will accelerate.

Space Connect key performance indicators	31 Jan 2022	31 Jan 2021
Annual recurring revenue (ARR)	**£0.61m**	£0.15m
Monthly average revenue per user (ARPU)	**627**	980
Number of customers	**69**	13

In order to meet our growth expectations for Space Connect we have built a strong team of software developers, sales staff and customer support. To maximise cost synergies we have created a unified helpdesk providing 'follow the sun' support for both Space Connect and SwipedOn customers. Whilst this has increased the overhead for Space Connect, and therefore losses, we believe this is the right foundation needed for future growth.

Anders & Kern

The third arm of the Group's business is Anders & Kern ("A&K"), our specialist distributor and integrator of AV solutions such as meeting room booking solutions, workplace sensors and digital signage. A&K operates solely in the UK. The closure of offices and business premises during the various lockdowns and WFH measures continued to impact order intake during FY22, therefore resulting in an EBITDA loss for the year. A&K's network of 200 resellers contributes to the development of the market for both Evoko Naso and Space Connect in the UK. Our focus in A&K has been to pivot from its traditional market of Audio Visual to focus on workplace optimisation solutions. As a result, A&K has continued to add to its offering with new workspace technology product lines being added to its portfolio which often complement the Group's software solutions.

Customer support for all three SmartSpace divisions is now being led by our newly appointed Group Customer Services Manager who is based in A&K's Mildenhall premises.

Anders & Kern key performance indicators	31 Jan 2022	31 Jan 2021
Revenue	**£1.73m**	£2.16m
Gross margin *	**35%**	38%

* FY21 figures have been adjusted for zero margin A&K sales made to SmartSpace Global which was agreed as part of the disposal process. These sales amounted to £0.93m in FY21.

SOFTWARE DEVELOPMENT

The software development of Space Connect used to take place in the Ukraine. For a number of reasons we made decision to move all our software development to New Zealand. Our last developer in the Ukraine left us in October 2021 and all engineering of Space Connect takes place in New Zealand and a new offshoring base in Vietnam. This provides us with a flexible development resource that can be quickly stood-up for specific projects at a competitive price.

With the centralisation of software development headed by our Group CTO we are able to further converge the technologies of SwipedOn and Space Connect, offer greater opportunities for our staff to develop their skills, whilst also allowing the Group to benefit from a consistent approach to software development. New Zealand has had a strong focus on developing its software industry and as a result has a great talent pool to draw upon. Employment costs are competitive with other similarly developed jurisdictions.

During the year we invested £1.56 million (2021: £1.30m) in maintaining and further enhancing our software solutions. This included the development of our mobile application for contactless sign-in, regional cloud hosting facilities, vaccine pass functionality, and internationalisation to allow full multi-lingual services.

Space Connect completed the development of its in-house mapping tool which streamlines customer onboarding and reduces external costs. An updated version of Evoko Naso has been developed to improve and add to the functionality offered to customers. SwipedOn Desks was released during the year and is now generating new revenue for the Group.

OUTLOOK

We have planned for a year of further strong growth in FY23 whilst ensuring our costs are tightly controlled. On a constant currency basis ARR has grown by a further 7% in the first quarter of FY23. Growth in ARR has predominantly been driven by the successful implementation of price increases in FY22, coupled with the expansion of existing customers, cross selling and new customer wins. We continue to see opportunities to make use of our products in new ways as demonstrated by the agreement with Thermo Fisher Scientific to support its school Covid-19 testing program in 570 locations.

As demonstrated by our recent launch into South Korea, expansion into non-English speaking markets will be a key area of focus throughout the coming year. We see opportunity for growth from SwipedOn Desks which was launched in Autumn 2021 and has progressively built customer numbers and ARR.

Hybrid working is fast becoming the expected norm in many parts of the world. Space Connect is ideally placed to take advantage of the technological demands of this change. We will continue to develop unique features that allow us to target and attract a greater share of the addressable market. We are encouraged by Evoko's optimism in Naso and the feedback that has been received so far. We are optimistic on the opportunities from this product as workplaces reopen and businesses fit out new office spaces.

The team at A&K are eager to make up for ground lost during the pandemic. We have new products available to be sold and with businesses gaining confidence that lockdown will not return we aim to return this business to pre Covid-19 revenue levels.

Frank Beechinor
Chief Executive Officer

17 May 2022

SPACE CONNECT CASE STUDY:

TRAVIS PERKINS

The real estate opportunity and challenges

Travis Perkins (TP) is the largest builders' merchants in the UK, with over 1700 branches and more than 20,000 employees, extensive real estate, and 'more traditional' cultural ways of working within those spaces.

Post-lockdown in 2020, TP began their selection of a best-of-breed solution to help their staff return to the workplace in a covid-secure and managed fashion, with full data insights and contact tracing.

Key to their requirements were that the solution needed to:

1. **Integrate with Google IDP for SingleSignOn (SSO)**
2. **Be easy to scale up and down across the portfolio**
3. **Control bookable stock and contact trace**
4. **Integrate with Google Calendar for room bookings**
5. **Be up and running in less than 2 months**

Why Travis Perkins chose Space Connect

The TP team considered a number of vendors to deliver a proof of concept, working with their trusted IT partner, Softcat, to select the solution provider.

"In the midst of further Covid restrictions and market challenges, the scope of the project was fluid and changing" explains Charlie Craigs, Deputy Team Leader in the Collaborations team at Softcat.

- Lockdown 2.0 occurred and the pilot was altered and extended.
- Changes in Google's IDP configuration meant that the previous API integration needed to be updated and recoded as soon as possible.

"We knew the adaptability of the Space Connect solution and their team would enable us to deliver the smooth rollout that TP needed - despite the shifting scope".

For Travis Perkins, that flexibility along with key, value-driving features, made Space Connect their first choice. Martin Gallaher, Programme Manager at Travis Perkins explains:

"The opportunity to not commit to a certain number of desks and locations was a huge benefit in choosing Space Connect. We have a great working relationship with Softcat. This, and Space Connect's flexibility helped so much, as the project scope changed with the uncertainties of Covid."

"Space Connect's flexibility means the way we use the solution can continue to flex and evolve with our business ... with Space Connect we absolutely made the right choice"

Martin Gallaher, Programme Manager

The solution

1. Space Connect reconfigured the google integration at pace for both SSO and Room booking
2. Travis Perkins rolled out with Space Connect desk booking across 6 locations nationwide.
3. TP Group brand, City Plumbing, is rolling out with desk booking across 14 locations nationwide.

STRATEGIC REPORT: FINANCIAL REVIEW

OVERVIEW

The Group has been successfully transformed from an Enterprise focused business to a SaaS focussed business with subsidiary companies at different stages of their life cycle. SwipedOn and A&K are established within their given sectors and are expected to continue to grow and provide positive contributions to the Groups cash flow in the coming year. Space Connect is at the start of its life cycle, selling a new SaaS product, which the Group is continuing to develop and invest in to generate growth in both revenues and cash flows. As with all businesses that are within an investment period the Group has made a loss after tax in the current reporting period of £2.56m (2021: £2.26m). This is in line with our expectations, and also a result of subdued growth principally caused by the effects of the response to the COVID 19 Pandemic. Growth returned to forecast rates within the group in the final half of the period and we believe that this growth will continue into the future.

REVENUE

Overall revenue for the Group increased by 11% to £5.14m driven by a 43% increase in recurring revenues generated by the Group's SwipedOn and Space Connect software products. Recurring revenues increased as a result of higher ARPU and customer locations. Revenue from the Group's A&K division decreased by £0.55m as Covid-19 restrictions continued to impact this division.

	2022	2021
	£'000	**£'000**
Recurring revenues		
- SwipedOn	**2,916**	2,124
- Space Connect	**373**	119
- Anders & Kern	**127**	151
Total recurring revenue	**3,416**	2,394
Non-recurring revenue		
- SwipedOn	**37**	37
- Space Connect	**85**	73
- Anders & Kern	**1,602**	2,125
Total non-recurring revenue	**1,724**	2,235
Total revenue	**5,140**	4,629

The growth in recurring revenues for SwipedOn was generated by a 58% increase in average revenue per user ("ARPU") to £75. SwipedOn focussed on selling more to its existing customers with 7% more customers on our highest priced tiers, and 6% increase in the number of paying locations per customer. A number of feature improvements also allowed us to apply a price increase to both new and existing customers whilst still remaining competitively priced. Covid-19 continued to impact the business with increased churn from changing customer needs and business closures. Annual user churn for the year was 15.6% (2021: 11.3%) and revenue churn 10.9% (2021: 6.9%). These factors all contribute towards net revenue retention which increased to 130% for the year (2021: 105%).

Space Connect focussed on building its recurring revenues by adding new customers through its partner network. Overall customer numbers increased from 13 at the beginning of the year to 69 at the end. Revenues from the sale of the white label version of Space Connect through our partners meeting room booking panel were impacted by Covid-19 reducing demand for new meeting room panels. As businesses return to more normal routines we expect demand to return and revenues from this product to grow.

A&K continued to see reduced revenues from the sale of its hardware offerings. Our A&K customer base is UK orientated selling workplace solutions and therefore the impact of lockdowns and work from home mandates was significant. As we exit the lockdown restrictions we expect normal level of sales for A&K to return.

GROSS PROFIT

Gross profit margin was 71% (2021: 72% *) giving a total gross profit of £3.65m (2021: £2.65m). Gross margins from our SaaS business are 89% (2021: 91%) whilst A&K contributes a 35% margin (2021: 38%*).

* FY21 figures have been adjusted for zero margin A&K sales made to SmartSpace Global which was agreed as part of the disposal process. These sales amounted to £0.93m in FY21.

ADMINISTRATIVE EXPENSES

Administrative expenses have increased by 35% to £7.32m (2021: £5.42m) as detailed in the table below.

	2022	2021
	£'000	**£'000**
Research and development	**1,563**	1,319
Less capitalised development	**(340)**	(290)
Research and development costs not capitalised	**1,223**	1,029
Staff and contractor costs excluding those relating to R&D	**3,030**	2,267
Sales, general and administrative expenses	**1,921**	1,605
Share based payment charge	**288**	150
Depreciation and amortisation	**666**	375
Reorganisation and transformation costs	**192**	-
Total	**7,320**	5,426

Excluding share based payments, depreciation and amortisation, and reorganisation costs, administrative expenses have increased by £1.27m. This increase arose from increased expenditure on staff costs (£0.91m), marketing expenditure (£0.18m) and various other increased costs (£0.18m). Increased staff costs are largely contributed by the team we have put in place for Space Connect which has increased from 3 at the beginning of FY21, to 18 at the end of FY22. Inflation in digital advertising has led to the increased marketing expenditure during the year.

Financial support amounting to £0.05m (FY21: £0.10m) from the UK Government through wage subsidy schemes was offset against staff costs.

In the coming year we anticipate inflationary pressure on our cost base in all geographic regions. This is particularly strong in areas where we see skills shortages such as software development. The majority of our software contracts with customers are for a 12 months or less therefore we will have an opportunity to pass on this inflationary burden when contracts are due for renewal.

ADJUSTED LBITDA

Adjusted LBITDA is the loss for the year before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge. Adjusted LBITDA was £2.49m (FY21: £2.12m). Whilst SwipedOn made a LBITDA loss for the year, as ARR grows and customers pay annually in advance it is now consistently cashflow positive and expected to breakeven at an EBITDA level in the coming year. Space Connect remains loss making at an EBITDA level whilst it continues to build its customer base. A&K was loss making due to reduced sales as a result of Covid-19.

TAXATION

The taxation credit of £1.11m results from the recognition of tax assets relating to losses incurred in the current year which will be utilised in future periods, together with a re-measurement of losses recognised in prior periods to the new rate of corporation tax. Due to a change in the main rate of UK corporation tax from April 2023 onwards tax losses have been recognised at a tax rate of 25% which is the rate expected to be in place when the losses are utilised. Losses recognised as assets in prior years have been re-measured based on this new rate of corporation tax resulting in a credit of £0.46m.

FOREIGN EXCHANGE

The Group sells its products throughout the world therefore revenues are received in a number of currencies, with pounds sterling (47%), US dollars (26%), Australian dollars (13%) and New Zealand dollars (6%) being the most common. Our administration costs are denominated in pounds sterling (40%), New Zealand Dollars (37%) and US Dollars (22%). Overall foreign currency revenue is closely matched to foreign currency costs therefore trading exposure to fluctuations in exchange rates is reduced.

Assets and liabilities denominated in foreign currencies are mostly limited to our operations in New Zealand where working capital, deferred revenue, property plant and equipment, right of use assets and liabilities, deferred tax assets, and intangible assets are held in New Zealand Dollars. Net assets denominated in foreign currencies amount to £4.52m. The Group does not hedge this foreign currency exposure.

Foreign exchange movements in the period resulted in a charge of £21,000 (2021: £13,000) to the profit and loss, and a charge of £0.34m (2021: credit £0.64m) to other comprehensive income.

EARNINGS PER SHARE

The loss per share was 8.91p (FY21: loss per share 7.54p). The adjusted loss per share which excludes the after-tax impact of exceptional items, share-based payments and the amortisation of intangible assets recognised on acquisition was 7.04p (FY21: loss per share 6.59p).

INTANGIBLE ASSETS AND GOODWILL

Intangible assets comprise £8.37m of goodwill (2021: £8.72m), £0.86m (2021: £0.88m) internally generated software, and £1.39m (2021: £1.62m) of other intangibles acquired as part of business combinations. Software development costs relating to both SwipedOn and Space Connect products amounting to £0.34m were capitalised. An amortisation charge of £0.55m was recorded against intangible assets; internally generated software is amortised over 3 years and intangible assets acquired through business combinations are amortised over 10 years. Intangible assets denominated in currencies other than pounds sterling decreased in value by £0.39m due to movements in exchange rates.

FINANCIAL POSITION

Current tax receivables of £0.07m (2021: £0.10m) relate to tax credits which the Group receives for qualifying research and development activities. Cash reimbursement of these tax credits was received in February 2022.

Contract liabilities of £1.77m (2021 £1.13m) relate to SaaS subscriptions received in advance by SwipedOn and Space Connect which are spread over the period to which they relate.

Borrowings amount to £0.38m (2021: £0.40m) of which £0.36m (2021: £0.38m) relate to a mortgage on the Group's freehold property in Mildenhall where A&K are based, together with a Covid-19 support loan provided by the New Zealand government of £0.03m (2021: £0.03m). The mortgage is due for repayment in January 2023 and therefore classified as a current liability. Management intends to extend the mortgage period when it comes due for repayment. The Covid-19 support loan is interest free and will be repaid in FY23.

CASH FLOW

Cash and cash equivalents decreased during the year by £1.76m (2021: increase £1.93m) due to a cash outflow from operating activities of £1.61m (2021: £1.44m). As we move into FY23 cash consumption is at lower levels than at the beginning of FY22 and further growth in recurring revenues for SwipedOn and Space Connect, combined with a return to profitability for A&K, is expected to transition the business to being cashflow positive by the end of the financial year.

The net cash outflow from investing activities of £48,000 (2021: inflow £3.44m) includes the final £327,000 of disposal proceeds for SmartSpace Global Limited offset by investments in software development and property plant and equipment. Cash outflow from financing activities amounted to £79,000 (2021: outflow £86,000) as payments were made against the finance leases and property mortgage.

Our forecasts for revenue growth over the coming year mean that the Group has sufficient cash flow resources to continue operations until profitability is achieved.

DIVIDEND POLICY

The Group reported a retained loss of £2.56m (FY21: loss of £2.26m), which has been transferred to reserves. At 31 January 2022, the Group had retained earnings of £9.16m (FY21: £11.70m). The Board considers that it is in shareholders' best interests to retain resources in the Group.

Kristian Shaw
Chief Financial Officer

17 May 2022

SWIPEDON CASE STUDY:

LUSH

Since its inception in 1995, Lush has grown to become one of the most recognized names in the beauty industry. The core of their business is based on a refusal to accept the status quo and the belief that there had to be a better way to create natural, fresh cosmetics with a much smaller impact on the environment.

Today, Lush is a household name with over 10,000 employees around the globe and they have been a SwipedOn customer since 2019.

Challenge: Transforming the reception

Tell us a little about your previous visitor management process?

Before we started using SwipedOn, we had a paper visitor book where guests would write down their details. Our receptionist would then have to locate the correct host and notify them that their visitor was here.

Solution

Why SwipedOn?

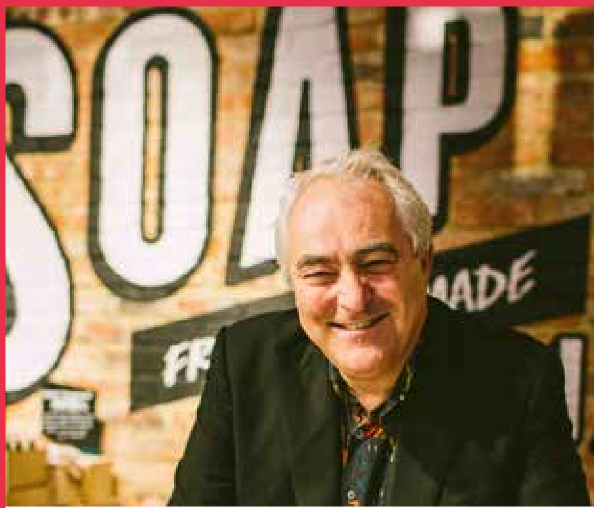
We know there are some different visitor & employee management solutions on offer, what was the main reason your company chose us? As mentioned, our top priority was to find a brand that fit well with our own business ethics & values. The fact that SwipedOn helps us reduce our environmental impact with less paper waste and also plants native trees for every new customer was what set SwipedOn apart from the other systems.

Challenges

- Reduce paper wastage and manage data safely and securely.
- Paper visitor book sign in was a slow and manual process.
- Provide a hygienic way for visitors & employees to sign in during the pandemic.

Results

- Reduced paper waste and smaller environmental impact.
- A compliant way to manage visitor data with an intuitive system.
- Total visibility of what happening across different locations.



"Rolling out the SwipedOn sign in system completely streamlined the visitor management process. It gave us total visibility of our operations by knowing who was on the premises at all times."

Joshua, Digital Services

STRATEGIC REPORT: PRINCIPAL RISKS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group could potentially be affected by a number of uncertainties and risks that are not wholly within its control. These uncertainties and risks, together with an explanation for how such uncertainties and risks are managed and the key mitigations available to the Group are described below.

IMPACTS OF COVID-19

Working practices changed significantly since Covid-19 allowing employees to work from home. It is not yet known to what extent businesses will return to office based working. The Board believes that a hybrid office and home working environment will become prevalent in the future which will require technology to manage. The Board therefore considers that the impact of Covid-19 is significantly mitigated.

INFLATION

The global economy is experiencing a period of rising inflation which may be further exacerbated by disruption caused by the war in Ukraine. The most significant cost impact of rising inflation for SmartSpace will relate to our staff salaries. In order to retain our work force it will be important to appropriately address inflation in pay reviews. SmartSpace does not have significant levels of interest bearing debt and its contracts with customers are almost entirely 1 year or less, thereby allowing appropriate inflationary price increases to be applied. The Board therefore considers that the impact of inflation is mitigated to the extent possible.

RELIANCE ON KEY PERSONNEL AND MANAGEMENT

The success of the Group will rely upon attracting and retaining the right calibre of talent and the loss of key staff would be detrimental to the Group. The Group operates an active talent and development programme. The Group continuously monitors and develops this programme to meet the ambitious requirements of the business and utilises a number of tools to retain its senior management including an annual bonus and long-term incentive plans.

TECHNOLOGICAL CHANGE AND COMPETITION

The pace of technological advancement in today's world is apparent, affecting all aspects of life, and the Group's products target a market which is evolving at a considerable pace. Failure to keep pace with innovation or to develop the wrong solutions could lead to a loss in revenue and increased development costs. We will continue to consult with our clients to understand their requirements and research the market to ensure we focus our product development programme on the most relevant software which is competitive in the global market. The risk should we fail to build upon recent investment in software is considerable, and therefore identifying increased product functionality and differentiation will ensure we manage and mitigate this risk.

