SMARTSPACE
SOFTWARE

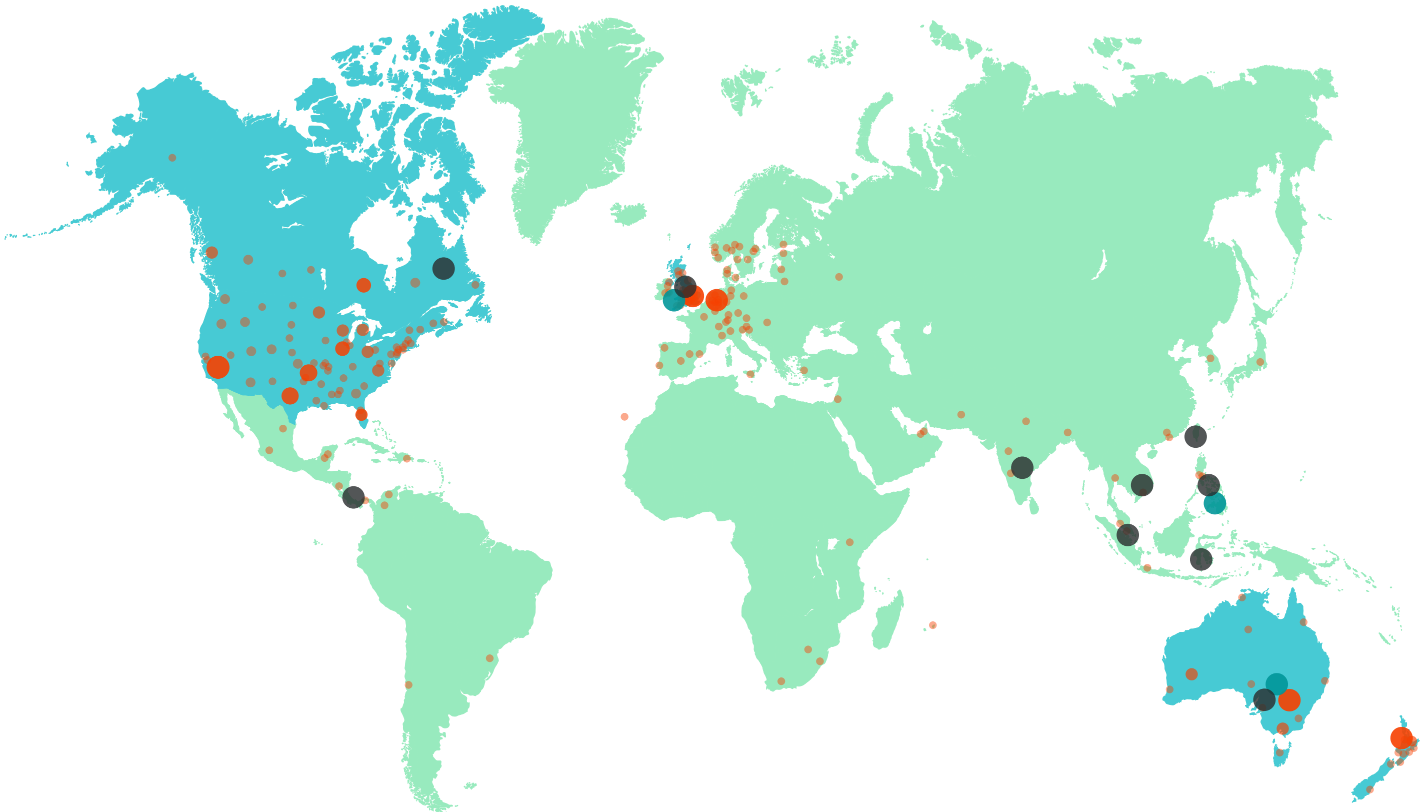
SMARTSPACE SOFTWARE PLC

Annual Report

for the Year Ended
31 January 2021

CONTENTS

OUR CUSTOMERS AND PARTNERS



swipedon

Customers

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

SPACE CONNECT

Customers

UK	64%
Australia	34%
ROW	2%

Partners

UK	59%
Australia	22%
Far East	9%
Americas (excluding US)	10%

OUR OFFICES

SwipedOn

1/115 The Strand
Tauranga
New Zealand

Space Connect

Norderstedt House
James Carter Road
Mildenhall
UK

Anders & Kern

Norderstedt House
James Carter Road
Mildenhall
UK

WHAT WE DO

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

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

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

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

OPERATING BUSINESSES:

	swipedon	SPACE CONNECT	A+K
Products/ Services	SaaS Visitor Management Software (VMS) and desk management software	SaaS Integrated Workplace Software Includes Meeting Room Booking, Desk Management & Visitor Management	Distribution of Smart workplace solutions Hardware & software sales Meeting room, workplace sensors design and install
Market	Global Small single-site business to multi-location Fortune 500 businesses	Global Small to medium size businesses (up to 1500 employees per location)	UK
Sales Model	Direct	Channel	Channel
Deal size	Average ARR per client NZ$1,200	Average ARR per client £8,000	Varies
Employees	35	16	14
Location	Tauranga, New Zealand Austin, Texas	Mildenhall, UK	Mildenhall, UK

OUR HISTORY

2000

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

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

2019

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

2020

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

2021

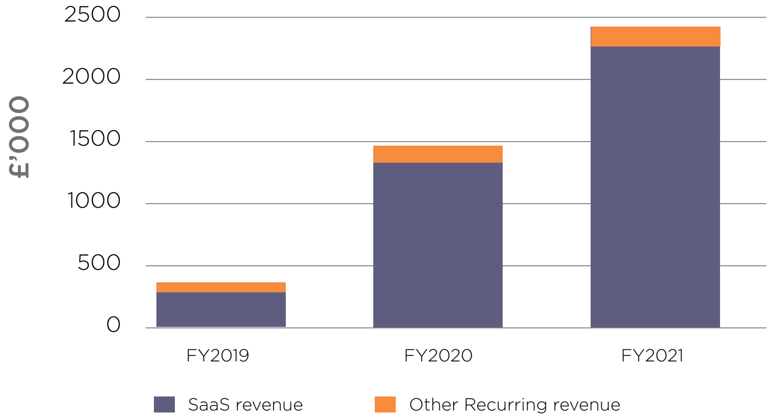
May 2021 over 4,700 SaaS customers in more than 6,900 locations

OUR CUSTOMERS

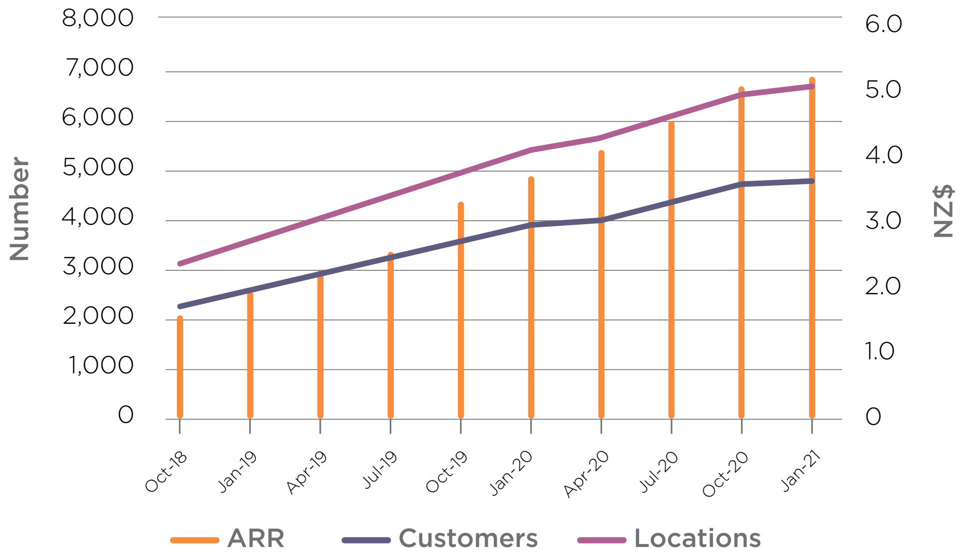
- Aecon
- DHL
- McCain
- Allianz
- Estée Lauder
- Mitsubishi Motors
- Australian Physiotherapy Council
- Fourpure Brewing Co
- Mobil
- asics
- Grant Thornton
- My Food Bag
- Berkeley Group
- BOSS Hugo Boss
- Primark
- Beyond Meat
- KPMG
- Queen's College Taunton
- BNE
- Krispy Kreme Doughnuts
- Skyscanner
- CAT
- Lincolnshire Co-op
- St John

KEY HIGHLIGHTS

Group recurring revenue



SwipedOn Customers, Locations and ARR



SwipedOn Key metrics over time

	Jan 19	Jan 20	Jan 21
Customers (no)	2,713	3,896	4,735
Locations (no)	3,590	5,280	6,741
Annual recurring revenue - ARR (NZ$m)	N$1.9m	$3.6m	$5.2m
Average revenue per user/month - ARPU (NZ$)	$57.60	$77.85	$91.90
Revenue churn (%)	5.32%	4.25%	6.85%
CAC (NZ$)	$1,207	$1,144	$1,687
LTV (NZ$)	$6,701	$8,373	$8,588
LTV/CAC	5.6x	7.3x	5.1x

18%
ARPU Growth FY21

43.4%
ARR Growth FY21

1,883
New Locations added FY21

1,352
New customers added FY21

CHAIRMAN'S STATEMENT

OVERVIEW

I am pleased to report a year of good progress for the Group in its transition to a cloud-based SaaS business focusing on software which is easy to implement and operate. As I reported last year the Board had taken a decision to sell the enterprise software division in early 2020 and the disposal of that division was completed on 13 August 2020. Following this the Group has three operating entities; SwipedOn, Space Connect and Anders & Kern.

Our progress has been set against the backdrop of Covid-19 and the impact that it has had on the UK and our other markets around the world. During the pandemic, the Group's primary concern has been the health and safety of its employees, customers, and stakeholders, and a range of measures were put in place to protect them as well as mitigate the financial impact on the Group. Throughout the lockdowns our UK offices were temporarily closed and where possible staff worked from home. Where this was not possible, the Group utilised the UK Government's Coronavirus Job Retention Scheme to furlough employees.

After Covid-19 first impacted, the Group reacted immediately by changing our development priorities to focus on providing functionality within our solutions that help customers manage their covid-related issues. It is a testament to the Group's agile ways of working that both SwipedOn and Space Connect were able to offer such functionality within a few weeks of the pandemic first hitting.

DEVELOPMENT OF THE GROUP'S BUSINESS

During the year ended 31 January 2021, the Company made significant progress in developing its SaaS business. SwipedOn grew its annual recurring revenues by 43% during the year to NZ$5.2m (£2.7m), and, at 31 January 2021, had 4,735 customers operating out of 6,741 locations (2020: 3,896 customers in 5,280 locations). This positive momentum continued post year end with SwipedOn increasing its ARR, ARPU and its total number of customers in the first quarter of FY22.

Space Connect offers a full range of cloud-based space management software which is sold through the Company's international distributor network. Amongst others, our distribution network includes Softcat in the UK and Esco in the Far East. A white label version of Space Connect, provided through our partner's next generation meeting room panel, the Evoko Naso, was launched in December 2020. We hope that Naso will provide the Group with a significant new revenue stream as we progress through FY22.

Anders & Kern ("A+K") has added additional workspace focussed hardware to its product lines to complement the Group's software solutions which it is also now selling. Covid-19 lockdowns during the year restricted sales volumes in A+K, however the business is well placed to support office re-openings through provision of both workplace hardware and software solutions.

SALE OF ENTERPRISE SOFTWARE DIVISION

In line with the Board's strategy of focusing the software business on a SaaS model, SmartSpace completed the sale of SmartSpace Global Ltd together with certain contracts of its US subsidiary (which comprised the Enterprise software division) on 13 August 2020 to Four Winds Interactive. The initial consideration was £4.6m, paid in cash on completion, and a further deferred payment of £0.3m which was received in May 2021. The Enterprise software division had 38 employees and operated out of two locations. Its revenues for the year ended 31 January 2020 were £2.2m and the operating loss of the business in that period was £5.8m. At the date of sale, the net assets disposed of were £4.3m (see note 15).

PEOPLE

Despite the challenging economic backdrop, SwipedOn and Space Connect continued to hire to support SmartSpace's growth ambitions. As the world exited the first wave of Covid-19 lockdowns and businesses returned to work, we increased our resources in New Zealand as we prepared to centralise all of our development resource in one location. We also added senior talent to our sales team in New Zealand and recruited further sales resources in the UK. Recognising the impact of Covid-19 on the Group and the fact that most UK staff were placed on furlough for long periods, the Board decided that no senior management bonuses would be paid in respect of the year ended 31 January 2021.

During what has been a difficult year for everybody, I would like to thank all our staff who have adapted well to new ways of working, and to those staff who have been furloughed during the year for their patience and continuing commitment to the success of the Group.

ANNUAL GENERAL MEETING

The Board will shortly be sending out a notice of Annual General Meeting which unfortunately due to ongoing restrictions will have to be a closed meeting once again. I would urge shareholders to email any questions they may have to investors@smartspaceplc.com and to send in proxies so their votes on the resolutions contained in the notice of meeting will be counted.

FUTURE DEVELOPMENTS AND OUTLOOK

Since the period end we have seen continued demand for our products in markets that have succeeded in containing the impact of Covid-19, in particular in Australia and New Zealand. We expect this trend to continue in our larger markets as they reopen, particularly in the US, UK and Canada. Following the announcement of the roadmap out of lockdown in the UK there has been a noticeable increase in activity, and we are seeing similar trends in the US and Canada, with this momentum continuing each month.

A key priority for SmartSpace in this coming year will be to grow ARPU and ARR from our existing customers. We intend to focus our sales efforts on customers where there are opportunities to increase revenue through multi-location deployments and the sale of add-on modules. The launch of SwipedOn desks gives us a great opportunity to increase ARPU and we will only need a relatively small penetration of our customer base to have a significant impact on ARR. Growth in location numbers will be an increasingly important measure of our success.

It is also our intention to increase the market for our products by entering new geographic markets. Even though we have SwipedOn customers in 73 countries our focus has been primarily on the English-language version. We intend to launch a local language version of SwipedOn in at least one new geography as we complete the development work scheduled in our product roadmap which is required to make SwipedOn fully multilingual.

We have made considerable progress building our indirect partner network for Space Connect and again we expect this momentum to continue this year. Many of our partners, including Softcat and ProAV, have defined offerings as part of their "Return To the Office" (RTO) initiatives. Our solutions are a key part of these RTO solutions. We will continue to grow our partner network for Space Connect in existing markets as well as expand our partner network in APAC and North America.

The early signs of progress with Evoko Naso are encouraging. The feedback on Naso from the Evoko partner network around the globe is positive and we are pleased to be able to recognise our first revenues from Naso after a significant period of investment. As part of the Evoko Partner Network in the UK, A+K have signed their first orders for Naso and we anticipate that that demand will grow around the world as countries come out of their various states of lockdown and employees return to the office. The Board are further encouraged by Evoko's internal sales projections for Naso, supported by a prospect list which includes a number of significant deals with well-known brand names.

Covid-19 has changed working practices and many businesses have indicated plans to reduce their real estate. This will result in more people than available desks which, in turn, creates a significant opportunity for SmartSpace. Managing the process of desk and meeting room booking without software can be very difficult and our technology addresses this issue. As businesses reopen there will also be a greater need for systems to manage visitors to their buildings. The SmartSpace range of products help our clients create Covid-19 safe environments by managing social distancing in the workplace; providing employee, contractor and visitor contact tracing; and office hygiene. We expect this increased demand for these solutions will create sizeable opportunities for the Group.

Our business is focused on building our SaaS revenue with two well-defined software offerings. The disposal of our Enterprise business has allowed us to focus on growing these businesses as well ensuring we have sufficient cash to execute on our plans. With such a large addressable market for our products across the globe we are in an ideal position to capitalise on the opportunities.

As ever, there is a lot going on, but with SwipedOn being cash generative for the first time in FY21 and momentum building in Space Connect, I am excited for our prospects during 2021/22.

Guy van Zwanenberg

Guy van Zwanenberg
Chairman

7 May 2021

SPACE CONNECT CASE STUDY:

CITYFIBRE

CityFibre is investing £4 billion to build brand new, world-class digital infrastructure to serve 8 million premises across 100 UK towns and cities. Its future proof, 'whole city' full fibre networks bring fresh choice for local authorities, consumer and business ISPs, while providing the ultimate foundation for next generation 5G deployments and smart city ambitions.

As well as delivering transformational gigabit-capable broadband services to homes and businesses today, CityFibre's infrastructure already provides the connectivity for thousands of critical healthcare, education and community sites across the UK. This includes hospitals, GP surgeries, care homes, community buildings, schools and council offices.

The business challenge

CityFibre prioritised creating a safe working environment for the return of specific employees who had been granted key worker status due to their role in the full fibre network rollout, or for those where it would be safer to work from the office than from home. Strict rules were implemented which defined who would be allowed to use the offices, the safe capacity of each office and which desks were able to be used in order to maintain social distancing. To achieve this, CityFibre's initial requirement was to implement a system that would allow staff to book desks from an estate of just over 400 bookable desk spaces across 25 locations and to be able to report on who had attended the offices. Cityfibre's deployment has since grown to over 800 desks.

The Solution

Within a period of 2.5 weeks, Space Connect deployed their cloud-based desk management solution and fulfilled all of CityFibre's requirements as outlined above, across all locations.

The solution encompasses:
- Single Sign-On
- Interactive Mapping
- Unlimited user access
- Unlimited locations
- Resource Booking
- Analytics and Reporting
- iOS / Android Smartphone App
- Interactive Web Application

"We were impressed by how quick and easy Space Connect's desk booking system was to roll out to all CityFibre employees, the system is so intuitive that people started using it as soon as it became available, without us having to formally train them on how to use it."

