

Smartbox Assistive Technology Limited

Annual Report and Financial Statements
for the Year Ended 30 September 2022

Smartbox Assistive Technology Limited

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Smartbox Assistive Technology Limited

Company Information

Directors	J Inott D Hawes H R Sheikh F R Sheikh
Registered office	Ysobel House Enigma Commercial Centre Sandys Road Malvern Worcestershire WR14 1JJ
Auditors	Bourner Bullock Chartered Accountants 114 St Martin's Lane Covent Garden London WC2N 4BE

Smartbox Assistive Technology Limited

Strategic Report for the Year Ended 30 September 2022

The directors present their strategic report and business review, which includes the principal risks and uncertainties of the business and key performance indicators, for the year ended 30 September 2022.

Principal activity

The principal activity of the Company is information technology service activities.

Fair review of the business

Smartbox Assistive Technology Limited provide Augmentative and Alternative Communication (AAC) products and services directly to customers in the UK and Ireland and also globally through a network of partners.

Smartbox Group turnover increased in the twelve months to September 2022 to £27.6m (twelve months to September 2021: £12.9m) and operating profit rose from £1,992k to £2,924k on a like for like basis. Turnover through Smartbox Assistive Technology Limited increased by £3,687k (28.6%) and operating profit Increased by £2,340k (99.8%).

Smartbox Group continues to enjoy a very healthy balance sheet with high levels of liquidity and no third party debt. This has enabled the group to continue to launch market leading products in 2022 with more planned for 2022.

The Company's key financial and other performance indicators during the year were as follows:

Turnover (Decrease)/Growth: 28.6% (FY22); 192.1% (FY21)

Gross Margin % Turnover: 51.6% (FY22); 42.1% (FY21)

Operating Profit % Turnover: 28.3% (FY22); 18.2% (FY21)

The Company's other key performance indicators during the year were as follows:

Customer Satisfaction (Net Promoter Score)

Quality - First Time Pass Rate

Customer Retention

Smartbox Assistive Technology Limited

Strategic Report for the Year Ended 30 September 2022

Principal risks and uncertainties

The volatility of GBP vs USD continues to depress margins and represents an ongoing risk. This is mitigated through increasing USD revenues providing a natural hedge.

Brexit has provided a considerable challenge to the groups' EU export revenue, however the contingency plan enacted to establish a subsidiary company based in the EU and the recent addition of REHAVista GmbH to the Smartbox Group, has helped to mitigate the most severe risks.

The AAC industry relies on the funding provided by local healthcare providers (i.e. NHS in UK). There is a risk that this funding could be reduced or interrupted depending on political priorities.

The global supply chain for electronic components has been slowly recovering from the effects of the COVID pandemic, whilst the impact on Smartbox has been limited to a small number of accessories, we remain vigilant and continue to maintain sufficient inventories of performance critical components to mitigate the impact of any future disruption.

Approved and authorised by the Board on 30 September 2023 and signed on its behalf by:

.....

J Inott
Director

Smartbox Assistive Technology Limited

Directors' Report for the Year Ended 30 September 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Principal activity

The principal activity of the Company during the period was to provide Augmentative and Alternative Communication (AAC) products and services in the UK, Ireland and, through a network of partners, the rest of the world.

Results and dividends

The profit for the period, after taxation, amounted to £4,543k (2021: £2,632k).

During the year, dividends of £nil were declared (2021: £1,920k).

Directors of the Company

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

J Inott

D Hawcs

H R Sheikh

F R Sheikh

Developments in the year

During November 2021, Smartbox Holdings Limited, the parent company of Smartbox Assistive Technology Limited, completed the acquisition of Germany's leading AAC company, REHAVista GmbH.

Future developments

In 2022, Smartbox Assistive Technology Limited will continue to expand the range and reach of its industry leading AAC products and services which are highly regarded for their functionality, ease of use, unrivaled support and successful user outcomes. We therefore expect to help many more people with disabilities to communicate and live more independent lives.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Bournier Bullock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 30 September 2023 and signed on its behalf by:

.....