SALES AND CHANNEL DEVELOPMENT

Key to our future success will be developing successful channels to market. Productising our software offering is crucial to ensuring a successful channel strategy; ease of sale and installation are both key components to ensure partner adoption. Failure to develop channels to market is likely to impact our ability to scale the business. Recent and ongoing investment will ensure we have products to share with channel partners along with the necessary training and installation support.

ACCREDITATIONS AND INDUSTRY STANDARDS

Industry standards are constantly changing with data and cyber security being key concerns for most organisations. Ensuring the Group is planning and maintaining its accreditations will mitigate the risks associated with ever changing high standards of practice.

IP PROTECTION

Our intellectual property is one of our key assets, and loss thereof could result in us losing our competitive advantage. Maintaining contractual disciplines and vetting who we choose to share any level of object or source code, product knowledge and wherewithal and general secrets of how we operate are constantly monitored and reviewed. Confidentiality is a key component to managing this risk and the Group has legally binding agreements to ensure this is robust and maintained.

GOING CONCERN

The Group continues to make losses as a result of its current lack of critical mass. The Board continues to ensure that its overhead base is balanced with its growth expectations to ensure there will be sufficient capital to support the Group until it becomes cash generative without further recourse to shareholders. On this basis, the Group's accounts have been prepared on the going concern basis.

CONFLICT IN UKRAINE

Our software development activities have previously relied on developers based in Ukraine, however this was terminated in October 2021. We have no customers, operations or suppliers based in Russia or Ukraine and therefore we are not directly exposed to risk from the current conflict in Ukraine or sanctions on Russia.

STRATEGIC REPORT: S172 STATEMENT

This section serves as our section 172 statement and forms part of the Strategic Report and should be read in conjunction with the Corporate Governance Report.

Under Section 172 of the Companies Act 2006 the Directors have a duty to promote the success of the Group over the long term for the benefit of its shareholders as a whole, having regard to a range of other key stakeholders' interests. The Directors must have regard (amongst other matters), to:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct;
- and the need to act fairly with members of the Company.

The Board is responsible for the overall direction of the Group. It focuses primarily upon strategic issues and is responsible for the Group's long-term success. It sets the Group's strategy, oversees the allocation of resources and monitors the performance of the Group, to ensure that the Group is structured appropriately for the challenges and opportunities of the future. In performing these duties, the Board is focused on the sustainability of the Group in the long term. The Board recognises the need for the Group to have effective engagement with, and encourage participation from, all key stakeholders to promote these long-term interests.

Typically, in a company such as SmartSpace, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the Company. The Board recognises that such delegation needs to be part of a robust governance structure which covers how we engage with our stakeholders and how the Board assures itself that the governance structure and systems of controls continue to be robust.

The Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure the requirements of Section 172 are always considered and met through a combination of the following:

- Standing agenda points and papers considered at each meeting with the CEO and CFO presenting updates on the financial overview, operational progress, business development, strategic progress, and investor relations. The Board also considers relevant corporate governance and compliance matters.
- Formal consideration of any factors which are relevant to major decisions taken by the Board throughout the year.
- Review of topics through the risk management process and other standard Audit Committee and Remuneration Committee agenda items.

GROUP EMPLOYEES

A well-motivated and satisfied workforce is crucial to the success of the Group. It is therefore important that the Board are aware of and understand the opinions of our employees, taking these into account when making decisions. We encourage our employees to take part in professional development activities, and where appropriate, provide the resources to do so. Over 90% of our employees have been issued share options encouraging an awareness of the financial factors which determine the Groups success.

CUSTOMER AND SUPPLIER ENGAGEMENT

The Executive Directors hold regular meetings with the management of each operating subsidiary at which progress with customer relationships is reviewed. A monthly report is produced highlighting the key performance metrics for managing customer satisfaction being customer churn rate, support ticket levels, and net promoter score. Trends are analysed and the likely cause of those trends identified. Should concerns be made by customers the Group ensures that these are addressed as a matter of urgency. The monthly reports are tabled at Group board meetings and any issues highlighted by the CEO in his report.

Senior management of our operating subsidiaries communicate and meet with strategic partners on a regular basis. This is further supported by Executive Directors where this is appropriate. Meetings provide an opportunity for feedback from the partner, ensure that development priorities are properly addressed, and customer support remains at a high standard.

The relationships with Group's key suppliers and partners are maintained by the management of each operating subsidiary. Regular engagement with key suppliers takes place to ensure that agreed service levels are being satisfactorily met, to develop constructive relationships, and where necessary proactively address any shortfalls.

SHAREHOLDER ENGAGEMENT

The Board engages with its institutional shareholders through meetings held after financial reporting and trading updates. Since Covid-19 these meetings have taken place through video-conference facilities. Private shareholders are encouraged to engage with the Board at the Company's AGM where the Board makes itself available for shareholders to ask questions. The Group also makes live interactive management presentations through the Investor Meet Company platform to current and prospective shareholders regardless of the number of shares they own.

ENGAGEMENT WITH THE WIDER COMMUNITY AND IMPACTS ON THE ENVIRONMENT

The Group considers its actions and the likely effect that they may have on the environment and seeks to mitigate any negative impact wherever practicable. We have included for the first time carbon emission data in this annual report (see page 38). Through various procedures the Group complies with health and safety and environmental legislation relevant to its activities.

As part of our commitment to the environment we plant one tree for every new SwipedOn customer. These trees are located at 16 locations around New Zealand. We believe that protecting our environment is a job for all of us. Handled by a local charity, Trees that Count, we believe by planting native species trees we will help restore and enhance the environment, encourage biodiversity, clean air and waterways and make a difference to climate change. So far, we have funded over 6,000 trees.

In addition, we also seek to support local charitable organisations in the markets we serve by providing our software free of charge or at a significant discount. Charities we have helped in this way include The Children's Hospital Foundation and Leicestershire Search and Rescue. We positively encourage charities to approach us for support.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Group has a culture which emphasises that business should be conducted honestly, fairly and with due respect for others. We expect honesty

and truthfulness from our employees as a matter of course and Directors and employees are required at all times to act with integrity and good conscience. This requirement is set out in the employee handbook.

ENSURING WE ACT FAIRLY WITH ALL MEMBERS OF THE COMPANY

The Board ensures that the Group's shareholders are treated equally and fairly, regardless of the size of their shareholding

or their status as a private or institutional holders. The Group provides clear and timely communications via the Group's website and via a Regulatory News Service. All holders of Ordinary shares are eligible to receive dividend payments and to vote at general meetings of the Company.

OUR STAKEHOLDERS

Why we engage	Types of engagement undertaken	Issues relevant to the stakeholder group
Our people The dedication of our people and their drive for results are the most significant contributors to our future success.	• Continual focus on the health and safety of all employees. • Regular performance reviews and staff surveys • Competitive remuneration strategy.	• Personal development. • Remuneration strategy. • Health and safety. • Diversity and inclusion.
Customers Engaging with customers helps us to understand their needs, identify opportunities and challenges and plan the future direction and development of our software	• We provide customer support through our help desks and interaction with our customers through our account management. • We survey customers on their likely take up of add-on modules and functionality, and their views regarding development priorities. • We monitor our net promoter score to ensure we maintain the highest standards in our products and services. • We survey lost customers to identify areas for improvement.	• Customer satisfaction. • Innovation and product development. • Product reliability. • Product support.
Suppliers and partners Maintaining a flexible workforce through the use of contractors is vital to the success of the business. Consistent and reliable cloud service providers are a prerequisite for our business. Strong partnership agreements are important to distributing the Group's products and creating integrations for customers	• Regular interaction with our outsource partners including weekly stand ups and the use of shared platforms such as Microsoft Teams, Microsoft Sharepoint and shared development tools such as Jira and Confluence. • The Group uses Microsoft Azure and Amazon Web Services who are the market leaders providing the highest level of service. • The Group regularly reviews its partners' performance and terms and conditions	• Product development • Hosting
Investors Continued access to funding is vital to the performance of the business. We work to ensure our investors have a clear understanding of our strategy, performance and objectives	• The Group's Investor Relations Strategy managed by the CEO and CFO includes regular meetings with key and prospective investors. • The Company's Annual Report provides an overview of the Group and regular announcements and press releases are published to provide updates on the Group's performance and progress. • The AGM provides shareholders with an opportunity to directly engage with the Board. • The Group has signed up to use the Investor Meet Company platform to deliver live, interactive management presentations to current and prospective shareholders regardless of the number of shares they own. • There is an ongoing dialogue with the Company's analysts to address enquiries and promote the business.	• Financial performance • Governance and transparency • Directors' remuneration • Board performance
Communities We are committed to maintaining positive relationships with the communities in which we operate.	• Planting of a tree for each new SwipedOn customer • Provision of free or discounted software to charities or not for profit organisations	• Operational performance • Ethics

The Strategic Report, comprising the Strategy and Operational Review, Financial Review and Principal Risks was approved by the Board on 17 May 2022 and signed on its behalf by:

Frank Beechinor
Chief Executive Officer

17 May 2022

GIVING BACK

- Giving back is part of our culture
- For every SwipedOn customer we sign we plant a tree
- So far we have we have planted over 6,700 native species trees in 16 locations around New Zealand. The project is managed by Trees that Count, a local not for profit.
- Supporting charitable organisations around the Globe
- We provide our software free or at a discount to selected charities.

6,700+
Trees funded from customer subscriptions

16+
Locations around New Zealand

DIRECTORS AND OFFICERS

Guy van Zwanenberg (Chairman)

Guy joined the Board on 9 March 2015 as a Non-Executive Director, a role which he maintained until June 2018 when he stepped into the Chairman's role. Guy is also Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee. Guy has more than 40 years' experience in industry and practice. He qualified as a Chartered Accountant with Grant Thornton and then spent three years working with James Gulliver. Guy subsequently moved to become UK Finance Director of an American computer accessory company which was taken public in 1989. In 1991, he established his own interim financial management business and has since been involved in a number of SME businesses providing strategic and financial help. Guy joined Gamingking PLC in 1998 on a part-time basis as Finance Director and became Company Secretary and Non-Executive Director in 2006, remaining until May 2013. He joined Quixant plc as a Non-Executive in March 2013 as part of the float team. Guy is both a Fellow of The Institute of Chartered Accountants in England and Wales and a Chartered Director.

Frank Beechinor (Chief Executive Officer)

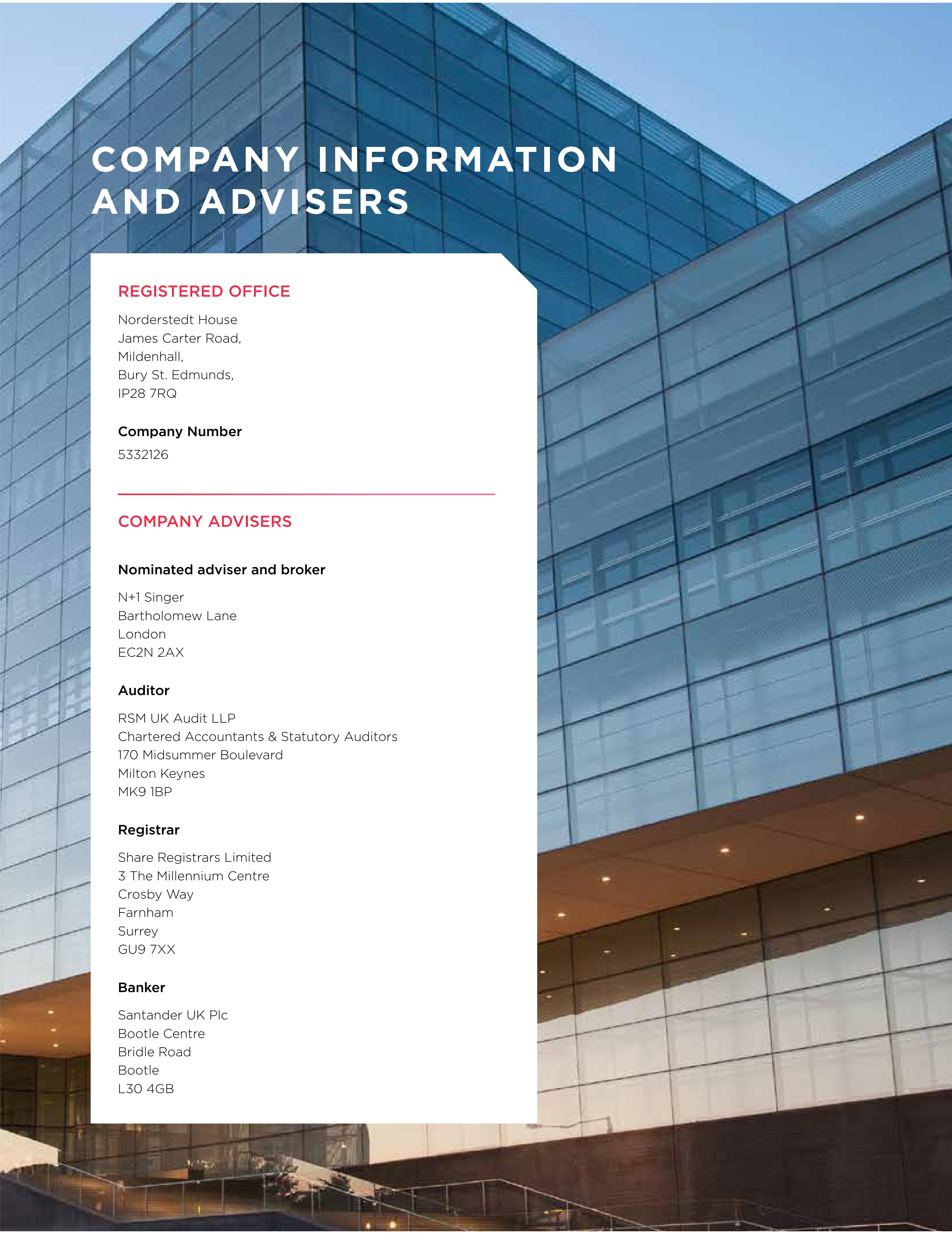
Frank was appointed chairman of the Board on 10 July 2014 and led the Board and led the business through its restructuring from what was then Coms plc. He became Chief Executive Officer in July 2018 with the aim of leading SmartSpace Software plc to become a market leader in space management technology. He has significant corporate experience, particularly in the software industry and building SaaS businesses. Frank is a co-founder of Cadence Performance Ltd. Frank was previously founder and CEO of OneClick HR plc from 1997 to 2011 and Non-Executive Chairman of dotDigital Group plc from May 2011 to March 2019.

Kris Shaw (Chief Financial Officer)

Kris was appointed Group Chief Financial Officer on 27 May 2021. Kris is ACA qualified having started his career in audit practice, and subsequently working in a number of listed businesses. Prior to joining the Company, Kris spent seven years leading the finance team at Agrokultura AB, a Swedish listed agri-business. He has been with SmartSpace since January 2019 having joined as Financial Controller and taking a critical role in managing cashflow during the Covid-19 pandemic, and the disposal of the Enterprise business.

Philip Wood (Non-Executive Director)

Philip joined the Board on 27 May 2021 as an independent NED and Chair of the Audit Committee. Philip is currently the Deputy Chief Executive Officer and Chief Financial Officer of Aptitude Software Group plc, a specialist provider of powerful financial management software to large global businesses. Philip brings extensive public company experience having joined the Board of Aptitude Software Group plc (formerly known as Microgen plc) in 2007, having previously held the role of Group Finance Director at AttentiV Systems Group plc where he oversaw the group's flotation onto AIM in 2004. The experience Philip brings in growing software businesses and mentoring finance teams will be hugely helpful to SmartSpace, as the Company moves through its next phase of development as a global SaaS business.



COMPANY INFORMATION AND ADVISERS

REGISTERED OFFICE

Norderstedt House
James Carter Road,
Mildenhall,
Bury St. Edmunds,
IP28 7RQ

Company Number

5332126

COMPANY ADVISERS

Nominated adviser and broker

N+1 Singer
Bartholomew Lane
London
EC2N 2AX

Auditor

RSM UK Audit LLP
Chartered Accountants & Statutory Auditors
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Registrar

Share Registrars Limited
3 The Millennium Centre
Crosby Way
Farnham
Surrey
GU9 7XX

Banker

Santander UK Plc
Bootle Centre
Bridle Road
Bootle
L30 4GB

REMUNERATION REPORT

THE REMUNERATION COMMITTEE

The Company's remuneration policy is the responsibility of the Remuneration Committee which comprised Guy van Zwanenberg (Non-Executive Chairman), Diana Dyer Bartlett (Non-Executive Director until 27 May 2021), and Philip Wood (Non-Executive Director from 27 May 2021) during the year.

GENERAL POLICY

The Company's policy is to provide remuneration packages for Executive Directors which aims to attract and retain high quality executives and which link their reward to the Group's performance.

REMUNERATION PACKAGE

There are four components to the remuneration package, namely base salary and benefits, bonus, pension arrangements and long-term incentive arrangements:

- The base salaries of the Executive Directors were set at levels considered to be appropriate when they entered into service agreements with the Company. The base salaries are reviewed by the Remuneration Committee annually and any increases are awarded having regard to performance and salary levels in comparable organisations. Benefits which may include car allowance and private health insurance are not pensionable.
- The Executive Directors are entitled to a discretionary bonus provided the Company achieves its targets for the financial year.
- The Company contributes to money purchase pension arrangements, and private medical insurance and death in service benefit are also provided.
- The Company has established an unapproved share option scheme and an Enterprise Management Incentive (EMI) share option scheme in which the Directors may participate.

DIRECTORS' REMUNERATION

The remuneration of the Directors who held office during the year was:

	Salary and fees		Taxable benefits		Long-term incentive schemes		Pension related benefits		Compensation for loss of office		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Guy van Zwanenberg	**60**	60	**-**	-	**2**	2	**-**	-	**-**	-	**62**	62
Frank Beechinor	**220**	220	**19**	19	**90**	63	**-**	2	**-**	-	**329**	304
Kristian Shaw	**94**	-	**8**	-	**15**	-	**4**	-	**-**	-	**121**	-
Philip Wood	**27**	-	**-**	-	**-**	-	**-**	-	**-**	-	**27**	-
Bruce Morrison	**90**	150	**7**	12	**48**	3	**4**	7	**40**	-	**189**	172
Diana Dyer Bartlett	**13**	40	**-**	-	**-**	4	**-**	-	**-**	-	**13**	44
Total	**504**	470	**34**	31	**155**	72	**8**	9	**40**	-	**741**	582

SHARE OPTIONS AWARDED DURING THE YEAR

The following share options were awarded to the Directors during the year:

Director	Scheme	Instrument	Number of ordinary shares of 10p each	Exercise price	Grant date	Expiry date
Frank Beechinor	EMI scheme	Share Option	154,535	137.5p	22/09/2021	22/09/2031
Frank Beechinor	LTIP scheme	Share Option	184,415	137.5p	22/09/2021	22/09/2031
Kristian Shaw	EMI scheme	Share Option	125,000	137.5p	22/09/2021	22/09/2031

The options have an exercise price of 137.5p per share, vest three years from the date of grant and once vested are exercisable at any time up to ten years after the date of grant. These new options do not carry any performance conditions.

The Directors held the following outstanding options at 31 January 2022:

Director	Instrument	Number of ordinary shares of 10p each	Exercise price	Grant date	Expiry date
Guy van Zwanenberg	Share Option	30,000	92.0p	11/12/2015	11/12/2025
Frank Beechinor	Share Option	100,000	92.0p	11/12/2015	11/12/2025
Frank Beechinor	Share Option	323,943	94.0p	17/10/2018	17/10/2028
Frank Beechinor	Share Option	338,950	137.5p	22/09/2021	22/09/2031
Kristian Shaw	Share Option	125,000	137.5p	22/09/2021	22/09/2031
Kristian Shaw	Share Option	50,000	92.5p	23/10/2020	23/10/2030

None of the Directors had any beneficial interest in the shares of any subsidiary companies.