Paul Smerkinich, CityFibre

STRATEGIC REPORT: STRATEGY AND OPERATIONAL REVIEW

The Directors present their strategic report on the Group for the year ended 31 January 2021:

BUSINESS MODEL, PURPOSE AND STRATEGY

The Group's business model is to provide cloud-based flexible workspace software including desk, meeting room and visitor management solutions for the SME and mid-market, to enable an international client base to optimise the use of their real estate and other workspaces. The Group's products are easy to implement, configure and operate making them ideally suited to SMEs but also larger companies looking for simple but effective solutions for their space management. The Group also provides complementary hardware solutions which integrate with the Group's software solutions.

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

- to focus on delivering pure SaaS revenues where the Group is not overly exposed to one market or a particular customer;
- to develop technology-led intellectual property to help mid-market companies optimise use of their corporate real estate focussing on rooms, desks and visitors and to provide businesses with a means to implement and manage Covid-19 policies in the workplace;
- to develop new sales channels to market our software solutions by establishing a global network of channel partners;
- to bring together the technologies of Space Connect and SwipedOn in order to offer a complete solution to both customer bases and therefore maximise revenue per user from our customer lists;
- to continue with a strategy of both organic and acquisitive growth both in our domestic market and overseas; and
- to deliver higher quality earnings which will, in turn, improve cash generation.

We believe the office real estate market will continue to evolve as working practices change and there is greater use of technology in the office space which businesses provide for their employees. Faced with challenges of rising costs of office space in major global cities and the requirement to provide Covid-19 safe offices, businesses are increasingly looking for ways in which they can improve the return on investment from their corporate real estate and the demand for technology solutions to address these challenges is growing internationally. Many businesses have indicated that they plan to reduce their real estate footprint following lockdown. This change will stimulate demand for SmartSpace solutions which will allow employees to book desks for times they are in the office and to coordinate meetings between participants in the office and those working remotely. The strategy is to focus on developing our software to take advantage of the opportunities afforded by this fast-growing market.

REVIEW OF THE CONTINUING BUSINESS

During the financial year ended 31 January 2021 the Group made progress towards achieving its strategic goals. The Group completed the disposal of its enterprise software division in August 2020. The enterprise software business faced many challenges including long sales cycles and high levels of investment in developing the enterprise product. Accordingly, the Board decided it would be better to focus on the SME and mid-market as the capital employed in the enterprise software business could be better deployed in creating value for shareholders through investing in the growth of the Group's other businesses. Following the disposal there are three operating companies in the Group.

SwipedOn, our visitor management software, acquired in October 2018, had another good year despite the impact of the pandemic on its major markets. Initially trading in March and April was affected by the onset of Covid-19 with a decline in new customer sign-ups and an increase in churn but the business quickly adapted its product strategy to add visitor pre-screening and contactless entry functionality to facilitate customers in introducing Covid-19 secure strategies for their reception areas. As the initial lockdowns ended last summer and businesses re-opened we saw an upsurge in demand, particularly in Australia and New Zealand (where lockdown restrictions eased relatively more quickly than in other nations) with new customer signups returning to pre Covid-19 levels before a second and third lockdown in the UK in November and January respectively resulted in a slightly quieter last quarter.

The SwipedOn customer acquisition model is based on offering a 14 day free trial period where customers are provided access to the full features of the product. There are currently three packages with tiered pricing based on functionality and number of locations with a series of optional add-on modules covering SMS messaging, deliveries and catering. During FY21 the emphasis of our software development changed as we developed Covid-19 specific functionality including contactless sign-in and pre-screening questionnaires. With Covid-19 there is an increased requirement for businesses to maintain contact details for all visitors to their premises for the purposes of in-company contact tracing.

As a fast-growing SaaS business, SwipedOn measures its performance on established metrics for such businesses. The table below sets out a selection of these key measures.

SwipedOn key performance indicators	31 Jan 2021	31 Jan 2020
Number of customers	**4,735**	3,896
Number of customer locations	**6,741**	5,280
Locations per customer	**1.42**	1.36
Monthly average revenue per user (ARPU)	**NZ$92**	NZ$78
Annual recurring revenue (ARR)	**NZ$5.22m**	NZ$3.64m
Annual revenue churn	**6.85%**	4.25%
12 month average customer acquisition cost (CAC)	**NZ$1,687**	NZ$1,144
Lifetime value to customer acquisition cost (LTV:CAC)	**6.0**	7.6

During FY21 SwipedOn added 1,354 new customers (FY20 1,473) resulting in a net increase in customers of 21.5% from 3,896 to 4,735. This increase coupled with the sale of add-on modules and the increase in the average number of locations per customer has led to a 18% increase in ARPU (average revenue per customer per month) over the course of the year, and an increase of 43% in the ARR (annual recurring revenue) at the end FY21 to NZ$5.22m from NZ$3.64m at the end of FY20. One of the strengths of the business is a very high level of customer satisfaction with a high NPS score (Net Promoter Score) leading to an average annual revenue churn of only 6.85% during FY21 despite the pandemic.

The average CAC (Customer Acquisition Cost) which includes the costs of all sales and marketing staff as well as direct marketing costs has increased primarily because of the increasing popularity of some Google Ad words. The Company continually reviews the effectiveness of its marketing spend including the consideration of alternative delivery channels in order to minimise CAC. The customer lifetime value (LTV) to CAC ratio remains at a very healthy level of 6.0 (2020: 7.6).

Space Connect has been advancing on two fronts. We have established new indirect sales channels for Space Connect through a network of partners to allow Space Connect to generate fast growing high margin revenues. During FY21 the company signed a number of distribution agreements allowing partners to resell its integrated workplace management solution. This included an agreement with Softcat, one of the UK's leading System Integrators and an agreement with ESCO, a major AV (audio visual) integrator in the Far East. During the year the company signed deals with Softcat customers which are already delivering significant ARR. We have also received our first order through ESCO and we are engaged with other prospects in Asia including clients out of the ESCO India office.

In December 2020 Evoko announced the release of Naso, its next generation meeting room solution. Naso is Evoko's first panel to offer not only meeting room functionality but also desk booking and visitor management. Space Connect has worked with Evoko as its exclusive software partner to create the Naso software suite utilising Space Connect's meeting room, desk and visitor management solutions. Space Connect will receive a licence fee for each panel sold together with a share of ongoing SaaS software revenue for any add on meeting room, desk or visitor management licences sold. The first panels were shipped in December 2020 with £22,000 of revenue being recognised in the year ended 31 January 2021.

The third arm of the Group's business is Anders & Kern ("A+K"), our specialist distributor and integrator of AV solutions such as meeting room booking solutions, workplace sensors and digital signage. The Company operates solely in the UK and the closure of offices and business premises during the various lockdowns has reduced order intake significantly during FY21. During these quieter periods the Company took steps to reduce its operating costs through closing its office and utilising the Government's Coronavirus Job Retention Scheme to furlough the majority of employees. A+K's network of 200 resellers is key to the development of the market for Space Connect in the UK. In preparation for the easing of Covid-19 restrictions in the UK, A+K has added a number additional workspace focussed product lines to its portfolio, primarily to complement the Group's software solutions.

The financial performance of the Group for the year is covered in more detail in the Financial Review.

SOFTWARE DEVELOPMENT

During the year we invested £1.3million in further enhancing the software solutions of our continuing businesses. This included the development of location-based settings and new add-on modules including SwipedOn Desks alongside Covid-19 functionality such as contactless entry.

Space Connect has developed and released additional features to help customers manage and implement their workplace Covid-19 policies. These features include tools to help users to enforce social distancing in offices, record and manage office sanitisation, and contact tracing of employees and visitors.

As we move into FY22 the Group intends to centralise all software development in New Zealand to drive enhanced functionality and bring together the technologies of SwipedOn and Space Connect. Having a centralised development team will offer greater opportunities for our staff to develop their skills, whilst also allowing the Group to benefit from a consistent approach to software development. Over recent years New Zealand has had a strong focus on developing its software industry and as a result has a great talent pool to draw upon. Employment costs are competitive with other similarly developed jurisdictions.

OUTLOOK

Whilst the ongoing pandemic continues to create uncertainty for the Group, the Board is optimistic for the Group's prospects for FY22 and beyond. Our markets in Australia and New Zealand remain strong and the US has also held up well. In the UK we have seen a noticeable increase in activity since the Government published its route map out of lockdown. As businesses reopen and staff return to the office, customers are turning their attention to preparation for returning to the office in a controlled and Covid-19 secure manner, which the Company's products are ideally poised to assist with. We have already received increased Space Connect orders for projects that had been delayed during the most recent lockdown.

Our focus for the current year is to maintain momentum in both ARR and ARPU growth. During these Covid-19 affected times we are focussing our sales efforts on higher value customers in the mid-market where there is potential for revenue expansion through cross-selling and multiple location sales. Reflecting the increased functionality of SwipedOn, we implemented a price increase for new customers on 1st February 2021 and we expect this to have a significant beneficial impact on ARPU this year. This strategy is already bearing fruit and has resulted in an 8.3% increase ARPU to $99.3 in the first 3 months of FY22. In the same 3-month period ARR has grown by 9% to $5.7m. In the first quarter of FY22 we added 180 new customers, which is less than the average number of new customers in FY21 but the average number of locations per customer was 1.8 compared with 1.5 last year. This included a 49-location deal with a new Canadian client in February 2021. We have seen healthy expansion revenue for other significant SwipedOn customers. We are also engaged with our first customers for our recently launched SwipedOn Desks product and are encouraged by both the feedback and the potential ARPU value of these clients. SwipedOn's churn has stabilised and at the beginning of May had not risen above the levels reported above.

From a standing start we have built an exciting pipeline of opportunities for Space Connect through developing our sales channels in the UK, the Far East and Australia. We are approaching 40 confirmed customers in Space Connect with an average ARR of £10k each. In March we reported an increase in interest following the announce of the roadmap out of lockdown for the UK. This momentum has continued and the Space Connect pipeline has nearly doubled since February to £1.1m of ARR. At the same time Space Connect continues to win expansion revenue from existing customers as they deploy across their estates. Our main partners, including Softcat and ProAV have been promoting specific RTO solutions to their customers and Space Connect is part of that offer. There is increasing press coverage of companies adopting a 'hybrid working' model which entails staff spending some time working in the office and some time working from home. This will allow companies to reduce their expensive real estate footprint but with more staff than desks an efficient and easy-to use desk booking system a pre-requisite for hybrid working to function effectively. It is this growing requirement that Space Connect is seeking to fill and nearly all the customers to whom we sell, do not have existing systems in place. In addition to building our channel pipeline, we are working closely with Evoko on a number of significant opportunities with major international brands. Now that there is a clear pathway to returning to the office, we expect the recent momentum to continue.

We have now started to plan and, in some cases, deploy A+K projects that had been put on hold during the current lockdown. We have recognised this revenue in March and April 2021. There has been a considerable uptick in interest from A+K partners, in particular for desk management solutions. A+K distributes Evoko products and the sales team are undertaking an increasing number of demonstrations of Evoko Naso which has resulted in a rapidly building sales pipeline.

We have a huge opportunity ahead of us. Thanks to the hard work from our colleagues and partners we are now well positioned to utilise our momentum going forward to build recurring revenues.

Frank Beechinor
Chief Executive Officer

7 May 2021

SWIPEDON CASE STUDY:

PENNY LANE BUILDERS

Based in Garston, Liverpool UK, Penny Lane Builders (PLB) is a general building contractor who specialise in property development, refurbishment, repairs and maintenance for social housing clients throughout North West England. With a team of over 200 staff, PLB are currently subscribed to the Enterprise plan, and have rolled out SwipedOn across six of their worksites. We spoke to them about the challenges the company has faced in 2020 and how the SwipedOn sign in app has helped facilitate a COVID-secure workplace, whilst safeguarding the health and safety of their employees.

Prior to SwipedOn, PLB operated a manual timesheet process due to the varied staff categories across their operations. When COVID-19 hit, the need for a contactless sign in solution to manage site entry was paramount.

Not only that, but the protection of employees' health was vital. Rather than introducing completely new software to comply with increased safety measures, it made sense for the company to leverage SwipedOn features, including visitor screening, contactless sign in, visitor approvals and the employee companion app, SwipedOn Pocket, which allows employees to safely sign in using their smartphones.

The Highest Priorities

When looking for a visitor management system, PLB's highest priorities were ease of use and having the ability to operate compliant work sites, which meant reducing non-essential contact. SwipedOns contactless sign in feature, for both visitors and employees, was the perfect fit for reducing non-essential contact along with helping the business remain compliant with data privacy legislation.

The system's intuitive design meant that it met PLB criteria around ease of use; both the web dashboard and iPad application have been created with the user at the forefront of design and development. Admins, employees and visitors alike are able to navigate SwipedOn efficiently and with ease.

CHALLENGES

- The ability to operate during the COVID-19 pandemic
- A way to reduce non-essential contact
- Keeping accurate records of both visitors and employees who have been on site
- A way to screen potentially high risk individuals before entering the premises

RESULTS

- Effective procedures that allow the business to operate during COVID-19
- Site management efficiencies including knowing who is - or has been - on a given site at any give time
- Improved environmental goals by reducing paper use
- Easily carry out contact tracing, with accurate reporting

SwipedOn reacted quickly to the pandemic, pivoting product development to facilitate contactless sign in and the ability to ask visitors and employees crucial screening questions prior to entering the premises.

STRATEGIC REPORT: FINANCIAL REVIEW

OVERVIEW

In January 2020 the Board decided to commence a process to dispose of its investment in the Group's Enterprise software division. After delays caused by Covid-19 the process completed in August 2020. As a result, the business segment has been classified as a disposal group with the financial performance for both the current and comparative periods being included within discontinued activities in the income statement.

REVENUE

Whilst recurring revenues increased by £0.9m to £2.4m (2020: £1.5m) driven by increased customer numbers and ARPU, overall revenue for the Group decreased by £0.45m to £4.63m (2020: £5.08m) as a result of Covid-19 lockdowns significantly impacting Anders & Kern.

The key to growing value in a SaaS business is to grow the Annual Recurring Revenue ("ARR") and there are several key performance indicators for ARR which the management team monitor in their quest to grow ARR as quickly as possible. The ARR grew by 50% to £3.0m (2020: £2.0m) and was driven primarily by growth in ARR in SwipedOn.

The first key driver to ARR growth is new customer bookings. In FY21 SwipedOn added 1,354 new software customers with an ARR of £0.93m, a great performance in the face of the global pandemic and the impact it had on business around the world. Space Connect also added 8 new customers in the lockdown interrupted period from launching with partners in August 2020 to the year end. The second driver is monthly Average Revenue Per User ("ARPU"). For SwipedOn we saw this increase by 18% to NZ$92 (2020 NZ$78). Due to a strengthening of the New Zealand Dollar, ARPU has increased by 26% when measured in pounds sterling. The monthly ARPU for Space Connect at the end of FY21 was approximately £1,100. The third driver is customer attrition or churn which requires us to understand why customers leave and identify actions we can take to minimise both the number of customers that leave and the impact of those leavers on ARR. For SwipedOn our annual customer churn for FY21 was 11.8% (FY20 7.5%) and annual revenue churn was 6.85% (FY20: 4.25%) with a churn ARR of £0.16m. The increase in churn is attributable to the impact of Covid-19 and largely involved small customers with only one location. Finally, ARR growth can be measured through Net Revenue Retention ("NRR") which measures how well we are doing with our existing customers. For SwipedOn NRR was 105% (FY20: 128%) meaning revenue from existing customers grew. The slower growth in NRR is largely attributable to the impact of Covid-19.

During the year Space Connect developed its channel partner distribution network with the first partner sales taking place in August 2020. Whilst good momentum was initially established the Covid-19 lockdowns from November onwards hampered our ability to make further sales. As businesses have begun to prepare for workplace re-opening, we have seen renewed customer activity. Space Connect completed the development of a white label version of its software which was released for sale by our strategic partner generating the first licencing revenues in December 2020. The Space Connect distribution channel now has 22 resellers engaged covering UK, APAC, Australia and New Zealand, North America and South America.

Revenue from Anders & Kern reduced during the year as a result of the Covid-19 lockdowns.

The breakdown of Group revenues generated by continuing operations is as follows

	2021	2020
	£'000	**£'000**
Recurring revenues		
- SwipedOn	**2,124**	1,305
- Space Connect	**119**	16
- Anders & Kern	**151**	139
Total recurring revenue	**2,394**	1,460
Hardware revenue		
- SwipedOn	**17**	20
- Space Connect	**-**	17
- Anders & Kern	**1,994**	3,406
Total hardware revenue	**2,011**	3,443
Other revenue	**224**	179
Total revenue	**4,629**	5,082

Recurring revenue comprises contractual fees for ongoing software and services including SaaS, hosting and software support. Non-recurring revenue is all revenue other than recurring revenue and for the continuing group, primarily comprises hardware.

GROSS PROFIT

Despite a fall in revenue gross profit increased by 28% to £2.65m (FY20: £2.07m), and our gross margin improved from 41% to 57% driven by the increase in high margin SaaS revenues as a proportion of total revenues. SaaS revenue made up 52% of total revenue compared to 29% in the prior year. As part of the disposal of SmartSpace Global it was agreed that sales would continue to be made with no margin to SmartSpace Global by Anders & Kern until the end of FY21. Sales to SmartSpace Global during the year amounted to £934,000. When these sales are excluded Anders & Kern made a 30% margin which is comparable to recent prior periods. If these sales are excluded from the Group revenue, then the overall gross margin for the year is 72% (FY20: 51%)

ADMINISTRATIVE EXPENSES

Administrative expenses on continuing operations have increased by 26% to £5.4m (2020: £4.3m) as detailed in the table below.