J Inott

Director

Smartbox Assistive Technology Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the 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 United Kingdom Accounting Standards have been followed, subject to any material departures 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.

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They 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 auditors are aware of that information.

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They 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 auditors are aware of that information.

Smartbox Assistive Technology Limited

Independent Auditor's Report to the Members of Smartbox Assistive Technology Limited

Opinion

We have audited the financial statements of Smartbox Assistive Technology Limited (the 'Company') for the year ended 30 September 2022, which comprise the Statement of Income and Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

Conclusions relating to going concern

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.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Smartbox Assistive Technology Limited

Independent Auditor's Report to the Members of Smartbox Assistive Technology Limited

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. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Smartbox Assistive Technology Limited

Independent Auditor's Report to the Members of Smartbox Assistive Technology Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 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.

Smartbox Assistive Technology Limited

Independent Auditor's Report to the Members of Smartbox Assistive Technology Limited

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting regulations, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include environmental regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud and challenging assumptions made by management in their significant accounting estimates, in particular in relation to warranty provisions, impairment of stock, impairment of tangible fixed assets as well as impairment of subsidiary loan balances and judgements formed in presentation of non-underlying items.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Smartbox Assistive Technology Limited

Independent Auditor's Report to the Members of Smartbox Assistive Technology Limited

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.

.....

David Wheeler (Senior Statutory Auditor)

For and on behalf of Bournier Bullock, Statutory Auditor

Chartered Accountants

114 St Martin's Lane

Covent Garden

London

WC2N 4BE

30 September 2023

Smartbox Assistive Technology Limited

Statement of Income and Retained Earnings for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Turnover	<u>4</u>	16,551,237	12,863,572
Cost of sales		<u>(8,005,782)</u>	<u>(6,445,343)</u>
Gross profit		8,545,455	6,418,229
Administrative expenses		(3,934,079)	(4,072,514)
Other operating income		<u>74,594</u>	<u>-</u>
Operating profit	<u>5</u>	4,685,970	2,345,715
Other interest receivable and similar income	6	<u>409,061</u>	<u>285,969</u>
Profit before tax		5,095,031	2,631,684
Taxation	<u>10</u>	<u>(551,948)</u>	<u>(290,725)</u>
Profit for the financial year		4,543,083	2,340,959
Retained earnings brought forward		7,400,353	6,978,905
Dividends paid		<u>-</u>	<u>(1,919,511)</u>
Retained earnings carried forward		<u><u>11,943,436</u></u>	<u><u>7,400,353</u></u>

Smartbox Assistive Technology Limited

(Registration number: 05541084)
Balance Sheet as at 30 September 2022

	Note	30 September 2022 £	30 September 2021 £
Fixed assets			
Intangible assets	<u>11</u>	700,699	515,776
Tangible assets	<u>12</u>	268,403	273,939
		<u>969,102</u>	<u>789,715</u>
Current assets			
Stock	<u>13</u>	1,682,769	1,230,054
Debtors	14	11,149,572	6,732,251
Cash at bank and in hand		<u>410,659</u>	<u>491,276</u>
		13,243,000	8,453,581
Creditors: Amounts falling due within one year	16	<u>(1,867,339)</u>	<u>(1,450,120)</u>
Net current assets		<u>11,375,661</u>	<u>7,003,461</u>
Total assets less current liabilities		12,344,763	7,793,176
Provisions for liabilities	<u>17</u>	<u>(401,311)</u>	<u>(392,807)</u>
Net assets		<u>11,943,452</u>	<u>7,400,369</u>
Capital and reserves			
Called up share capital		16	16
Profit and loss account		<u>11,943,436</u>	<u>7,400,353</u>
Shareholders' funds		<u>11,943,452</u>	<u>7,400,369</u>

Approved and authorised by the Board on 30 September 2023 and signed on its behalf by:

.....
J Inott
Director

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Ysobel House Enigma Commercial Centre
Sandys Road
Malvern
Worcestershire
WR14 1JJ
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the requirements of the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

As a qualifying entity, the individual company has taken advantage of the exemption, under Section 1.12 of FRS 102, not to prepare a Statement of Cash Flows; from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.40 to 11.48A, 12.26 to 12.29A; and to disclose key management personnel compensation. It has also taken advantage of the exemption under Section 33.1A not to disclose related party transactions between the company and its parent company.

