

AIM SMARTER LIMITED

Report and Financial Statements for the year ended 31 March 2023

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Registered number 05225734

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Company Information

Directors	D Wilkinson G Feltham
Company Secretary	G Feltham
Company number	05225734
Registered office	7th Floor 32 Eyre Street Sheffield England S1 4QZ

Strategic Report

Principal activity

The principal activity of the company is the provision of information services to the promotional merchandise supply chain.

Business review

The Company continues to provide various software applications to the promotional products industry in the UK on a monthly recurring revenue software as a service (SaaS) basis, though our main focus is to increasingly move all applications to a share of throughput revenue model.

Our applications are wide ranging, including a comprehensive ERP system ("Promoserve"), web stores, online search and logo design, personalisation tools and image archiving.

We remain committed to our UK customers and continue to develop innovative products and services to meet their needs.

Financial review

Revenues for the year to 31 March 2023 increased by £199,000 to £1,368,000 (2022: £1,169,000), an increase of 17%.

Gross profit for the year to 31 March 2023 increased by £16,000, or 1%, to £1,145,000 (2022: £1,129,000), with gross margin for the year to 31 March 2023 decreasing to 83.7% (2022: 96.6%).

Administration expenses for the year to 31 March 2023 increased by £177,000, or 11% to £1,767,000 (2022: £1,590,000).

The operating loss for the year to 31 March 2023 was £622,000 (2022: £461,000 loss), an increase of £161,000.

Other income includes management fees of £778,000 (2022: £580,000), an increase of £198,000.

Exceptional items for the year to 31 March 2023 of £14,000 (2022: £177,000) principally relate to second-phase finance transformation costs, along with a provision for the historic portion of a VAT reclaim.

The profit after taxation for the year to 31 March 2023 was £280,000 (2022: £159,000).

In the year to 31 March 2023 the Company capitalised £887,000 of software development costs (2022: £788,000).

Significant judgements and estimates

In preparing the financial statements the Directors have made judgements and estimates in applying the accounting policies. Details of the most significant areas where judgements and estimates have been made are set out in note 1 to the financial statements.

Key performance indicators

The Company's key performance indicators as discussed above are:

	2023 £'000	2022 £'000
Revenue	1,368	1,169
Gross margin	83.7%	96.6%
Operating loss	(622)	(461)
Profit on ordinary activities after tax	280	159

Principal risks and uncertainties

The Company's financial and operational performance is subject to a number of risks. The Directors seek to ensure that appropriate processes are in place to manage, monitor and mitigate these risks. The Directors considers the principal risks faced by the Company at 31 March 2023 to be as follows:

- a significant deterioration in economic conditions affecting SME's, the principal target customers for the Company's technology products.
- significant delays and/or cost overruns in developing and delivering products to meet customer requirements in the targeted market sectors.
- a risk of cyber attack that targets our systems causing downtime to end user processing or point of sale.
- predatory pricing or other actions by established competitors in our market sectors.

In all cases the Company seeks to mitigate these risks wherever possible by continuous marketing initiatives and promotions to stimulate market demand and continuous development of new products and services. We maintain close relationships with all customers and manage development projects closely to ensure that we continue to offer services that meet our customer needs.

Approved by the board of directors and signed on its behalf by



G Feltham
Director
14 August 2023

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

AIM Smarter Limited is a private company limited by shares and is incorporated in England. The registered address of the entity is 7th Floor, 32 Eyre Street, Sheffield, England, S1 4QZ.

In preparing this report the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Principal activity

The principal activity of the company is the provision of information services to the promotional merchandise supply chain.

Results and dividends

The profit for the year, after taxation, amounted to £280,000 (2022: £159,000 profit). The directors have recommended a dividend of £nil (2022: £nil).

Directors

Details of the Directors who have held office from 1 April 2022, to the date of this report, unless indicated otherwise, are listed below:

- Deborah Wilkinson
- Graham Feltham

Directors' remuneration and interests

The company is a wholly owned subsidiary undertaking of Altitude Group plc. The interests of the directors in the share capital of Altitude Group plc are set out in the report and accounts of that company.

Qualifying third party indemnity provisions

All directors benefited from qualifying indemnity insurance policies in place during the period.

Employee involvement and disabled employees

The Company's policy is to give full and fair consideration to applications for employment from disabled persons and to provide training and advancement to disabled employees whenever appropriate. Where existing employees become disabled, suitable continuing employment would, if possible, be found.