The movement on Directors' share options during the year is set out below:

	2022		2021	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of year	**875,000**	**93.33p**	750,000	93.47p
Granted during the year	**463,950**	**137.5p**	125,000	92.50p
Forfeited during the year	**(226,057)**	**94.0p**	-	-
Options in place upon appointment	**50,000**	**92.5p**	-	-
Ceasing to be a director	**(195,000)**	**92.3p**	-	-
Outstanding at end of year	**967,893**	**114.5p**	875,000	93.33p
Exercisable at end of year	**102,502**	**93.6p**	-	-
Exercised during year	-	-	-	-

There have been no further options granted since the end of the financial year.

SHARE OPTIONS AMENDED AND FORFEITED DURING THE YEAR

The performance criteria relating to certain options granted to Frank Beechinor and Guy van Zwanenberg in prior periods were amended by extending the qualifying period to meet share price targets. The deadline to meet the share price targets was extended by two years to 17 October 2023 and the number of options that shall vest is as follows. A share based payment charge of £160,000 will be recognised over the two year extension period, of which £28,000 was recognised in the current period.

Average share price achieved in any 90 calendar day period following the Date of Grant and ending on 17 October 2023	Number of 94 pence options held by Frank Beechinor that shall vest	Number of 92 pence options held by Frank Beechinor that shall vest	Number of 92 pence options held by Guy van Zwanenberg that shall vest
250 pence	45,448	15,385	4,615
350 pence	65,331	23,077	6,923
450 pence	65,331	23,077	6,923
500 pence	65,332	23,076	6,923
Total	**241,442**	**84,615**	**25,384**

A further 226,057 options held by Frank Beechinor where share price performance conditions were not met by the deadline of 17 October 2021 were forfeited.

AUDIT COMMITTEE REPORT

Upon his commencement as a director of the Company on 27 May 2021, Philip Wood was appointed the chair of the Audit Committee, replacing Diana Dyer Bartlett who resigned on the same day. Guy van Zwanenberg is the second member of the Committee. Both Philip Wood and Guy van Zwanenberg have recent and relevant financial experience by virtue of their senior financial roles and both hold a professional accountancy qualification. The Audit Committee has a number of responsibilities set out in its terms of reference, which were last reviewed and updated in April 2019. The responsibilities include reviewing the annual and interim reports, discussing findings from the external auditors, considering the suitability and effectiveness of the internal control processes, recommending the appointment and remuneration of the auditor, and considering any non-audit services to be provided by the auditor, and determining the Group's whistleblowing and anti-bribery policies. There were two audit committee meetings during the year both of which were attended by all members of the Committee at that time. Executive Directors and the Group's auditors may be invited to attend all or part of any meetings. The Committee also meets with the Group's external auditor without the presence of the Executive Directors.

RSM UK Audit LLP were appointed as auditors for the first time for the year ended 31 January 2020 and were re-appointed at the Company's annual general meeting on 7 July 2021. The audit engagement partner is named Richard Bartlett-Rawlings.

MEETINGS AND BUSINESS

In advance of the audit of the Group's financial statements, the Audit Committee met to review the audit plan as presented by RSM UK Audit LLP. The plan set out the proposed scope of work, the audit approach, materiality and identified areas of audit risk and was compliant with the Ethical Standards for Auditors issued by the Financial Reporting Council. Prior to commencing its audit work, RSM UK Audit LLP confirmed in writing the safeguards in place to ensure its independence and objectivity and the Committee discussed how the auditor proposed to demonstrate its professional scepticism in the audit process. The auditor's quality control processes were also discussed. Audit fees are disclosed in note 22 to the consolidated financial statements. RSM UK Audit LLP did not provide any non-audit services in the year or since the period end.

At its meeting to discuss the annual report and financial statements, the Audit Committee confirmed that in its opinion, the annual report and financial statements, taken as a whole, are fair, balanced and understandable. The Audit Committee noted that the financial statements had been prepared consistently, with no significant changes in accounting policies compared with the previous year.

The Group reports a number of alternative performance measures which are not in accordance with the reporting requirements of IFRS. These include Loss for the year before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge ("LBITDA"), annual recurring revenue ("ARR"), and monthly average revenue per user ("ARPU"). The Audit Committee has reviewed these to ensure they are appropriate and that in each case the reason for their use is clearly explained; where possible they are reconciled to the equivalent IFRS figure; and they are not given prominence over the equivalent IFRS figure.

In reviewing and making its recommendation that the Annual Report and Financial Statements be approved by the Board, the Audit Committee has taken into consideration the following significant issues and judgement areas:

(a) Carrying value of goodwill and other intangible fixed assets

At 31 January 2022 the carrying value of goodwill and other intangible assets was £10,619,000 (2021: £11,222,000). The Audit Committee reviewed in detail the judgements taken in the impairment review performed to determine whether there was any indication that those assets had suffered any impairment. The Audit Committee considers the key judgements in the impairment review to be the discount rate and revenue growth rates used in the Value in Use calculations. Following a review of the impact of the sensitivities performed by management on the discount rate and revenue growth rate in the Value in Use calculations, the Audit Committee considered that the calculations performed together with the key judgements and estimates were reasonable and no impairment charge was required.

(b) Going concern

As the Group's software businesses build their SaaS customer bases the Group continues to be loss making. The losses incurred are controlled, predictable and

planned to allow the business to continue to grow. In the short term the Group will continue to be loss-making. As reported in the Strategic Report, SwipedOn has continued to grow despite the worldwide disruption caused by Covid-19 and is now consistently generating cash. Space Connect has made significant growth to its customer base and recurring revenues but is not yet cash generative. The Audit Committee has considered the Group forecasts which underpin the presumption that the accounts should be prepared under the going concern principle. In particular it has considered a scenario whereby the SaaS business does not exceed its historic growth rates in the next twelve months together with the mitigations available to the Group. On this basis, the Audit Committee was able to advise the Board that it was reasonable to prepare the accounts on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has responsibilities for reviewing the Group's risk management and internal controls. It reviewed the Group's risk register which includes the measures to manage risk and mitigations and the summary of principal risks set out in the Strategic Report.

INTERNAL AUDIT

The Audit Committee considered whether an internal audit function was required and concluded that, owing to the Group's size, this was not appropriate at this stage.

EXTERNAL AUDITOR

In its review of the effectiveness of the audit process, the Committee considered:

- the auditor's fulfilment of the agreed audit plan;
- the level and effectiveness of challenge provided by the auditor;
- the audit quality control arrangements, including the stages of review of the Annual Report, the time spent by the audit partner and whether any issues identified during the audit had been dealt with on a timely basis;
- the changes to the auditor's audit approach and work which demonstrated the auditor's professional scepticism; and
- the report arising from the audit itself.

The Committee was satisfied with the auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear and that the auditor provided effective independent challenge in carrying out its responsibilities.

RSM UK Audit LLP have indicated their willingness to continue to act as auditor to the Company for the forthcoming year and a resolution for their re-appointment will be proposed at the Annual General Meeting, as well as a resolution to seek approval of the auditor's remuneration.

Philip Wood
Chairman, Audit Committee

17 May 2022

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

As an AIM listed company the Board recognises the importance of applying sound corporate governance principles in managing the Group. The Group adopted the QCA Corporate Governance Code ("the "QCA code") on 28 September 2018 as a benchmark to measuring our performance against good governance principles. This report shows how we apply the QCA Code's 10 guiding principles in practice.

1. Establish a strategy and business model which promote long-term value for shareholders

The business model and strategy of the Group are set out in the strategic report on pages 12 to 14.

The Group's strategy and business model are developed by the Chief Executive Officer and his senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

The Group's immediate key strategic priorities to drive future growth are as follows:

- to focus on delivering pure SaaS revenues where the Group is not overly exposed to one market or customer;
- to develop technology-led intellectual property to help companies optimise use of their corporate real estate focussing on rooms, desks and visitors;
- to develop new sales channels to market our software solutions by establishing a global network of channel partners;
- to bring together the technologies of Space Connect and SwipedOn in order to offer a complete solution to both customer bases and therefore maximise revenue per user from our customer lists;
- to continue with a strategy of both organic and acquisitive growth both in our domestic market and overseas; and
- to deliver higher quality earnings which will, in turn, improve cash generation.

An evaluation of the potential risks and uncertainties of the Group is set out on pages 20 to 21.

2. Seek to understand and meet shareholder needs and expectations

The Group seeks to maintain a regular dialogue with both existing and potential shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the annual general meeting, the Chief Executive Officer, Chief Financial Officer and, where appropriate, other members of the Board and senior management team meet with investors and analysts to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors.

Private shareholders – the main forum for private shareholders to engage with the Board is at the Company's AGM where the Board makes itself available for shareholders to ask questions. The notice of AGM is sent to shareholders at least 21 days before the meeting is due to be held. At the meeting, shareholders vote on each resolution and the meeting is advised of the number of proxy votes for, against and withheld on each resolution. The outcome of the AGM is subsequently announced via RNS and published on the Company's website.

Institutional shareholders – the Directors consider that it is important that its institutional shareholders understand the business and that their expectations are in accordance with those of the Board. Members of the Board engage with institutional shareholders following the announcement of the annual and interim results explaining the results and the Board's vision for the future. These meetings are arranged by the Company's FCA regulated nominated adviser and broker, who will follow up with investors following the meetings and provide anonymised feedback to the Board. Additionally, ad hoc meetings are attended as requested by existing and potential institutional investors.

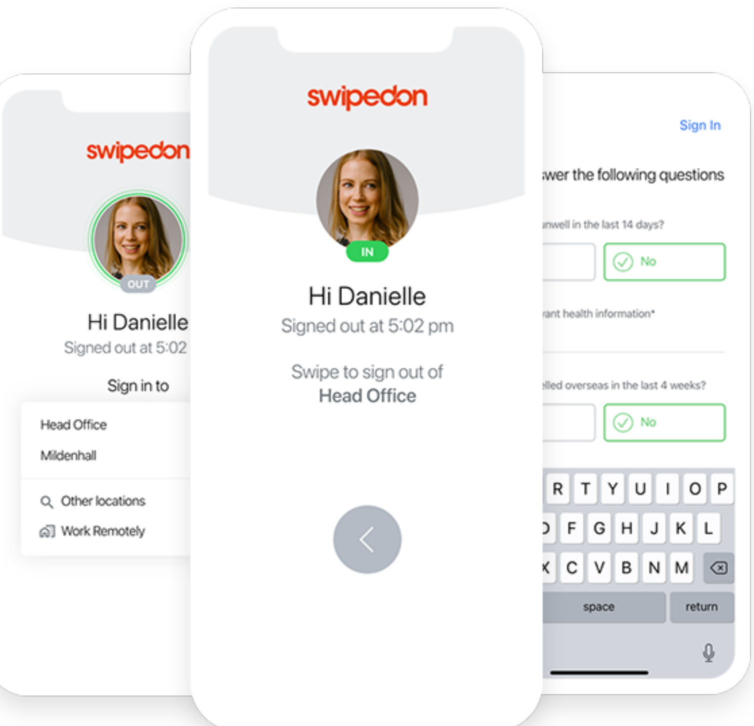
The Board will consider all feedback received from shareholders whether at the AGM, during face-to-face meetings with institutional investors, or from its nominated adviser following those meetings. It reviews analysts' notes to ensure they accord broadly with the Board's expectations.

The Group also endeavours to maintain a dialogue and keep shareholders informed through its public announcements and Company website. SmartSpace's website provides not only information specifically relevant to investors (such as the Group's Annual Report and investor presentations) but also regarding the nature of the business itself with considerable detail regarding the services it provides and the manner in which it carries on its business.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups, which include the Group's employees, partners, customers, suppliers, and regulatory authorities. The Group's operations take account of the requirement to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's long-term strategy.

The Group considers its actions and the likely effect that they may have on the environment and seeks to mitigate any negative impact wherever practicable. Through the various procedures and systems it operates, the Group complies with health and safety and environmental legislation relevant to its activities.



4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board approves an annual budget which identifies the opportunities to develop the Group's business as well as the resources required to implement its strategy. The Board reviews progress against budgets and forecasts on a regular basis to ensure the Group's performance is on target or actions identified if it is not. It also evaluates the impact of key risks and assesses the resources required to mitigate such risks.

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

A summary of the principal risks and uncertainties facing the Group as well as mitigating actions are described in the strategic report on pages 20 to 21. The Group maintains insurance cover as part of its risk management programme.

The senior management team meet at least monthly to consider new risks and opportunities presented to the Group, making recommendations to the Board where necessary.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

SmartSpace's Board consists of four directors, two of whom are non-executive directors. On an annual basis each Director seeks re-election at the annual general meeting.

The Group does not have a director designated as a Senior Independent Director. In light of the size of the Board, and the Group's stage of development, the Board does not consider it necessary to appoint a Senior Independent Director.

Directors' biographies are set out on page 26.

The Board is responsible to the shareholders for the proper management of the Group and meets at least ten times a year to set the overall direction and strategy of the Group, to review technological, operational and financial performance and to advise on management appointments. Executive directors are employed on a full-time basis whilst non-executive directors are required to attend board and committee meetings, and are encouraged to be involved in specific workshops, meetings or seminars in line with their areas of expertise. All key operational and investment decisions are subject to board approval as required by the Company's schedule of matters reserved for the Board.

A summary of board and committee meetings held in the year ended 31 January 2022, and directors' attendance records, is set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Guy van Zwanenberg	10 / 10	2 / 2	4 / 4
Frank Beechinor	10 / 10	n.a.	n.a.
Kristian Shaw	6 / 6	n.a.	n.a.
Philip Wood	6 / 6	1 / 1	2 / 2
Diana Dyer Bartlett	4 / 4	1 / 1	2 / 2
Bruce Morrison	4 / 4	n.a.	n.a.

The Board adheres to the QCA Code's recommendations that a Board should have at least two independent non-executive directors. Both Non-Executive directors are regarded as independent under the QCA Code's guidance for determining such independence.

The Non-Executive directors are remunerated by way of an agreed monthly fee. In 2015 Guy van Zwanenberg was granted share options under the Company's Unapproved Share Option Scheme, at a time when the Company had trading difficulties and required substantial board intervention but had limited funds. The options are not deemed to be significant enough to impact his independence and were granted following a shareholder consultation process.

6. Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers its Directors to have experience in areas critical to the long-term future success of the Group, covering a deep understanding of technology, corporate strategy, finance and investment. The Directors' biographies are set out on page 26. Where required the Board undergoes training in areas needed to carry out their duties.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. Guy van Zwanenberg has served on the Board for a number of years and the Board is starting the process of developing a succession plan.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Currently there is no formal board performance evaluation procedure, but the Board does discuss its operational efficiency as well as that of individual Directors on a regular basis. As the business grows, consideration will be given to adopting a more formal process.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity in the conduct of the Group's operations. An open culture is encouraged within the Group, with regular communications to staff regarding the Group's progress. The senior management team regularly monitors the Group's cultural environment and seeks to address any concerns that may arise from time to time. The Group has in place a whistleblowing policy which is reviewed on a regular basis. All staff are made aware of their responsibilities regarding market abuse and registers are maintained relating to insiders.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility.

These core beliefs are reinforced by senior management at town hall and other similar meetings.

9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board has overall responsibility for promoting the success of the Group. The Executive Directors have day-to-day responsibility for the operational management of the Group's activities. The Non-Executive directors are responsible for bringing independent and objective judgement to board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that

Board procedures are followed, and applicable rules and regulations are complied with.

The Board has established Audit, Remuneration and Nominations Committees with formally delegated duties and responsibilities, and which comprise Non-Executive directors only, with executive directors attending by invitation. The reports of the Audit and Remuneration committees are set out on pages 28 to 32.

Philip Wood chairs the Audit Committee, Guy van Zwanenberg chairs the Remuneration Committee and the Nominations Committee.

The Audit Committee normally meets twice a year and at other times if necessary. The Audit Committee recommends the appointment, scope and fees of the external auditor, discusses issues that arise from the audit, reviews the reports of the external auditors and internal control procedures and considers any financial statements before their publication. The external auditor attends meetings as required by the Audit Committee to consider any issues arising from the audit and the auditor's work. The audit partner meets the Audit Committee without the Executive Directors being present at least once a year.

The Remuneration Committee, which meets as required, but at least once a year, agrees the terms and conditions, including annual remuneration, of Executive Directors and reviews such matters for other senior personnel including their participation in long term incentive schemes. It also supervises the Company's share incentive schemes and sets performance conditions for share options granted under the schemes.

The Nominations Committee meets periodically as required.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. The Company's website is regularly updated, and users can register to be alerted when announcements are posted onto the website.

The Group's financial reports, regulatory news announcements and notices of general meetings, can be found in the investor relations section of the Company's website.

The Group provides detailed results of shareholder voting on its website.

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 31 January 2022. The corporate governance report on pages 33 to 36 forms part of this report. The Company's full name is SmartSpace Software plc ("the Company"), company number 05332126. SmartSpace Software plc is a public limited company, listed on the AIM market of The London Stock Exchange and domiciled in the United Kingdom. The address of its registered office is given on page 27.

PRINCIPAL ACTIVITIES

During the year the Group's principal activities were the development and sale of software products together with the sale and installation of audio-visual hardware products. The Group's software activities are all cloud based.

RESULTS AND DIVIDEND

The results for the year are set out in the consolidated statement of comprehensive income on page 46. The Directors do not recommend payment of a dividend (2021: £nil).

REVIEW OF THE BUSINESS

A review of the business of the Group, together with comments on future developments is given in the Strategic Report including a description of the principal risks and uncertainties facing the Group on pages 12 to 21.

RESEARCH AND DEVELOPMENT

Expenditure on research and development amounted to £1,563,000 in 2022 (2021: £1,319,000) out of which £340,000 was capitalised under IAS 38 "Intangible Assets". The Group intends to continue to invest in the development of its SwipedOn and Space Connect software platforms to further enhance their capabilities. In the opinion of the Directors these investments will maintain and generate significant revenues in future years.

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management objectives and policies are set out in note 13 to the financial statements.

GOING CONCERN

The Group's business activities and performance, and the financial position of the Group, its cash flows and borrowing facilities, together with the factors likely to affect its future development, performance and position, are explained in the Strategic Report. Analysis of the Group's key risks is also set out in the Strategic Report. Further information regarding the assessment of going concern is in note 23 to the consolidated financial statements.

After making appropriate enquiries, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The Directors who held office during the year were as follows:

Guy van Zwanenberg	Non-Executive Chairman
Frank Beechinor	Chief Executive
Kristian Shaw *Appointed 26 May 2021*	Chief Financial Officer
Philip Wood *Appointed 26 May 2021*	Non-Executive Director
Bruce Morrison *Resigned 26 May 2021*	Chief Financial Officer
Diana Dyer Bartlett *Resigned 26 May 2021*	Non-Executive Director

DIRECTORS' INDEMNITIES

The Directors have been granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office which remains in force at the date of this report. The Company maintains directors' and officers' liability insurance.

RE-ELECTION OF DIRECTORS

In accordance with principles of the QCA Code all Directors are retiring and seeking re-election at the annual general meeting.

EMPLOYMENT MATTERS

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Covid-19 has required our employees to adapt quickly to home working, and in certain circumstances being furloughed. As lockdowns have eased formal procedures have been put in place to allow a return to a Covid-19 secure workplace.

The Group operates an EMI and LTIP share option scheme which is open to all employees.

The Group has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes in common with all employees. The Group has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

ENVIRONMENT

The board have considered our impacts and contribution to climate change together with risks and opportunities that it poses us as a business. We have measured our scope 1 and 2 greenhouse gas emissions which are presented on both a location and market based approach. We measure our intensity ratio taking into account both number of employees and on a revenue basis. As this is the first year of reporting such information no comparative information is available.