Going concern

The financial statements have been prepared on a going concern basis.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Exemption from preparing group accounts

The company has taken advantage of the exemption under Section 9.3 of FRS 102 and s400 of the Companies Act 2006 not to prepare consolidated financial statements because its results are included within the financial statements of CareTech Holdings Plc and its ultimate parent is established under UK law.

Turnover recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Company's activities.

Government grants

Government grants relate to the apprenticeship scheme.

A grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, shall be recognised in income in the period in which it becomes receivable.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the new carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line over 5 to 10 years
Fixtures and fittings	Straight line over 3 to 4 years
Motor vehicles	25% straight line
Computer equipment	50% straight line

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Intangible assets

Intangible assets consist of development costs and are initially capitalised at cost.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licences	Straight line 33%
Development costs	Straight line 33%

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the average cost method.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from and to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The anticipated cost of future warranty claims is provided for on the basis of historical repair rates and anticipated costs per unit for the in-service population of devices under warranty and backlog awaiting repair.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

3 Critical accounting estimates and judgements

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revision to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Impairment of stock

The company manufactures products which are subject to technological developments and customer demands. As a result it is necessary to consider the recoverability of cost of stock and the associated provision required. When calculating stock provisions, management considers the nature and condition of the stock, as well as applying assumptions around anticipated future demand of stock lines. The carrying amount at the year end is £115,769 (2021: £145,702).

Warranty provisions

The company offer warranties of 2 or 3 years, or extended warranties of 5 years, depending on the product line. The warranty provision has been calculated by the Directors based on the repair costs incurred during this timeframe to provide a cost per unit repair. This cost per unit repair has then been applied to the total products to calculate the overall warranty provision. In calculating this provision, the Directors consider any costs which have been incurred by the repairs department as part of their cost per unit repair calculation. The carrying amount at the year end is £385,695 (2021: £377,191).

Impairment of subsidiary loan balances

The company has assessed the recoverability of subsidiary loan debtors by reference to a prudent forecast of the subsidiary's future ability to repay the loan. Based on these forecasts, the directors consider that the loan balance is recoverable. The carrying amount at the year end is £5,870,175 (2021: £3,554,987).

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	16,551,237	12,863,572

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£	£
UK	5,441,210	5,018,062
Europe	8,244,474	6,620,172
Rest of world	2,865,553	1,225,338
	16,551,237	12,863,572

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	188,182	111,473
Amortisation expense	225,610	30,572
Research and development cost	(292,588)	(227,056)
Operating lease expense - plant and machinery	1,823	1,426
Loss on disposal of property, plant and equipment	-	51

6 Other interest receivable and similar income

	2022	2021
	£	£
Interest income from group undertakings	409,061	285,969

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	3,019,713	2,734,187
Social security costs	315,661	266,043
Pension costs, defined contribution scheme	100,704	80,838
Other employee expense	90,693	62,965
	<u>3,526,771</u>	<u>3,144,033</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Sales, marketing and distribution	81	69
	<u>81</u>	<u>69</u>

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	346,497	248,396
Contributions paid to money purchase schemes	2,641	3,845
	<u>349,138</u>	<u>252,241</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	148,466	120,000
Company contributions to money purchase pension schemes	1,321	2,044
	<u>149,787</u>	<u>122,044</u>

9 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>11,650</u>	<u>9,500</u>

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

10 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	551,948	290,725

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	5,095,031	2,631,684
Corporation tax at standard rate	968,056	500,020
Effect of expense not deductible in determining taxable profit (tax loss)	42,593	6,765
Decrease from effect of tax incentives	(226,913)	(155,203)
Tax decrease from effect of capital allowances and depreciation	(8,181)	(24,812)
Tax decrease arising from group relief	(106,677)	-
Tax decrease from effect of adjustment in research and development tax credit	(116,930)	(36,045)
Total tax charge	551,948	290,725