Every effort is made to ensure good communication and for managers and supervisors to ensure that employees are made aware of developments within the Company and to encourage employees to present their views and suggestions.

Research and development

The Company continues to invest in its internally developed systems and technology platforms.

Matters disclosed elsewhere in the financial statements

Required disclosures in relation to the Company's key performance indicators, business review, financial risk management, principal risks and uncertainties and future outlook have been included within the Company's Strategic report on pages 3 to 4.

Going concern

The Company's business activities, together with the factors likely to affect its future developments, and its financial review are described in the Strategic report.

As at 31 March 2023, the Company has net current liabilities of £4,128,000 which includes loans owed to the ultimate parent company repayable on demand. Due to the dependency on the parent company to provide funding from time to time together with deferring the repayment of the loan due on demand indicates that a material uncertainty exists, that may cast significant doubt on the Company's ability to continue as a going concern.

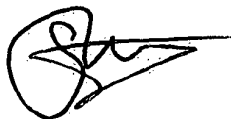
The Group and ultimate parent company, Altitude Group plc, has prepared forecasts, which take account of reasonable changes in trading performance, includes the forecasts for AIM Smarter Limited, and show that the Group and ultimate parent company should be able to meet its financial obligations as and when they fall due for the forecast period.

The Directors obtained a Letter of Support from Altitude Group plc, covering a period of at least 12 months from the date of approval of these financial statements, and made enquiries of the directors of the parent company about the parent company's ability to provide support and are satisfied the Group has sufficient liquidity to trade. Additionally, Altitude Group plc has indicated that it does not intend to seek repayment of these amounts currently due unless the company has sufficient funds to make repayments.

In light of the above, and after reviewing the Group and Company's forecasts the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the material uncertainties identified above the Directors have adopted the going concern basis of preparation of financial statements.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Approved by the Board and signed on its behalf by



G Feltham
Director
14 August 2023

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 'Reduced Disclosure Framework').

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 and profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

In the case of each Director in office at the date the Director's report is approved:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.



G Feltham
Director
14 August 2023

Independent Auditor's Report to the Members of AIM Smarter Limited

Opinion

We have audited the financial statements of Aim Smarter Limited for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which details the factors the directors have considered when assessing the going concern position. As mentioned in the note, the company has net current liabilities as at year end which includes loans owed to the ultimate parent company repayable on demand. Considering the above factor, the directors have obtained a letter of support from the ultimate parent company covering at least 12 months from the date of approval of the financial statements and indicating that it does not intend to seek repayment of balance due in the near future. As stated in note 1, these events or conditions, along with the other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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 directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, revenue recognition and impairment of intangible assets. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing revenue transactions, performing procedures around cut off and reviewing impairment calculation for intangible assets.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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.

A handwritten signature in black ink, appearing to read 'Leo Malkin'.

Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

14 August 2023

Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Revenue	2	1,368	1,169
Cost of Sales		(223)	(40)
Gross Profit		1,145	1,129
Administrative expenses		(1,767)	(1,590)
Operating loss	3	(622)	(461)
Other income	5	778	580
Exceptional items	6	(14)	(177)
Interest payable and similar charges		(21)	(32)
Profit/(loss) on ordinary activities before tax		121	(90)
Taxation	7	159	249
Profit on ordinary activities after tax		280	159
Other comprehensive income		-	-
Retained profit for the year		280	159

The notes on pages 15 to 32 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2023

	Called up share capital £'000	Adjustment on adoption of IFRS 16 £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
At 31 March 2021	-	(5)	-	(3,080)	(3,085)
Profit for the year	-	-	-	159	159
At 31 March 2022	-	(5)	-	(2,921)	(2,926)
Profit for the year	-	-	23	280	303
At 31 March 2023	-	(5)	23	(2,641)	(2,623)

The notes on pages 15 to 32 form part of these financial statements.