Scope 1 emissions include direct emissions from operations which is limited to fuel used to heat our building in Mildenhall and by vehicles owned by Anders + Kern. Scope 2 emissions include indirect emissions from the generation of electricity which we have purchased to maintain our operations. This is therefore electricity we consume in our Tauranga and Mildenhall offices. The location based methodology calculates emissions based on the average energy generation emission factor for the country of consumption. The market based approach takes into account any contractual agreements to purchase energy with specific attributes and in the absence of such agreements uses a residual fuel mix factor. Our organisational boundary has been determined using an equity share approach.

Year ended 31 January 2022	Location based	Market based
tCO2e	**22.1**	**21.6**
Intensity ratio: tCO2e / employee	**0.33**	**0.32**
Intensity ratio: tCO2e / £1m revenue	**4.3**	**4.2**

OUR CLIMATE CHANGE INITIATIVES

Our tree planting initiative in New Zealand whereby we plant 1 tree for each new customer contributes towards carbon sequestration. The 6,000+ trees we have planted so far will over a 50 year time frame absorb approximately 1,300 tCO2 equating to 26 tonnes per year.

Covid-19 has brought new ways of working, enforcing remote meetings and delivery of solutions to customers. The benefit of reduced travel for the environment, employees and customers is clear and will remain after the pandemic has ended.

The use of cloud based hosting for our software significantly reduces the carbon emissions when compared to the alternative of self-hosting. Our cloud computing suppliers (Microsoft Azure and Amazon AWS) have committed to minimising their carbon footprint through the use of renewable energy.

SHARE CAPITAL

Details of the Company's share capital are disclosed in note 10 to the consolidated financial statements.

FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the Company and its subsidiary undertakings are disclosed in note 8 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The Directors have elected under company law are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards.

The Group and Company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the Group and the Company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LISTING

The Company's ordinary shares have been traded on London's AIM Market since 6 September 2006. N+1 Singers are the Company's Nominated Adviser and Broker. The closing mid-market share price at 31 January 2022 was 72.5 pence (31 January 2021: 127.5 pence). At 16 May 2022, being the latest practicable date before the signing of this document, the closing mid-market share price was 70.0 pence.

PUBLICATION OF FINANCIAL STATEMENTS

The Company's financial statements will be made available on the Company's website www.smartspaceplc.com. The maintenance and integrity of the website is the responsibility of the Directors. The Directors' responsibility also extends to the financial statements contained therein. Shareholders who would like to receive a copy of the financial statements by post, should apply to the Company Secretary at the Company's registered office.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on 5 July 2022.

AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In accordance with section 485 of the Companies Act 2006, a resolution proposing that RSM UK Audit LLP be re-appointed as auditor will be put to the Annual General Meeting.

STRATEGIC REPORT

The Company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, future developments and stakeholder engagement.

The Report of the Directors was approved by the Board on 17 May 2022.

By order of the Board

Kristian Shaw
Company Secretary

17 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMARTSPACE SOFTWARE PLC

OPINION

We have audited the financial statements of Smartspace Software PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2022 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the parent company balance sheet, the parent company statement of changes in equity, the parent company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach	
Key audit matters	**Group** • Goodwill impairment • Going concern **Parent Company** • Going concern
Materiality	**Group** • Overall materiality: £111,000 (2021: £101,000) • Performance materiality: £83,500 (2021: £75,900) **Parent Company** • Overall materiality: £40,000 (2021: £42,100) • Performance materiality: £30,000 (2021: £31,500)
Scope	Our audit procedures covered 99% of revenue, 99% of total assets and 99% of loss before tax.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill under IAS 36	
Key audit matter description	The Group currently holds significant goodwill balances (£8.4m) relating to the subsidiary entities. Management have assessed the recoverable amounts of the cash generating units (CGUs) to which these balances are allocated through using cash flow forecasts and discounted cash flow models, each of which require a high degree of management judgement, and consequently an elevated level of auditor effort The accounting policy in respect of goodwill and intangible assets is in note 23(p) and the disclosures are in note 9(c).
How the matter was addressed in the audit	In auditing the recoverable amount of the cash generating units to which goodwill and intangible assets are allocated we have performed the following procedures over management's value in use calculations: • Challenged the reasonableness of assumptions used through both assessing the discount rate applied, historical growth rates and also assessing the performance of the businesses post year end; • Reviewed management's ability to accurately forecast performance through comparison of historic performance against forecast; • Performed sensitivity analysis to understand and take account of reasonably possible outcomes; • Consulted with an auditor's valuation expert; • Performed tests to assess the integrity and mechanical accuracy of the underlying model; and • Reviewed the disclosures relating to the impairment review. • In relation to the goodwill attributable to the Space Connect CGU we made our own estimate of the recoverable amount based on revenue growth rates historically observed • Challenged management to consider the outcome if the perpetuity were removed, and the product's life were limited to 10 years.

Key observation: As a result of performing the procedures above management revised their model.

Going concern basis of accounting	
Key audit matter description	We consider going concern to be a key audit matter because the Group has been impacted by the Covid -19 pandemic and has incurred an operating loss of £3,357,000 for the year to 31 January 2022 and a net cash outflow of £1,614,000. The accounting policy in respect of going concern is in note 23(a) of the financial statements. Management have prepared forecasts covering a period of at least 12 months form the date of approval of these financial statements.
How the matter was addressed in the audit	In auditing the going concern basis of accounting we: • Obtained an understanding of management's going concern evaluation; • Assessed the information used in the going concern assessment for consistency with management's plan and information obtained through our other audit work; • Challenged the reasonableness of assumptions used through both assessing the historical growth rates and the performance of the businesses post year end; • Reviewed management's ability to accurately forecast performance through comparison of historic performance against forecast; • Performed sensitivity analysis to understand and take account of reasonably possible outcomes; and • Performed tests to assess the integrity and mechanical accuracy of the underlying model.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£111,000 (2021: £101,000)	£40,000 (2021: £42,100)
Basis for determining overall materiality	5% of adjusted losses "LBITDA"	3% of expenditure
Rationale for benchmark applied	LBITDA considered to be appropriate benchmark as key KPI reported in the consolidated financial statements.	Expenses taken to ensure appropriate consideration of costs.
Performance materiality	£83,500 (2021: £75,900)	£30,000 (2021: £31,500)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £5,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £2,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 9 components, located in the following countries;

- United Kingdom
- USA
- Australia
- New Zealand

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	5	99%	99%	99%
Specific audit procedures	1	1%	1%	1%
Total	**6**	**100%**	**100%**	**100%**

Analytical procedures at group level were performed for the remaining 3 components.

Of the above, full scope audits for 1 component and specific audit procedures for 1 component were undertaken by component auditors.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. For an explanation of how we evaluated management's assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting, please see the going concern key audit matter.

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on pages 38 to 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted International Accounting Standards and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors; and Review of the tax computation used to calculate the tax provision.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Testing was completed on a sample basis to test whether revenue transactions were recorded in the correct period. Testing was completed using data analytics to recalculate the revenue recognised on contracts with performance obligations satisfied over time. Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified and investigated for contracts with performance obligations satisfied at a point in time.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

Richard Bartlett-Rawlings FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
The Pinnacle, 170 Midsummer Boulevard
Milton Keynes, Buckinghamshire, MK9 1BP

18 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 January 2022	Year ended 31 January 2021
		£'000	£'000
Continuing operations			
Revenue from contracts with customers	4	**5,140**	4,629
Costs of sale of goods		**(1,068)**	(1,695)
Costs of providing services		**(427)**	(283)
Gross profit		**3,645**	2,651
Administrative expenses		**(7,320)**	(5,426)
Net impairment losses on financial and contract assets	13(b)	**(14)**	(72)
Other income	5	**36**	130
Operating loss		**(3,653)**	(2,717)
Adjusted LBITDA*	3(b)	**(2,493)**	(2,120)
Reorganisation and transactional items	6(e)	**(192)**	-
Depreciation	6(a)	**(114)**	(103)
Amortisation	6(a)	**(552)**	(272)
Impairment of financial asset	13(b)	**(14)**	(72)
Share based payment charge	6(b)	**(288)**	(150)
Operating loss		**(3,653)**	(2,717)
Finance income	6(d)	**1**	1
Finance costs	6(d)	**(26)**	(27)
Loss before tax		**(3,678)**	(2,743)
Taxation	7	**1,114**	612
Loss for the year after tax		**(2,564)**	(2,131)
Loss for the year from discontinued operations	6(f)	**-**	(124)
Loss for the year	10(c)	**(2,564)**	(2,255)
Other comprehensive income **Items that will not be reclassified subsequently to profit or loss:**			
Revaluation of property, plant and equipment	9(a)	**73**	-
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(339)**	643
Total other comprehensive (loss) / income		**(266)**	643
Total comprehensive loss attributable to the owners of the group		**(2,830)**	(1,612)
Basic loss per share			
Continuing operations	20	**(8.91p)**	(7.54p)
Discontinued operations	20	**0.00p**	(0.44p)
Total		**(8.91p)**	(7.98p)
Diluted loss per share			
Continuing operations	20	**(8.91p)**	(7.54p)
Discontinued operations	20	**0.00p**	(0.44p)
Total		**(8.91p)**	(7.98p)

* Loss for the year from continuing operations before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 January 2022	31 January 2021
		£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	9(a)	**751**	683
Right-of-use assets	9(b)	**94**	156
Intangible assets	9(c)	**10,619**	11,222
Deferred tax assets	9(d)	**2,465**	1,389
Total non-current assets		**13,929**	13,450
Current assets			
Inventories	9(e)	**203**	89
Contract assets	4(b)	**5**	4
Trade and other receivables	8(a)	**399**	550
Other financial assets at amortised cost	8(b)	**-**	328
Current tax receivable		**70**	101
Prepayments	9(f)	**163**	114
Cash and cash equivalents	8(c)	**2,758**	4,516
Total current assets		**3,598**	5,702
Total assets		**17,527**	19,152
LIABILITIES			
Non-current liabilities			
Borrowings	8(e)	**-**	355
Lease liabilities	9(b)	**41**	110
Total non-current liabilities		**41**	465
Current liabilities			
Trade and other payables	8(d)	**1,379**	826
Contract liabilities	4(b)	**1,774**	1,129
Other tax liabilities		**127**	341
Borrowings	8(e)	**383**	58
Lease liabilities	9(b)	**67**	63
Total current liabilities		**3,730**	2,417
Total liabilities		**3,771**	2,882
NET ASSETS		**13,756**	16,270

continued overleaf

CONSOLIDATED BALANCE SHEET (continued)

EQUITY

Capital and reserves attributable to equity shareholders			
Share capital	10(a)	**2,894**	2,826
Share premium	10(a)	**3,839**	3,830
Other reserves	10(b)	**(2,133)**	(2,087)
Retained earnings	10(c)	**9,156**	11,701
Total equity		**13,756**	16,270

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 May 2022.

They were signed on its behalf by:

Kristian Shaw
Chief Financial Officer

SmartSpace Software plc, Company Number: 5332126

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Other reserves	Retained earnings	Total
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020		2,826	3,830	(2,832)	13,956	17,780
Loss for the year		-	-	-	(2,255)	(2,255)
Other comprehensive income for the year		-	-	643	-	643
Total comprehensive loss for the year		-	-	643	(2,255)	(1,612)
Transactions with owners in their capacity as owners:						
Share-based payment expense - continuing operations	19	-	-	150	-	150
Share-based payment expense - discontinued operations	19	-	-	(48)	-	(48)
At 31 January 2021		**2,826**	**3,830**	**(2,087)**	**11,701**	**16,270**
Loss for the year		**-**	**-**	**-**	**(2,564)**	**(2,564)**
Other comprehensive loss for the year		**-**	**-**	**(266)**	**-**	**(266)**
Total comprehensive loss for the year		**-**	**-**	**(266)**	**(2,564)**	**(2,830)**
Transactions with owners in their capacity as owners:						
Issue of ordinary shares as consideration for a business combination	10(b)	**67**	**-**	**(67)**	**-**	**-**
Issue of ordinary shares to option holders		**1**	**9**	**(3)**	**3**	**10**
Lapsed share options	19	**-**	**-**	**(16)**	**16**	**-**
Exchange difference		**-**	**-**	**(4)**	**-**	**(4)**
Share-based payment expense	19	**-**	**-**	**310**	**-**	**310**
At 31 January 2022		**2,894**	**3,839**	**(2,133)**	**9,156**	**13,756**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 January 2022	Year ended 31 January 2021
		£'000	£'000
Cash from operating activities			
Cash consumed by operations	11	**(1,614)**	(1,791)
Interest received		**1**	1
Interest paid		**(26)**	(42)
Income taxes received		**28**	394
Net cash outflow from operating activities		**(1,611)**	(1,438)
Cash flows from investing activities			
Payments for property, plant and equipment		**(36)**	(44)
Payment of software development costs		**(340)**	(682)
Proceeds from disposal of subsidiary (net of cash disposed)		**327**	4,167
Net cash from investing activities		**(49)**	3,441
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)		**10**	-
Proceeds from borrowings		**-**	31
Repayment of borrowings	8(e)	**(27)**	(19)
Principal elements of lease payments		**(62)**	(98)
Net cashflow from financing activities		**(79)**	(86)
Net change in cash and cash equivalents		**(1,739)**	1,917
Cash and cash equivalents at the beginning of the financial year		**4,516**	2,587
Effects of exchange rate changes on cash and cash equivalents		**(19)**	12
Cash and cash equivalents at the end of the financial year	8(c)	**2,758**	4,516

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with maturity of three months or less, as adjusted for any bank overdrafts.

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Group was particularly affected by the following events and transactions that happened during the reporting period:

- The continuing global Covid-19 pandemic which impacted revenue and costs in the Group's operations.

2. GENERAL INFORMATION

SmartSpace Software plc is a company incorporated and domiciled in England and Wales under the Companies Act 2006 and listed on the AIM market of The London Stock Exchange. The address of the registered office is given on page 27.

The principal activities of the Company is the investment in businesses engaged in the development and sale of workspace technology solutions.

The financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 23.

3. OPERATING SEGMENTS

3(a) Description of segments and principal activities

The Group's operating board, consisting of the Chief Executive Officer and Chief Financial Officer examines the Group's performance from a product perspective and has identified three reportable segments of its business:

SwipedOn - based in New Zealand provides the sale and support of self-service visitor management software to customers throughout the world.

Space Connect - based in the UK provides the sale and support of self-service space management software through a network of partners, distributors and resellers to customers throughout the world

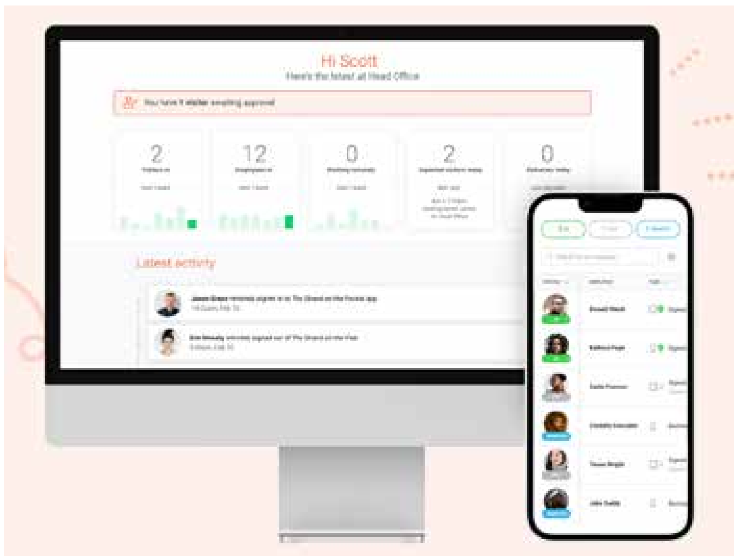
Anders & Kern - based in the UK makes sales of hardware and related integration services to customers in the UK.

The operating board primarily uses an adjusted measure of earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. However, the operating board also receives information about the segments' revenues and assets on a monthly basis. Information about segment revenue is disclosed in note 4.

3(b) Adjusted LBITDA

Adjusted LBITDA excludes discontinued operations and the effects of significant items of income and expenditure which might have an impact on the quality of earnings, such as reorganisation and transactional costs and impairment of assets. It also excludes the effects of equity-settled share-based payments.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Software		
Space Connect	**(1,082)**	(646)
SwipedOn	**(164)**	(195)
Hardware		
Anders & Kern	**(118)**	(84)
Central operating costs	**(1,129)**	(1,195)
Total adjusted EBITDA	**(2,493)**	(2,120)



3(c) Segmental financial performance

Year ended 31 January 2022	Space Connect	Swiped On	Anders & Kern	Central operating costs	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue from contracts with customers	**458**	**2,953**	**1,729**	**-**	**5,140**
Costs of sale of goods	**(1)**	**(18)**	**(1,049)**	**-**	**(1,068)**
Costs of providing services	**(64)**	**(284)**	**(79)**	**-**	**(427)**
Gross profit	**393**	**2,651**	**601**	**-**	**3,645**
Administrative expenses	**(1,927)**	**(3,134)**	**(874)**	**(1,385)**	**(7,320)**
Impairment losses on financial and contract assets	**(3)**	**(11)**	**-**	**-**	**(14)**
Other income	**-**	**36**	**-**	**-**	**36**
Operating loss	**(1,537)**	**(458)**	**(273)**	**(1,385)**	**(3,653)**
Adjusted LBITDA*	**(1,082)**	**(164)**	**(118)**	**(1,129)**	**(2,493)**
Reorganisation and transactional items	**-**	**-**	**(83)**	**(109)**	**(192)**
Depreciation	**(6)**	**(79)**	**(22)**	**(7)**	**(114)**
Amortisation	**(431)**	**(100)**	**(21)**	**-**	**(552)**
Impairment of financial assets	**(3)**	**(11)**	**-**	**-**	**(14)**
Share based payment charge	**(15)**	**(104)**	**(29)**	**(140)**	**(288)**
Operating loss	**(1,537)**	**(458)**	**(273)**	**(1,385)**	**(3,653)**
Finance income	**-**	**1**	**-**	**-**	**1**
Finance costs	**-**	**(11)**	**(12)**	**(3)**	**(26)**
Loss before tax	**(1,537)**	**(468)**	**(285)**	**(1,388)**	**(3,678)**
Taxation	**446**	**98**	**58**	**512**	**1,114**
Loss after tax	**(1,091)**	**(370)**	**(227)**	**(876)**	**(2,564)**

Year ended 31 January 2021	Space Connect	Swiped On	Anders & Kern	Central operating costs	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue from contracts with customers	192	2,161	2,271	5	4,629
Costs of sale of goods	1	(16)	(1,680)	-	(1,695)
Costs of providing services	(4)	(196)	(83)	-	(283)
Gross profit	189	1,949	508	5	2,651
Administrative expenses	(1,011)	(2,441)	(648)	(1,326)	(5,426)
Impairment losses on financial and contract assets	-	(18)	-	(54)	(72)
Other income	-	130	-	-	130
Operating loss	(822)	(380)	(140)	(1,375)	(2,717)
Adjusted LBITDA*	(646)	(195)	(84)	(1,195)	(2,120)
Depreciation	(3)	(66)	(22)	(12)	(103)
Amortisation	(171)	(80)	(21)	-	(272)
Impairment of financial assets	-	(18)	-	(54)	(72)
Share based payment charge	(2)	(21)	(13)	(114)	(150)
Operating loss	(822)	(380)	(140)	(1,375)	(2,717)
Finance income	-	1	-	-	1
Finance costs	(102)	(12)	(12)	99	(27)
Loss before tax	(924)	(391)	(152)	(1,276)	(2,743)
Taxation	832	16	46	(282)	612
Loss after tax	(92)	(375)	(106)	(1,558)	(2,131)

* (Loss)/profit for the year from continuing operations before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge.