	2021	2020
	£'000	**£'000**
Research and development	**1,319**	758
Less capitalised development	**(290)**	(112)
Research and development costs not capitalised	**1,029**	646
Staff and contractor costs excluding those relating to R&D	**2,267**	1,770
Sales, general and administrative expenses	**1,605**	1,403
Share based payment charge	**150**	88
Depreciation and amortisation	**375**	201
Reorganisation and transformation costs	**-**	199
Total	**5,426**	4,307

Administrative expenses have increased by £1.1m of which £0.8m relates to the inclusion of Space Connect for the full year in FY21 compared with the last three months in FY20. The balance of the increase relates to increased SwipedOn marketing and staff costs as the business grows. Financial support from the UK government through the Job Retention Scheme was received during FY21 with £104,000 being offset against staff costs. No bonus payments were made to executive directors during the year.

ADJUSTED LBITDA

Adjusted LBITDA is the loss for the year from continuing operations before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge. Adjusted LBITDA was £2.12m (FY20: £1.67m) with the increase arising as a result of the increased administrative expenses offset by a higher gross profit, further details of which are explained above.

TAXATION

The taxation credit on continuing operations of £612,000 results from counteracting effects of a tax charge from the de-recognition of deferred tax assets on losses which the Group no longer believe will be recoverable and credit from the tax benefit obtained from transferring the ownership of intellectual property of Space Connect from Australia to the UK. The Group has recognised £1.3m of deferred tax assets relating to £6.1m of losses available to carry forward.

EARNINGS PER SHARE

The loss per share from continuing operations was 7.54p (FY20: loss per share 8.05p) and the total loss per share was 7.98p compared with loss per share of 41.7p for FY20.

The adjusted loss per share from continuing operations which excludes the after-tax impact of discontinued operations, exceptional items, share-based payments and the amortisation of intangible assets recognised on acquisition was 6.59p (FY20: loss per share 6.67p).

INTANGIBLE ASSETS AND GOODWILL

Intangible assets comprise £8.7m of goodwill (2020: £8.2m), £0.9m (2020: £0.7m) internally generated software, and £1.6m (2020: £1.7m) of other intangibles acquired as part of business combinations. Software development costs largely relating to the completion of development of Space Connect's white label product amounting to £302,000 were capitalised. An amortisation charge of £272,000 was recorded against intangible assets; internally generated software is amortised over 3 years and intangible assets acquired through business combinations are amortised over 10 years. Intangible assets denominated in currencies other than pounds sterling increased in value by £684,000 due to movements in exchange rates.

FINANCIAL POSITION

Other financial assets at amortised cost of £328,000 (2020: £116,000) include the remaining disposal consideration on the sale of SmartSpace Global Limited. These proceeds are expected to be received in the first half of FY22.

Current tax receivables of £101,000 (2020: £33,000) relate to tax credits which the Group receives for qualifying research and development activities.

Contract liabilities of £1,129,000 (2020: £641,000) relate to SaaS subscriptions received in advance by SwipedOn and Space Connect which are spread over the period to which they relate.

Borrowings amount to £413,000 (2020: £401,000) of which £382,000 (2020: £401,000) relate to a mortgage on the Group's freehold property in Mildenhall where Anders & Kern are based, together with a Covid-19 support loan provided by the New Zealand government of £31,000 (2020: £nil). The mortgage was due for repayment in January 2021 and therefore was classified as a current liability in the prior period. The mortgage was extended for a further 2 years and is therefore now split between current and non-current liabilities. The Covid-19 support loan is interest free and will be repaid in FY22.

CASH FLOW

Cash and cash equivalents increased during the year by £1,929,000 (2020: decrease £5,466,000). A net cash outflow from operating activities of £1,438,000 (2020: £5,776,000) comprised of an outflow from continuing operating activities of £1,671,000 and an inflow from discontinued activities of £233,000. The net cash inflow from investing activities of £3,441,000 (2020: outflow £2,807,000) included £4,167,000 cash received for the disposal of SmartSpace Global Limited net of costs incurred offset by £683,000 of capitalised internal software development costs of which £302,000 related to continuing operations and £381,000 discontinued operations. Cash outflow from financing activities amounted to £86,000 (2020: inflow £3,137,000) as payments were made against the finance leases and property mortgage.

DISCONTINUED ACTIVITIES

Prior to the impact of the release of impairments, the loss from discontinued operations after tax amounted to £1,470,000 (2020: £5,304,000). This loss was offset by the reversal of an impairment of £1,470,000 made in FY20. A loss on disposal of SmartSpace Global of £124,000 representing the difference between the disposal consideration and net assets disposed of was also recorded (see note 15 for details).

DIVIDEND POLICY

The Group reported a retained loss of £2,255,000 (FY20: loss of £9,882,000), which has been transferred to reserves. At 31 January 2021, the Group had retained earnings of £11,701,000 (FY20: £13,956,000). The Board considers that it is in shareholders' best interests to retain resources in the Group. However, should it become apparent in the next 24 months that not all of the available resources are required, the Board will consider implementing a distribution policy or return of capital to shareholders.

Bruce Morrison
Chief Financial Officer

7 May 2021

STRATEGIC REPORT: PRINCIPAL RISKS

PRINCIPAL RISKS AND UNCERTAINTIES

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

IMPACTS OF COVID-19

The full long-term economic implications of the Covid-19 pandemic are not yet known. Workspaces throughout the world have been closed and a severe global economic recession resulted in FY21. Supply chains and transportation networks continue to be disrupted which may impact future performance of the business. In order to mitigate these risks government financial support has been received in the UK and New Zealand. Employees have been successfully working from home and expense reduction initiatives have been implemented. Whilst the ability of customers to pay for products may impact future revenues, the Board believes that technology will be a key part of the solution to Covid-19 related challenges, and its products will form a key part of the solution to social distancing challenges within workspaces and beyond. Covid-19 is rapidly changing the way businesses work which the Group is addressing by adding Covid-19 related functionality to its products. The Board therefore considers that the economic impact of Covid-19 is significantly mitigated.

CHANGES RESULTING FROM THE UK'S EXIT FROM THE EUROPEAN UNION

The Board continues to monitor its operations as a result of the UK's exit from the European Union ("Brexit"). Whilst only a small proportion of Group revenues arise in the European Union, a significant amount of inventory is sourced from suppliers located in the EU. New border controls resulting from Brexit have led to import delays, but have not as of yet had a material impact on operations. The Group mitigates the risks associated with Brexit on financial performance by expanding the business outside of the European Union. The Board believes that smart software technologies will resonate with clients anywhere in the world and therefore Brexit is not a material concern.

RELIANCE ON KEY PERSONNEL AND MANAGEMENT

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

TECHNOLOGICAL CHANGE AND COMPETITION

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

SALES AND CHANNEL DEVELOPMENT

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

ACCREDITATIONS AND INDUSTRY STANDARDS

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

IP PROTECTION

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

POST-ACQUISITION RISK

The Board's stated strategy is to grow the Group both organically and, where appropriate, by acquisition. Integrating new acquisitions involves risk resulting from poor communication, inadequate business processes, loss of staff, loss of clients and other factors. Therefore, integration risk is assessed and managed by both Executive Directors and senior management.

GOING CONCERN

The Group continues to make losses as a result of its current lack of critical mass. The Board has taken steps to reduce the Group's overhead base and the recent sale of the Enterprise software division has realised capital which the Board expects will be sufficient to support the Group until it becomes cash generative without further recourse to shareholders. On this basis, the Group's accounts have been prepared on the going concern basis.

STRATEGIC REPORT: s172 STATEMENT

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

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

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

Information on our key stakeholders including why we engage, the type of engagement, and issues relevant to each stakeholder group, are set out on page 26.

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

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

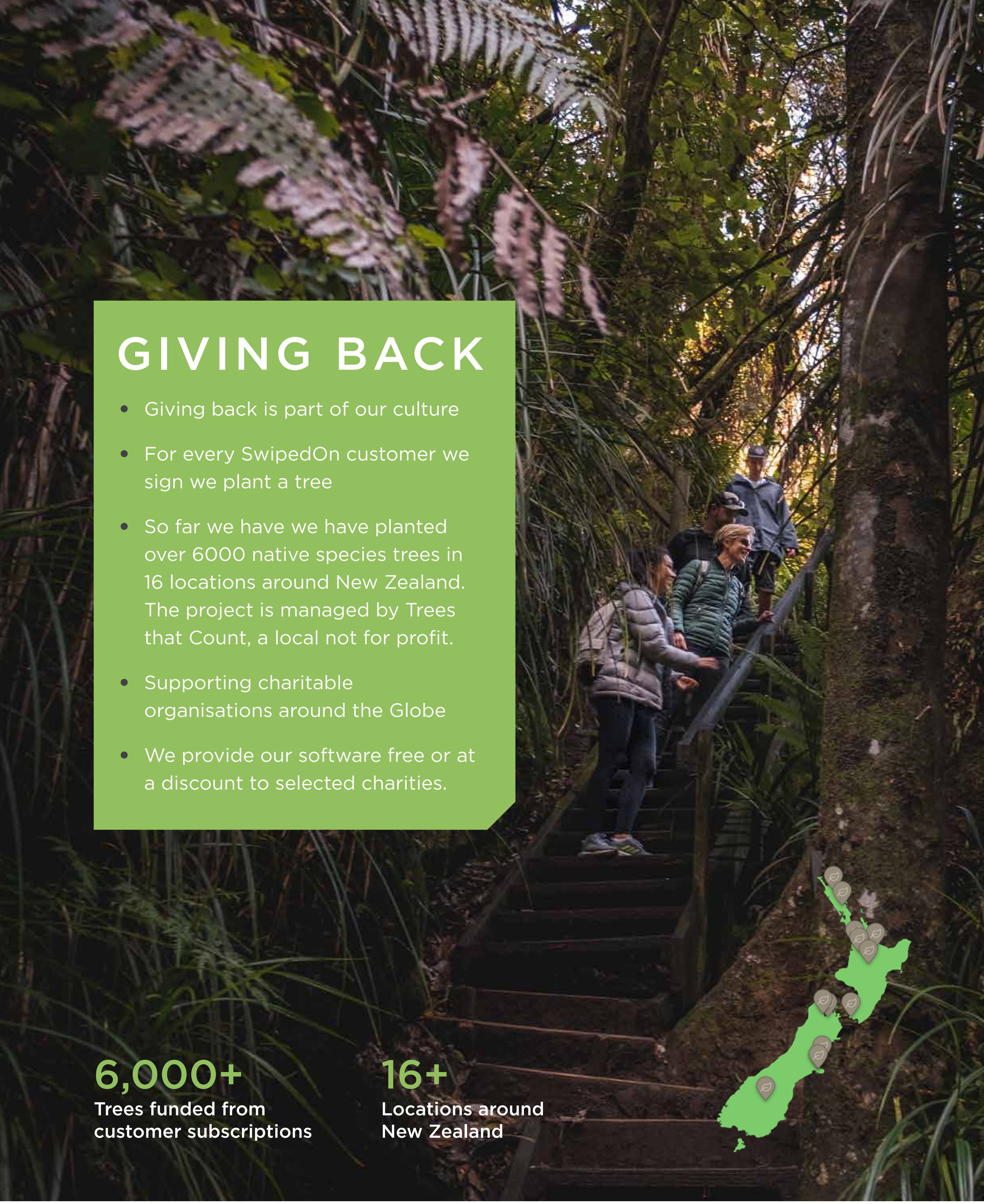
The Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure the requirements of Section 172 are always considered and met through a combination of the following:

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

LIKELY CONSEQUENCES OF ANY DECISION IN THE LONG TERM

The Board considers the long-term consequences of the decisions it makes, focussing on the interests of relevant stakeholders as appropriate. Examples of activities the Board undertook during the last financial year to meet its obligations under Section 172 include the following:

- The Board considered its Section 172 responsibilities in respect of the progression of the Group's strategy and its 2021 budget proposals including the likely long-term consequences of decisions being taken on restructuring and the impact that would have on the workforce, suppliers and customers;
- The Board oversaw the integration of Space Connect into the Group together with its progress towards a full launch of its products through the distribution channels which have been established.
- The Board undertook a review of its strategy and decided that the best way to deliver shareholder value was to focus on delivering SaaS solutions to the SME market. The nature of an enterprise software division did not fit with this strategy and the Board decided to dispose of the enterprise software division which it successfully completed in August 2020.
- To mitigate the financial impact of Covid-19, the Group took a number of steps across the business to reduce costs and preserve cash. These included a recruitment freeze, curtailment of all discretionary spend and the office closures referred to above. In addition, the Group took advantage of the Coronavirus Job Retention Scheme under which we furloughed a number of employees, and which helped us avoid making the majority of these employees redundant. SwipedOn also took advantage of some of the funding initiatives from the New Zealand Government.



GIVING BACK

- Giving back is part of our culture
- For every SwipedOn customer we sign we plant a tree
- So far we have we have planted over 6000 native species trees in 16 locations around New Zealand. The project is managed by Trees that Count, a local not for profit.
- Supporting charitable organisations around the Globe
- We provide our software free or at a discount to selected charities.

6,000+
Trees funded from customer subscriptions

16+
Locations around New Zealand

Leicestershire Search & Rescue

Ronald McDonald House Charities Monash

Children's Hospital Foundation

TREES THAT COUNT TE RAHI O TĀNE

INTERESTS OF THE GROUP'S EMPLOYEES

- During FY20 the Company undertook its inaugural employee engagement exercise. The Board oversaw this process which started with an employee survey following which the Board received feedback on the results and considered what this indicated about the culture of the Group. Following the recent sale of the Enterprise software business, the Group will revisit employee engagement in the light of a slimmed down workforce.
- The Board considered its Section 172 responsibilities in respect of the impact of the Covid-19 pandemic. The primary concern of the Board during this difficult time was the health and safety of our employees, customers and other stakeholders. Having considered the guidance set out by governments in the territories in which the Group has operations, a range of measures were put in place to protect our employees. The Group closed a number of its offices and where possible all employees worked from home.

THE NEED TO FOSTER THE GROUP'S BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

- The Executive Directors held regular meetings with the management of each operating subsidiary at which progress with customer relationships was reviewed. A monthly report was produced, highlighting the key performance metrics for managing customer satisfaction being customer churn rate and net promoter score. Trends were analysed and the likely cause of those trends identified.
  The monthly reports were tabled at Group Board Meetings and any issues highlighted by the CEO in his report.
- The relationships with Group's key suppliers and partners are maintained by the management of each operating subsidiary supported by the Executive Directors. Management and Executive Directors maintained regular communication with partners throughout the lockdown period, to ensure that both long and short term expectations continued to be met.

THE IMPACT OF THE GROUP'S OPERATIONS ON THE COMMUNITY AND THE ENVIRONMENT

- The Group considers its actions and the likely effect that they may have on the environment and seeks to mitigate any negative impact wherever practicable. Through the various procedures and systems it operates, the Group complies with health and safety and environmental legislation relevant to its activities.
- As part of our commitment to the environment and as a marketing drive we have a commitment to plant a tree for every new SwipedOn customer. These trees are located at 16 locations around New Zealand. We believe that protecting our environment is a job for all of us. Handled by a local charity, Trees that Count, we believe by replacing native species trees will help restore and enhance the environment, encourage biodiversity, clean air and waterways and make a difference to climate change. So far, we have funded over 4,800 trees.
- In addition, we also seek to support local charitable organisations in the markets we serve by providing our software free of charge or a significant discount. Charities we have helped in this way include Leicestershire Search and Rescue. We positively encourage charities to approach us for support.

THE DESIRABILITY OF THE GROUP MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

- The Group has a culture which emphasises that business should be conducted honestly, fairly and with due respect for others. We expect honesty and truthfulness from our employees as a matter of course and Directors and employees are required at all times to act with integrity and good conscience. This requirement is set out in the employee handbook.
- SmartSpace seeks to pay suppliers in accordance with agreed terms.
- Further details are set out in the Corporate Governance Report on pages 34 to 37.

THE NEED TO ACT FAIRLY WITH MEMBERS OF THE GROUP

- The primary focus of the Board's business decisions is on ensuring the long-term sustainability of the Group. The Board recognises that in seeking long-term profitability the Group is reliant on the support of all of its stakeholders.
- In making capital allocation decisions during FY21, the Board was cognisant of the need to balance the interests of different stakeholders. Decisions on the Group's approach to working capital, investment opportunities, R&D and investment in people during the year, were considered against this backdrop.
- Our decision to sell the Enterprise software division was a means of avoiding the need to raise additional capital and focus our efforts on laying the foundations to get the Group to a position where we can make dividend payments

SWIPEDON CASE STUDY:

LEICESTERSHIRE SEARCH & RESCUE

Leicestershire Search and Rescue (LeicSAR) are a lowland search and rescue unit in England, United Kingdom. The primary role of the organisation is to provide specialist resources to Leicestershire's emergency services to assist in the search and rescue of vulnerable and missing people in the Leicestershire area, while also providing support to neighbouring teams in other counties. With 50 volunteers, LeicSAR provides an important service to the community and therefore requires a quick and easy way for volunteers and visitors to sign in and out of the unit, so they can swiftly continue with emergencies. We caught up with operations manager and trustee Nick, to find out how SwipedOn has transformed their people management process.

What were the challenges LeicSAR faced prior to implementing a digital sign-in solution?

A manual paper sign in process presented a number of issues. Firstly paper based information had limited security around the data. Secondly reporting the hours our team provided to Leicestershire Police as volunteers was time consuming. The last and most important issue we had was around the time it took to sign in, with only one paper based document it delayed our team members signing in when arriving at incidents.

What were your company's highest priorities when you were looking for a visitor management solution?

The key priority when moving to a digital system was speed, accuracy and efficiency. Understanding who we have signed in at any one time is vital for search management.

Why did you choose SwipedOn?

I researched the market before choosing Swipedon. It was the constant development of the products that really swayed us.

And what are the three key features of SwipedOn which prove most beneficial for LeicSAR?

Email notifications, employee in-out and remember frequent visitors.

CHALLENGES

- Paper based methods were time consuming for signing in
- Calculating reports for the local police was a long and laborious process
- Limited security with data privacy using paper processes

RESULTS

- Speedy sign-in process, allowing team members to reach emergencies quicker
- Accurate records of who has attended specific incidents which can be provided to police
- Data is now stored securely in the cloud system and only admins can access

"The solution has become part of our COVID-19 strategy, keeping our members safe at all times. The addition of SwipedOn Pocket has enabled an even more efficient sign in and out process."