Balance Sheet
at 31 March 2023

		As at 31 March 2023 £'000	As at 31 March 2022 £'000
	Notes		
Fixed Assets			
Goodwill	8	119	119
Intangible Assets	8	1,258	1,104
Fixed Assets	9	123	156
Deferred tax	10	64	64
		<u>1,564</u>	<u>1,443</u>
Current Assets			
Debtors	12	384	208
Cash at bank and in hand		279	65
Corporation tax receivable		144	151
		<u>807</u>	<u>424</u>
Creditors: Amounts falling due within one year	13	(4,935)	(4,682)
Net Current Liabilities		<u>(4,128)</u>	<u>(4,258)</u>
Total Assets Less Current Liabilities		<u>(2,564)</u>	<u>(2,815)</u>
Creditors: Amounts falling due after one year	14	(59)	(111)
Net Liabilities		<u>(2,623)</u>	<u>(2,926)</u>
Capital and Reserves			
Called up share capital	15	-	-
Capital contribution	15	23	-
Profit and loss account	15	(2,646)	(2,926)
Equity Shareholders' Funds		<u>(2,623)</u>	<u>(2,926)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The notes on pages 15 to 32 form part of these financial statements.

The financial statements on pages 12 to 32 were approved by the Board of Directors on 14 August 2023 and signed on its behalf by:

G Feltham
Director



Registered number: 05225734

Notes to the Financial Statements

1. Accounting policies

Significant accounting policies

AIM Smarter Limited (the 'Company') is a company incorporated in the United Kingdom with company number 05225734.

The following paragraphs summarise the significant accounting policies of the Company, which have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements and to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. The financial information is presented in Sterling and has been rounded to the nearest thousand (£'000).

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other source. Actual results may differ from these estimates.

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

The company has taken advantage of the following disclosure exemptions under FRS 101 and not included:

- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- a statement of cash flows and related notes;
- presentation of comparative reconciliations from tangible assets and intangible assets;
- disclosure of key management personnel compensation;
- capital management disclosures;
- the effect of future accounting standards not adopted;
- certain disclosure requirements of IFRS 15 Revenues from Contracts with Customers; and
- disclosure in respect of financial instruments.

The following principal accounting policies have been applied consistently to all periods presented in these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future developments, and its financial review are described in the Strategic report.

As at 31 March 2023, the Company has net current liabilities of £4,128,000 which includes loans owed to the ultimate parent company repayable on demand. Due to the dependency on the parent company to provide funding from time to time together with deferring the repayment of the loan due on demand indicates that a material uncertainty exists, that may cast significant doubt on the Company's ability to continue as a going concern.

The Group and ultimate parent company, Altitude Group plc, has prepared forecasts, which take account of reasonable changes in trading performance, includes the forecasts for AIM Smarter Limited, and show that the Group and ultimate parent company should be able to meet its financial obligations as and when they fall due for the forecast period.

The Directors obtained a Letter of Support from Altitude Group plc, covering a period of at least 12 months from the date of approval of these financial statements, and made enquiries of the directors of the parent company about the parent company's ability to provide support and are satisfied the Group has sufficient liquidity to trade. Additionally, Altitude Group plc has indicated that it does not intend to seek repayment of these amounts currently due unless the company has sufficient funds to make repayments.

In light of the above, and after reviewing the Group and Company's forecasts the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the material uncertainties identified above the Directors have adopted the going concern basis of preparation of financial statements.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Leases

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease a right-of-use asset and a lease liability are recognised in the financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Subsequently the lease liability decreases by the lease payments made, offset by interest on the liability, and may be remeasured to reflect any reassessment of expected payments or to reflect any lease modifications.

The right-of-use asset is initially measured at cost. This comprises the amount of the initial lease liability plus: any lease payments made on or before the commencement date less incentives received; any incremental costs of obtaining the lease; and, if any, the costs of decommissioning the asset and any restoration work to return the asset to the condition required under the terms of the lease. Subsequently the right-of-use asset is measured using the cost model. The asset is amortised on a straight-line basis over the expected term of the lease, adjusted for any remeasurement of the lease liability, and is shown net of the accumulated depreciation and any impairment provisions.

The Company has elected to use the recognition exemptions for low value assets and short-term leases are expensed to operating profit on a straight-line basis over the term of the lease.

Foreign currencies

The Company's financial statements are presented in Sterling, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment charges.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value, which is based on up to date prices, of property, plant and equipment over their estimated useful lives as follows:

- | | |
|-------------------------|--|
| • Fixtures and fittings | Straight line basis: 20% |
| • Office equipment | Straight line basis: 25-33% |
| • Computer hardware | Straight line basis: 20% |
| • Leasehold property | straight line over the term of the lease |

Intangible assets — Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Research and development

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the Company can demonstrate at the time of expenditure all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated intangible assets are amortised over their useful economic life which is 3 to 5 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows. 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 risk specific to the assets for which estimates of future cash flows have not been adjusted.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or group of units) and then, to reduce the carrying amount of the other assets of the unit (or group of units) on a pro-rata basis.