3(d) Segment assets

	31 January 2022		31 January 2021	
	Segment assets	Additions to non-current assets*	Segment assets	Additions to non-current assets*
	£'000	**£'000**	**£'000**	**£'000**
Space Connect	**5,360**	**146**	4,884	294
SwipedOn	**6,533**	**224**	6,687	64
Anders & Kern	**2,653**	**32**	2,640	12
Segment assets	**14,546**	**402**	14,211	370
Unallocated assets	**2,981**	**-**	4,941	7
Total assets	**17,527**	**402**	19,152	377

*Other than contract assets and deferred tax assets

For the purpose of monitoring segment performance and allocating resource between segments, the Group's Chief Executive Officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of cash held by the Parent Company, other financial assets (except for trade and other receivables) and tax assets. Goodwill has been allocated to reportable segments as described in note 9(c).

The total of non-current assets other than deferred tax assets broken down by location of assets is shown as follows:

	31 January 2022	31 January 2021
	£'000	**£'000**
UK	**5,878**	6,124
Australia	**-**	3
New Zealand	**5,586**	5,934
Total assets	**11,464**	12,061

3(e) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

	31 January 2022	31 January 2021
	£'000	**£'000**
Space Connect	**524**	171
SwipedOn	**2,018**	1,460
Anders & Kern	**865**	996
Segment liabilities	**3,407**	2,627
Unallocated	**364**	255
Total liabilities	**3,771**	2,882

3(f) Revenue by customer geographical location

Year ended 31 January 2022	Space Connect	Swiped On	Anders & Kern	Central	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
UK	**266**	**440**	**1,729**	**-**	**2,435**
USA	**2**	**1,340**	**-**	**-**	**1,342**
Australia	**93**	**566**	**-**	**-**	**659**
New Zealand	**-**	**311**	**-**	**-**	**311**
Canada	**-**	**173**	**-**	**-**	**173**
Sweden	**82**	**-**	**-**	**-**	**82**
Rest of the world	**15**	**123**	**-**	**-**	**138**
Total	**458**	**2,953**	**1,729**	**-**	**5,140**

Year ended 31 January 2021	Space Connect	Swiped On	Anders & Kern	Central	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
UK	34	304	2,213	5	2,556
USA	-	974	-	-	974
Australia	135	475	-	-	610
New Zealand	-	214	-	-	214
Canada	-	151	-	-	151
Sweden	23	-	-	-	23
Rest of the world	-	43	58	-	101
Total	192	2,161	2,271	5	4,629

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

Year ended 31 January 2022	Space Connect UK	Swiped On New Zealand	Anders & Kern UK	Central UK	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segment revenue	**458**	**2,953**	**1,729**	**-**	**5,140**
Timing of revenue recognition					
At a point in time	**84**	**37**	**1,599**	**-**	**1,720**
Over time	**374**	**2,916**	**130**	**-**	**3,420**
	458	**2,953**	**1,729**	**-**	**5,140**

Year ended 31 January 2021	Space Connect Australia	Swiped On New Zealand	Anders& Kern UK	Central UK	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segment revenue	192	2,161	2,271	5	4,629
Timing of revenue recognition					
At a point in time	74	36	2,120	5	2,235
Over time	118	2,125	151	-	2,394
	192	2,161	2,271	5	4,629

Revenues from external customers come from the sale of software as a service, the sale of software licences, the sale of professional services and the sale of hardware. The revenue from the sale of software as a service and software licences relates to the Group's intellectual property owned by SwipedOn and Space Connect. No single customer represents 10 per cent or more of the Group's total revenues.

4(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

Current contract assets	31 January 2022	31 January 2021
	£'000	**£'000**
Software	**5**	4
Loss allowance	**-**	-
Total current contract assets	**5**	4

Current contract liabilities	31 January 2022	31 January 2021
	£'000	**£'000**
Software	**1,774**	1,055
Hardware	**-**	74
Total contract liabilities	**1,774**	1,129

Contract liability movement	
	£'000
At 31 January 2020	641
Recognised as revenue in period	(641)
New contract liabilities	1,129
At 31 January 2021	1,129
Recognised as revenue in period	(1,129)
New contract liabilities	1,774
At 31 January 2022	**1,774**

The Group expects all of the deferred revenue as of 31 January 2022 to be recognised during the next reporting period.

Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from fixed-price software as a service contracts and software support agreements:

	31 January 2022	31 January 2021
	£'000	**£'000**
Aggregate amount of the transaction price allocated to software as a service agreements and software support agreements that are partially or fully unsatisfied as at 31 January	**1,774**	1,055

4(c) Accounting policies

The Group has a number of different types of contractual arrangements and consequently applies a variety of methods of revenue recognition, based on the principles set out in IFRS 15 Revenue from Contracts with Customers. The revenue and profit in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Revenue is recognised when the performance obligation in a contract has been performed (so 'point in time' recognition) or over time as the performance obligation is transferred to the customer.

For contracts where the Group does not provide the final services judgement is applied as to whether the Group is acting as a principal or agent. Where the Group controls the goods or services before they are transferred to the customer a principal relationship is considered to be in place, and revenue is recognised gross.

The transaction price, being the amount to which the Group expects to be entitled and has rights to under the contract, is allocated to the identified performance obligations.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long-term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract. For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time (see below for further details).

The Group disaggregates revenue from contracts with customers by reporting segment and timing of transfer of goods and services as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Sale of software as a service

The Group offers its software as a service hosted in the cloud. Under terms of the contract, the customer receives the right to access the software for an agreed period of time. To the extent that the customer has been invoiced in excess of the value of services received to date a contract liability for the provision of the software as a service is recognised at the time of sale. Management considers that revenue is recognised over time as the service is delivered until the point that the agreement expires.

Revenue invoiced during the reporting period which relates to future periods is classified as deferred income within contract liabilities on the balance sheet.

The software comprises a number of different modules which can be sold as a bundle at the outset or separately if a customer chooses to take a subscription at a later date. Additional modules will continue to be developed and either offered as part of the initial product offering or sold separately to customers who subscribe to that module.

Sale of software licences

The Group sells software licences which allow customers to use the software in their own environment which results in a transfer of control to the customer at a point in time. This occurs when the software source has been transferred to the customer.

Revenue is recognised in full at the point of delivery to the customer as the risk and rewards of the licences have transferred at that point to the buyer and the Group does not retain managerial involvement or effective control over the software or the licences.

Sale of professional services

The Group sells professional services comprising implementation, configuration and support services. These services can be purchased in advance and used by customers when required and revenue is recognised at a point in time when the service has been provided.

Hardware and Systems Integration

The Group sells hardware through Anders & Kern or as part of a contract for software through its software division. Revenue is recognised at the point when the performance obligation is fulfilled, usually when the hardware is delivered to the customer. Where installation services are sold alongside the hardware, revenue from those installation services is recognised when those services are delivered. Customers have no right to return goods and no warranties are issued to customers.

Contract assets and liabilities

Where the Group provides software as a service or software support agreements, customers often pay in advance for a service to be delivered over time. Where payments made are greater than the revenue recognised at the period end date, the Group recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Group recognises an accrued income contract asset for this difference.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance to assess the impairment of contract assets.

5. MATERIAL PROFIT OR LOSS ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately to provide a better understanding of the financial performance of the Group.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
The following items have been credited / (expensed) to the consolidated statement of comprehensive income:		
Reorganisation and transactional costs	**(192)**	-
Impairment of financial assets	**(14)**	(72)
Government grants		
- UK Government Job Retention Scheme for continuing operations	**48**	104
- UK Government Job Retention Scheme for discontinued operations	**-**	140
- New Zealand Callaghan Growth grant	**-**	112
- New Zealand Internship grant	**36**	17
Foreign currency gains and (losses)	**(21)**	(13)
Inventory provisions: credited / (charged) to profit and loss	**70**	(93)
Research and development not capitalised	**(1,223)**	(1,017)

6. OTHER INCOME AND EXPENSE ITEMS

This note includes an analysis of expenses by nature and a breakdown of the items included in 'finance income and costs'. Information about specific profit and loss items is disclosed in the related balance sheet notes.

6(a) Breakdown of expenses by nature

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Inventories sold	**1,044**	1,630
Employee benefits and expenses net of government grants (see note 6b)	**4,497**	3,308
Contractor fees	**385**	441
Depreciation	**114**	103
Amortisation	**552**	272
Marketing	**951**	768
Other expenses	**1,612**	1,172
Less: capitalised employee and contractor costs	**(340)**	(290)
Total cost of sales and administrative expenses	**8,815**	7,404

6(b) Employee and director benefits and expenses

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Wages and salaries net of government grants	**3,914**	2,890
Share based payments (see note 19)	**288**	150
Social security costs	**190**	179
Pension costs	**105**	89
Total remuneration	**4,497**	3,308

6(c) Average number of people employed

	Year ended 31 January 2022	Year ended 31 January 2021
	No.	**No.**
Sales	**13**	12
Software development and technical support	**38**	30
Administrative	**17**	12
Total employees	**68**	54

6(d) Finance income and cost

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Finance income		
Interest income from financial assets held for cash management	**1**	1
Finance income	**1**	1
Finance cost		
Interest charges on bank loans	**(11)**	(12)
Interest charges on lease liabilities	**(10)**	(11)
Other interest charges	**(5)**	(4)
Finance costs expenses	**(26)**	(27)
Net finance costs	**(25)**	(26)

6(e) Reorganisation and transactional

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Reorganisation costs	**192**	-
	192	-

Reorganisation costs include notice pay, redundancy and other related exit costs. The reorganisation was started and completed within the year to 31 January 2022.

6(f) Discontinued operations

In August 2020 the Group completed the disposal of its Enterprise Software Division, SmartSpace Global Limited. The financial performance of the SSG disposal group together with the loss on disposal is therefore reported in discontinued activities for the year ended 31 January 2021. The financial performance relating to the disposal group is presented below.

	Year ended 31 January 2021 – results to date of disposal
	£'000
Revenue	**819**
Expenses	**(2,331)**
Loss before income tax	**(1,512)**
Income tax benefit	**42**
Loss after tax	**(1,470)**
Reversal of impairment / (impairment) of assets in disposal group	**1,470**
Loss after income tax and impairments of discontinued operations	**-**
Loss on disposal of subsidiary after income tax	**(124)**
Net loss attributable to discontinued operations	**(124)**

	To 13 August 2020	Year ended 31 January 2020
	£'000	**£'000**
Net cash inflow from operating activities	**233**	2,319
Net cash inflow / (outflow) from investing activities	**3,786**	(1,257)
Net cash outflow from financing activities	**(49)**	(68)
Net increase in cash generated by discontinued operations	**3,970**	994

7. TAXATION

This note provides an analysis of the Group's income tax expense, and shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

7(a) Income tax expense

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Current tax		
Current tax benefit for the year	**2**	(103)
Total current tax benefit	**2**	(103)
Deferred tax		
Origination and reversal of temporary differences	**(608)**	(977)
Adjustments in respect of earlier years	**(31)**	(98)
Impact of change in UK corporation tax rate	**(460)**	(67)
Remeasurement of temporary differences	**-**	591
Total deferred tax benefit	**(1,099)**	(551)
Income tax benefit	**(1,097)**	(654)
Income tax (benefit) / expense is attributable to:		
Loss from continuing operations	**(1,114)**	(612)
Loss from discontinued activities	**-**	(42)
Other comprehensive income	**17**	-
	(1,097)	(654)

7(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Loss from continuing operations before income tax expense	**(3,678)**	(2,743)
Loss from discontinued operations before income tax expense	**-**	(166)
	(3,678)	(2,909)
Tax at the UK corporation tax rate of 19 % (2021: 19%)	**(699)**	(553)
Tax effects of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	**75**	80
Effect of non-taxable income	**-**	(114)
Effect of different tax rates for loss utilisation / overseas rates	**(43)**	(38)
Research and development relief	**-**	(30)
Tax losses not recognised as assets	**-**	97
Adjustment from prior year	**(31)**	(98)
Foreign currency translation of loan to subsidiary	**(27)**	116
Tax benefit from intergroup transfer of intellectual property	**-**	(638)
Derecognition of tax assets	**70**	591
Effect of change in tax rates	**(459)**	(67)
Income tax benefit	**(1,114)**	(654)

7(c) Amounts recognised in other comprehensive income

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Other comprehensive income – revaluation of property	**90**	-
Tax expense	**(17)**	-
Other comprehensive income net of tax	**73**	-

7(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Continuing operations	**3,476**	3,476
Potential tax benefit at 25% (2021: 19%)	**869**	660

See note 9(d) for information about recognised tax losses and significant judgements made in relation to them.

The closing deferred tax provision has been calculated at 25% in accordance with the rate enacted at the statement of financial position date. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

7(e) Unrecognised temporary differences

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation	**(133)**	**(472)**
Potential deferred tax liability	**(25)**	**(90)**

Temporary differences of -£133,000 (2021: -£472,000) have arisen as a result of the translation of the Group's subsidiaries in New Zealand. A deferred tax liability has not been recognised because the liability will only crystallise in the event of the disposal of the subsidiaries, and no such disposal is expected in the foreseeable future.

8. FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's financial instruments including:

- An overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies;
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group has the following financial instruments:

Financial assets	Notes	31 January 2022	31 January 2021
		£'000	**£'000**
Financial assets at amortised cost:			
Trade receivables and other receivables	**8(a)**	**399**	550
Other financial assets at amortised cost	**8(b)**	**-**	328
Cash and cash equivalents	**8(c)**	**2,758**	4,516
		3,157	5,394

Financial liabilities	Notes	31 January 2022	31 January 2021
		£'000	**£'000**
Financial liabilities at amortised cost:			
Trade and other payables	**8(d)**	**1,379**	826
Lease liabilities	**9(b)**	**108**	173
Borrowings	**8(e)**	**383**	413
		1,870	1,412

The Group's exposure to various risks associated with the financial instruments is discussed in note 13. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

8(a) Trade receivables and other receivables

	31 January 2022	31 January 2021
	£'000	**£'000**
Trade receivables	**387**	468
Other receivables	**12**	82
	399	550

Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policy and the calculation of the loss allowance are provided in note 13.

Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 13.

8(b) Other financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group and include consideration due on the disposal of SmartSpace Global.

	31 January 2022	31 January 2021
	£'000	**£'000**
Subsidiary disposal consideration	-	327
Other receivables	-	1
	-	328

Impairment and risk exposure

Note 13 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

8(c) Cash and cash equivalents

	31 January 2022	31 January 2021
	£'000	**£'000**
Current assets		
Cash at bank and in hand	**2,758**	4,516

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

8(d) Trade and other payables

	31 January 2022	31 January 2021
	£'000	**£'000**
Current liabilities		
Trade payables	**395**	279
Payroll liabilities	**8**	12
Accrued expenses	**731**	344
Other payables	**245**	191
	1,379	826

Trade and other payables are unsecured and usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

8(e) Borrowings

	31 January 2022			31 January 2021		
	Current	Non-Current	Total	Current	Non-Current	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Government support loans	28	-	28	31	-	31
Bank loans	355	-	355	27	355	382
Total borrowings	383	-	383	58	355	413

Secured liabilities and assets pledged as security

The bank loan of £355,000 (2021: £382,000) is secured by a mortgage over the associated freehold land and building. The mortgage carries a variable rate of interest 2.5% above the Bank of England base rate and is due for repayment in January 2023. There are no bank covenants that relate to the borrowings.

Fair value

For all the borrowings, the fair values are not materially different from their carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 13.

9. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability and information about determining the fair value of assets and liabilities including judgements and estimation uncertainty involved.

9(a) Property, plant and equipment

	Freehold land & buildings	Fixtures & fittings	Plant & machinery	Office equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020					
Cost	649	13	13	126	801
Accumulated depreciation	(36)	(10)	(9)	(53)	(108)
Net book amount	613	3	4	73	693
Year ending 31 January 2021					
Opening net book amount	613	3	4	73	693
Additions	-	-	-	44	44
Disposals	-	-	-	(2)	(2)
Depreciation charge	(13)	(2)	(2)	(37)	(54)
Foreign exchange impact	-	-	-	2	2
Closing net book amount	600	1	2	80	683
At 31 January 2021					
Cost	649	13	13	154	829
Accumulated depreciation	(49)	(12)	(11)	(74)	(146)
Net book amount	600	1	2	80	683
Year ending 31 January 2022					
Opening net book amount	**600**	**1**	**2**	**80**	**683**
Additions	**-**	**-**	**-**	**36**	**36**
Revaluation	**90**	**-**	**-**	**-**	**90**
Disposals	**-**	**-**	**-**	**(2)**	**(2)**
Depreciation charge	**(13)**	**(1)**	**(2)**	**(38)**	**(54)**
Foreign exchange impact	**-**	**-**	**-**	**(2)**	**(2)**
Closing net book amount	**677**	**-**	**(0)**	**74**	**751**
At 31 January 2022					
Cost or valuation	**680**	**13**	**13**	**179**	**885**
Accumulated depreciation	**(3)**	**(13)**	**(13)**	**(105)**	**(134)**
Net book amount	**677**	**-**	**-**	**74**	**751**

Leased assets

Leased assets are presented as a separate line item in the balance sheet, see note 9(b) for details.

Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the Group.

Revaluation, depreciation methods and useful lives

The Group has changed its accounting policy for land and buildings which are now recognised at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Previously land and buildings were accounted for at historical cost less depreciation. Retrospective application of the revaluation policy for property has not been recognised as this would be impractical in the case of freehold property. A revaluation surplus is credited to other reserves in shareholders' equity. All other property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is provided so as to write off to the cost or valuation of assets (other than freehold land) less their estimated residual values over their expected useful economic lives using the straight-line method on the following bases

- Fixtures and fittings 4-5 years
- Plant and machinery 4-5 years
- Office equipment 3-4 years
- Leasehold improvements 5 years
- Freehold buildings 50 years

See note 23 for the other accounting policies relevant to property, plant and equipment.

Revaluation of land and building

Land and buildings are comprised of a single detached industrial building where the Group bases its UK operations. For the first time in the group financial statements, freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings as at October 2021 was determined to be £680,000 by Arnolds Keys LLP, independent valuers not related to the Group. Arnolds Keys LLP are members of the Royal Institute Chartered Surveyors and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The Group re-values its land and buildings with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Directors asses on an annual basis if there has been any significant change in fair value. Where it is assessed that there has been a significant change an independent revaluation is made.

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its non-financial assets and liabilities into the three levels prescribed under the accounting standards. The inputs used in the valuation of land and buildings are based on similar observable transactions in the market and have therefore been allocated to in their entirety to level 2. When appropriate the group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There have been no transfers between hierarchy levels during the year.

The valuation of the land and buildings has been made using comparable rental transactions for properties in the local area.

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	31 January 2022	31 January 2021
	£'000	**£'000**
Cost	**649**	649
Accumulated depreciation	**(62)**	(49)
Net book amount	**587**	600

9(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet relating to Right-of-use assets

The balance sheet shows the following amounts relating to right-of-use assets:

	Buildings	Total
	£'000	**£'000**
At 31 January 2020	-	-
Cost or fair value	195	195
Accumulated depreciation	(31)	(31)
Net book amount	164	164
Year ended 31 January 2021		
Opening net book amount	164	164
Additions	31	31
Depreciation	(49)	(49)
Foreign exchange impact	10	10
Closing net book amount	156	156
At 31 January 2021		
Cost or fair value	240	240
Accumulated depreciation	(84)	(84)
Net book amount	156	156
Year ended 31 January 2022		
Opening net book amount	**156**	**156**
Remeasurement	**6**	**6**
Depreciation	**(60)**	**(60)**
Foreign exchange impact	**(8)**	**(8)**
Closing net book amount	**94**	**94**
At 31 January 2022		
Cost or fair value	**229**	**229**
Accumulated depreciation	**(135)**	**(135)**
Net book amount	**94**	**94**

	31 January 2022	31 January 2021
	£'000	**£'000**
Lease liabilities		
Current	**67**	63
Non-current	**41**	110
	108	173

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	31 January 2022	31 January 2021
	£'000	**£'000**
Depreciation charge on right-of-use assets		
Buildings	**60**	49
	60	49
Interest expense (included in finance costs)	**10**	11
Expense relating to short-term leases (included in administrative expenses)	**6**	25
Expense relating to leases of low value assets (included in administrative expenses)	**-**	-

The total cash outflow for all leases within continuing activities in the year ended 31 January 2022 was £70,000 (2021: £57,000). The incremental borrowing rate used in calculating lease liabilities in continuing operations is 5.3% (2021: 5.3%).

