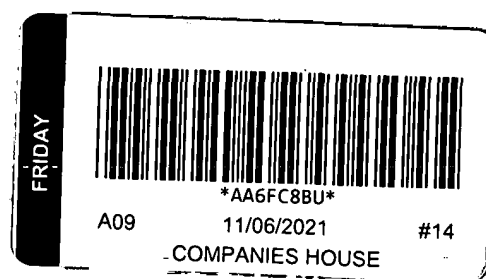


Company Registration No. 06497163 (England and Wales)

Club Machine Holdings Limited
Annual Report and Financial Statements
For the Period Ended 31 March 2020



Club Machine Holdings Limited

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Club Machine Holdings Limited

Company Information

Directors	E Hamilton (Appointed 27 July 2020) S Maud (appointed 25 March 2021) C Sunner (appointed 25 March 2021)
Company number	06497163
Registered Office	Block A Clifton Park Avenue Clifton Park York YO30 5PB

Club Machine Holdings Limited

Directors' Report for the period ended 31 March 2020

The directors present their annual report and financial statements for the 15 months ended 31 March 2020.

Principal activities

The Company's principal activity continued to be that of providing leisure software solutions.

The Company has taken advantage of the exemptions set out in Section 414(b) of the Companies Act 2006 which permit it to not prepare a Strategic Report, on the grounds that it qualifies as a small Company.

The Company has taken advantage of the exemptions set out in Section 414(c) of the Companies Act 2006 which permit it to prepare a Directors' Report in accordance with the small companies' regime, on the grounds that it qualifies as a small Company.

Directors

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

S R Maguire (Resigned 19 May 2020)
I S Burroughs (Resigned 3 December 2019)
J Maguire (Resigned 3 December 2019)
R Bracken (Appointed 3 December 2019, Resigned 12 February 2020)
K Guy (Appointed 3 December 2019) resigned 25 March 2021
D Miller (Appointed 15 April 2020) resigned 25 March 2021
E Hamilton (Appointed 27 July 2020)
S Maud (appointed 25 March 2021)
C Sunner (appointed 25 March 2021)

Results and dividends

The results for the period are set out on page 7. Ordinary dividends were paid amounting to £50,000 (2018 - £100,000). The directors do not recommend payment of a final dividend.

Going concern

The directors have considered all factors, including in the wider economy, as part of their assessment of going concern. Although the current economic climate of the Covid-19 pandemic creates both cashflow and profitability risks for the company, the directors believe on balance that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements, on the basis of information currently available to them as at the point of approval. Accordingly, these financial statements have been prepared on the going concern basis.

Club Machine Holdings Limited

BIS audit exemption

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 *on the grounds*

- that for the period ended 31 March 2020 the company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for

- ensure that the Company keeps adequate accounting records which comply with section 366 of the Companies Act 2006, and
- preparing the financial statements which give a true and fair view of the state of the affairs of the company at 31 March 2020 and of its profit and loss for the period then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company.

On behalf of the board

DocuSigned by:

.....59975FE6998C4B6.....
Scott Maud
Director
12 May 2021

Club Machine Holdings Limited

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 101. 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Club Machine Holdings Limited

Statement of Comprehensive Income For the Period Ended 31 March 2020

	Notes	Period ended 31 March 2020 £	Year ended 31 December 2018 £
Revenue	3	265,305	181,567
Cost of sales		-	-
Gross profit		265,305	181,567
Administrative expenses		(106,682)	(54,823)
Operating profit	4	158,623	126,744
Other income	6	37,776	112,500
Interest payable	7	(751)	-
Profit before taxation		195,648	239,244
Taxation	8	(19,247)	(7,718)
Profit of the financial period		176,401	231,526
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the period		176,401	231,526

Club Machine Holdings Limited

Statement of Financial Position As at 31 March 2020

	Notes	31 March 2020 £	31 December 2018 £	31 December 2017 £
Non-current assets				
Other intangible assets	10	243,291	146,573	55,068
Property, plant and equipment	11	21,642	-	-
Investments	12	17,565	17,565	17,565
		282,498	164,138	72,633
Current assets				
Trade and other receivables	13	433,770	424,524	315,766
Cash and cash equivalents		42,571	37,950	40,723
		476,341	462,474	356,489
Total assets		758,839	626,612	429,122
Current liabilities				
Trade and other payables	14	(80,257)	(111,496)	(61,088)
Obligations under finance leases	15	(7,364)	-	-
		(87,621)	(111,496)	(61,088)
Non-current liabilities				
Obligations under finance leases	15	(10,454)	-	-
Deferred tax liabilities	16	(44,165)	(24,917)	(9,362)
		(54,619)	(24,917)	(9,362)
Total liabilities		(142,240)	(136,413)	(70,450)
Net assets		616,599	490,198	358,672
Equity				
Share capital	18	100	100	100
Retained earnings		616,499	490,098	358,572
Total equity		616,599	490,198	358,672