Classification of financial instruments issued by the Company

The financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

Financial assets

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Company does not have any financial assets categorised as FVTPL or FVOCI.

After initial recognition, these are measured at amortised cost using the effective interest rate method. Discounting is omitted where the effect is immaterial. All of the Company's financial assets fall into this category.

Impairment of financial assets

The Company accounts for impairment of financial assets using the expected credit loss ("ECL") model as required by IFRS 9. The Company considers a broad range of information when assessing credit risk and measuring expected losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits together with other short-term highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Post-retirement benefits

The ultimate parent company of AIM Smarter Limited, Altitude Group plc, operates a defined contribution pension scheme for Group employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Comprehensive Income represents the contributions payable by the Company to the Group pension scheme and other personal pension plans in respect of the accounting period.

Revenue recognition

Revenue represents the amounts receivable, excluding sales related taxes, for goods and services supplied during the period to external customers shown net of sales taxes, returns, rebates and discounts.

When assessing revenue recognition against IFRS15, the Company assess the contract against the five steps of IFRS15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

This process includes the assessment of the performance obligations within the contract and the allocation of contract revenue across these performance obligations once identified. Revenue is recognised either at a point in time or over time, when, or as, the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the statement of financial position as deferred income. Amounts included in deferred income due within one year are expected to be recognised within one year and are included within current liabilities.

The Company's revenue is comprised of software and technology services revenues.

Revenues in respect of software product licences and associated maintenance and support services are recognised evenly over the period to which they relate.

An element of technology services revenue is dependent on the value of orders processed via the Company's technology platforms. Revenue is accrued based on the value of underlying transactions and the relevant contractual arrangements with the customer. Revenue is constrained to the extent that is that it is highly probable that it will not reverse.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items in other comprehensive income in which case it is recognised in other comprehensive income and items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax currently payable based on taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous periods.

Deferred income taxes are calculated using the balance sheet method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss except to the extent that it relates to items in other comprehensive income in which case it is recognised in other comprehensive income and items recognised directly in equity, in which case it is recognised in equity.

Significant estimates and judgements

Key estimates

In the preparation of the Company's financial statements, the Directors, in applying the accounting policies of the Company, make some judgements and estimates that affect the reported amounts in the financial statements. The Directors consider the following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

Leases

Lease liabilities are initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate.

The interest rates inherent in the leases could not be ascertained, therefore, estimates have been used which approximate the likely incremental costs of borrowing for a similar term and asset.

Based upon discussions with the Company's bankers, the Directors have ascertained the likely incremental costs of borrowing for a similar term and similar commercial property asset to be between 5% and 9%. An interest rate of 7% has been used in the IFRS 16 calculations.

Intangible assets

The Company continues to develop its software products. Where specific expenditure on a product can be identified, where it can be demonstrated to have improved the product and where the future income streams are expected to be increased as a result of the expenditure, the expenditure is capitalised and carried as an intangible asset in the period in which it is incurred.

These intellectual property assets are estimated to have a useful life of at least five years. As such, intellectual property intangibles are recognised in the periods that the costs are incurred and are being amortised over a five year period from the date of acquisition.

Key judgements

Impairment of assets

All property, plant and equipment and intangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' if there is an indication that the carrying value of the asset may have been impaired.

As part of the impairment review, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets.

Assets are grouped at the lowest level for which there is a separately identifiable cash flow (a cash generating unit). An impairment loss is recognised for the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

At 31 March 2023 the carrying value of software development assets was £1,258,000 (2022: £1,104,000). The directors have concluded that the carrying value is supported through future estimated income derived from the software assets.

Deferred taxation assets

Deferred taxation assets arise from the losses incurred. The Directors review the forecasts of the business to assess the recoverability of these assets and the tax rates that are expected to apply in the period when the asset is realised. In the event that the recoverability of these assets is not probable the asset is not recognised.

The period of review to utilise these losses and realise the assets has been constrained to four years. The directors have taken into account the assumptions in the forecasts, including the growth assumptions and associated sensitivity analysis, when determining the level of deferred tax asset to be recognised.

The company has unrecognised tax losses significantly in excess of those which comprise the deferred tax asset recognised in previous periods. The company fully intends to utilise these losses against future profits as it continues to grow.