(iii) The Group's leasing activities and how these are accounted for

The Group leases office space. Rental contracts are for fixed periods of 4 to 10 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are initially measured at cost comprising:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Extension and termination options

Extension and termination options are included in leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the lessor.

9(c) Intangible assets

	Goodwill	Internally generated software	Customer contracts	Brand assets	Intellectual property	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020						
Cost	8,165	661	207	286	1,363	10,682
Accumulated amortisation and impairment	-	(3)	(56)	(37)	(78)	(174)
Net book amount	8,165	658	151	249	1,285	10,508
Year ended 31 January 2021						
Opening net book amount	8,165	658	151	249	1,285	10,508
Additions	-	302	-	-	-	302
Amortisation charge	-	(77)	(21)	(30)	(144)	(272)
Exchange differences	555	-	-	17	112	684
Closing net book amount	8,720	883	130	236	1,253	11,222
At 31 January 2021						
Cost	8,720	964	207	306	1,486	11,683
Accumulated amortisation and impairment	-	(81)	(77)	(70)	(233)	(461)
Net book amount	8,720	883	130	236	1,253	11,222
Year ended 31 January 2022						
Opening net book amount	**8,720**	**883**	**130**	**236**	**1,253**	**11,222**
Additions	**-**	**340**	**-**	**-**	**-**	**340**
Amortisation charge	**-**	**(353)**	**(22)**	**(30)**	**(147)**	**(552)**
Exchange differences	**(346)**	**(9)**	**-**	**(15)**	**(21)**	**(391)**
Closing net book amount	**8,374**	**861**	**108**	**191**	**1,085**	**10,619**
At 31 January 2022						
Cost	**8,374**	**1,293**	**207**	**285**	**1,456**	**11,615**
Accumulated amortisation and impairment	**-**	**(432)**	**(99)**	**(94)**	**(371)**	**(996)**
Net book amount	**8,374**	**861**	**108**	**191**	**1,085**	**10,619**

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Internally generated software 3 years
- Customer contracts 10 years
- Intellectual property 10 years
- Brand asset 10 years

See note 23(p) for the other accounting policies relevant to intangible assets and note 23(j)) for the Group's policy regarding impairments.

Customer contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and they are subsequently amortised on a straight-line basis, based on the timing of projected cash flows of the contracts over their estimated useful lives.

Significant estimate: useful life of the Group's acquired intangible assets

The Group has acquired a number of intangible assets as part of its acquisitions of Anders & Kern Limited in May 2017, SwipedOn Limited in October 2018, and SpaceConnect Pty Limited in November 2019. At 31 January 2022 the carrying amount of these assets was £1,385,000 (2021: £1,619,000). The Group estimates the useful life of the acquired intangibles to be 10 years based on their expectation of the period over which the Group will continue to derive benefit from such assets. However, the actual useful life might be longer or shorter than 10 years depending on customer attrition, technical innovation or competitor actions. If the estimated useful life was only five years, the carrying amount would be £822,000 at 31 January 2022 (2021: £1,239,000).

Significant estimate: Impairment tests for goodwill

Goodwill is monitored by management at an entity level. A segment-level summary of the goodwill is presented below:

	31 January 2022	31 January 2021
	£'000	**£'000**
Space Connect	**2,445**	2,445
SwipedOn	**4,785**	5,131
Anders & Kern	**1,144**	1,144
Net book amount	**8,374**	8,720

Goodwill on consolidation has been allocated for impairment testing purposes between the cash-generating units ("CGUs") and these CGU's aligned to the Group's segments. There are three CGU's, Swiped On, Space Connect and Anders & Kern. The recoverable amount of the Swiped on and Anders and Kern CGU's is based on 'value in use' calculations using cash flow projections approved by the Directors covering a five-year period with a terminal value to perpetuity, using a growth rate of 2% (2021: 2%). The Goodwill and Intangibles of Space Connect relate in the main to software acquired, as such the Directors have utilised a cash flow forecast over a 10 year period to reflect the anticipated useful economic life of the software.

The Directors believe that the Space Connect business is poised for high growth, reflecting the desirability of the product and also the relationships with well regarded partners within the sector. However, as the product is currently in its initial entry to the global market, management have assessed the value in use of the Space Connect cash generating unit using a cash flow forecast that reflect growth in users consistent with that attained to date from launch in 2020, which then tapers off in the final 5 years of the life of the software to reflect the trends for the sector. The key sensitivities within this forecast are the net cashflows generated in the future periods, which if reduced would likely result in an impairment. This methodology has been used to ensure that the carrying value as disclosed within the accounts is supported by the current growth achievements of the business and that value is not carried in the balance sheet the recovery of which is based upon as yet unproven high growth forecasts. Should the anticipated high growth not be attained, management are confident that they have sufficient means to ensure that costs are adequately controlled such that the assets are not impaired.

The discount rates used in the calculation of the recoverable amount take into consideration a market participant's cost of capital, the expected rate of return and various risks relating to the CGU. At the year end, based on these assumptions there is no indication of impairment in the remaining goodwill. Sensitivity analysis indicates that the discount rate may be expected to fluctuate by up to 2.5% which has been shown not to give rise to an impairment charge for any CGU.

9(d) Deferred tax balances

Deferred tax assets

	31 January 2022	31 January 2021
	£'000	**£'000**
The balance comprises temporary differences attributable to:		
Tax losses	2,334	1,268
Property plant and equipment and Intangible assets	52	42
General provisions	79	9
Employee benefits	-	70
Total deferred tax assets	**2,465**	1,389
Set-off of deferred tax liabilities pursuant to set-off provisions	-	-
Net deferred tax assets	**2,465**	1,389

The deferred tax assets include an amount of £1,269,000 which relates to carry-forward tax losses of SmartSpace Software plc. The Group has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group is expected to generate taxable income from 2024 onwards. The losses can be carried forward indefinitely. Deferred tax assets have been calculated using a tax rate of 25% which is the rate expected to be applicable when the benefit would be realised.

Deferred tax asset movement	Share based payments	PP&E and Intangible assets	General provision	Tax losses	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	46	-	-	1,385	1,431
Income / (expense) to profit and loss	24	75	9	(139)	(31)
Exchange differences	-	(33)	-	22	(11)
At 31 January 2021	70	42	9	1,268	1,389
Income / (expense) to profit and loss	**(70)**	**21**	**74**	**1,089**	**1,114**
Expense to other comprehensive income	**-**	**(17)**	**-**	**-**	**(17)**
Exchange differences	**-**	**6**	**(3)**	**(24)**	**(21)**
At 31 January 2022	**-**	**52**	**80**	**2,333**	**2,465**

Deferred tax liability movement	Accelerated tax depreciation	Total
	£'000	**£'000**
At 31 January 2020	**583**	583
Credit to profit and loss	**(581)**	(581)
Exchange differences	**(2)**	(2)
At 31 January 2021	**-**	-
Credit to profit and loss	**-**	-
Exchange differences	**-**	-
At 31 January 2022	**-**	-

9(e) Inventories

	31 January 2022	31 January 2021
	£'000	**£'000**
Finished goods – at cost	**203**	89

Inventories recognised as an expense during the year ended 31 January 2022 amounted to £1,044,000 (2021: £1,630,000). These were included in cost of sales and the cost of providing other services.

9(f) Prepayments

	31 January 2022	31 January 2021
	£'000	**£'000**
Prepayments	**163**	114

10. EQUITY

10(a) Share capital and share premium

	31 January 2022	31 January 2021	31 January 2022	31 January 2021
	Number	**Number**	**£'000**	**£'000**
Allotted, called up and fully paid:				
Ordinary shares of 10p each	**28,941,234**	28,255,823	**2,894**	2,826

Movement in ordinary shares

	Shares issued		Share capital	Share premium	Merger reserve	Total
	Number	**Price (p)**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	28,255,823		2,826	3,830	844	7,500
At 31 January 2021	28,255,823		2,826	3,830	844	7,500
Shares issued for deferred acquisition consideration	**675,411**	**72.5**	**67**	**-**	**422**	**489**
Shares issued for share option exercise	**10,000**	**101.25**	**1**	**9**	**-**	**10**
At 31 January 2022	**28,941,234**		**2,894**	**3,839**	**1,266**	**7,999**

Ordinary shares

Ordinary shares have a par value of 10 pence. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held.

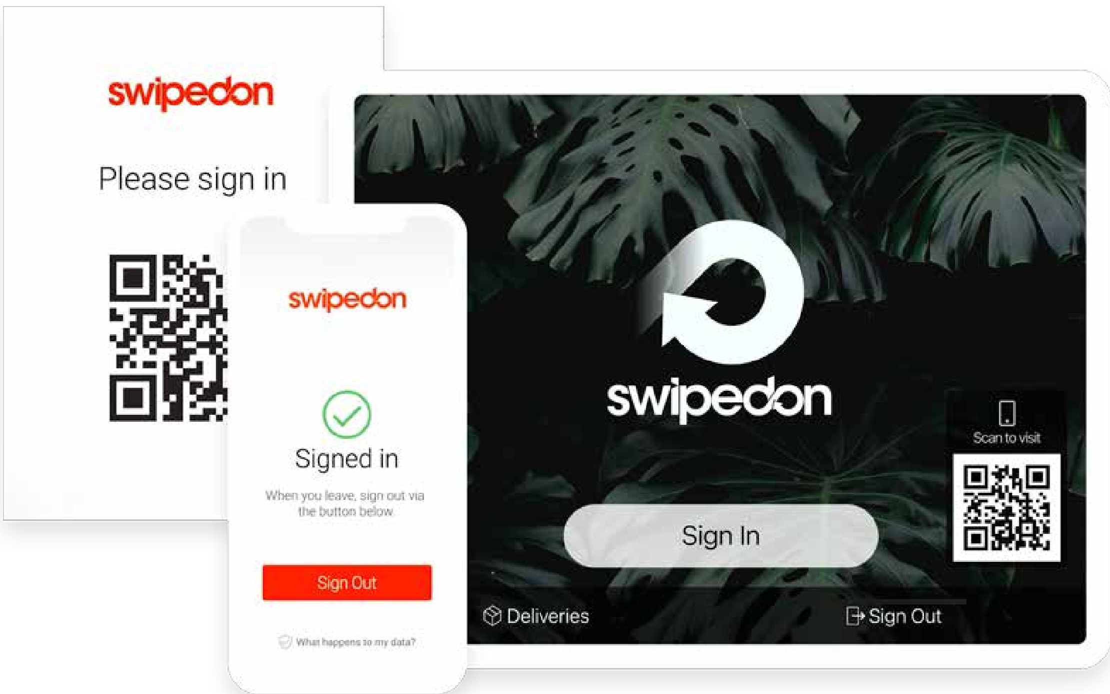
On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote; and on a poll, each share is entitled to one vote. The Company does not have a limited amount of authorised capital.

Options

Information relating to employee share options including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in note 19.

10(b) Other reserves

	Merger reserve	Reverse acquisition reserve	Translation reserve	Acquisition deferred consideration reserve	Revaluation reserve	Share option reserve	Total other reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 January 2020	844	(4,236)	(170)	489	-	241	(2,832)
Currency translation differences	-	-	643	-	-	-	643
Other comprehensive income	-	-	643	-	-	-	643
Transactions with owners in their capacity as owners:							
Share-based payment expense - continuing operations	-	-	-	-	-	150	150
Share-based payment expense - discontinued operations	-	-	-	-	-	(48)	(48)
At 31 January 2021	844	(4,236)	473	489	-	343	(2,087)
Revaluation of property	-	-	-	-	90	-	90
Deferred tax on property revaluation	-	-	-	-	(17)	-	(17)
Currency translation differences	-	-	(339)	-	-	-	(339)
Other comprehensive income	**-**	**-**	**(339)**	**-**	**73**	**-**	**(266)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for business combination	**422**	**-**	**-**	**(489)**	**-**	**-**	**(67)**
Issue of ordinary shares to option holders	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Exchange difference	**-**	**-**	**-**	**-**	**-**	**(4)**	**(4)**
Lapsed share options	**-**	**-**	**-**	**-**	**-**	**(16)**	**(16)**
Share based payment expense	**-**	**-**	**-**	**-**	**-**	**310**	**310**
At 31 January 2022	**1,266**	**(4,236)**	**134**	**-**	**73**	**630**	**(2,133)**



Nature and purpose of other reserves

The merger reserve is used when a share issue is undertaken, and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the company issuing the shares will have secured at least 90% equity holding in the acquiree. The acquisition of SpaceConnect Pty Limited in November 2019 met the conditions for merger relief and was therefore accounted for under the merger relief provisions. Consideration for SpaceConnect Pty Limited was made in two parts, firstly upon completion of the acquisition in November 2019, and secondly in April 2021 through the issue of deferred consideration shares. The movement in the merger reserve in the current period relates to the settlement of the deferred share consideration for SpaceConnect Pty in April 2021, which was accounted for as a transfer from the acquisition deferred consideration reserve to the merger reserve.

The reverse acquisition reserve arose on the reverse takeover of SmartSpace Software plc by Coms.com Limited in the year ended 31 January 2007. Under reverse acquisition accounting an adjustment within shareholders' funds is required to eliminate the cost of acquisition in the issuing company's books, and introduce a notional cost of acquiring the smaller issuing company based on the fair value of its shares and an adjustment is required to show the share capital of the legal parent in the consolidated balance sheet rather than that of the deemed acquirer. Both adjustments have been included in the reverse acquisition reserve.

Foreign currency translation comprises exchange differences arising on the translation of foreign controlled entities which are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

The acquisition deferred consideration reserve relates to deferred share consideration for the acquisition of subsidiaries.

The revaluation reserve relates to amounts recognised on the fair value revaluation of land and buildings.

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

10(c) Retained earnings

The movements in retained earnings were as follows:

	31 January 2022	31 January 2021
	£'000	**£'000**
Balance at 1 February	**11,701**	13,956
Issue of ordinary shares to option holders	**3**	-
Lapsed share options	**16**	-
Net loss for the period	**(2,564)**	(2,255)
Balance at 31 January	**9,156**	11,701

11. CASH FLOW INFORMATION

11(a) Cash generated from operations

	31 January 2022	31 January 2021
	£'000	**£'000**
Loss before income tax from continuing operations	**(3,678)**	(2,743)
Adjustments for:		
Depreciation and amortisation	**666**	375
Non-cash employee benefit expense – share-based payments	**288**	150
Net loss on sale of non-current assets	**-**	2
Finance costs - net	**25**	25
Credit loss	**14**	72
Net exchange differences	**(9)**	3
Change in operating assets and liabilities of continuing operations		
Decrease / (increase) in trade and other receivables	**114**	(14)
Decrease / (increase) in contract assets	**-**	29
Decrease / (increase) in inventories	**(113)**	157
Decrease / (increase) in prepayments	**(53)**	(43)
Increase / (decrease) in trade creditors	**123**	(371)
Increase / (decrease) in other creditors	**276**	280
Increase / (decrease) in contract liabilities	**733**	439
Cash consumed by continuing operations	**(1,614)**	(1,639)
Loss before income tax from discontinued operations	**-**	(166)
Adjustments for:		
Depreciation and amortisation	**-**	-
Impairment of intangible assets	**-**	(1,470)
Non-cash employee benefit expense – share-based payments	**-**	(47)
Net gain on sale of non-current assets	**-**	9
Finance costs – net	**-**	16
Credit losses	**-**	(46)
Net exchange differences	**-**	2
Loss on sale of discontinued operations	**-**	124
Change in operating assets and liabilities of discontinued operations		
Decrease / (increase) in trade and other receivables	**-**	697
Decrease / (increase) in contract assets	**-**	437
Decrease / (increase) in prepayments	**-**	(407)
Increase / (decrease) in trade creditors	**-**	274
Increase / (decrease) in other creditors	**-**	248
Increase / (decrease) in contract liabilities	**-**	177
Cash consumed by discontinued operations	**-**	(152)
Cash consumed by operations	**(1,614)**	(1,791)

11(b) Net debt reconciliation

This section sets out an analysis of net cash and the movements in net cash for each of the periods presented.

	31 January 2022	31 January 2021
	£'000	**£'000**
Cash and cash equivalents	**2,758**	4,516
Borrowings	**(383)**	(413)
Lease liabilities in continuing activities	**(108)**	(173)
Net cash	**2,267**	3,930
Cash and cash equivalents	**2,758**	4,516
Gross debt – fixed interest rates	**(108)**	(173)
Gross debt – variable interest rates	**(383)**	(413)
Net cash	**2,267**	3,930

	Cash/bank overdraft	Borrowings	Leases	Total
	£'000	**£'000**	**£'000**	**£'000**
At 31 January 2020	2,587	(401)	(179)	2,007
New leases	-	-	(31)	(31)
Cashflows – continuing operations	(2,053)	(12)	49	(2,016)
Cashflows – discontinued operations	3,970	-	-	3,970
Effect of foreign exchange rate movements	12	-	(12)	-
At 31 January 2021	**4,516**	**(413)**	**(173)**	**3,930**
New leases	**-**	**-**	**(6)**	**(6)**
Cashflows – continuing operations	**(1,739)**	**30**	**71**	**(1,638)**
Effect of foreign exchange rate movements	**(19)**	**-**	**-**	**(19)**
At 31 January 2022	**2,758**	**(383)**	**(108)**	**2,267**

11(c) Non-cash investing and financing activities

	31 January 2022	31 January 2021
	£'000	**£'000**
Remeasurement of right of use assets by means of lease	**6**	-
Acquisition of right of use assets by means of lease	**-**	31
Deferred partial settlement of business combination through share issue	**490**	-

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes, together with information about the basis of calculation for each affected line item in the financial statements.

12(a) Critical estimates

The areas involving critical estimates are:

- estimated useful lives of intangible assets (see note 9(c))
- Impairment testing of goodwill (see note 9(c))

12(b) Critical judgements

The areas involving critical judgements are:

- recognition of deferred tax asset for carried-forward tax losses (see note 9(d))

13. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

13(a) Market risk

Foreign currency risk

The group has a translation exposure risk relating to operations in New Zealand where SwipedOn use New Zealand dollars. On consolidation, assets and liabilities of foreign undertakings are translated into sterling at year end exchange rates. The results of foreign undertakings are translated into sterling at average rates of exchange for the year. Foreign exchange differences arising on the translation of foreign undertakings are recognised directly in a separate component of equity, the translation reserve, until the business units are disposed of. Should the New Zealand Dollar strengthen or weaken by 10% against pounds sterling then the value of the Group's net assets will respectively increase or decrease by £450,000 (2021: £523,000). Foreign exchange differences arising on the translation of foreign undertakings are taken to other comprehensive income. As the Group has no plans to dispose of the asset in the foreseeable future and the exposure is a non-cash item the Board have no plans to hedge this translation exposure. See note 3(d) and 3(e) for details of assets and liabilities held by SwipedOn and denominated in New Zealand dollars.

Cash flow and fair value interest rate risk

The Group's borrowings comprise a mortgage and a New Zealand government Covid-19 support loan. The mortgage is held with Barclays, secured on the associated freehold land and buildings, and carries a variable rate of interest 2.5% above the Bank of England base rate. The Covid-19 support loan is for a period of 5 years commencing June 2020, is unsecured and interest free for the first 2 two years, with interest of 3% per annum for the remaining 3 years. The Group maintains cash reserves such that an increase in base rate is unlikely to impact the ability of the Group to meet its mortgage payments.