Nick C. / Operations Manager & Trustee, Leicestershire Search & Rescue

OUR STAKEHOLDERS

Why we engage	Types of engagement undertaken	Issues relevant to the stakeholder group
Our people The dedication of our people and their drive for results are the most significant contributors to our future success.	• Continual focus on the health and safety of all employees. • Regular performance reviews and staff surveys • Competitive remuneration strategy.	• Personal development. • Remuneration strategy. • Health and safety. • Diversity and inclusion.
Customers Engaging with customers helps us to understand their needs, identify opportunities and challenges and plan the future direction and development of our software	• We provide customer support through our help desks and interaction with our customers through our account management. • We survey customers on their likely take up of add-on modules and functionality, and their views regarding development priorities. • We monitor our net promoter score to ensure we maintain the highest standards in our products and services. • We survey lost customers to identify areas for improvement.	• Customer satisfaction. • Innovation and product development. • Product reliability. • Product support.
Suppliers and partners Maintaining a flexible workforce through the use of contractors is vital to the success of the business. Consistent and reliable cloud service providers are a prerequisite for our business. Strong partnership agreements are important to distributing the Group's products and creating integrations for customers	• Regular interaction with our outsource partners including weekly stand ups and the use of shared platforms such as Microsoft Teams, Microsoft Sharepoint and shared development tools such as Jira and Confluence. • The Group uses Microsoft Azure and Amazon Web Services who are the market leaders providing the highest level of service. • The Group regularly reviews its partners' performance and terms and conditions	• Product development • Hosting
Investors Continued access to funding is vital to the performance of the business. We work to ensure our investors have a clear understanding of our strategy, performance and objectives	• The Group's Investor Relations Strategy managed by the CEO and CFO includes regular meetings with key and prospective investors. • The Company's Annual Report provides an overview of the Group and regular announcements and press releases are published to provide updates on the Group's performance and progress. • The AGM normally provides shareholders with an opportunity to directly engage with the Board. With Covid-19 restrictions our channel of communication is limited to retail investors emailing questions and video conference meetings with institutional investors. • The Group has signed up to use the Investor Meet Company platform to deliver live, interactive management presentations to current and prospective shareholders regardless of the number of shares they own. • There is an ongoing dialogue with the Company's analysts to address enquiries and promote the business.	• Financial performance • Governance and transparency • Directors' remuneration • Board performance
Communities We are committed to maintaining positive relationships with the communities in which we operate.	• Planting of a tree for each new SwipedOn customer • Provision of free or discounted software to charities or not for profit organisations	• Operational performance • Ethics

The Strategic Report, comprising the Strategy and Operational Review, Financial Review and Principal Risks was approved by the Board on 7 May 2021 and signed on its behalf by:

Frank Beechinor
Chief Executive Officer

7 May 2021

COMPANY INFORMATION AND ADVISERS

REGISTERED OFFICE

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

Company Number

5332126

COMPANY ADVISERS

Nominated adviser and broker

N+1 Singer
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London
EC2N 2AX

Auditor

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

Registrar

Share Registrars Ltd
The Courtyard
17 West Street
Farnham
GU9 7DR

Banker

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

DIRECTORS AND OFFICERS

Guy van Zwanenberg (Chairman)

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

Frank Beechinor (Chief Executive Officer)

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

Bruce Morrison (Chief Financial Officer)

Bruce has over 25 years' commercial experience in finance strategy and accounting, fundraising, M&A and disposals. Bruce was most recently Group Finance Director at Bond International Software plc, where he led a successful divestment of all operations, with £55 million returned to shareholders. He held this role for 13 years. ACA qualified, Bruce started his career as a Chartered Accountant with KPMG in audit and transaction advisory work before transitioning to FD and CFO roles for publicly listed and private organisations in IT, media and leisure. This included eight years as FD of Wembley Stadium Limited, which owned and operated the Wembley Complex including the Stadium, Arena and Conference and Exhibition Centre. Bruce then spent over three years with Radio First plc where he was involved in securing a multi-million-pound institutional investment and joint venture agreements for the operation of new radio stations on a digital platform.

Diana Dyer Bartlett (Non-Executive Director)

Diana was appointed to the Board in October 2013 and is Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees. Diana acted as interim FD of the Company between the end of 2014 and September 2015.

After qualifying as a chartered accountant with Deloitte Haskins & Sells, Diana spent five years in investment banking with Hill Samuel Bank. Since then she has held a number of roles as finance director of various venture capital and private equity backed businesses and listed companies involved in software, financial services, renewable energy and coal mining. She was also company secretary of Tullett Prebon plc and Collins Stewart Tullett plc. Diana is currently a non-executive Director and Chairman of the Audit Committee of Smithson Investment Trust plc, Mid Wynd International Investment Trust plc and Schroder British Opportunities Trust plc.

REMUNERATION REPORT

THE REMUNERATION COMMITTEE

The Company's remuneration policy is the responsibility of the Remuneration Committee which comprised Guy van Zwanenberg (Non-Executive Chairman) and Diana Dyer Bartlett (Non-Executive Director) during the year.

GENERAL POLICY

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

REMUNERATION PACKAGE

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

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

DIRECTORS' REMUNERATION

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

	Salary and fees		Taxable benefits		Long-term incentive schemes		Pension related benefits		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Guy van Zwanenberg	**60**	60	**-**	-	**2**	2	**-**	-	**62**	62
Frank Beechinor	**220**	220	**19**	8	**63**	64	**2**	-	**304**	292
Bruce Morrison	**150**	150	**12**	11	**3**	-	**7**	6	**172**	167
Diana Dyer Bartlett	**40**	40	**-**	-	**4**	4	**-**	-	**44**	44
Total	**470**	470	**31**	19	**72**	70	**9**	6	**582**	565

SHARE OPTIONS AWARDED DURING THE YEAR

The following share option was awarded to the Directors during the year:

Director	Scheme	Instrument	Number of ordinary shares of 10p each	Exercise price	Grant date	Expiry date
Bruce Morrison	EMI scheme	Share Option	125,000	92.5p	23/10/2020	23/10/2030

The option has an exercise price of 92.5p per share, vests three years from the date of grant and once vested is exercisable at any time up to ten years after the date of grant. Vesting is subject to performance conditions whereby the average mid-market closing share price of the Company's ordinary shares in any 90 day period in the period to 23 October 2023 is at or above certain defined levels as follows:

	Share price	Percentage of options exercisable
	£1.50	15%
	£2.50	31%
	£3.50	54%
	£4.50	77%
	£5.00	100%

The Directors held the following outstanding options at 31 January 2021:

Director	Instrument	Number of ordinary shares of 10p each	Exercise price	Grant date	Expiry date
Guy van Zwanenberg	Share Option	30,000	92.0p	11/12/2015	11/12/2025
Frank Beechinor	Share Option	100,000	92.0p	11/12/2015	11/12/2025
Frank Beechinor	Share Option	550,000	94.0p	17/10/2018	17/10/2028
Bruce Morrison	Share Option	125,000	92.5p	23/10/2020	23/10/2030
Diana Dyer Bartlett	Share Option	70,000	92.0p	11/12/2015	11/12/2025

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

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

	2021		2020	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of year	**750,000**	**93.47p**	750,000	93.47p
Granted during the year	**125,000**	**92.50p**	-	-
Forfeited during the year	-	-	-	-
Ceasing to be a director	-	-	-	-
Outstanding at end of year	**875,000**	**93.33p**	750,000	93.47p
Exercisable at end of year	-	-	-	-
Exercised during year	-	-	-	-

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

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of Diana Dyer Bartlett (chair of the Committee) and Guy van Zwanenberg. Both Diana Dyer Bartlett and Guy van Zwanenberg have recent and relevant financial experience by virtue of their senior financial roles and both hold a professional accountancy qualification. The Audit Committee has a number of responsibilities set out in its terms of reference, which were last reviewed and updated in April 2019. The responsibilities include reviewing the annual and interim reports, discussing findings from the external auditors, considering the suitability and effectiveness of the internal control processes, recommending the appointment and remuneration of the auditor, and considering any non-audit services to be provided by the auditor, and determining the Group's whistleblowing and anti-bribery policies. There were two audit committee meetings during the year, each of which were attended by both Committee members. Executive Directors and the Group's auditors may be invited to attend all or part of any meetings. The Committee also meets with the Group's external auditor without the presence of the Executive Directors.

RSM UK Audit LLP were appointed as auditors for the first time for the year ended 31 January 2020 and were re-appointed at the Company's annual general meeting on 30 October 2020. The audit engagement partner is named Richard Bartlett-Rawlings.

MEETINGS AND BUSINESS

In advance of the audit of the Group's financial statements, the Audit Committee met to review the audit plan as presented by RSM UK Audit LLP. The plan set out the proposed scope of work, the audit approach, materiality and identified areas of audit risk and was compliant with the Ethical Standards for Auditors issued by the Financial Reporting Council. Prior to commencing its audit work, RSM UK Audit LLP confirmed in writing the safeguards in place to ensure its independence and objectivity and the Committee discussed how the auditor proposed to demonstrate its professional scepticism in the audit process. The auditor's quality control processes were also discussed. Audit fees are disclosed in note 23 to the consolidated financial statements. RSM UK Audit LLP did not provide any non-audit services.

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

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

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

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

At 31 January 2021 the carrying value of goodwill and other intangible assets relating to the Group's continuing activities was £11,222,000 (2020: £10,508,000). The Audit Committee reviewed in detail the judgements taken in the impairment review performed to determine whether there was any indication that those assets had suffered any impairment. The Audit Committee considers the key judgements in the impairment review to be the discount rate and revenue growth rates used in the Value in Use calculations. Following a review of the impact of the sensitivities performed by management on the discount rate and revenue growth rate in the Value in Use calculations, the Audit Committee considered that the calculations performed were reasonable and no impairment charge was required.

(b) Going concern

As the Group's software businesses build their SaaS customer bases the Group continues to be loss making. The losses incurred are controlled, predictable and planned to allow the business to continue to grow. The proceeds from the disposal of the Group's Enterprise software division, which in the past was incurring the most significant losses and had the least predictable revenue growth, are now being utilised to invest in growing the SaaS customer base for both SwipedOn and Space Connect. In the short term the Group will continue to be loss-making. As reported in the Strategic Report, SwipedOn has continued to grow despite the worldwide disruption caused by the Covid-19 pandemic and has started to generate cash. Space Connect products were made fully available during the year and new distribution agreements signed to generate revenues and accordingly this business is not yet cash generative. The Audit Committee has considered the Group forecasts which underpin the presumption that the accounts should be prepared under the going concern principle and the impact that Covid-19 could have on the Group in future. In particular it has considered a scenario whereby the SaaS business does not achieve any growth in the next twelve months together with the mitigations available to the Group. On this basis, the Audit Committee was able to advise the Board that it was reasonable to prepare the accounts on a going concern basis.

(c) Disposal of SmartSpace Global Limited

The accounting for the disposal of SmartSpace Global was non-routine and complicated by significant provisions for impairment of that company's assets made in the FY20 accounts. The Audit Committee considered the treatment of the disposal and was satisfied that it had been recorded in the financial statements in accordance with IFRS 5.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

INTERNAL AUDIT

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

EXTERNAL AUDITOR

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

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

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

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

Diana Dyer Bartlett

Diana Dyer Bartlett
Chairman, Audit Committee

7 May 2021

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

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

The business model and strategy of the Group are set out in the strategic report on pages 12 to 26.

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

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

- to focus on delivering pure SaaS revenues where the Group is not overly exposed to one market or customer;
- to develop technology-led intellectual property to help SME companies optimise use of their corporate real estate focussing on rooms, desks and visitors and provides businesses with a means to implement and manage Covid-19 policies in the workplace;
- to develop new sales channels to market for our software solutions by establishing a global network of channel partners;
- to bring together the technologies of Space Connect and SwipedOn in order to offer a complete solution to both customer bases and therefore maximise revenue per user from our customer lists;
- to continue with a strategy of both organic and acquisitive growth both in our domestic market and overseas; and
- to deliver higher quality earnings which will, in turn, improve cash generation.

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

2. Seek to understand and meet shareholder needs and expectations

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

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

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

Private shareholders – the main forum for private shareholders to engage with the Board is at the Company's AGM where the Board makes itself available for shareholders to ask questions. Public health restrictions will require that the meeting is closed to shareholders this year, and therefore shareholders are encouraged to submit questions via email to investors@smartspaceplc.com. The notice of AGM is sent to shareholders at least 21 days before the meeting is due to be held. At the meeting, shareholders vote on each resolution and the meeting is advised of the number of proxy votes for, against and withheld on each resolution. The outcome of the AGM is subsequently announced via RNS and published on the Company's website.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Directors' biographies are set out on page 29.

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

A summary of board and committee meetings held in the year ended 31 January 2021, and directors' attendance records, is set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Guy van Zwanenberg	27 / 27	2/2	1/1
Frank Beechinor	27 / 27	n.a.	n.a.
Diana Dyer Bartlett	25 / 27	2/2	1/1
Bruce Morrison	27 / 27	n.a.	n.a.

Board meetings were held on a weekly basis from the commencement of the Covid-19 pandemic through to the point at which SmartSpace Global was disposed of, at which point they returned to a regular monthly schedule.

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

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

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

The Board considers its Directors to have experience in areas critical to the long-term future success of the Group, covering a deep understanding of technology, corporate strategy, finance and investment. The Directors' biographies are set out on page 29.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. Both Non-executive Directors have served on the Board for a number of years and the Board is starting the process of developing a succession plan.

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

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

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

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

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

These core beliefs are reinforced by senior management. Normally town hall and other similar meetings are carried out, however these were suspended during lock down but will resume when practical.

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

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

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

The Board has established Audit, Remuneration and Nominations Committees with formally delegated duties and responsibilities, and which comprise Non-Executive directors only, with executive directors attending by invitation.

Diana Dyer Bartlett chairs the Audit Committee, Guy van Zwanenberg chairs the Remuneration Committee and the Nominations Committee.

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

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

The Nominations Committee meets periodically as required.

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

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

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

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

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 31 January 2021. The corporate governance report on pages 34 to 37 forms part of this report. The Company's full name is SmartSpace Software plc ("the Company"), company number 05332126. SmartSpace Software plc is a public limited company, listed on the AIM market of The London Stock Exchange and domiciled in the United Kingdom. The address of its registered office is given on page 28.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDEND

The results for the year are set out in the consolidated statement of comprehensive income on page 48. The Directors do not recommend payment of a dividend (2020: £nil).

REVIEW OF THE BUSINESS

A review of the business of the Group, together with comments on future developments is given in the Strategic Report including a description of the principal risks and uncertainties facing the Group on pages 12 to 26.

RESEARCH AND DEVELOPMENT

As a result of the disposal of the Group Enterprise software division expenditure on research and development significantly reduced to £1,319,000 in 2021 (2020: £3,772,000) out of which £302,000 was capitalised under IAS 38 "Intangible Assets". The Group intends to continue to invest in the development of its SwipedOn and Space Connect software platforms to further enhance their capabilities. In the opinion of the Directors these investments will maintain and generate significant revenues in future years.

FINANCIAL RISK MANAGEMENT

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

GOING CONCERN

The Group's business activities and performance, and the financial position of the Group, its cash flows and borrowing facilities, together with the factors likely to affect its future development, performance and position, are explained in the Strategic Report. Analysis of the Group's key risks is also set out in the Strategic Report. Further information regarding the assessment of going concern is in note 24 to the consolidated financial statements.

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

POST BALANCE SHEET EVENTS

In accordance with the share purchase agreement (SPA) for the acquisition of SpaceConnect Pty Limited in November 2019, SmartSpace Software PLC issued the remaining 675,411 retention consideration shares to Pope Family Investments Pty Ltd on 30 April 2021. The shares were held back for a period of 18 months to be set off against any claims under the SPA, of which none were made. The shares were ordinary shares with a par value of 10 pence each. Following the allotment Pope Family Investments Pty Ltd held 7.0% of the issued share capital.

DIRECTORS

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

Guy van Zwanenberg	Non-Executive Chairman
Frank Beechinor	Chief Executive
Bruce Morrison	Chief Financial Officer
Diana Dyer Bartlett	Non-Executive Director

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

At 31 January 2021 the Directors' shareholdings were:

	Ordinary shares of 10p each	
Director	**2021**	**2020**
	No.	No.
Guy van Zwanenberg	30,000	30,000
Frank Beechinor	90,000	90,000
Bruce Morrison	27,356	-
Diana Dyer Bartlett	40,000	40,000

Details of Directors' share option holdings at the end of the year are set out in the Remuneration Report on pages 30 and 31.

DIRECTORS' INDEMNITIES

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

RE-ELECTION OF DIRECTORS

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

SUBSTANTIAL SHAREHOLDINGS

The following interests in 3% or more of the issued ordinary share capital had been notified to the Company:

Shareholder	Number of shares at 31 January 2021	% Holding at 31 January 2021	Number of shares at 30 April 2021	% Holding at 30 April 2021
JO Hambro Capital Management	3,115,000	11.02	3,115,000	10.77
Alto Invest	2,580,262	9.13	2,520,262	8.71
Interactive Investor	2,534,166	8.97	2,534,166	8.76
Hargreaves Lansdown Asset Management	2,490,286	8.81	2,490,286	8.61
Herald Investment Management	2,240,780	7.93	2,240,780	7.75
Patronus Partners	1,864,512	6.60	1,864,512	6.44
Pope Family Investments Pty Ltd	1,350,823	4.78	2,026,234	7.00
IG Markets	1,090,294	3.86	1,090,294	3.77
Close Asset Management	1,066,300	3.77	1,066,300	3.69
Hadleigh J Ford	1,048,838	3.71	1,048,838	3.63

EMPLOYMENT MATTERS

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

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

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

SHARE CAPITAL

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

FINANCIAL INSTRUMENTS

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

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare group and company financial statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the Group for that period.