Whilst the Company's forecasts show it is likely these losses will be utilised in the future, there is some uncertainty around future global economic performance. For this reason, the Directors have chosen to constrain the deferred tax asset to the value recognised in previous periods and will review the position in FY24.

2. Revenue

All revenue arose within the United Kingdom and relates to rendering of services. Technology and information revenues are primarily derived from the provision of online services and applications. Revenues are recognised evenly over life of a contract as customers receive/consume the benefits of the software services/applications provided on an ongoing basis.

3. Operating loss

Operating loss is stated after charging:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Depreciation of tangible fixed assets	59	57
Amortisation of intangible assets	733	689
Auditors remuneration:		
Audit	12	12

The audit fee for the year is borne by Altitude Group plc, the Company's ultimate holding company.

Other than the statutory audit of the company, there were no other fees paid to the company's auditor in the year.

4. Employees

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Wages and salaries	551	475
Social security costs	115	89
Other pension costs	32	28
	698	592
Average number of employees	27	28

Wages and salaries excludes £506,000 (2022: £426,000) of capitalised software development costs.

The directors of the company received emoluments from Altitude Group plc during the period and the previous year and it is not practicable to ascertain the proportion of the directors emoluments that specifically relate to this company. The average number of employees does not include the directors, as they are employed by Altitude Group plc.

Their remuneration is therefore disclosed in Altitude Group plc's financial statements. Certain directors also received share options and it is also not practicable to ascertain the proportion that relates specifically to this company. Further details are set out in the Altitude Group plc financial statements.

5. Other income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Management fee received from other Group company	778	580
	<u>778</u>	<u>580</u>

6. Exceptional items

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Exceptional charges	(14)	(177)
	<u>(14)</u>	<u>(177)</u>

Exceptional charges principally relate to second-phase finance transformation costs, along with a provision for the historic portion of a VAT reclaim (2022: relates to impairment provisions against debts owed by other Group companies under IFRS 9).

7. Taxation

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current tax		
UK corporate income tax credit	143	158
Prior period tax adjustment	16	91
Total current tax	159	249
Deferred tax		
UK deferred income tax	-	-
Total income tax credit	159	249

Reconciliation of effective tax rate

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Profit/(loss) on ordinary activities before taxation	121	(90)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 19.0% (2022: 19.0%)	(23)	(17)
Tax effect of non-deductible expenditure	23	-
Utilisation of group relief/unrecognised loss carried forward	-	24
Research & development tax credits	143	151
Adjustment relating to tax in a prior period	16	91
Current tax credit for the year	159	249

Increases in the UK Corporation tax rate from 19% to 25% (25% effective from 1 April 2023) have been substantively enacted. This will impact the Company's future tax charge accordingly.

8. Intangible assets

	Goodwill	Software	Total
	£'000	development	£'000
		£'000	
Cost			
At 1 April 2022	119	6,642	6,761
Additions in the period	-	887	887
At 31 March 2023	119	7,529	7,648
Amortisation			
At 1 April 2022	-	5,538	5,538
Charge for the period	-	733	733
At 31 March 2023	-	6,271	6,271
Net book value			
At 31 March 2023	119	1,258	1,377
At 31 March 2022	119	1,104	1,223

Amortisation charges are included within administrative costs. The intellectual property, which comprises software development, has up to five years of its amortisable life remaining.

Goodwill is allocated to one cash generating unit.

The carrying values of goodwill are assessed using discounted cash flows over the next 2 years from the Company's forecast model which supports the market expectation of the Company's performance, with the addition of a terminal value representing the expected cash flows in perpetuity.

The discount rate applied was 14.2% (2022: 14.2%), which the directors deem to be a market adjusted pre-tax weighted average cost of capital. Sensitivity analysis was applied to the discount rate used (+/- 5%). These scenarios indicated no impairment of any of the intangible assets

These calculations are not sensitive to what the directors would consider to be reasonably foreseeable changes in the underlying assumptions.

The directors are of the opinion that the carrying value of the Company's intangible assets is consistent with the Company's forecasts and supported by our business targets and expectations and that no impairment is required at 31 March 2023.

The cumulative impairment charge recognised to date is £354,000 (2022: £354,000).