13(b) Credit risk

Credit risk arises from cash and cash equivalents, cash flows of debt investments carried at amortised cost and credit exposures to customers including outstanding receivables.

Risk management

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

For trade receivables, management focuses strongly on working capital management and the collection of due invoices. Regular reports of overdue invoices are circulated amongst senior management and the Board reviews debtor days each month as part of the monthly reporting cycle. The risk with any one customer is limited by constant review of debtor balances and amounts receivable on contracts and action to resolve any issues preventing discharge of obligations.

Security

The Group does not obtain security for trade receivables.

Impairment of financial assets

The Group has three types of assets that are subject to the expected credit loss model:

- trade receivables for the sale of goods and services;
- other financial assets carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 January 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified global and country specific GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes to this factor. On that basis the loss allowance at 31 January 2022 was determined as follows for trade receivables:

31 January 2022	Current	1 -30 days past due	31 – 60 days past due	61 – 90 days past due	91 -180 days past due	181 – 360 days past due	Total
Expected loss rate (%)	**1.1%**	**2.2%**	**7.4%**	**48.0%**	**48.0%**	**82.0%**	**2.9%**
Gross carrying amount – trade receivables (£'000)	**241**	**111**	**36**	**6**	**4**	**1**	**399**
Loss allowance	**(3)**	**(2)**	**(3)**	**(3)**	**-**	**(1)**	**(12)**
Net carrying amount - trade receivables (£'000)	**238**	**109**	**33**	**3**	**4**	**-**	**387**

The closing loss allowances for trade receivables as at 31 January 2022 reconcile to the opening loss allowances as follows:

	2022	2021
	£'000	**£'000**
At 1 February	**8**	-
Increase in loss allowance recognised in profit or loss during the year	**14**	18
Receivables written off during the year as uncollectible	**(10)**	(10)
At 31 January	**12**	8

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the failure to make contracted payments.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of previously written off amounts are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost comprise contingent consideration and other receivables. Assessments of significant increases in credit loss risk and assumptions about the risk of default are made in determining the expected credit loss rates from these assets.

Net impairment losses on financial and contract assets recognised in profit or loss

During the year the following losses were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	2022	2021
	£'000	**£'000**
Movement in loss allowance for trade receivables and contract assets	**14**	18
Impairment losses on other financial assets	**-**	54
Net impairment losses on financial and contract assets	**14**	72

13(c) Liquidity risk

Liquidity risk is the risk that the Group cannot meet financial liabilities when they fall due. The Group's policy for managing liquidity risk is to ensure that the business has enough financial resources to carry out its day-to-day activities at any point in time. Management believes that the cash resources on hand, together with future forecast profits of the business, more than cover the resources needed to meet the financial liabilities of the Group.

Maturity of financial liabilities

The tables below analyse all of the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances because the impact of discounting is not significant.

Contractual maturity of financial liabilities At 31 January 2022	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade payables	**395**	**-**	**-**	**-**	**-**	**395**	**395**
Borrowings	**13**	**370**	**-**	**-**	**-**	**383**	**383**
Lease liabilities	**33**	**34**	**41**	**-**	**-**	**108**	**108**
Total	**441**	**404**	**41**	**-**	**-**	**886**	**886**

Contractual maturity of financial liabilities At 31 January 2021	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade payables	249	30	-	-	-	279	279
Borrowings	44	14	355	-	-	413	413
Lease liabilities	31	33	68	41	-	173	173
Total	324	77	423	41	-	865	865

14. CAPITAL MANAGEMENT

14(a) Risk management

The Group considers its capital to comprise its ordinary share capital, share premium account, other reserves and retained earnings. A summary of the amounts of capital in each of these categories is shown in the consolidated statement of changes in equity on page 49.

In managing its capital, the Group's primary objective is to provide a return for its equity shareholders through capital growth. The Group has £383,000 (2021: £413,000) of debt representing a gearing ratio of 3% (2021: 3%). Going forward the Group will balance capital risk and return at an acceptable level and also maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives. There have been no other significant changes to the Group's management objectives, policies and processes in the year nor has there been any change in what the Group considers to be capital.

14(b) Dividends

The Group does not currently pay a dividend.

15. INTERESTS IN OTHER ENTITIES

The Group's subsidiaries at 31 January 2022 are set out below. Unless otherwise stated they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of operation.

Name	Registered office	Country	Proportion of ownership interest	Proportion of voting power held	Principal business activity
Easter Road Holdings Limited	Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ	UK	100%	100%	Holding company
Anders + Kern (U.K.) Limited	Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ	UK	100%	100%	Hardware and software sales
SmartSpace Software Limited	115 The Strand, Tauranga, 3110, New Zealand	New Zealand	100%	100%	Holding company
SwipedOn Inc	651 N Broad St, Suite 206, Middletown New Castle, Delaware USA	USA	100%	100%	Software sales
SwipedOn Limited	115 The Strand, Tauranga, 3110, New Zealand	New Zealand	100%	100%	Software development and sales
Smartspace Software Pty Limited	Nexia Sydney, Level 16, 1 Market Street, Sydney, NSW, 2000	Australia	100%	100%	Holding company
Space Connect Limited	Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ	UK	100%	100%	Software development and sales
Space Connect Pty Limited	Nexia Sydney, Level 16, 1 Market Street, Sydney, NSW, 2000	Australia	100%	100%	Software sales

All subsidiary undertakings are included in the consolidation.

16. COMMITMENTS

16(a) Capital commitments

There were no capital commitments at 31 January 2022 (2021: £nil).

17. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no subsequent events occurring after the reporting date that require adjustment or disclosure in the financial statements.

18. RELATED PARTY TRANSACTIONS

18(a) Subsidiaries

Interests in subsidiaries are set out in note 15.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the parent and the subsidiaries during the year represent transfers of cash between the companies amounting to £1,050,000 (2021: 434,000).

18(b) Key management personnel compensation

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Short term employment benefits	**592**	720
Post-employment benefits	**8**	18
Termination benefits	**40**	-
Share-based payments	**155**	106
	795	844

18(c) Directors

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Aggregate emoluments	**504**	470
Company contributions to money purchase pension schemes	**8**	9
Taxable benefits	**34**	31
Termination benefits	**40**	-
Long term incentives	**155**	72
	741	582

Detailed remuneration including the highest paid director disclosures are provided in the Directors' remuneration section in the remuneration report on pages 28 and 29.

Directors' fees

Directors fees of £13,333 (2021: £40,000) were charged by Warspite Limited, a company connected to Diana Dyer Bartlett, in respect of services provided by Diana Dyer Bartlett; £nil (2021: £nil) was outstanding at the year end.

Directors fees of £60,000 (2021: £60,000) were charged by VZ Limited, a company connected to Guy van Zwanenberg, in respect of services provided by Guy van Zwanenberg; £6,031 (2021: £nil) was outstanding at the year end.

19. SHARE BASED PAYMENTS

The Group operates two equity settled share-based payments plans: an EMI scheme and an Unapproved share scheme. During the year the Group issued options over 327,035 ordinary shares under the Group's EMI scheme (2021: 332,500) and over 406,915 ordinary shares under the Unapproved share scheme (2021: 570,000).

The EMI and unapproved share option schemes incorporate the same general terms and conditions, with the EMI scheme benefiting from certain tax advantages. Options are granted under the plans for no consideration and carry no dividend or voting rights. When exercisable each option converts into one ordinary share.

The exercise price of the options is based on the closing price on the day immediately preceding the grant.

19(a) Equity settled employee option plans

Set out below are the summaries of options granted under the plans:

	31 January 2022		31 January 2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of the year	**2,156,500**	**101p**	1,484,015	107p
Granted during the year	**733,950**	**121p**	902,500	92.5p
Exercised during the year	**(10,000)**	**101p**	-	-
Forfeited during the year	**(665,848)**	**94p**	(230,015)	103p
Outstanding at end of year	**2,214,602**	**110p**	2,156,500	101p
Exercisable at end of year	**560,652**	**123p**	40,000	500p

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Date granted	Expiry date	Type	Price per share	Share options 31 January 2022	Share options 31 January 2021
12 June 2013	11 June 2023	Warrants	500.00 p	**40,000**	40,000
11 December 2015	10 December 2025	Options	92.00 p	**200,000**	200,000
31 July 2018	30 July 2028	Options	101.25 p	**76,192**	129,000
17 October 2018	16 October 2028	Options	94.00 p	**374,460**	885,000
23 October 2020	22 October 2030	Options	92.50 p	**860,000**	902,500
29 September 2021	28 September 2031	Options	92.50 p	**165,000**	-
29 September 2021	28 September 2031	Options	137.50 p	**463,950**	-
1 November 2021	31 October 2031	Options	92.50 p	**35,000**	-
				2,214,602	2,156,500

The outstanding options at the year-end have an exercise price in the range of 92 pence to 500 pence (2021: 92 pence to 500 pence).

The weighted average remaining contractual life of the share options outstanding at the year end is 8 years and 0 months (2021: 8 years 2 month).

19(b) Fair value of equity settled options granted

Options granted to Directors and to other employees during the year did not contain any performance criteria. The fair value at the grant date for options without performance conditions is determined using the Black-Scholes model. These calculations take into account the exercise price, the term of the option, the share price at the date of grant and expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. The expected price volatility is based on historical share price volatility over a period of time equal to the option vesting period being 3 years. The model inputs and assessed fair value of options granted during the year ended 31 January 2022 were:

Model input			
Grant date	22 September 2021	22 September 2021	1 November 2021
Option price	137.50 pence	92.50 pence	92.50 pence
Share price at date of grant	137.50 pence	137.50 pence	89.50 pence
Dividend yield	-	-	-
Vesting period (years)	3	3	3
Assumed volatility at date of grant	68%	68%	71%
Risk-free discount rate	(0.10%)	(0.10%)	(0.10%)
Expected life of option	3 years	3 years	3 years
Fair value per option	76 pence	76 pence	41 pence

The expense recognised in continuing operations for equity-settled share-based payments during the year to 31 January 2022 was £288,000 (2021: £150,000).

Options over 351,441 shares granted to Directors in previous periods had the period for meeting performance criteria extended by 2 years to 17 October 2023. A share based payment charge of £160,000 will be recognised over the two year extension period, of which £28,000 was recognised in the current period.

19(c) Cash settled share-based payments

As part of the disposal of SmartSpace Global Limited in August 2020 the Group issued 50,000 cash settled share options to a former employee who was involved in the disposal process. The options were issued on 13 August 2020, had an exercise price of 101.25p, and are available for exercise at any point between 31 July 2021 and 31 July 2029. The options are valued at each reporting date using a Black-Scholes model. At 31 January 2022 the assumed volatility was 77%, risk free interest rate -0.1%, exercise price 101.25p and current share price at the reporting date of 72.5p. The expected price volatility is based on historical share price volatility over a period of time equal to the expected period of time before the options are exercised. A credit was recorded relating to these options of £22,000 for the year and a liability of £8,000 (2021: £31,000) included within trade and other payables.

20. LOSS PER SHARE

20(a) Basic loss per share

	Year ended 31 January 2022	Year ended 31 January 2021
	Pence	**Pence**
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(8.91p)**	(7.54p)
From discontinued operations	**-**	(0.44p)
Total basic loss per share	**(8.91p)**	(7.98p)

20(b) Diluted loss per share

	Year ended 31 January 2022	Year ended 31 January 2021
	Pence	**Pence**
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(8.91p)**	(7.54p)
From discontinued operations	**-**	(0.44p)
Total diluted loss per share	**(8.91p)**	(7.98p)

20(c) Reconciliation of earnings used in calculating earnings per share

Earnings per share data is based on the Group loss for the year and the weighted average number of ordinary shares in issue.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Basic (loss) / earnings per share		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,564)**	(2,131)
From discontinued operations	**-**	(124)
	(2,564)	(2,255)
Diluted (loss) / earnings per shares		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,564)**	(2,131)
From discontinued operations	**-**	(124)
	(2,564)	(2,255)

20(d) Weighted average number of shares used as the denominator

	Year ended 31 January 2022	Year ended 31 January 2021
	Number	**Number**
Weighted average number of shares used as the denominator in calculating basic earnings per share	**28,780,768**	28,255,823
Adjustments for calculation of diluted earnings per share		
Options	**-**	-
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**28,780,768**	28,255,823

20(e) Information concerning the classification of securities

Options

Options granted to employees under the Group's share option schemes are considered to be potential ordinary shares. Whilst options are never included in the determination of basic earnings per share, they are included in the calculation of diluted earnings per share if considered dilutive. Details relating to the options are set out in note 19.

At 31 January 2022 options are considered antidilutive and therefore not included in the calculation of diluted earnings per share. These options could potentially be dilutive in the future.

20(f) Alternative measure of earnings per share

To provide an indication of the underlying operating performance per share, an alternative measure of earnings per share is presented below. This measure excludes reorganisation, transaction, and share based payments which management do not consider reflect underlying performance. Amortisation of intangible assets recognised in accounting for business combinations are also excluded.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Loss for the year from continuing operations	**(2,564)**	(2,131)
Adjustment to basic (loss)/earnings:		
Reorganisation and transactional costs	**192**	-
Tax credit on reorganisation and transactional costs	**(36)**	-
Amortisation of acquired intangibles	**198**	194
Deferred tax credit on amortisation of acquired intangibles	**(49)**	(48)
Share based payment charge	**288**	150
Deferred tax credit on share-based payment charge	**(55)**	(28)
Adjusted (loss)/earnings attributable to owners of the Company	**(2,026)**	(1,863)
Number of shares	**No.**	No.
Weighted average ordinary shares in issue	**28,780,768**	28,255,823
Weighted average potential diluted shares in issue	**28,780,768**	28,255,823
Adjusted (loss)/earnings per share		
Basic (loss)/earnings per share	**(7.04p)**	(6.59p)
Diluted (loss)/earnings per share	**(7.04p)**	(6.59p)

21. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31 January 2022	31 January 2021
	£'000	**£'000**
Non-current		
Freehold land and buildings	**677**	600

22. AUDITORS' REMUNERATION

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Fees payable to the Company's auditors for the audit of Parent company consolidated financial statements:		
- Audit fees in relation to the year ended 31 January 2020	**-**	14
- Audit fees in relation to the year ended 31 January 2021	**2**	57
- Audit fees in relation to the year ended 31 January 2022	**52**	-
	54	71
Fees payable to the Company's auditors for the audit of subsidiary financial statements:		
- Audit fees in relation to the year ended 31 January 2020	**-**	-
- Audit fees in relation to the year ended 31 January 2021	**-**	24
- Audit fees in relation to the year ended 31 January 2022	**40**	-
	40	24
Total audit fees	**94**	95

23. SIGNIFICANT ACCOUNTING POLICIES

23(a) Basis of preparation

Compliance with IFRS

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Smartspace Software Plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 February 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

Historical cost convention

The financial statements have been prepared under the historical cost convention except for the following:

- certain financial assets and liabilities including cash settled share-based payments
- certain classes of property, plant and equipment which are measured at fair value
- equity settled share-based payments in the scope of IFRS 2 which are measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis except for share-based payment transactions that are within the scope of IFRS 2.

Standards and interpretations not yet applied by the Group

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 February 2021. There was no significant impact of new standards and interpretations adopted in the year, which include:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) - effective 1 June 2020
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) - effective 1 Jan 2021

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 February 2022, or later periods, have been adopted early. The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £3,653,000 for the year to 31 January 2022 (2021: £2,717,000 loss) and cash consumed by operations of £1,614,000 (2021: £1,639,000).

At 31 January 2022 the Group had £2.76m of gross cash with three operating segments and a central overhead to support. Cash forecasts for each segment and the consolidated Group have been prepared for a period of twelve months from the date of signing the balance sheet.

The SwipedOn division has continued to grow its revenues throughout the Covid-19 pandemic. The Directors are confident that growth will continue in the future. SwipedOn is currently cash generative. Whilst the Directors believe that SwipedOn will continue to perform well stress tests have taken into account the possibility of reduced growth in customer locations and increased customer churn.

As at 31 January 2022 Space Connect had annual recurring revenues of £610,000 which had grown from £160,000 at the beginning of the year. The Covid-19 lockdown slowed revenue growth however this is expected to accelerate as businesses re-open their workplaces. By the end of the year ending 31 January 2023 Space Connect is expected to be cash-generative. The Directors have stress tested cashflow forecasts for lower revenue growth in Space Connect.

The Anders & Kern division which is focussed exclusively on UK based customers experienced significant reductions in sales volume due to the nationwide Covid-19 lockdowns. As businesses return to the office sales are expected to recover to pre Covid-19 levels. Forecasts for the Anders & Kern division have assumed that over the coming 12 month period sales will return to normal levels. Stress tests have included the possibility that sales remain subdued for the entire forecast period together with appropriate cost reductions.

On the basis of these consolidated forecasts and stress tests, the Directors believe that the Group can continue to operate within the resources currently available to it over the forecast period.

Based on the above, the Directors believe it remains appropriate to prepare the Group and parent company financial statements on the going concern basis.

23(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method is used to account for business combinations by the Group (refer to note 23(i)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies for subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Reverse acquisition accounting

The acquisition of Coms.com Limited in the year ended 31 January 2007 was accounted for as a reverse acquisition of SmartSpace Software plc by Coms.com Limited. The consolidated financial statements prepared following the reverse takeover were issued in the name of SmartSpace Software plc, but they are a continuance of the financial statements of Coms.com Limited. Therefore, the assets and liabilities of Coms.com Limited were recognised and measured in the consolidated financial statements at their pre-combination carrying values. The financial statements reflect the continuance of the financial statements of Coms.com Limited.

The retained earnings and other equity balances recognised in these consolidated financial statements at the time of the acquisition were the retained earnings and other equity balances of Coms.com Limited immediately before the business combination.

Under reverse acquisition accounting:

- an adjustment within shareholders' funds is required to eliminate the cost of acquisition in the issuing company's books, and introduce a notional cost of acquiring the smaller issuing company based on the fair value of its shares

- an adjustment is required to show the share capital of the legal parent in the consolidated balance sheet rather than that of the deemed acquirer.

Both adjustments have been included in the reverse acquisition reserve.

Merger reserve

The merger reserve is used when a share issue is undertaken and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the company issuing the shares will have secured at least 90% equity holding in the acquiree.

23(c) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker.

The Board of SmartSpace Software plc has appointed an operating board which assesses the financial performance and position of the Group, and makes strategic decisions. The operating board which has been identified as being the chief operating decision maker, consists of the Chief Executive Officer and Chief Financial Officer.

23(d) Foreign currency translation

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling which is also the presentation currency for the consolidated and company financial statements. The functional currency of the Company is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis, within 'other gains/losses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

Results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On translation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Exchange rates used are as follows:

	31 January 2022	31 January 2021
Average exchange rate for 1 New Zealand Dollar into Pounds Sterling	0.5115	0.5089
Closing exchange rate for 1 New Zealand Dollar into Pounds Sterling	0.4896	0.5250

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

23(e) Revenue recognition

The accounting policies for the Group's revenue from contracts with customers are explained in note 4.

23(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Where applicable government grants are offset against the expenditure to which they relate.

23(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for it if arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited in other comprehensive income in which case the deferred tax is also dealt with in comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

23(h) Leases

The accounting policies for the Group's leases are described in note 9(b)

23(i) Business combinations

The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of subsidiaries comprises:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement;
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are recognised in profit or loss as incurred.

The excess of the:

- consideration transferred;
- the amount of any non-controlling interest in the acquired entity; and
- the acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liability are subsequently remeasured to fair value, with changes in value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses realised from such remeasurement are recognised in profit or loss.

23(j) Impairment of tangible and intangible assets

At each balance sheet 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 the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (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/cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, 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.

23(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

23(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 8(a) for further information about the Group's accounting for trade receivables and note 13(b) for a description of the Group's impairment policies.

23(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

23(n) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income.

Measurement

At initial recognition the Group measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 13(b) for further details.