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

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

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

LISTING

The Company's ordinary shares have been traded on London's AIM Market since 6 September 2006. N+1 Singers are the Company's Nominated Adviser and Broker. The closing mid-market share price at 29 January 2021 was 127.5 pence (31 January 2020: 31.0 pence). At 6 May 2021, being the latest practicable date before the signing of this document, the closing mid-market share price was 142.5 pence.

PUBLICATION OF FINANCIAL STATEMENTS

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

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on 17 June 2021. Public health restrictions relating to Covid-19 will require that the meeting is closed to Shareholders, and therefore we encourage all Shareholders to appoint the Chairman as their proxy.

AUDITOR

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

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

STRATEGIC REPORT

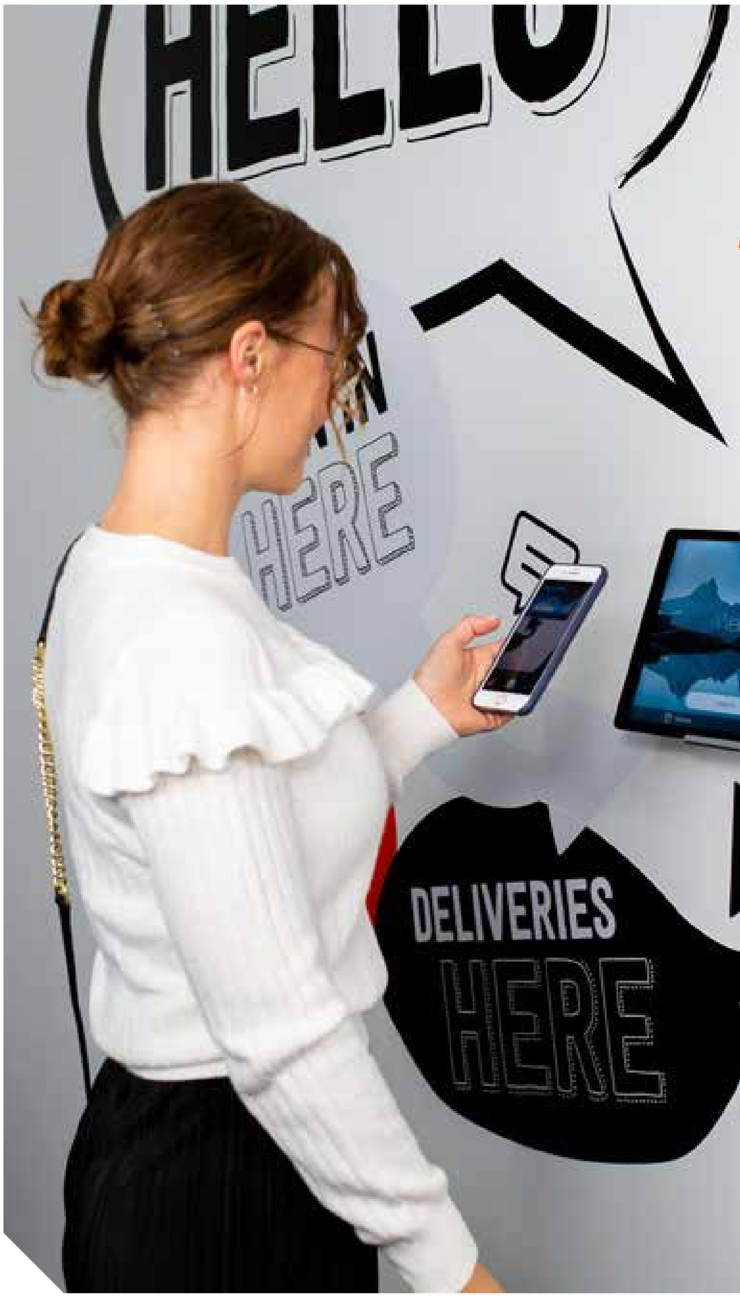
The Company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect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

The Report of the Directors was approved by the Board on 7 May 2021.

By order of the Board

Kristian Shaw
Company Secretary

7 May 2021



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

OPINION

We have audited the financial statements of SmartSpace Software plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2021 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the parent company balance sheet, the parent company statement of changes in equity, the parent company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's going concern evaluation
- assessing the information used in the going concern assessment for consistency with management's plan and information obtained through our other audit work
- challenging the major assumptions in management's forecasts, and checking the construction of the forecasts
- conducting independent stress testing to determine the conditions under which the Group could potentially experience a liquidity shortfall.

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

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

Summary of our audit approach	
Key audit matters	**Group** • Divestment of SmartSpace Global • Goodwill impairment **Parent Company** There are no key audit matters relating to parent financial statements
Materiality	**Group** • Overall materiality: £101,000 (2020: £90,000) • Performance materiality: £75,900 (2020: £67,500) **Parent Company** • Overall materiality: £42,100 (2020: £47,200) • Performance materiality: £31,500 (2020: £35,400)
Scope	Our audit procedures covered 98% of revenue, 99% of net assets and 96% of profit before tax.

KEY AUDIT MATTERS

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

Divestment accounting and compliance with IFRS 5	
Key audit matter description	During the year the Group sold its subsidiary, Smartspace Global Limited, and the details are set out in note 15 to the financial statements. The disposal is subject to the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations' and this was significant to our audit because the standard is complex, and the transaction is non-routine. The areas of complexity include the valuation of the assets and liabilities sold, the identification of income and expenses attributable to the disposal, the cut-off point for transactions, and the presentation requirements for discontinued operations.
How the matter was addressed in the audit	Our audit procedures included: • Reviewing the sale agreement to assess whether the accounting treatment for the disposal is consistent with the terms of the agreement; • Evaluation of the disclosures and presentation of the results of Smartspace Global Limited as a discontinued operation up to the date of sale; and • Testing whether the income and expenses attributed to the disposal are appropriate and consistent with the results of the operation disposed of.

Impairment of goodwill and intangibles under IAS 36	
Key audit matter description	The Group currently holds significant intangible and goodwill balances (£11.2m) relating to the subsidiary entities. Management have assessed the recoverable amounts of the cash generating units to which these balances are allocated through using cash flow forecasts and discounted cash flow models, each of which require a high degree of management judgement. The accounting policy in respect of goodwill and intangible assets is on page 94 and the disclosures are on pages 69 and 70.
How the matter was addressed in the audit	In auditing the recoverable amount of the cash generating units to which goodwill and intangible assets are allocated we have performed the following procedures over managements value in use calculations: • Challenged the reasonableness of assumptions used through both assessing the discount rate applied, historical growth rates and also assessing the performance of the businesses post year end; • Reviewed management's ability to accurately forecast performance through comparison of historic performance against forecast; • Performed sensitivity analysis to understand and take account of reasonably possible outcomes; • Consulted with internal valuation experts; and • Performed tests to assess the integrity and mechanical accuracy of the underlying model.

OUR APPLICATION OF MATERIALITY

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

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

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 11 components, located in the following countries;

- United Kingdom
- USA
- Australia
- New Zealand

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	5	98%	99%	96%
Specific audit procedures	1	–	–	–
Total	**6**	**98%**	**99%**	**96%**

Analytical procedures at group level were performed for the remaining 5 components.

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors; and Input from a tax specialist was obtained regarding the tax impact of cross-border transactions.

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

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

USE OF OUR REPORT

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

RSM UK AUDIT LLP

Richard Bartlett-Rawlings FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle, 170 Midsummer Boulevard
Milton Keynes, Buckinghamshire, MK9 1BP

7 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 January 2021	Year ended 31 January 2020
		£'000	£'000
Continuing operations			
Revenue from contracts with customers	4	**4,629**	5,082
Costs of sale of goods		**(1,695)**	(2,743)
Costs of providing services		**(283)**	(271)
Gross profit		**2,651**	2,068
Administrative expenses		**(5,426)**	(4,307)
Net impairment losses on financial and contract assets	13(b)	**(72)**	(205)
Other income		**130**	79
Operating loss		**(2,717)**	(2,365)
Adjusted LBITDA*	3(b)	**(2,120)**	(1,672)
Reorganisation and transactional items	6(e)	**-**	(199)
Depreciation	6(a)	**(103)**	(79)
Amortisation	6(a)	**(272)**	(122)
Impairment of financial asset	13(b)	**(72)**	(205)
Share based payment charge	6(b)	**(150)**	(88)
Operating loss		**(2,717)**	(2,365)
Finance income	6(d)	**1**	11
Finance costs	6(d)	**(27)**	(23)
Loss before tax		**(2,743)**	(2,377)
Taxation	7	**612**	468
Loss for the year after tax		**(2,131)**	(1,909)
Loss for the year from discontinued operations	15	**(124)**	(7,973)
Loss for the year	10(c)	**(2,255)**	(9,882)
Other comprehensive income			
Exchange differences on translation of foreign operations		**643**	(576)
Total other comprehensive income		**643**	(576)
Total comprehensive loss attributable to the owners of the group		**(1,612)**	(10,458)
Basic loss per share			
Continuing operations	21	**(7.54p)**	(8.05p)
Discontinued operations	21	**(0.44p)**	(33.65p)
Total		**(7.98p)**	(41.70p)
Diluted loss per share			
Continuing operations	21	**(7.54p)**	(8.05p)
Discontinued operations	21	**(0.44p)**	(33.65p)
Total		**(7.98p)**	(41.70p)

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

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

CONSOLIDATED BALANCE SHEET

	Note	31 January 2021	31 January 2020
		£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	9(a)	**683**	693
Right-of-use assets	9(b)	**156**	164
Intangible assets	9(c)	**11,222**	10,508
Deferred tax assets	9(d)	**1,389**	848
Total non-current assets		**13,450**	12,213
Current assets			
Inventories	9(e)	**89**	345
Contract assets	4(b)	**4**	31
Trade and other receivables	8(a)	**550**	475
Other financial assets at amortised cost	8(b)	**328**	116
Current tax receivable		**101**	33
Prepayments	9(f)	**114**	67
Cash and cash equivalents	8(c)	**4,516**	2,587
		5,702	3,654
Assets classified as held for sale	15(c)	**-**	6,480
Total current assets		**5,702**	10,134
Total assets		**19,152**	22,347
LIABILITIES			
Non-current liabilities			
Borrowings	8(e)	**355**	-
Lease liabilities	9(b)	**110**	133
Total non-current liabilities		**465**	133
Current liabilities			
Trade and other payables	8(d)	**826**	975
Contract liabilities	4(b)	**1,129**	641
Other tax liabilities		**341**	258
Borrowings	8(e)	**58**	401
Lease liabilities	9(b)	**63**	46
		2,417	2,321
Liabilities directly associated with assets classified as held for sale	15(c)	**-**	2,113
Total current liabilities		**2,417**	4,434
Total liabilities		**2,882**	4,567
NET ASSETS		**16,270**	17,780

continued overleaf

CONSOLIDATED BALANCE SHEET (continued)

EQUITY

Capital and reserves attributable to equity shareholders			
Share capital	10(a)	**2,826**	2,826
Share premium	10(a)	**3,830**	3,830
Other reserves	10(b)	**(2,087)**	(2,832)
Retained earnings	10(c)	**11,701**	13,956
Total equity		**16,270**	17,780

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

The financial statements were approved by the Board of Directors and authorised for issue on 7 May 2021.

They were signed on its behalf by:

Bruce Morrison
Chief Financial Officer

SmartSpace Software plc, Company Number: 5332126

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Other reserves	Retained earnings	Total
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2019		2,216	1,058	(3,702)	23,838	23,410
Loss for the year		-	-	-	(9,882)	(9,882)
Other comprehensive income for the year		-	-	(576)	-	(576)
Total comprehensive loss for the year		-	-	(576)	(9,882)	(10,458)
Transactions with owners in their capacity as owners:						
Issue of ordinary shares as consideration for a business combination		135	-	844	-	979
Issue of ordinary shares for cash consideration		475	2,967	-	-	3,442
Share issue costs		-	(195)	-	-	(195)
Space Connect acquisition deferred share issue consideration		-	-	489	-	489
Share-based payment expense - continuing operations	20	-	-	88	-	88
Share-based payment expense - discontinued operations	20	-	-	25	-	25
At 31 January 2020		**2,826**	**3,830**	**(2,832)**	**13,956**	**17,780**
Loss for the year		**-**	**-**	**-**	**(2,255)**	**(2,255)**
Other comprehensive income for the year		-	-	**643**	-	**643**
Total comprehensive loss for the year		-	-	**643**	**(2,255)**	**(1,612)**
Transactions with owners in their capacity as owners:						
Share-based payment expense - continuing operations	20	-	-	**150**	-	**150**
Share-based payment expense - discontinued operations	20	-	-	**(48)**	-	**(48)**
At 31 January 2021		**2,826**	**3,830**	**(2,087)**	**11,701**	**16,270**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 January 2021	Year ended 31 January 2020
		£'000	£'000
Cash from operating activities			
Cash consumed by operations	11	**(1,791)**	(5,899)
Interest received		**1**	61
Interest paid		**(42)**	(76)
Income taxes received		**394**	138
Net cash outflow from operating activities		**(1,438)**	(5,776)
Cash flows from investing activities			
Payments for the acquisition of subsidiary (net of cash acquired)		**-**	(1,589)
Payments for property, plant and equipment		**(44)**	(280)
Payment of software development costs		**(682)**	(1,688)
Proceeds from disposal of subsidiary (net of cash disposed)	15	**4,167**	750
Net cash from investing activities		**3,441**	(2,807)
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)		**-**	3,247
Proceeds from borrowings		**31**	-
Repayment of borrowings		**(19)**	(25)
Principal elements of lease payments		**(98)**	(85)
Net cashflow from financing activities		**(86)**	3,137
Net change in cash and cash equivalents		**1,917**	(5,446)
Cash and cash equivalents at the beginning of the financial year		**2,587**	8,053
Effects of exchange rate changes on cash and cash equivalents		**12**	(20)
Cash and cash equivalents at the end of the financial year	8(c)	**4,516**	2,587

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

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

- The sale of the Group's investment in SmartSpace Global Limited which was classified as held for sale in the last financial year.
- The global Covid-19 pandemic which impacted revenue and costs in the Group's operations.

2. GENERAL INFORMATION

SmartSpace Software plc is a company incorporated and domiciled in England and Wales under the Companies Act 2006 and listed on the AIM market of The London Stock Exchange. The address of the registered office is given on page 28.

The principal activities of the Company and its subsidiaries (the Group) are set out in note 16 and in the strategic report on pages 12 to 26.

The financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 24.

3. OPERATING SEGMENTS

3(a) Description of segments and principal activities

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

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

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

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

Unless otherwise indicated, the segment information reported on the following pages does not include any amounts for discontinued operations, which are described in more detail in note 15.

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

3(b) Adjusted LBITDA

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

Interest income and finance costs are not allocated to segments, because this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Software		
Space Connect	**(646)**	(114)
SwipedOn	**(195)**	(554)
Hardware		
Anders & Kern	**(84)**	284
Central operating costs	**(1,195)**	(1,288)
Total adjusted EBITDA	**(2,120)**	(1,672)

3(c) Segmental financial performance

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

Year ended 31 January 2020	Space Connect	Swiped On	Anders & Kern	Central operating costs	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue from contracts with customers	39	1,358	3,685	-	5,082
Costs of sale of goods	(2)	(22)	(2,719)	-	(2,743)
Costs of providing services	-	(192)	(79)	-	(271)
Gross profit	37	1,144	887	-	2,068
Administrative expenses	(176)	(1,899)	(656)	(1,576)	(4,307)
Impairment losses on financial and contract assets	-	(9)	-	(196)	(205)
Other income	-	79	-	-	79
Operating (loss) / profit	(139)	(685)	231	(1,772)	(2,365)
Adjusted (LBITDA)/ EBITDA*	(114)	(554)	284	(1,288)	(1,672)
Reorganisation and transactional items	-	-	-	(199)	(199)
Depreciation	(1)	(45)	(24)	(9)	(79)
Amortisation	(24)	(77)	(21)	-	(122)
Impairment of financial assets	-	(9)	-	(196)	(205)
Share based payment charge	-	-	(8)	(80)	(88)
Operating (loss) / profit	(139)	(685)	231	(1,772)	(2,365)
Finance income	-	1	-	10	11
Finance costs	(30)	(178)	(14)	199	(23)
(Loss) / profit before tax	(169)	(862)	217	(1,563)	(2,377)
Taxation	(55)	238	6	279	468
Loss after tax	(224)	(624)	223	(1,284)	(1,909)

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

3(d) Segment assets

	31 January 2021		31 January 2020	
	Segment assets	Additions to non-current assets*	Segment assets	Additions to non-current assets*
	£'000	**£'000**	**£'000**	**£'000**
Space Connect	**4,884**	**294**	3,502	114
SwipedOn	**6,687**	**64**	6,130	249
Anders & Kern	**2,640**	**12**	3,302	1
Segment assets	**14,211**	**370**	12,934	364
Assets relating to discontinued operations	-	-	6,480	2,666
Unallocated assets	**4,941**	**7**	2,933	10
Total assets	**19,152**	**377**	22,347	3,040

*Other than contract assets and deferred tax assets

Discontinued activities are comprised of SmartSpace Global which was reclassified to discontinued activities for the year ended 31 January 2020 and subsequently disposed of during the year ended 31 January 2021, details of which can be found in note 15.

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

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

	31 January 2021	31 January 2020
	£'000	**£'000**
UK	**6,124**	2,492
Australia	**3**	3,242
New Zealand	**5,934**	5,631
Total assets	**12,061**	11,365

Intellectual property relating to Space Connect has been transferred within the Group from an Australian based subsidiary to a UK based subsidiary.

3(e) Segment liabilities

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

	31 January 2021	31 January 2020
	£'000	**£'000**
Space Connect	**171**	22
SwipedOn	**1,460**	887
Anders & Kern	**996**	1,437
Segment liabilities	**2,627**	2,346
Liabilities relating to discontinued operations	**-**	2,113
Unallocated	**255**	108
Total liabilities	**2,882**	4,567

Discontinued activities are comprised of SmartSpace Global which was reclassified to discontinued activities for the year ending 31 January 2020 and subsequently disposed of during the year ending 31 January 2021, details of which can be found in note 15.