For the year ending 31 March 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the board of directors and authorised for issue on 12 May 2021 and are signed on its behalf by:

DocuSigned by:

 Scott Maud
 Director

Company Registration No. 06497163

Club Machine Holdings Limited

Statement of Changes in Equity For the Period Ended 31 March 2020

	Notes	Share capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2018		100	312,866	312,966
Transitional adjustments	24	-	45,706	45,076
Restated balance at 1 January 2018		100	358,572	358,672
Profit and total income for the year		-	231,526	231,526
Dividends	9	-	(100,000)	(100,000)
Balance at 31 December 2018		100	490,098	490,198
Period ended 31 March 2020:				
Profit and total income for the period		-	176,401	176,401
Dividends	9	-	(50,000)	(50,000)
Balance at 31 March 2020		100	616,499	616,599

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies

Company information

Club Machine Holdings Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Block A, Clifton Park Avenue, York, YO30 5PB.

1.1 Accounting convention

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

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosure', on the grounds that equivalent disclosures for financial instruments are presented in the group accounts of AI Sky UK Holdco Limited;
- (b) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- (c) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group;
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'; and
 - (iii) paragraph 118(e) of IAS 38 'Intangible Assets'.
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements';
- (f) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127, and 129 of IFRS 15 'Revenue from Contracts with Customers'; and
- (g) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 March 2020 are the first financial statements of Club Machine Holdings Limited prepared in accordance with FRS 101. The date of transition to FRS 101 was 1 April 2018. An explanation of how transition to FRS 101 has affected the reported financial position and financial performance is given in note 24.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Reporting period

These financial statements cover a period of 15 months, whilst the comparative financial information covers a period of 12 months. Therefore the comparative figures are not wholly comparable to the new period.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

1.3 Going concern

The directors have considered all factors, including in the wider economy, as part of their assessment of going concern. Although the current economic climate of the Covid-19 pandemic creates both cashflow and profitability risks for the company, the directors believe on balance that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements, on the basis of information currently available to them as at the point of approval. Accordingly, these financial statements have been prepared on the going concern basis.

1.4 Revenue

The company has applied IFRS 15 'Revenue from contracts with customers' in the current reporting period. Under IFRS 15, the Company applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

The company has reviewed its contracts with customers and the performance obligations within those contracts and has concluded that no change is required to previously reported revenue.

Software licences

Revenue from software licences is deferred and recognised over the period in which the licence is used.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business combination are recognised at cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end.

If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. Useful lives are typically amortised on the following basis:

Internally developed software	20% straight line
Computer software	20% straight line

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

1.7 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently measured at cost or valuation net of depreciation and impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	33.33% straight line
Right of use assets	Straight line over the period of the lease

Gains or losses arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

1.9 Impairment of non current assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

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

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently

carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

1.12 Financial Liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Under IFRS 16 Leases are accounted for on the right of use model. The Income Statement presentation and expense recognition pattern is similar to that required for finance leases by IAS 17 previously adopted by the company. At inception, the company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the company obtains substantially all the economic benefits from the use of that asset, and whether the company has the right to direct the use of the asset.

IFRS 16 permits lessees to elect not to apply the recognition requirements to short term leases and leases for which the underlying asset is of low value. The company has elected not to recognise short term leases of less than one year at inception and low value leases which will continue to be reflected in the Income Statement. This will be the ongoing policy adopted by the company. There are no right of use assets or lease liabilities recognised for these leases, and the expense is recognised in the Income Statement on a straight line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses an incremental borrowing rate which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset and are now presented within property, plant and equipment.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in line with the companies existing impairment accounting policy.

Under IFRS 16, the straight-line operating lease expense, previously charged under FRS 102 has been replaced with a depreciation charge for the right-of-use assets and interest expense on lease liabilities.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

1. Accounting policies (continued)

1.18 Standards, amendments and interpretations in issue but not yet adopted

The adoption of the following mentioned standards, amendments and interpretations in future years:

	<i>EU effective date –period beginning on or after</i>
Amendments to the Conceptual Framework for Financial Reporting	1 January 2020
Definition of "Material" (amendments to IAS 1, IAS 8)	1 January 2020
Interest rate benchmark reform (amendments to IFRS9, IAS39 and IFRS7)	1 January 2020
Definition of a Business (amendments to IFRS 3)	1 January 2020
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2021
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2022

The directors do not expect any future standards to have a material impact on the Company's reported profits or on the overall financial position.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

2. Judgements and key sources of estimation uncertainty

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

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 as follows:

Valuation of research and development assets (2020: £243,291; 2018: £146,573)

Management judgement is required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows. See Note 10.