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

11 Intangible assets

	Trademarks, patents and licenses £	Total £
Cost or valuation		
At 1 October 2021	546,348	546,348
Additions acquired separately	410,533	410,533
At 30 September 2022	956,881	956,881
Amortisation		
At 1 October 2021	30,572	30,572
Amortisation charge	225,610	225,610
At 30 September 2022	256,182	256,182
Carrying amount		
At 30 September 2022	700,699	700,699
At 30 September 2021	515,776	515,776

The aggregate amount of research and development expenditure recognised as an expense during the period is £(292,588) (2021 - £(227,056)).

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2021	121,913	832,978	2,220	957,111
Additions	7,840	174,806	-	182,646
Disposals	(83,632)	(305,084)	(2,220)	(390,936)
At 30 September 2022	46,121	702,700	-	748,821
Depreciation				
At 1 October 2021	114,222	566,730	2,220	683,172
Charge for the year	5,887	182,295	-	188,182
Eliminated on disposal	(83,632)	(305,084)	(2,220)	(390,936)
At 30 September 2022	36,477	443,941	-	480,418
Carrying amount				
At 30 September 2022	9,644	258,759	-	268,403
At 30 September 2021	7,691	266,248	-	273,939

13 Stock

	2022 £	2021 £
Stock	1,682,769	1,230,054

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

14 Debtors

		2022	2021
Current	Note	£	£
Trade debtors		1,434,045	1,014,722
Amounts owed by related parties		8,970,201	4,852,740
Other debtors		616,840	715,766
Prepayments		128,486	149,023
		<u>11,149,572</u>	<u>6,732,251</u>

15 Cash and cash equivalents

		2022	2021
		£	£
Cash at bank		410,620	491,238
Short-term deposits		39	38
		<u>410,659</u>	<u>491,276</u>

16 Creditors

		2022	2021
	Note	£	£
Due within one year			
Trade creditors		564,633	430,578
Amounts due to group undertakings		265,815	199,875
Social security and other taxes		77,148	70,891
Outstanding defined contribution pension costs		21,889	17,856
Other payables		24,029	51,772
Accruals		411,543	451,532
Income tax liability	10	502,282	227,616
		<u>1,867,339</u>	<u>1,450,120</u>

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

17 Provisions for liabilities

	Warranties £	Deferred tax £	Total £
At 1 October 2021	377,191	15,616	392,807
Additional provisions	8,504	-	8,504
At 30 September 2022	385,695	15,616	401,311

A provision is recognised for expected warranty claims on products sold during the last 12 months. It is expected that these costs will be incurred in the next financial year.

18 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	16	16	16	16

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	130,563	230,395
Later than one year and not later than five years	293,548	430,636
Later than five years	-	37,500
	<u>424,111</u>	<u>698,531</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £194,171 (2021 - £229,884).

20 Dividends

	2022	2021
	£	£
Interim dividend of £Nil (2021 - £119,969.50) per ordinary share	-	1,919,511
	<u>-</u>	<u>1,919,511</u>

Smartbox Assistive Technology Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

21 Investments in subsidiaries

Subsidiary undertakings

The company has an investment in a subsidiary and the aggregate cost is £0.01 (2021 - £0.01).

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Smartbox AssistiveTechnology Inc.	2831 Leechburg Road, New Kensington, PA, 15068 United States	Ordinary shares	100%	100%
Smartbox Assistive Technology Limited (EU) Limited	JPA Brenson Lawlor House Argyle Square, Morehampton Road Donnybrook, Dublin 4 Republic of Ireland	Ordinary shares	100%	100%

22 Parent and ultimate parent undertaking

On 1 October 2020, 100% of the share capital of Smartbox Assistive Technology Limited was acquired by Smartbox Holdings Limited.

The company's immediate parent is Smartbox Holdings Limited, incorporated in England and Wales. The directors consider there to be no one ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.