3(f) Revenue by customer geographical location

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

Year ended 31 January 2020	Space Connect	Swiped On	Anders & Kern	Central	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
UK	-	190	3,591	-	3,781
USA	-	613	-	-	613
Australia	-	299	-	-	299
New Zealand	39	134	-	-	173
Canada	-	95	-	-	95
Rest of the world	-	27	94	-	121
Total	39	1,358	3,685	-	5,082

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions.

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

Year ended 31 January 2020	Space Connect Australia	Swiped On New Zealand	Anders& Kern UK	Central UK	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segment revenue	39	1,358	3,685	-	5,082
Timing of revenue recognition					
At a point in time	23	54	3,536	-	3,613
Over time	16	1,304	149	-	1,469
	39	1,358	3,685	-	5,082

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

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

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

Current contract assets	31 January 2021	31 January 2020
	£'000	**£'000**
Software	**4**	31
Loss allowance	**-**	-
Total current contract assets	**4**	31

Current contract liabilities	31 January 2021	31 January 2020
	£'000	**£'000**
Software	**1,055**	561
Hardware	**74**	80
Total contract liabilities	**1,129**	641

Contract liability movement	
	£'000
At 31 January 2019	754
Transfer to discontinued activities	(182)
Recognised as revenue in period	(572)
New contract liabilities	641
At 31 January 2020	641
Recognised as revenue in period	(641)
New contract liabilities	1,129
At 31 January 2021	**1,129**

The Group expects all of the deferred revenue as of 31 January 2021 to be recognised during the next reporting period.

Unsatisfied contracts

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

	31 January 2021	31 January 2020
	£'000	**£'000**
Aggregate amount of the transaction price allocated to software as a service agreements and software support agreements that are partially or fully unsatisfied as at 31 January	**1,055**	641

4(c) Accounting policies

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

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

For contracts where the Group does not provide the final services judgement is applied as to whether the Group is acting as a principal or agent. Where the Group controls the goods or services before they are transferred to the customer a principal relationship is considered to be in place, and revenue is recognised gross. Where the Group arranges for the goods or services to be provided by another party without the Group taking control over those goods or services the relationship is considered to be that of an agent, and the revenue is recognised net of cost of sales.

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

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

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

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

Sale of software as a service

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

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

The software comprises a number of different modules which can be sold as a bundle at the outset or separately if a customer chooses to take a subscription at a later date. Additional modules will continue to be developed and offered as part of the initial product offering or sold separately to existing customers who have not subscribed to that module.

Sale of software licences

The Group sells software licences which allow customers to use the software in their own environment which results in a transfer of control to the customer at a point in time. Revenue is recognised in full at the point of delivery to the customer as the risk and rewards of the licences have transferred at that point to the buyer and the Group does not retain managerial involvement or effective control over the software or the licences.

Sale of professional services

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

Hardware and Systems Integration

The Group sells hardware through Anders & Kern or as part of a contract for software through its software division. Revenue is recognised at the point when the performance obligation is fulfilled, usually when the hardware is delivered to the customer. Where installation services are sold alongside the hardware, revenue from those installation services is recognised when those services are delivered.

Contract assets and liabilities

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

At each reporting date, the Group assesses whether there is any indication that accrued income contract assets may be impaired by considering whether the revenue remains highly probable that no revenue reversal will occur. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

5. MATERIAL PROFIT OR LOSS ITEMS

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

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
The following items have been credited / (expensed) to the consolidated statement of comprehensive income:		
Reorganisation and transactional costs	-	(199)
Impairment of financial assets	**(72)**	(205)
Government grants		
- UK Government Job Retention Scheme for continuing operations	**104**	-
- UK Government Job Retention Scheme for discontinued operations	**140**	-
- New Zealand Callaghan Growth grant	**112**	67
- New Zealand Internship grant	**17**	13
Research and development not capitalised	**(1,017)**	(628)
Result from discontinued activities (see note 15)		
- Loss after tax on discontinued activities – SmartSpace Global	**(1,470)**	(5,304)
- Impairment of disposal group to fair value less costs to sell (note 15)	-	(2,669)
- Reversal of impairment of disposal group (note 15)	**1,470**	-
- Loss on disposal of discontinued operations	**(124)**	-

5(a) Result from discontinued activities

In January 2020 the board decided to commence a process to dispose of the Group's investment in SmartSpace Global Limited. A buyer was identified and in August 2020 the sale was executed. The profit on disposal and loss from discontinued activities takes into account the impairments recorded in the year ending 31 January 2020.

5(b) Impairment of financial assets

Part of the consideration for the disposal of the Systems Integration and Managed Services Divisions in June 2018 was retained by the purchaser for working capital purposes relating to a specific contract asset in respect of a customer contract which was due to be recovered after the completion of the sale. At 31 January 2021 £1.75m out of £2.0m has been paid to the Group, £196,000 was provided for in the year ending 31 January 2020 and the remaining £54,000 provided for in the year ending 31 January 2021. A further £18,000 of impairments to financial assets were recorded during the year ending 31 January 2021 relating to the Group's continuing operations as described in note 13.

6. OTHER INCOME AND EXPENSE ITEMS

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

6(a) Breakdown of expenses by nature

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Inventories sold	**1,630**	2,691
Employee benefits and expenses net of government grants (see note 6b)	**3,308**	2,486
Contractor fees	**441**	161
Depreciation	**103**	79
Amortisation	**272**	122
Marketing	**768**	595
Business combination costs	**-**	199
Other expenses	**1,172**	1,101
Less: capitalised employee and contractor costs	**(290)**	(113)
Total cost of sales and administrative expenses	**7,404**	7,321

6(b) Employee benefits and expenses

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Wages and salaries net of government grants	**2,890**	2,186
Share based payments (see note 20)	**150**	88
Social security costs	**179**	152
Pension costs	**89**	60
Total remuneration	**3,308**	2,486

6(c) Average number of people employed

	Year ended 31 January 2021	Year ended 31 January 2020
	No.	**No.**
Sales	**12**	9
Software development and technical support	**30**	20
Administrative	**12**	19
Total employees	**54**	48

6(d) Finance income and cost

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Finance income		
Interest income from financial assets held for cash management	**1**	11
Finance income	**1**	11
Finance cost		
Interest charges on bank loans	**(12)**	(14)
Interest charges on lease liabilities	**(11)**	(8)
Other interest charges	**(4)**	(1)
Finance costs expenses	**(27)**	(23)
Net finance costs	**(26)**	(12)

6(e) Reorganisation and transactional

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Transactional costs	**-**	199
	-	199

In 2020 transactional items include the costs involved with the acquisition of SpaceConnect Pty Limited.

7. TAXATION

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

7(a) Income tax expense

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Current tax		
Current tax benefit for the year	**(103)**	(514)
Total current tax benefit	**(103)**	(514)
Deferred tax		
Origination and reversal of temporary differences	**(977)**	(406)
Adjustments in respect of earlier years	**(98)**	(2)
Impact of change in UK corporation tax rate	**(67)**	(1)
Remeasurement of temporary differences	**591**	-
Total deferred tax benefit	**(551)**	(409)
Income tax benefit	**(654)**	(923)
Income tax benefit is attributable to:		
Loss from continuing operations	**(612)**	(468)
Loss from discontinued operations	**(42)**	(455)
	(654)	(923)

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

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Loss from continuing operations before income tax expense	**(2,743)**	(2,377)
Loss from discontinued operations before income tax expense	**(166)**	(8,429)
	(2,909)	(10,806)
Tax at the UK corporation tax rate of 19 % (2020: 19%)	**(553)**	(2,053)
Tax effects of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	**80**	474
Effect of non-taxable income	**(114)**	(4)
Effect of different tax rates for loss utilisation / overseas rates	**(38)**	7
Research and development relief	**(30)**	(223)
Tax losses not recognised as assets	**97**	898
Adjustment from prior year	**(98)**	(2)
Utilisation of previously unrecognised tax losses	**-**	(19)
Foreign currency translation of loan to subsidiary	**116**	-
Tax benefit from intergroup transfer of intellectual property	**(638)**	-
Derecognition of tax losses	**591**	-
Effect of change in tax rates	**(67)**	(1)
Income tax benefit	**(654)**	(923)

7(c) Amounts recognised directly in equity

There are no amounts of tax recognised directly in equity.

7(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Continuing operations	**3,476**	-
Discontinued operations	**-**	5,228
Potential tax benefit at 19% (2020: 17%)	**660**	889

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

7(e) Unrecognised temporary differences

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised: Foreign currency translation	**(472)**	**(147)**
Potential deferred tax liability	**(90)**	**(25)**

Temporary differences of £472,000 (2020: £147,000) have arisen as a result of the translation of the Group's subsidiaries in New Zealand and Australia. A deferred tax liability has not been recognised because the liability will only crystallise in the event of the disposal of the subsidiaries, and no such disposal is expected in the foreseeable future.

8. FINANCIAL ASSETS AND LIABILITIES

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

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

The Group has the following financial instruments:

Financial assets	Notes	31 January 2021	31 January 2020
		£'000	**£'000**
Financial assets at amortised cost:			
Trade receivables and other receivables	**8(a)**	**550**	475
Other financial assets at amortised cost	**8(b)**	**328**	116
Cash and cash equivalents	**8(c)**	**4,516**	2,587
		5,394	3,178

Financial liabilities	Notes	31 January 2021	31 January 2020
		£'000	**£'000**
Financial liabilities at amortised cost:			
Trade and other payables	**8(d)**	**826**	975
Lease liabilities	**9(b)**	**173**	179
Borrowings	**8(e)**	**413**	401
		1,412	1,555

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

8(a) Trade receivables and other receivables

	31 January 2021	31 January 2020
	£'000	**£'000**
Trade receivables	**468**	475
Other receivables	**82**	-
	550	475

Classification of trade receivables

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

Fair value of trade receivables

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

Impairment and risk exposure

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

8(b) Other financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group and include consideration due on the disposal of SmartSpace Global (see note 15).

	31 January 2021	31 January 2020
	£'000	**£'000**
Subsidiary disposal consideration	**327**	54
Other receivables	**1**	62
	328	116

Impairment and risk exposure

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

8(c) Cash and cash equivalents

	31 January 2021	31 January 2020
	£'000	**£'000**
Current assets		
Cash at bank and in hand	**4,516**	2,587

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

8(d) Trade and other payables

	31 January 2021	31 January 2020
	£'000	**£'000**
Current liabilities		
Trade payables	**279**	695
Payroll liabilities	**12**	6
Accrued expenses	**344**	218
Other payables	**191**	56
	826	975

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

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

8(e) Borrowings

	31 January 2021			31 January 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Government support loans	**31**	**-**	**31**	-	-	-
Bank loans	**27**	**355**	**382**	401	-	401
Total borrowings	**58**	**355**	**413**	401	-	401

Secured liabilities and assets pledged as security

The bank loan of £382,000 (2020: £401,000) is secured by a mortgage over the associated freehold land and building.

Fair value

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

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

9. NON-FINANCIAL ASSETS AND LIABILITIES

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

9(a) Property, plant and equipment

	Freehold land & buildings	Leasehold improvements	Fixtures & fittings	Plant & machinery	Office equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2019						
Cost	649	-	10	36	257	952
Accumulated depreciation	(23)	-	(7)	(29)	(106)	(165)
Net book amount	626	-	3	7	151	787
Year ending 31 January 2020						
Opening net book amount	626	-	3	7	151	787
Additions	-	-	-	-	49	49
Acquisition of subsidiary	-	-	-	-	4	4
Disposals	-	-	-	-	(1)	(1)
Depreciation charge	(13)	-	-	(3)	(31)	(47)
Additions – disposal group	-	56	-	-	175	231
Disposals – disposal group	-	-	-	-	(9)	(9)
Depreciation charge – disposal group	-	(5)	-	-	(81)	(86)
Transfer to disposal group	-	(51)	-	-	(185)	(236)
Foreign exchange impact	-	-	-	-	1	1
Closing net book amount	613	-	3	4	73	693
At 31 January 2020						
Cost	649	-	13	13	126	801
Accumulated depreciation	(36)	-	(10)	(9)	(53)	(108)
Net book amount	613	-	3	4	73	693
Year ending 31 January 2021						
Opening net book amount	**613**	**-**	**3**	**4**	**73**	**693**
Additions	**-**	**-**	**-**	**-**	**44**	**44**
Disposals	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Depreciation charge	**(13)**	**-**	**(2)**	**(2)**	**(37)**	**(54)**
Foreign exchange impact	**-**	**-**	**-**	**-**	**2**	**2**
Closing net book amount	**600**	**-**	**1**	**2**	**80**	**683**
At 31 January 2021						
Cost	**649**	**-**	**13**	**13**	**154**	**829**
Accumulated depreciation	**(49)**	**-**	**(12)**	**(11)**	**(74)**	**(146)**
Net book amount	**600**	**-**	**1**	**2**	**80**	**683**

Leased assets

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

Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

Depreciation methods and useful lives

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

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

See note 24 for the other accounting policies relevant to property, plant and equipment.

9(b) Leases

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

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Lease Improvements	Buildings	Total
	£'000	**£'000**	**£'000**
At 31 January 2019	-	-	-
Cost or fair value	-	-	-
Accumulated depreciation	-	-	-
Net book amount	-	-	-
Year ended 31 January 2020			
Opening net book amount	-	-	-
Additions	-	195	195
Depreciation	-	(32)	(32)
Additions – disposal group	350	530	880
Depreciation charge – disposal group	(37)	(42)	(79)
Transfer to disposal group	(313)	(488)	(801)
Foreign exchange impact	-	1	1
Closing net book amount	-	164	164
At 31 January 2020			
Cost or fair value	-	195	195
Accumulated depreciation	-	(31)	(31)
Net book amount	-	164	164
Year ended 31 January 2021			
Opening net book amount	**-**	**164**	**164**
Additions	**-**	**31**	**31**
Depreciation	**-**	**(49)**	**(49)**
Foreign exchange impact	**-**	**10**	**10**
Closing net book amount	**-**	**156**	**156**
At 31 January 2021			
Cost or fair value	**-**	**240**	**240**
Accumulated depreciation	**-**	**(84)**	**(84)**
Net book amount	**-**	**156**	**156**

	31 January 2021	31 January 2020
	£'000	**£'000**
Lease liabilities		
Current	**63**	46
Non-current	**110**	133
	173	179

(ii) Amounts recognised in the statement of comprehensive income

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

	31 January 2021	31 January 2020
	£'000	**£'000**
Depreciation charge on right-of-use assets		
Buildings – continuing operations	**49**	32
Buildings – discontinued operations	**-**	79
	49	111
Interest expense (included in finance costs)	**11**	8
Expense relating to short-term leases (included in administrative expenses)	**25**	109
Expense relating to leases of low value assets (included in administrative expenses)	**-**	-

The total cash outflow for all leases within continuing activities in the year ended 31 January 2021 was £57,000 (2020: £134,000). The incremental borrowing rate used in calculating lease liabilities in continuing operations is 5.3% (2020: 6.6%).

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

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

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

Right-of-use assets are measured at cost comprising the following:

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

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

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

(iv) Extension and termination options

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

9(c) Intangible assets

	Goodwill	Internally generated software	Customer contracts	Brand assets	Intellectual property	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2019						
Cost	7,134	3,302	812	307	1,081	12,636
Accumulated amortisation and impairment	-	(965)	(212)	(9)	(198)	(1,384)
Net book amount	7,134	2,337	600	298	883	11,252
Year ended 31 January 2020						
Opening net book amount	7,134	2,337	600	298	883	11,252
Additions	-	130	-	-	-	130
Acquisition of subsidiary	2,336	-	-	-	993	3,329
Amortisation charge	-	(3)	(21)	(30)	(68)	(122)
Additions – disposal group	-	1,558	-	-	-	1,558
Amortisation charge – disposal group	-	(868)	(61)	-	(63)	(992)
Impairment – disposal group	(835)	(1,083)	(367)	-	(384)	(2,669)
Transfer to disposal group	-	(1,413)	-	-	-	(1,413)
Exchange differences	(470)	-	-	(19)	(76)	(565)
Closing net book amount	8,165	658	151	249	1,285	10,508
At 31 January 2020						
Cost	8,165	661	207	286	1,363	10,682
Accumulated amortisation and impairment	-	(3)	(56)	(37)	(78)	(174)
Net book amount	**8,165**	**658**	**151**	**249**	**1,285**	**10,508**
Year ended 31 January 2021						
Opening net book amount	**8,165**	**658**	**151**	**249**	**1,285**	**10,508**
Additions	**-**	**302**	**-**	**-**	**-**	**302**
Amortisation charge	**-**	**(77)**	**(21)**	**(30)**	**(144)**	**(272)**
Exchange differences	**555**	**-**	**-**	**17**	**112**	**684**
Closing net book amount	**8,720**	**883**	**130**	**236**	**1,253**	**11,222**
At 31 January 2021						
Cost	**8,720**	**964**	**207**	**306**	**1,486**	**11,683**
Accumulated amortisation and impairment	**-**	**(81)**	**(77)**	**(70)**	**(233)**	**(461)**
Net book amount	**8,720**	**883**	**130**	**236**	**1,253**	**11,222**

Amortisation methods and useful lives

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

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

See note 24(p) for the other accounting policies relevant to intangible assets and note 24(j)) for the Group's policy regarding impairments.

Customer contracts

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

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

The Group has acquired a number of intangible assets as part of its acquisitions of Anders & Kern Limited in May 2017, SwipedOn Limited in October 2018, and SpaceConnect Pty Limited in November 2019. At 31 January 2021 the carrying amount of these assets was £1,619,000 (2020: £1,685,000). The Group estimates the useful life of the acquired intangibles to be 10 years based on their expectation of the period over which the Group will continue to derive benefit from such assets. However, the actual useful life might be longer or shorter than 10 years depending on customer attrition, technical innovation or competitor actions. If the estimated useful life was only five years, the carrying amount would be £1,239,000 at 31 January 2021.