3. Revenue

During the period the Company had 1 (2018 – 1) customer with turnover comprising between 90% and 100% of Company revenue. In each case a contract is in place for the services provided. Whilst the customer has been important in enabling the Company to generate revenue growth in key areas and future expected growth, they have not been considered a critical factor in the directors' assessment of going concern.

Segmental analysis of revenue

	2020 £	2018 £
Revenue from contracts with customers	217,201	137,199
Other revenues	48,104	44,368
	<hr/> 265,305	<hr/> 181,567

Revenue analysed by geographical market

	2020 £	2018 £
United Kingdom	248,468	179,227
Rest of World	16,837	2,340
	<hr/> 265,305	<hr/> 181,567

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

4. Operating costs

	2020	2018
	£	£
Operating loss for the period is stated after charging/(crediting):		
Depreciation of property, plant and equipment	4,828	-
Amortisation of intangible assets	81,852	32,861

5. Employees

The average monthly number of persons (including Directors) employed by the Company during the period was:

	2020	2018
	Number	Number
Directors	2	3
Software	2	1
	<u>4</u>	<u>4</u>

On a full-time equivalent basis, there were 4 (2018 – 4) employees during the period.

Their aggregate remuneration comprised:

	2020	2018
	£	£
Wages and salaries	125,663	70,920
Social security costs	15,066	7,976
Pension costs	10,120	3,536
	<u>150,849</u>	<u>82,432</u>

Details of Directors' remuneration is provided in note 20.

The total cost of employee remuneration includes £148,119 (2018 - £68,471) of costs which have been on development projects, and which have accordingly been capitalised as an intangible asset, shown further in note 10.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

6. Finance income

	2020 £	2018 £
Income from fixed asset investments		
Bank interest receivable	276	-
Income from shares in group undertakings	37,500	112,500
Total income	37,776	112,500

7. Finance costs

	2020 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases	751	-
Total finance costs	751	-

8. Taxation

	2020 £	2018 £
Current tax		
UK Corporation tax on profits for the current period	-	(7,838)
Total current tax	-	(7,838)
Deferred tax		
Origination and reversal of temporary differences	16,359	15,556
Adjustment in respect of prior years	2,888	-
Total deferred tax	19,247	15,556
Total tax charge	19,247	7,718

The charge for the period can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2020 £	2018 £
Profit before taxation	195,648	239,244
Expected tax charge based on a corporation tax rate of 19% (2018 – 19%)	37,173	45,456
Research and development	(9,881)	(14,533)
Group relief	(3,696)	-
Dividend income	(7,125)	(21,375)
Adjustment in respect of prior years	2,888	-
Other differences	(112)	(1,830)
Total tax charge	19,247	7,718

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

8. Taxation (continued)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted in October 2015. Further reduction to 17% (effective from 1 April 2020) was substantively enacted in September 2016. The reduction to 17% was cancelled with effect from the 17 March 2020. These rates have therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 19% (2018: 17%).

9. Dividends

	2020 per share	2018 per share	2020 £	2018 £
Amounts recognised as distributions to equity holders:				
Ordinary				
Interim dividend paid	500	1,000	50,000	100,000

10. Intangible assets

	Internally developed software £	Computer software £	Total £
Cost			
At 1 January 2018	64,906	225	65,131
Additions	124,366	-	124,366
Disposals	-	(225)	(225)
At 31 December 2018	189,272	-	189,272
Additions	178,570	-	178,570
At 31 March 2020	367,842	-	367,842
Amortisation and impairment			
At 1 January 2018	9,838	225	10,063
Amortisation charged in the period	32,861	-	32,861
Eliminated in respect of disposals	-	(225)	(225)
At 31 December 2018	42,699	-	42,699
Amortisation charged in the period	81,852	-	81,852
At 31 March 2020	124,551	-	124,551
Carrying amount			
At 31 March 2020	243,291	-	243,291
At 31 December 2018	146,573	-	146,573
At 31 December 2017	55,068	-	55,068