9. Tangible non-current assets

Property, plant, and equipment

	Office Equipment £'000	Fixtures and fittings £'000	Computer Hardware £'000	Total £'000
Cost				
At 1 April 2022	55	31	281	367
Additions in the year	3	12	11	26
At 31 March 2023	58	43	292	393
Depreciation				
At 1 April 2022	50	31	265	346
Charge for the year	3	1	11	15
At 31 March 2023	53	32	276	361
Net book value				
At 31 March 2023	5	11	16	32
At 31 March 2022	5	-	16	21

9. Tangible non-current assets (continued)

Right of use assets

The Company's right of use assets comprise leased office space in Sheffield.

	Total £'000
Cost	
At 1 April 2022	223
Additions in the year	-
At 31 March 2023	223
Depreciation	
At 1 April 2022	88
Charge for the year	44
At 31 March 2023	132
Net book value	
At 31 March 2023	91
At 31 March 2022	135

10. Deferred tax asset

	Total £'000
At 1 April 2021	64
Charge for the year	-
At 31 March 2022	64
Charge for the year	-
At 31 March 2023	64

A deferred tax asset of £569,000 (2022: £393,000) has not been recognised in the financial statements on the basis that it is uncertain that the asset will crystallise in the foreseeable future. The deferred tax asset increase is driven by the tax rate increase.

11. Fixed Asset Investments

The cost and net book value of at the beginning and end of the period were as follows:

	2023	2022
	£	£
Shares in group undertakings and participating interests	63	63

The companies in which AIM Smarter Limited's (formerly Customer Focus Software Limited) interest at the period end is more than 20% were as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Percentage of shares held
Customer Focus Exhibitions Limited	UK	Dormant	100%
Trade Only Technology Services Ltd	Canada	Dormant	100%

The registered office of Customer Focus Exhibitions Limited is 7th Floor, 32 Eyre Street, Sheffield, England, S1 4QZ and the registered office of Trade Only Technology Services Ltd is 1457 McCowan Rd #209, Toronto, ON, M1S 5K7.

12. Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	226	134
Accrued income	42	17
Prepayments and other debtors	116	57
	384	208

The Company estimates the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions. In adopting IFRS 9 the Company has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses.

13. Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade creditors	142	116
Amounts due to group undertakings	4,532	4,151
Other taxation and social security	61	203
Accruals and deferred income	147	147
Other creditors	-	16
Lease liabilities	53	49
	4,935	4,682

14. Creditors: Amounts falling due after one year

	2023 £'000	2022 £'000
Amounts falling due after one year:		
Lease liabilities	59	111
	59	111

15. Share capital

	2023	2022
1 Ordinary of £1 each	1	1

Reserves

Retained earnings includes all current and prior period retained profits and losses less dividends paid.

Capital Contribution

Capital contribution reserve relates to share based payment recharges from the ultimate parent company for AIM Limited employees.

16. Pensions

The ultimate parent company of AIM Smarter Limited, Altitude Group plc, operates a defined contribution pension scheme for Group employees. The pension cost charge for the period represents contributions payable by the Company to the Group pension scheme and other personal pension plans and amounted to £32,000 (2022: £28,000).

17. Leases, commitments and contingent liabilities

The Company leases space in buildings in Sheffield. The Company has applied the IFRS 16 exemptions for short-term and low value leases. No leases contain variable payment terms.

At 31 March 2022 the Company was committed to make payments in respect of non-cancellable leases in the following periods:

	2023	2022
	£'000	£'000
Expiring within one year	53	49
Expiring within two to five years	59	111
Expiring in more than five years	-	-

The interest rates inherent in the leases could not be ascertained, therefore, estimates have been used which approximate the likely incremental costs of borrowing for a similar term and asset.

Based upon discussions with the Company's bankers, the Directors ascertained the likely incremental costs of borrowing for a similar term and similar commercial property asset to be between 5% and 9%. An interest rate of 7% has been used in the above calculations. Details of right-of-use assets are shown in note 9.

The Company had no other commitments or contingent liabilities at the period end (2022: nil).

18. Related party transactions

The Company has taken advantage of the exemption from disclosing the transactions with other members of the group.

19. Control

In the opinion of the directors the Company's ultimate holding company is Altitude Group plc, a company registered in England and Wales. Copies of the Group financial statements can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

The registered office of Altitude Group plc is 7th Floor, 32 Eyre Street, Sheffield, England, S1 4QZ.

The immediate parent undertaking is Boxcam Limited. The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is Altitude Group plc.