Impairment tests for goodwill

Goodwill is monitored by management at an entity level.

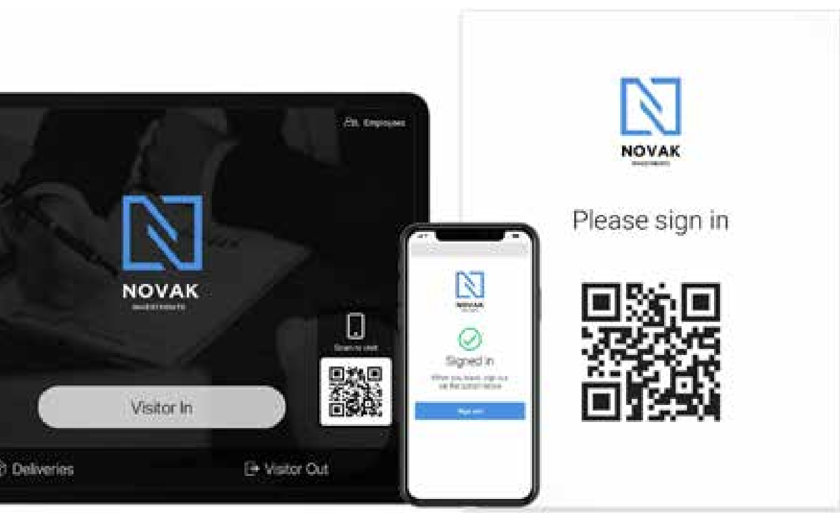
A segment-level summary of the goodwill is presented below:

	31 January 2021	31 January 2020
	£'000	**£'000**
Space Connect	**2,445**	2,222
SwipedOn	**5,131**	4,799
Anders & Kern	**1,144**	1,144
Net book amount	**8,720**	8,165

Goodwill on consolidation has been allocated for impairment testing purposes between the cash-generating units ("CGUs") and these CGU's aligned to the Group's segments. There are three CGU's, Swiped On, Space Connect and Anders & Kern.

The recoverable amount of the CGU aligned to the SwipedOn division is based on 'value in use' calculations using cash flow projections approved by the Directors covering a four-year period with a terminal growth rate of 2% thereafter. The projections are based on the assumption that the Group can realise projected revenue growth of 74% in 2022, 76% in 2023, 42% in 2024 and 22% in 2025. If the projected sales do not materialise there is a risk that the total value of intangible assets would be impaired, firstly against goodwill and then against other intangible assets. If revenues were below 47% of those forecast then an impairment would be required.

The projections for the CGU aligned to the Anders & Kern division are based on revenue returning to 90% of pre Covid-19 levels over a four year period whilst maintaining a established gross margin of 32%. The calculation of terminal value has utilised growth rates of 2% from year 5 onwards. Sensitivity analysis indicates that if revenue were below 92% of those forecast an impairment would be required.



The projections for the CGU aligned to the Space Connect division are based on revenues being generated from products that were released during the year with continued growth in these revenues over the next 5 years. Should revenues grow at a rate below 28% of that forecast, then an impairment may be required.

A discount rate of 13.95% (2020: 14.07%) has been used for the CGU value in use calculations. This rate takes into consideration a market participant's cost of capital, the expected rate of return and various risks relating to the CGU. At the year end, based on these assumptions there is no indication of impairment in the remaining goodwill. Sensitivity analysis indicates that the discount rate may be expected to fluctuate by up to 2.5% which has been shown not to give rise to an impairment charge for any CGU.

9(d) Deferred tax balances

Deferred tax assets

	31 January 2021	31 January 2020
	£'000	**£'000**
The balance comprises temporary differences attributable to:		
Tax losses	1,268	1,385
Property plant and equipment and Intangible assets	42	-
General provision	9	-
Employee benefits	70	46
Total deferred tax assets	**1,389**	1,431
Set-off of deferred tax liabilities pursuant to set-off provisions	-	(583)
Net deferred tax assets	**1,389**	848

The deferred tax assets include an amount of £719,000 which relates to carry-forward tax losses of SmartSpace Software plc. The Group has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group is expected to generate taxable income from 2023 onwards. The losses can be carried forward indefinitely. Deferred tax losses have been calculated using a tax rate of 19% which was the rate expected to be applicable when the benefit would be realised.

Deferred tax asset movement	Share based payments	PP&E and Intangible assets	General provision	Tax losses	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	**46**	**-**	**-**	**1,385**	**1,431**
Income / (expense) to profit and loss	**24**	**75**	**9**	**(139)**	**(31)**
Exchange differences	**-**	**(33)**	**-**	**22**	**(11)**
At 31 January 2021	**70**	**42**	**9**	**1,268**	**1,389**

Deferred tax liabilities

	31 January 2021	31 January 2020
	£'000	**£'000**
The balance comprises temporary differences attributable to:		
Property, plant and equipment	-	37
Intangible assets	-	546
Total deferred tax liabilities	-	583
Set-off of deferred tax liabilities pursuant to set-off provisions	-	(583)
Net deferred tax liabilities	-	-

Deferred tax liability movement	Accelerated tax depreciation	Total
	£'000	**£'000**
At 31 January 2019	762	762
Expense to profit and loss – continuing activities	99	99
Income to profit and loss – discontinued activities	(47)	(47)
Acquisition of subsidiary	283	283
Transfer to disposal group	(507)	(507)
Exchange differences	(7)	(7)
At 31 January 2020	**583**	**583**
Credit to profit and loss	**(581)**	**(581)**
Exchange differences	**(2)**	**(2)**
At 31 January 2021	**-**	**-**

9(e) Inventories

	31 January 2021	31 January 2020
	£'000	**£'000**
Finished goods – at cost	**89**	345

Inventories recognised as an expense during the year ended 31 January 2021 amounted to £1,630,000 (2020: £2,692,000). These were included in cost of sales and the cost of providing other services. A stock provision amounting to £99,000 was made during the year and allocated to the loss on disposal of SmartSpace Global as the items provided for were no longer of use due to the disposal.

9(f) Prepayments

	31 January 2021	31 January 2020
	£'000	**£'000**
Prepayments	**114**	67

10. EQUITY

10(a) Share capital and share premium

	31 January 2021	31 January 2020	31 January 2021	31 January 2020
	Number	**Number**	**£'000**	**£'000**
Allotted, called up and fully paid:				
Ordinary shares of 10p each	**28,255,823**	28,255,823	**2,826**	2,826

Movement in ordinary shares

	Shares issued		Share capital	Share premium	Merger reserve	Total
	Number	**Price (p)**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2019	**22,157,413**		**2,216**	**1,058**	**-**	**3,274**
Shares issued in cash placing	4,747,587	72.5	475	2,772	-	3,247
Shares issued for acquisition	1,350,823	72.5	135	-	844	979
At 31 January 2020	**28,255,823**		**2,826**	**3,830**	**844**	**7,500**
At 31 January 2021	**28,255,823**		**2,826**	**3,830**	**844**	**7,500**

Ordinary shares

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

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

Options

Information relating to employee share options including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in note 20.

10(b) Other reserves

	Merger reserve	Reverse acquisition reserve	Translation reserve	Acquisition deferred consideration reserve	Share option reserve	Total other reserves
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2019	-	(4,236)	406	-	128	(3,702)
Currency translation differences	-	-	(576)	-	-	(576)
Other comprehensive income	-	-	(576)	-	-	(576)
Transactions with owners in their capacity as owners:						
Issue of ordinary shares as consideration for a business combination	844	-	-	-	-	844
Space Connect acquisition deferred share issue consideration	-	-	-	489	-	489
Share-based payment expense - continuing operations	-	-	-	-	88	88
Share-based payment expense - discontinued operations	-	-	-	-	25	25
At 31 January 2020	**844**	**(4,236)**	**(170)**	**489**	**241**	**(2,832)**
Currency translation differences	**-**	**-**	**643**	**-**	**-**	**643**
Other comprehensive income	**-**	**-**	**643**	**-**	**-**	**643**
Transactions with owners in their capacity as owners:						
Share-based payment expense - continuing operations	-	-	-	-	150	**150**
Share-based payment expense - discontinued operations	-	-	-	-	(48)	**(48)**
At 31 January 2021	**844**	**(4,236)**	**473**	**489**	**343**	**(2,087)**

Nature and purpose of other reserves

The merger reserve is used when a share issue is undertaken, and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the company issuing the shares will have secured at least 90% equity holding in the acquiree. The acquisition of SpaceConnect Pty Limited in November 2019 met the conditions for merger relief and was therefore accounted for under the merger relief provisions.

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

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

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

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

10(c) Retained earnings

The movements in retained earnings were as follows:

	31 January 2021	31 January 2020
	£'000	**£'000**
Balance at 1 February	**13,956**	23,838
Net loss for the period	**(2,255)**	(9,882)
Balance at 31 January	**11,701**	13,956

11. CASH FLOW INFORMATION

11(a) Cash generated from operations

	31 January 2021	31 January 2020
	£'000	**£'000**
Loss before income tax from continuing operations	**(2,743)**	(2,377)
Adjustments for:		
Depreciation and amortisation	**375**	201
Non-cash employee benefit expense – share-based payments	**150**	88
Net loss on sale of non-current assets	**2**	1
Finance costs - net	**25**	12
Credit loss	**72**	205
Net exchange differences	**3**	(1)
Change in operating assets and liabilities of continuing operations		
Movement in trade and other receivables	**(14)**	98
Movement in contract assets	**29**	(30)
Movement in inventories	**157**	19
Movement in prepayments	**(43)**	(15)
Movement in trade creditors	**(371)**	72
Movement in other creditors	**280**	(208)
Movement in contract liabilities	**439**	91
Movement in other provisions	**-**	(5)
Cash consumed by continuing operations	**(1,639)**	(1,849)
Loss before income tax from discontinued operations	**(166)**	(8,429)
Adjustments for:		
Depreciation and amortisation	**-**	1,157
Impairment of intangible assets	**(1,470)**	2,669
Non-cash employee benefit expense – share-based payments	**(47)**	25
Net gain on sale of non-current assets	**9**	7
Finance costs – net	**16**	2
Credit losses	**(46)**	31
Net exchange differences	**2**	(23)
Loss on sale of discontinued operations	**124**	-
Change in operating assets and liabilities of discontinued operations		
Movement in trade and other receivables	**697**	479
Movement in contract assets	**437**	97
Movement in prepayments	**(407)**	(139)
Movement in trade creditors	**274**	(113)
Movement in other creditors	**248**	(629)
Movement in contract liabilities	**177**	816
Cash consumed by discontinued operations	**(152)**	(4,050)
Cash consumed by operations	**(1,791)**	(5,899)

11(b) Net debt reconciliation

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

	31 January 2021	31 January 2020
	£'000	**£'000**
Cash and cash equivalents	**4,516**	2,587
Borrowings	**(413)**	(401)
Lease liabilities in continuing activities	**(173)**	(179)
Net cash	**3,930**	2,007
Cash and cash equivalents	**4,516**	2,587
Gross debt – fixed interest rates	**(173)**	(179)
Gross debt – variable interest rates	**(413)**	(401)
Net cash	**3,930**	2,007

	Cash/bank overdraft	Borrowings	Leases	Total
	£'000	**£'000**	**£'000**	**£'000**
At 31 January 2019	8,053	(426)	-	7,627
New leases	-	-	(1,084)	(1,084)
Cashflows	(5,446)	25	85	(5,336)
Transfer to disposal group	-	-	814	814
Effect of foreign exchange rate movements	(20)	-	6	(14)
At 31 January 2020	**2,587**	**(401)**	**(179)**	**2,007**
New leases	**-**	**-**	**(31)**	**(31)**
Cashflows – continuing operations	**(2,053)**	**(12)**	**49**	**(2,016)**
Cashflows – discontinued operations	**3,970**	**-**	**-**	**3,970**
Effect of foreign exchange rate movements	**12**	**-**	**(12)**	**-**
At 31 January 2021	**4,516**	**(413)**	**(173)**	**3,930**

11(c) Non-cash investing and financing activities

	31 January 2021	31 January 2020
	£'000	**£'000**
Acquisition of right of use assets by means of lease	**31**	1,075
Deferred partial settlement of business combination through share issue	**-**	466
Partial settlement of business combination through share issue	**-**	979

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

12(a) Critical estimates

The areas involving critical estimates are:

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

12(b) Critical judgements

The areas involving critical judgements are:

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

13. FINANCIAL RISK MANAGEMENT

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

13(a) Market risk

Foreign currency risk

The group has a translation exposure risk relating to operations in New Zealand where SwipedOn use New Zealand dollars. On consolidation, assets and liabilities of foreign undertakings are translated into sterling at year end exchange rates. The results of foreign undertakings are translated into sterling at average rates of exchange for the year. Foreign exchange differences arising on the translation of foreign undertakings are recognised directly in a separate component of equity, the translation reserve, until the business units are disposed of. Should the New Zealand Dollar strengthen or weaken by 10% against pounds sterling then the value of the Group's net assets will respectively increase or decrease by £523,000 (2020: £467,000). There is no profit or loss impact of these transactions as they are recognised within other comprehensive income. As the Group has no plans to dispose of the asset in the foreseeable future and the exposure is a non-cash item the Board have no plans to hedge this translation exposure. See note 3(d) and 3(e) for details of assets and liabilities held by SwipedOn and denominated in New Zealand dollars.

Cash flow and fair value interest rate risk

The Group's borrowings comprise a mortgage and interest free government Covid-19 support loan. The mortgage is held with Barclays, secured on the associated freehold land and buildings, and carries a variable rate of interest dependent upon the Bank of England base rate. As the Group maintains cash reserves in excess of the borrowings value the interest rate risk is not considered significant.

13(b) Credit risk

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

Risk management

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

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

Security

The Group does not obtain security for trade receivables.

Impairment of financial assets

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

- trade receivables for the sale of goods and services;
- contract assets relating to the software contracts;
- other financial assets carried at amortised cost.

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

Trade receivables

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

To measure expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and days past due date. The contract assets relate to uninvoiced provision of software have substantially the same risk characteristics as the trade receivables for the same types of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 January 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified global and country specific GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes to this factor. On that basis the loss allowance at 31 January 2021 was determined as follows for both trade receivables and contract assets:

31 January 2021	Current	1 -30 days past due	31 – 60 days past due	61 – 90 days past due	91 -180 days past due	181 – 360 days past due	Total
Expected loss rate (%)	**0.2%**	**0.9%**	**1.6%**	**16.7%**	**8.3%**	**79.1%**	**1.7%**
Gross carrying amount – trade receivables (£'000)	**266**	**99**	**83**	**9**	**16**	**3**	**476**
Gross carrying amount – contract assets (£'000)	**2**	**1**	**1**	**0**	**0**	**0**	**4**
Loss allowance – trade receivables	**1**	**1**	**1**	**2**	**1**	**2**	**8**
Loss allowance – contract assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The closing loss allowances for trade receivables and contract assets as at 31 January 2021 reconcile to the opening loss allowances as follows:

	Contract assets		Trade receivables	
	2021	2020	2021	2020
	£'000	**£'000**	**£'000**	**£'000**
At 1 February	-	19	-	12
Transferred to disposal group	-	(19)	-	(12)
Increase in loss allowance recognised in profit or loss during the year	-	-	**18**	9
Receivables written off during the year as uncollectible	-	-	**(10)**	(9)
At 31 January	-	-	**8**	-

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

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

Other financial assets at amortised cost

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

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

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

Impairment losses	2021	2020
	£'000	**£'000**
Movement in loss allowance for trade receivables and contract assets	**18**	9
Impairment losses on other financial assets	**54**	196
Net impairment losses on financial and contract assets	**72**	205

13(c) Liquidity risk

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

Maturity of financial liabilities

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

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

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

Contractual maturity of financial liabilities At 31 January 2020	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade payables	695	-	-	-	-	695	695
Borrowings	13	388	-	-	-	401	401
Lease liabilities	23	23	49	84	-	179	179
Total	731	411	49	84	-	1,275	1,275

14. CAPITAL MANAGEMENT

14(a) Risk management

The Group considers its capital to comprise its ordinary share capital, share premium account, other reserves and retained earnings. A summary of the amounts of capital in each of these categories is shown in the consolidated statement of changes in equity on page 51.

In managing its capital, the Group's primary objective is to provide a return for its equity shareholders through capital growth. The Group has £413,000 (2020 £401,000) of debt representing a gearing ratio of 3% (2020: 2%). Going forward the Group will balance capital risk and return at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives. There have been no other significant changes to the Group's management objectives, policies and processes in the year nor has there been any change in what the Group considers to be capital.

14(b) Dividends

The Group does not currently pay a dividend.

15. DISCONTINUED OPERATIONS

15(a) Description

In January 2020 the Board resolved to initiate a process to dispose of the Group's investment in SmartSpace Global Limited ("SSG disposal group"). A buyer was identified and the disposal completed in August 2020. The financial performance of the SSG disposal group is therefore reported in discontinued activities for the current and prior period. Assets and directly associate liabilities of the SSG disposal group are included within assets held for sale for the prior period. The sale and purchase agreement contains warranties and indemnities by the Company as is usual for a transaction of this nature. Liabilities or provisions relating to warranty items are only recorded when the business is made aware of any warranty claims made by the acquiring entity. As at the balance sheet date no claims had been raised under these warranties, although claims could be made up until 13 August 2027.

15(b) Financial performance and cash flow information

The financial performance and cash flow information relating to the disposal group are presented below. Information relating to SmartSpace Global relates to the period to the date of disposal being 13 August 2020.