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

11. Property, plant and equipment

	Computer Equipment £	Right of use asset £	Total £
Cost			
At 1 January 2018	752	-	752
Additions	-	-	-
Disposals	(752)	-	(752)
At 31 December 2018	-	-	-
Additions	579	25,891	26,470
Disposals	-	-	-
At 31 March 2020	579	25,891	26,470
Depreciation and impairment			
At 1 January 2018	752	-	752
Depreciation charged in the period	-	-	-
Eliminated in respect of disposals	(752)	-	(752)
At 31 December 2018	-	-	-
Depreciation charged in the period	225	4,603	4,828
Eliminated in respect of disposals	-	-	-
At 31 March 2020	225	4,603	4,828
Carrying amount			
At 31 March 2020	354	21,288	21,642
At 31 December 2018	-	-	-
At 31 December 2017	-	-	-

The right of use assets above relates to motor vehicles.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

12. Investments

	Notes	2020	2018
		£	£
Investments in subsidiaries		17,565	17,565
		<u>17,565</u>	<u>17,565</u>

Details of subsidiaries are included within note 21.

Movements in investments	Investments in subsidiaries £	Total £
Cost or valuation		
At 1 January 2018	17,565	17,565
At 31 December 2018	17,565	17,565
At 31 March 2020	<u>17,565</u>	<u>17,565</u>
Impairment		
At 1 January 2018	-	-
At 31 December 2018	-	-
At 31 March 2020	<u>-</u>	<u>-</u>
Carrying amount		
At 31 March 2020	<u>17,565</u>	<u>17,565</u>
At 31 December 2018	<u>17,565</u>	<u>17,565</u>
At 1 January 2018	<u>17,565</u>	<u>17,565</u>

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

13. Trade and other receivables

	2020	2018
	£	£
Amounts falling due within one year:		
Trade receivables	373,823	393,762
Corporation tax recoverable	-	7,837
Other receivables and prepayments	59,947	22,924
	<u>433,770</u>	<u>424,523</u>

Trade receivables at the reporting date are shown above net of provisions. Expected credit losses for the following 12 months have been estimated in accordance with IFRS 9, taking into account that there has been no significant increase in credit risk. Given the straightforward nature of the Company's receivables, the directors consider that the Company qualifies for Stage 1 impairment models which permit the simplified recognition of credit losses arising from default events that are possible within the next 12 months only.

Trade receivables are stated net of impairment for estimated irrecoverable amounts. For the period to 31 March 2020 no provision has been recognised based on historic trends. This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Included within other receivables and prepayments is an amount of £nil (2018 - £nil) relating to accrued revenues, calculated in accordance with IFRS 15.

14. Current trade and other payables

	2020	2018
	£	£
Trade payables	9,337	10,516
Amounts due to related parties	-	28,747
Social security and other tax liabilities	70,920	72,233
	<u>80,257</u>	<u>111,496</u>

Included within other payables is an amount of £nil (2018 - £nil) relating to deferred revenues, calculated in accordance with IFRS 15. The amount of deferred income relating to the prior year has been fully released in the current financial period.

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

15. Obligations under finance leases

Future minimum lease payments due under finance leases:

	2020 £	2018 £
Within one year	8,124	-
In two to five years	10,832	-
Over five years	-	-
	<u>18,956</u>	<u>-</u>
Less: future finance charges	(1,138)	-
	<u>17,818</u>	<u>-</u>

These are disclosed in the financial statements on a net basis (excluding future finance charges) as follows:

	2020 £	2019 £
Current lease payable	7,364	-
Non-current lease payable	<u>10,454</u>	<u>-</u>
	<u>17,818</u>	<u>-</u>

Finance lease and hire purchase borrowings are secured against the assets to which they relate.

16. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

Movements by category of deferred tax are as follows:

	Accelerated capital allowances and R&D	Total
Deferred tax liability at 1 January 2018	9,362	9,362
Deferred tax movements in prior year		
Charge to profit or loss	<u>15,556</u>	<u>15,556</u>
Deferred tax liability at 31 December 2018	24,918	24,918
Deferred tax movements in current period		
Credit to profit or loss	16,359	16,359
Prior year charge	<u>2,888</u>	<u>2,888</u>
Deferred tax liability at 31 March 2020	44,165	44,165

Deferred tax liabilities and assets are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £	2018 £
Deferred tax liabilities	<u>44,165</u>	<u>24,918</u>

Club Machine Holdings Limited

Notes to the Financial Statements For the Period Ended 31 March 2020

17. Retirement benefit schemes

	2020 £	2018 £
Charge to profit and loss in respect of defined contribution schemes	10,120	3,536

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. At the period end there is a pension creditor of £682 (2018 - £nil).

18. Share capital

	2020	2018
Ordinary share capital		
Authorised, allotted and fully paid	Number	Number
Ordinary shares of £1 each	100	100
	£	£
Ordinary shares of £1 each	100	100

The class of shares carry one vote per share.