23(o) Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 9a. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable of the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 9(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value is assessed annually and any impairment is charged to the income statement.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

An item of property or plant is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between sales proceeds and the carrying value of the asset and is recognised in income.

23(p) Intangible assets

Goodwill

Goodwill is measured as described in note 23(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicated that it might be impaired, and is carried as cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash- generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 3).

Internally generated intangible assets - Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally-generated intangible assets arising from the development (or from the development phase on an internal project) are recognised only if all the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- an intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset, and
- the availability of adequate technical financial and other resources to complete the development and to use or sell the intangible asset.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

Amortisation methods and periods

Refer to note 9(c) for details about amortisation methods and periods used by the Group for intangible assets. Amortisation is charged to profit or loss and included within administrative expenses.

23(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

23(r) Borrowings

Borrowings are initially recognised at their fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying value of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

23(s) Cost of sale of goods and cost of providing services

Cost of sale of goods represents the cost of hardware together with delivery cost supplied to customers.

Cost of providing services represents the cost of providing professional services such as implementation, configuration training and project management.

23(t) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

23(u) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

23(v) Employment benefits

Short- term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to settle within 12 months of the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post- employment obligations

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions. Payments to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Group has no further payment obligations once the contributions have been paid.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled transactions are set out in note 19.

Where share options are awarded to employees, the fair value of the option is calculated at the date of grant and is subsequently charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

23(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds.

23(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

23(y) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

23(z) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated.

24. CHANGE IN ACCOUNTING POLICIES

The Group changed its accounting policy for land and buildings from being held at historical cost less accumulated depreciation to a revaluation model. The impact of the change can be seen in note 9a.

PARENT COMPANY BALANCE SHEET

	Note	31 January 2022	31 January 2021
		£'000	**£'000**
ASSETS			
Non-current assets			
Investments	2(b)	**3,646**	3,567
Property, plant and equipment	2(a)	**2**	10
Financial assets at amortised cost	1(a)	**10,504**	9,385
Deferred tax assets	3	**1,304**	791
Total non-current assets		**15,456**	13,753
Current assets			
Prepayments		**45**	30
Financial assets at amortised cost	1(a)	-	328
Other receivables	1(a)	-	1
Cash and cash equivalents		**1,640**	3,781
Total current assets		**1,685**	4,140
Total assets		**17,141**	17,893
LIABILITIES			
Current liabilities			
Trade and other payables	1(b)	**364**	184
Other tax liabilities		**10**	72
Total current liabilities		**374**	256
Total liabilities		**374**	256
Net assets		**16,767**	17,637
EQUITY			
Capital and reserves attributable to equity shareholders			
Share capital	4(a)	**2,894**	2,826
Share premium	4(a)	**3,839**	3,830
Other reserves	4(b)	**1,898**	1,677
Retained earnings	4(c)	**8,136**	9,304
Total equity		**16,767**	17,637

The accompanying notes are an integral part of these financial statements.

As permitted by Section 408 of the Companies Act 2006 no separate Parent company profit and loss account has been included in these financial statements. The Parent company loss for the period was £1,186,000 (2021: £1,261,000).

The financial statements were approved by the Board of Directors and authorised for issue on 17 May 2022.

They were signed on its behalf by:

Kristian Shaw
Chief Financial Officer

Company Number: 5332126

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	2,826	3,830	1,574	10,565	18,795
Loss for the year	-	-	-	(1,261)	(1,261)
Total comprehensive loss for the year	-	-	-	(1,261)	(1,261)
Transactions with owners in their capacity as owners:					
Share based payment charge – continuing operations	-	-	135	-	135
Share based payment charge – discontinued operations	-	-	(47)	-	(47)
Share based payment charged to subsidiaries	-	-	15	-	15
At 31 January 2021	2,826	3,830	1,677	9,304	17,637
Loss for the year	**-**	**-**	**-**	**(1,186)**	**(1,186)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,186)**	**(1,186)**
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination	**67**	**-**	**(67)**	**-**	**-**
Issue of ordinary shares to option holders	**1**	**9**	**(3)**	**3**	**10**
Lapsed share options	**-**	**-**	**(15)**	**15**	**-**
Exchange differences	**-**	**-**	**(4)**	**-**	**(4)**
Share-based payment expense	**-**	**-**	**183**	**-**	**183**
Share-based payment intercompany charge to subsidiaries	**-**	**-**	**127**	**-**	**127**
At 31 January 2022	**2,894**	**3,839**	**1,898**	**8,136**	**16,767**

The accompanying notes are an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS

	Note	Year ended 31 January 2022	Year ended 31 January 2021
		£'000	**£'000**
Cash flows from operating activities			
Cash consumed in operations	5	**(2,475)**	(1,210)
Interest paid		**(3)**	(1)
Income tax paid		**-**	(5)
Net cash outflow from operating activities		**(2,478)**	(1,216)
Cash flows from investing activities			
Payment for property, plant and equipment		**-**	(7)
Proceeds from disposal of subsidiary		**327**	4,366
Net cash generated from investing activities		**327**	4,359
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)		**10**	-
Net cash used in financing activities		**10**	-
Net (decrease) / increase in cash and cash equivalents		**(2,141)**	3,143
Cash and cash equivalents at start of year		**3,781**	638
Cash and cash equivalents at end of year		**1,640**	3,781

The accompanying notes are an integral part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Company's financial instruments including:

- an overview of all financial instruments held by the Company;
- specific information about each type of financial instrument;
- accounting policies;
- information about determining the fair value of the instruments including judgements and estimation uncertainty involved.

Financial assets	31 January 2022	31 January 2021
	£'000	**£'000**
Financial assets at amortised cost	**10,504**	9,714
Cash and cash equivalents	**1,640**	3,781
	12,144	13,495

Financial liabilities	31 January 2022	31 January 2021
	£'000	**£'000**
Trade and other payables	**364**	184
	364	184

The Company's exposure to various risks associated with the financial instruments is discussed in note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

1(a) Financial assets at amortised cost

Classifications of financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both the following criteria are met:

- the asset is held within a business whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments:

	31 January 2022			31 January 2021		
	Current	Non-current	Total	Current	Non-current	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loans to subsidiary	-	**3,559**	**3,559**	-	3,816	3,816
Intercompany balances	-	**6,945**	**6,945**	-	5,569	5,569
Other financial assets at amortised cost	-	-	-	327	-	327
Other receivables	-	-	-	1	-	1
	-	**10,504**	**10,504**	328	9,385	9,713

Loans to subsidiary

In 2018 the Company issued a loan to its subsidiary SmartSpace Software Limited. The loan is unsecured, interest free and repayable at 90 days' notice. The fair value of the loan is the amortised cost.

As management do not intend to demand repayment of the loan in the next year the loan has been classified as non-current. Further information relating to loans to related parties is set out in note 9.

Loans to subsidiaries are denominated in New Zealand dollars. As a result, the Company has an exposure to foreign currency risk when the loan is repaid.

Intercompany balances

The intercompany balances arise from goods and services and funding provided to or from subsidiary companies, are interest free and repayable on demand. As management do not intend to demand repayment of the intercompany balance in the next year the balance has been classified as non-current. Fair value of the intercompany balances is the amortised cost.

Other financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company and include the contingent consideration on disposal of subsidiaries.

1(b) Trade and other payables

	31 January 2022	31 January 2021
	£'000	**£'000**
Current liabilities		
Trade payables	**153**	48
Payroll liabilities	**2**	5
Accrued expenses	**200**	98
Other payables	**9**	33
	364	184

The carrying amounts of trade and other payables are considered to be the same as their fair values.

2. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Company's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability and information about determining the fair value of assets and liabilities including judgements and estimation uncertainty involved.

2(a) Property, plant and equipment

	Office equipment
	£'000
At 31 January 2020	
Cost or fair value	33
Accumulated depreciation	(17)
Net book amount	16
Year ending 31 January 2021	
Opening net book amount	16
Additions	8
Disposals	(2)
Depreciation charge	(12)
Closing net book amount	10
At 31 January 2021	
Cost or fair value	21
Accumulated depreciation	(11)
Net book amount	10
Year ending 31 January 2022	
Opening net book amount	**10**
Additions	**-**
Disposals	**-**
Depreciation charge	**(8)**
Closing net book amount	**2**
At 31 January 2022	
Cost or fair value	**21**
Accumulated depreciation	**(19)**
Net book amount	**2**

Depreciation is provided so as to write off the cost or valuation of assets less their estimated residual values over their expected useful economic lives using the straight-line method on the following bases

- Office equipment 3-4 years

2(b) Investment in subsidiaries

	31 January 2022	31 January 2021
	£'000	**£'000**
Shares in group undertakings		
Balance at 1 February	**3,567**	4,894
Equity contribution to SwipedOn Limited	**79**	-
Disposal of SmartSpace Global Limited	**-**	(1,327)
Balance at 31 January	**3,646**	3,567

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Details of subsidiary undertakings can be seen in note 15 of the Group financial statements.

3. DEFERRED TAX

Deferred tax assets

	31 January 2022	31 January 2021
	£'000	**£'000**
The balance comprises temporary differences attributable to:		
Tax losses	**1,300**	721
General provisions	**2**	-
Accelerated tax allowances	**2**	-
Share based payments	**-**	70
Deferred tax assets	**1,304**	791

The Company has concluded that deferred tax assets relating to carried forward tax losses will be recoverable against future earnings through the use of UK corporation tax group relief provisions.

Movements	Share based payments	General provisions	Accelerated tax allowances	Tax losses	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	45	-	-	1,022	1,067
Charged to profit and loss	25	-	-	(301)	(276)
At 31 January 2021	**70**	**-**	**-**	**721**	**791**
Charged to profit and loss	**(70)**	**2**	**2**	**579**	**513**
At 31 January 2022	**-**	**2**	**2**	**1,300**	**1,304**

4. EQUITY

4(a) Share capital and share premium

	31 January 2022	31 January 2021	31 January 2022	31 January 2021
	Number	**Number**	**£'000**	**£'000**
Allotted, called up and fully paid:				
Ordinary shares of 10p each	**28,941,234**	28,255,823	**2,894**	2,826

Movement in ordinary shares

	Shares issued		Share capital	Share premium	Merger Reserve	Total
	Number	**Price (p)**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	28,255,823		2,826	3,830	844	7,500
At 31 January 2021	28,255,823		2,826	3,830	844	7,500
Shares issued for deferred acquisition consideration	**675,411**	**72.5**	**67**	**-**	**422**	**489**
Shares issued for share option exercise	**10,000**	**101.25**	**1**	**9**	**-**	**10**
At 31 January 2022	**28,941,234**		**2,894**	**3,839**	**1,266**	**7,999**

Full details of the ordinary shares including movements during the current and prior years, are included in note 10(a) to the consolidated accounts.

4(b) Other reserves

	Acquisition deferred consideration reserve	Merger reserve	Share option reserves	Total other reserves
	£'000	**£'000**	**£'000**	**£'000**
At 31 January 2020	489	844	241	1,574
Transactions with owners in their capacity as owners:				
Share-based payment expense	-	-	135	135
Share-based payment expense – discontinued operations	-	-	(32)	(32)
At 31 January 2021	489	844	344	1,677
Transactions with owners in their capacity as owners:				
Issue of ordinary shares as consideration for a business combination	**(489)**	**422**	**-**	**(67)**
Issue of ordinary shares to option holders	**-**	**-**	**(3)**	**(3)**
Lapsed share options	**-**	**-**	**(15)**	**(15)**
Exchange differences	**-**	**-**	**(4)**	**(4)**
Share-based payment to subsidiaries	**-**	**-**	**127**	**127**
Share-based payment expense	**-**	**-**	**183**	**183**
At 31 January 2022	**-**	**1,266**	**632**	**1,898**

Nature and purpose of other reserves

The merger reserve is used when a share issue is undertaken and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the Company issuing the shares will have secured at least 90% equity holding in the acquiree.

The acquisition deferred consideration reserve relates to deferred share consideration for the acquisition of subsidiaries.

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

4(c) Retained earnings

The movements in retained earnings were as follows:

	31 January 2022	31 January 2021
	£'000	**£'000**
Balance at 1 February	**9,304**	10,565
Net loss for the period	**(1,186)**	(1,261)
Lapsed share options	**15**	-
Issue of ordinary shares to option holders	**3**	-
Balance at 31 January	**8,136**	9,304

5. CASH FLOW INFORMATION

5(a) Cash generated from operations

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Loss before income tax	**(1,699)**	(979)
Adjustments for:		
Depreciation	**8**	12
Non-cash employee benefit expense – share-based payments	**161**	103
Credit loss	**18**	54
Gain on disposal of subsidiary	**-**	291
Gain on sale of non-current assets	**-**	2
Finance costs - net	**3**	1
Change in operating assets and liabilities:		
Movement in financial assets at amortised cost	**1**	29
Movement in other operating assets	**(15)**	22
Movement in trade payables	**106**	(5)
Movement in other operating liabilities	**(1,058)**	(740)
Cash used in operations	**(2,475)**	(1,210)

5(b) Net cash reconciliation

The Company does not have any debt therefore net cash is comprised of cash and cash equivalents only.

6. EMPLOYEE AND DIRECTOR INFORMATION

6(a) Employee and director benefits expense

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Wages and salaries	**657**	649
Termination benefits	**40**	-
Share based payments	**183**	80
Social security costs	**69**	83
Pension costs	**13**	22
Total remuneration	**962**	834

6(b) Average number of people employed

	Year ended 31 January 2022	Year ended 31 January 2021
	No.	**No.**
Administration	**3**	4
Total employees	**3**	4

Details of directors' remuneration including the highest paid director are provided in the Directors' remuneration report on page 28.

7. FINANCIAL RISK MANAGEMENT

The Company's exposure to financial risks is managed as part of the Group. Full details about how the Group's exposure to financial risks and how these risks could affect the Group's future financial performance are given in note 13 to the consolidated financial statements. Information specific to the Company is given below.

7(a) Credit risk

Credit risk arises from cash balances and contractual cash flows of debt investments and other receivables carried at amortised cost.

Risk management

Credit risk is managed on a Group basis. For banks and institutions only independently rated parties with a minimum rating of 'A' are accepted.

Impairment of loan to subsidiary

The loan to subsidiary is unsecured, interest free and repayable on demand after 3 months notice. The loan is denominated in New Zealand dollars and therefore subject to currency fluctuations. As the subsidiary is not expected to be able to repay on such a demand, other recovery strategies such as payment over time are considered. After taking into account these recovery strategies and possible non-recovery scenarios management have concluded the expected credit losses are not material.

Balances due from related companies

The Company provides funding to its subsidiaries through short term intercompany receivables. The loans are unsecured, interest free and repayable on demand. Where liquid assets are not immediately available to repay the full amount due, management consider other recovery strategies including payment over time through cash generated from operations. After taking into account these recovery strategies and possible non-recovery scenarios management have concluded the expected credit losses are not material. However an impairment of £18,000 was recorded against a short term intercompany receivable due from Smartspace Software Pty Limited which is not expected to be repaid.

7(b) Liquidity risk

Management monitors rolling forecasts of the Company's cash balance on the basis of expected cash flows.

Maturity of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groups based on their contractual maturities.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturity of financial liabilities At 31 January 2022	Less than 6 months	6-12 months	Total	Carrying amount
	£'000	£'000	£'000	£'000
Trade and other payables	**364**	**-**	**364**	**364**
Total	**364**	**-**	**364**	**364**

Contractual maturity of financial liabilities At 31 January 2021	Less than 6 months	6-12 months	Total	Carrying amount
	£'000	£'000	£'000	£'000
Trade and other payables	153	31	184	184
Total	153	31	184	184

8. CAPITAL MANAGEMENT

The capital of the Company is managed as part of the capital of the Group as a whole. Full details are contained in note 13 to the consolidated financial statements.

9. RELATED PARTY TRANSACTIONS

9(a) Outstanding balances arising from sales and purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 January 2022	31 January 2021
	£'000	£'000
Receivables		
Subsidiary undertakings	**6,945**	5,569

9(b) Loans to subsidiary undertaking

	31 January 2022 SmartSpace Software Ltd	Total
	£'000	£'000
Loan to subsidiaries		
At 1 February 2021	**3,816**	3,816
Impact of foreign currency exchange rate movement	**(257)**	(257)
At 31 January 2022	**3,559**	3,559

	31 January 2021 SmartSpace Software Pty	SmartSpace Software Ltd	Total
	£'000	**£'000**	**£'000**
Loan to subsidiaries			
At 1 February 2020	2,484	3,576	6,060
Repayments	(2,879)	-	(2,879)
Withholding tax incurred	-	(5)	(5)
Interest charged	101	-	101
Impact of foreign currency exchange rate movement	294	245	539
At 31 January 2021	-	3,816	3,816

No loss allowance was recognised in expense.

9(d) Terms and conditions

The loan to SmartSpace Software Limited is unsecured, repayable at 90 days' notice, and interest free.

9(e) Transactions with subsidiaries

The charge to the subsidiaries for share-based payment was £127,000 (2021: £15,000).

10. INFORMATION INCLUDED IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the Company. Please see the following:

Note 15	-	Interest in other entities
Note 17	-	Events occurring after the end of the reporting period
Note 18(b)	-	Related party transactions: Key management personnel
Note 18(c)	-	Related party transactions: Directors
Note 19	-	Share based payments
Note 22	-	Auditors' remuneration

11. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

11(a) Basis of preparation

Compliance with IFRS

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. SmartSpace Software plc transitioned to UK-adopted International Accounting Standards in its financial statements on 1 February 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

Historical cost convention

The financial statements have been prepared under the historical cost convention except for contingent consideration payable which is measured at fair value.

Standards and interpretations not yet applied by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the year end 31 January 2022 and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Standards and interpretations adopted in the year had no significant impact (See note 23(a) of the Group financial statements).

Going concern

The ability of the Parent Company to continue as a going concern is contingent upon the ongoing viability of the Group. The financial statements for the Group and the Parent Company are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £3,653,000 for the year to 31 January 2022 (2021: £2,717,000 loss), and cash consumed by operations of £1,614,000 (2021: £1,639,000).

At 31 January 2022 the Group had £2.76m of gross cash, three operating segments and a central overhead to support. Cash forecasts for each segment and the consolidated group have been prepared for a period of twelve months from the date of signing the balance sheet.

These forecasts have been stress tested to take into account varying degrees of reductions in customer purchases and subscriptions, delays in product launches and new sales wins, and extended customer payment days.

On the basis of this review, the Directors believe that the Group and the Parent Company will continue to operate within the resources currently available to it over the forecast period.

Based on the above, the Directors believe it remains appropriate to prepare the Group and Parent company Financial statements on the going concern basis.

11(b) Investment in subsidiaries

Investment in subsidiaries are held at cost less accumulated impairment losses.

11(c) Functional and presentation currency

The financial statements are prepared in pounds sterling which is the Company's functional and presentation currency. All transactions undertaken by the Company are denominated in pounds sterling other than the loan to SmartSpace Software Limited which is denominated in New Zealand dollars.

11(d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for the jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

11(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and short term equivalents includes cash on hand, deposit held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

11(f) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income.

Measurement

At initial recognition the Company measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

11(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable of the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Company are disclosed in note 2(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value is assessed annually and any impairment is charged to the income statement.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

An item of property or plant is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between sales proceeds and the carrying value of the asset and is recognised in income.

11(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured as amortised cost using the effective interest method.

11(i) Employment benefits

Short- term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to settle within 12 months of the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post- employment obligations

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions. Payments to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Company has no further payment obligations once the contributions have been paid.

Share-based payments

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled transactions are set out in note 19 to the consolidated financial statements.

Where share options are awarded to employees, the fair value of the option is calculated at the date of grant and is subsequently charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

11(j) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds.

11(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

11(l) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated.

12. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

See note 17 of the Group financial statements for events occurring after the end of the reporting period.

13. CHANGE IN ACCOUNTING POLICIES

There are no changes to report.

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