Reserves of the company represent the following:

Share capital – Shares in the company held by shareholders at a proportional level with equal voting rights per share.

Retained earnings – This comprises the accumulated trading results of the Company.

19. Guarantees and contingent liabilities

At 31 March 2020, the Company and Company had no contingent liabilities (2018 - none).

Club Machine Holdings Limited

20. Directors' remuneration and transactions

	31 December 2020 £	31 December 2018 £
Remuneration for qualifying services	9,404	9,134
Company pension contributions to defined contribution schemes	-	-
	<u>9,404</u>	<u>9,134</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2018 - 0)

21. Subsidiaries

Details of the Company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Directly held
Brightlime Limited	Information technology consultancy services	Ordinary shares	75%

Brightlime Limited has the same registered address as noted on the company information page in these financial statements.

22. Events after the reporting period

On 1 December 2020, the business and the net asset/liabilities (excluding investments in subsidiary undertakings) which were held at a book value of £671k were transferred to Direct Finance Collections plc for consideration of loan from DFC plc of £700K.

23. Ultimate controlling party

Club Machine Holdings Limited's immediate parent company is TransServe UK Limited, and its ultimate parent company is AI Sky UK Holdco Limited. AI Sky UK Holdco Limited is the smallest group into which Club Machine Holdings Limited is consolidated. Copies of AI Sky UK Holdco Limited's financial statements can be obtained from its registered office, Rockwood House, Perrymount Road, Haywards Heath, West Sussex, RH16 3TW.

Club Machine Holdings Limited

24. Transition adjustments and effects of prior year adjustments

	Notes	At 1 January 2018				At 31 December 2018			
		As previously reported	Prior year adjustment	Effect of transition	As restated	As previously reported	Prior year adjustment	Effect of transition	As restated
Fixed assets									
Intangible assets	2	-	-	55,068	55,068	-	-	146,573	146,573
Investments		17,565	-	-	17,565	17,565	-	-	17,565
Current assets									
Trade and other receivables	1	253,188	62,578	-	315,766	387,939	36,584	-	424,523
Bank and cash		40,723	-	-	40,723	37,950	-	-	37,950
Creditors due within one year									
Trade payables	1	-	(1,275)	-	(1,275)	(10,516)	-	-	(10,516)
Amounts owed to related parties	1	-	(13,609)	-	(13,609)	-	(28,747)	-	(28,747)
Social security and other taxes	1	-	(45,921)	-	(45,921)	(64,296)	(7,837)	-	(72,133)
Other payables	1	1,490	(1,773)	-	(283)	(99)	-	-	(99)
Net current assets		295,401	-	-	295,401	350,978	-	-	350,978
Total assets less current liabilities		312,966	-	55,068	368,034	368,543	-	-	515,116
Provisions for liabilities									
Deferred tax liability	2	-	-	(9,362)	(9,362)	-	-	(24,918)	(24,918)
Net assets		<u>312,966</u>	<u>-</u>	<u>45,706</u>	<u>358,672</u>	<u>368,543</u>	<u>-</u>	<u>121,655</u>	<u>490,198</u>

Club Machine Holdings Limited

24. Transition adjustments and effects of prior year adjustments (continued)

Equity								
Share capital		100	-	-	100	100	-	-
Retained earnings	2	312,866	-	45,706	358,572	368,443	-	121,655
Total equity		312,966	-	45,706	358,672	368,543	-	121,655

Club Machine Holdings Limited

24. Transition adjustments and effects of prior year adjustments (continued)

Reconciliation of profit for the financial period

Notes	At 31 December 2018			
	As previously reported	Prior year adjustment	Effect of transition	As restated
Revenue	181,567	-	-	181,567
Cost of sales	-	-	-	-
Gross profit	181,567	-	-	181,567
Administrative expenses	2 (146,328)	-	91,505	(54,823)
Operating profit	35,239	-	-	126,744
Other income	112,500	-	-	112,500
Profit before taxation	147,739	-	-	239,244
Taxation	2 7,838	-	(15,556)	(7,718)
Profit for the financial period	155,577	-	75,949	231,526

1. Positive creditor balances

The company had previously reported a positive creditor balance by netting off certain debtor and creditor balances. As the company did not have a legal right to offset these balances an adjustment has been made to show the balances within the appropriate section.

2. Research and development

As the company was previously reporting under FRS 105 it was obligated to expense its research and development costs to the Statement of Comprehensive Income. As such on transition to FRS 101 a research and development intangible asset has been recognised.