	13 August 2020	Year ended 31 January 2020
	£'000	**£'000**
Revenue	**819**	2,183
Expenses	**(2,331)**	(7,942)
Loss before income tax	**(1,512)**	(5,759)
Income tax benefit	**42**	455
Loss after tax	**(1,470)**	(5,304)
Reversal of impairment / (impairment) of assets in disposal group	**1,470**	(2,669)
Loss after income tax and impairments of discontinued operations	**-**	(7,973)
Loss on disposal of subsidiary after income tax	**(124)**	-
Net loss attributable to discontinued operations	**(124)**	(7,973)

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

15(c) Assets and liabilities of disposal group

	At date of disposal 13 August 2020	31 January 2020
	£'000	**£'000**
Assets classified as held for sale		
Property, plant and equipment	**227**	236
Right-of-use assets	**801**	801
Intangible assets	**3,265**	1,413
Contract assets	**1,726**	2,134
Trade and other receivables	**797**	880
Other financial assets at amortised cost	**32**	821
Prepayments	**600**	195
Cash and cash equivalents	**199**	-
Total assets of disposal group held for sale	**7,647**	6,480
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	**(763)**	(812)
Trade and other payables	**(997)**	(304)
Contract liabilities	**(1,175)**	(997)
Total liabilities of disposal group held for sale	**(2,935)**	(2,113)
Net assets of disposal group	**4,712**	4,367

15(d) Details of sale of subsidiary

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Cash consideration received	**4,605**	-
Cash consideration receivable	**327**	-
Total disposal consideration	**4,932**	-
Carrying amount of net assets sold	**(4,712)**	-
Gain on sale before costs	**220**	-
Costs incurred on disposal	**(344)**	-
Loss on disposal	**(124)**	-

Cash consideration receivable of £327,000 was contingent on SmartSpace Global receiving payment of R&D tax credits from HMRC and was received after the year end.

16. INTERESTS IN OTHER ENTITIES

The Group's subsidiaries at 31 January 2021 are set out below. Unless otherwise stated they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of operation.

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

All subsidiary undertakings are included in the consolidation.

17. COMMITMENTS

17(a) Capital commitments

There were no capital commitments at 31 January 2021 (2020: £nil).

18. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

In accordance with the share purchase agreement for the acquisition of SpaceConnect Pty Limited in November 2019, SmartSpace Software PLC issued the remaining 675,411 retention consideration shares to Pope Family Investments Pty Ltd on 30 April 2021. The shares were held back for a period of 18 months to be set off against any claims under the SPA, of which none were made. The shares were ordinary shares with a par value of 10 pence each.

19. RELATED PARTY TRANSACTIONS

19(a) Subsidiaries

Interests in subsidiaries are set out in note 16.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the parent and the subsidiaries during the year represent transfers of cash between the companies and management fees.

19(b) Key management personnel compensation

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Short term employment benefits	**720**	641
Post-employment benefits	**18**	15
Share-based payments	**106**	105
	844	761

19(c) Directors

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Aggregate emoluments	**470**	484
Company contributions to money purchase pension schemes	**9**	6
Taxable benefits	**31**	19
Long term incentives	**72**	70
	582	579

Detailed remuneration including the highest paid director disclosures are provided in the Directors' remuneration section in the remuneration report on pages 30 and 31.

Directors' fees

Directors fees of £40,000 (2020: £40,000) were charged by Warspite Limited, a company connected to Diana Dyer Bartlett, in respect of services provided by Diana Dyer Bartlett; £nil (2020: £nil) was outstanding at the year end.

Directors fees of £60,000 (2020: £60,000) were charged by VZ Limited, a company connected to Guy van Zwanenberg, in respect of services provided by Guy van Zwanenberg; £nil (2020: £6,067) was outstanding at the year end.

20. SHARE BASED PAYMENTS

The Group operates two equity settled share-based payments plans: an EMI scheme and an Unapproved share scheme. During the year the Group issued options over 332,500 ordinary shares under the Group's EMI scheme (2020: nil) and over 570,000 ordinary shares under the Unapproved share scheme (2020: nil).

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

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

The Group also issued cash settled options as described in 20(c).

20(a) Equity settled employee option plans

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

	31 January 2021		31 January 2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of the year	**1,484,015**	**107p**	1,730,473	106p
Granted during the year	**902,500**	**92.5p**	-	-
Forfeited during the year	**(230,015)**	**103p**	(246,458)	100p
Outstanding at end of year	**2,156,500**	**101p**	1,484,015	107p
Exercisable at end of year	**40,000**	**500p**	40,000	500p

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

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

Date granted	Expiry date	Type	Price per share	Share options 31 January 2021	Share options 31 January 2020
12 June 2013	11 June 2023	Warrants	500.00 p	**40,000**	40,000
11 December 2015	10 December 2025	Options	92.00 p	**200,000**	200,000
1 December 2016	1 July 2026	Options	127.00 p	-	11,093
1 February 2017	1 September 2027	Options	127.00 p	-	1,422
31 July 2018	30 July 2028	Options	101.25 p	**129,000**	346,500
17 October 2018	16 October 2028	Options	94.00 p	**885,000**	885,000
23 October 2020	22 October 2030	Options	92.50 p	**902,500**	-
				2,156,500	1,484,015

The outstanding options at the year-end have an exercise price in the range of 92 pence to 500 pence (2020: 92 pence to 500 pence).

The weighted average remaining contractual life of the share options outstanding at the year end is 8 years and 2 months (2020: 8 years 1 month).

20(b) Fair value of equity settled options granted

Options granted to Directors of the Group included share price performance conditions whilst those issued to other employees did not contain any performance criteria. The fair value at the grant date for options without performance conditions is determined using the Black-Scholes model, whilst options that contain market-based performance conditions are valued using a Monte Carlo simulation of the calculations underlying the Black-Scholes model. Details of the performance conditions can be found in the remuneration report on page 31. These calculations take into account the exercise price, the term of the option, the share price at the date of grant and expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. The expected price volatility is based on historical share price volatility over a period of time equal to the option vesting period being 3 years. The assessed fair value of options granted during the year ended 31 January 2021 was 40.8p for those without performance conditions and 27.7p for those with performance conditions.

The model inputs for the options granted during the year were:

Model input	
Grant date	23 October 2020
Option price	92.50p
Dividend yield	Nil
Vesting period (years)	3 years
Assumed volatility at date of grant	68%
Risk-free discount rate	-0.1%
Expected life of option	3 years
Fair value per option – without performance criteria	40.8p
Fair value per option – with performance criteria	27.7p
Share price at grant	92.5p

The expense recognised in continuing operations for equity-settled share-based payments during the year to 31 January 2021 was £150,000 (2020: £88,000).

20(c) Cash settled share-based payments

As part of the disposal of SmartSpace Global Limited the Group issued 50,000 cash settled share options to a former employee who was involved in the disposal process. The options were issued on 13 August 2020, had an exercise price of 101.25p, and are available for exercise at any point between 31 July 2021 and 31 July 2029. The options were valued using the Black-Scholes model with assumed volatility of 77%, risk free interest rate of -0.1%, exercise price of 101.25p and current share price at the reporting date of 127.5p. The expected price volatility is based on historical share price volatility over a period of time equal to the expected period of time before the options are exercised. An expense was recorded in discontinued operations relating to these options of £30,707.

21. LOSS PER SHARE

21(a) Basic loss per share

	Year ended 31 January 2021	Year ended 31 January 2020
	Pence	**Pence**
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(7.54p)**	(8.05p)
From discontinued operations	**(0.44p)**	(33.65p)
Total basic loss per share	**(7.98p)**	(41.70p)

21(b) Diluted loss per share

	Year ended 31 January 2021	Year ended 31 January 2020
	Pence	**Pence**
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(7.54p)**	(8.05p)
From discontinued operations	**(0.44p)**	(33.65p)
Total diluted loss per share	**(7.98p)**	(41.70p)

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

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

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Basic (loss) / earnings per share		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,131)**	(1,909)
From discontinued operations	**(124)**	(7,973)
	(2,255)	(9,882)
Diluted (loss) / earnings per shares		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,131)**	(1,909)
From discontinued operations	**(124)**	(7,973)
	(2,255)	(9,882)

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

	Year ended 31 January 2021	Year ended 31 January 2020
	Number	**Number**
Weighted average number of shares used as the denominator in calculating basic earnings per share	**28,255,823**	23,694,546
Adjustments for calculation of diluted earnings per share		
Options	**-**	-
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**28,255,823**	23,694,546

21(e) Information concerning the classification of securities

Options

Options granted to employees under the Group's share option schemes are considered to be potential ordinary shares. Whilst options are never included in the determination of basic earnings per share, they are included in the calculation of diluted earnings per share if considered dilutive. Details relating to the options are set out in note 20.

At 31 January 2021 options are considered antidilutive and therefore not included in the calculation of diluted earnings per share. These options could potentially be dilutive in the future.

21(f) Alternative measure of earnings per share

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Loss for the year	**(2,131)**	(1,909)
Adjustment to basic (loss)/earnings:		
Reorganisation and transactional costs	**-**	199
Tax credit on reorganisation and transactional costs	**-**	(38)
Amortisation of acquired intangibles	**194**	119
Deferred tax credit on amortisation of acquired intangibles	**(48)**	(23)
Share based payment charge	**150**	88
Deferred tax credit on share-based payment charge	**(28)**	(17)
Adjusted (loss)/earnings attributable to owners of the Company	**(1,863)**	(1,581)
Number of shares	**No.**	No.
Weighted average ordinary shares in issue	**28,255,823**	23,694,546
Weighted average potential diluted shares in issue	**28,255,823**	23,694,546
Adjusted (loss)/earnings per share		
Basic (loss)/earnings per share	**(6.59p)**	(6.67p)
Diluted (loss)/earnings per share	**(6.59p)**	(6.67p)

22. ASSETS PLEDGED AS SECURITY

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

	31 January 2021	31 January 2020
	£'000	**£'000**
Non-current		
Freehold land and buildings	**600**	613

23. AUDITORS' REMUNERATION

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

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Fees payable to the Company's auditors for the audit of Parent Company and consolidated financial statements:		
– Audit fees in relation to the year ended 31 January 2019	**-**	6
– Audit fees in relation to the year ended 31 January 2020	**14**	46
– Audit fees in relation to the year ended 31 January 2021	**57**	-
Fees payable to Company's auditors for other services:		
– Audit of subsidiary financial statements for the year ended 31 January 2019	**-**	1
– Audit of subsidiary financial statements for the year ended 31 January 2020	**-**	25
– Audit of subsidiary financial statements for the year ended 31 January 2021	**24**	-
Audit-related assurance services	**-**	-
	95	78

24. SIGNIFICANT ACCOUNTING POLICIES

24(a) Basis of preparation

Compliance with IFRS

The consolidated financial statements of the SmartSpace Software plc group have been prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006.

Historical cost convention

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

- certain financial assets and liabilities including cash settled share-based payments,
- assets held for sale which are measured at fair value less costs to sell, and
- equity settled share-based payments in the scope of IFRS 2 which are measured at fair value

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

Standards and interpretations not yet applied by the Group

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 February 2020. There was no significant impact of new standards and interpretations adopted in the year, which include:

- Amendments to References to Conceptual Framework in IFRS Standards - effective 1 Jan 2020
- Definition of a Business (Amendments to IFRS 3) - effective 1 Jan 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) – effective 1 Jan 2020
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) – effective 1 Jan 2020

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 February 2021, or later periods, have been adopted early. The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £2,717,000 for the year to 31 January 2021 (2020: £2,365,000 loss) and net cash outflow from continuing operating activities of £1,639,000 (2020: £1,849,000).

At 31 January 2021 the Group had £4.5m of gross cash with three operating segments and a central overhead to support. Cash forecasts for each segment and the consolidated Group have been prepared for a period of twelve months from the date of signing the balance sheet.

The SwipedOn division has continued to grow throughout the Covid-19 pandemic both in terms customers and revenue. The Directors are confident that growth will continue in the future. SwipedOn is currently cash generative at current levels of investment in new customer acquisition and product development. Whilst the Directors believe that SwipedOn will continue to perform well throughout the Covid-19 pandemic, stress tests have taken into account the possibility of reductions in new customer signups and increased customer churn.

During the year ended 31 January 2021 Space Connect commenced sales through a distribution channel and through licensed sales of a white label version of its product. The Covid-19 lockdown prevented these sales from developing as planned, however sales are expected to return once businesses re-open their workplaces. By the end of the year ended 31 January 2022 Space Connect is expected to be cash-generative. Overall the Directors believe that Covid-19 will have a positive impact on Space Connect however stress tests have taken into account scenarios whereby sales growth and new customer and distributor wins occur at a much reduced rate.

The Anders & Kern division which is focussed exclusively on UK based customers experienced significant reductions in sales volume due to the nationwide Covid-19 lockdown. The business took advantage of the UK Government's Job Retention Scheme by furloughing a large proportion of its workforce. When lockdown restrictions ease sales are expected to recover. Forecasts for the Anders & Kern division have assumed that over a period of 12 months sales will return to normal levels. Stress tests have included the possibility that sales remain subdued for the entire forecast period together with appropriate cost reductions.

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

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

24(b) Principles of consolidation

Subsidiaries

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

The acquisition method is used to account for business combinations by the Group (refer to note 24(i)).

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

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

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends receivable or receivable from associates or joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Reverse acquisition accounting

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

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

Under reverse acquisition accounting:

- an adjustment within shareholders' funds is required to eliminate the cost of acquisition in the issuing company's books, and introduce a notional cost of acquiring the smaller issuing company based on the fair value of its shares
- an adjustment is required to show the share capital of the legal parent in the consolidated balance sheet rather than that of the deemed acquirer.

Both adjustments have been included in the reverse acquisition reserve.

Merger reserve

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

24(c) Segment reporting

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

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

24(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

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

Exchange rates used are as follows:

	31 January 2021	31 January 2020
Average exchange rate for 1 New Zealand Dollar into Pounds Sterling	0.5089	0.5143
Closing exchange rate for 1 New Zealand Dollar into Pounds Sterling	0.5250	0.4911

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

24(e) Revenue recognition

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

24(f) Government grants

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

24(g) Income tax

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited in other comprehensive income in which case the deferred tax is also dealt with in comprehensive income.

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

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

24(h) Leases

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

24(i) Business combinations

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

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

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

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

The excess of the:

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

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

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

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

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

24(j) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

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

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

24(k) Cash and cash equivalents

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

24(l) Trade receivables

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

24(m) Inventories

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

24(n) Financial assets

Classification

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

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

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

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

Measurement

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

Impairment

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

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

24(o) Property, plant and equipment

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

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

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

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

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

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

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

24(p) Intangible assets

Goodwill

Goodwill is measured as described in note 24(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicated that it might be impaired, and is carried as cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Internally generated intangible assets - Research and development

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

Amortisation methods and periods

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

24(q) Trade and other payables

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

24(r) Borrowings

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

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

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

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

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

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

24(t) Borrowing costs

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

24(u) Provisions

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

24(v) Employment benefits

Short- term obligations

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

Post- employment obligations

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

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled transactions are set out in note 20.

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

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

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

24(w) Contributed equity

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

24(x) Dividends

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

24(y) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

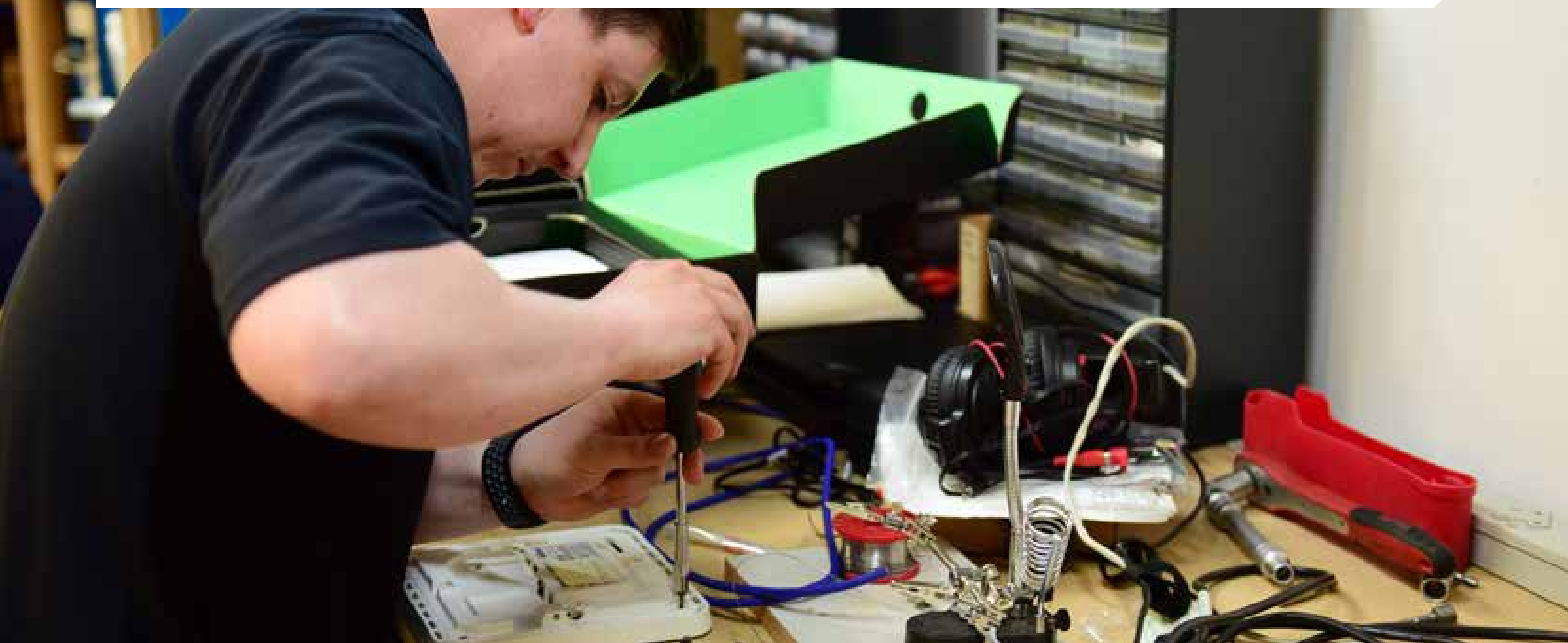
- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

24(z) Rounding of amounts

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

25. CHANGE IN ACCOUNTING POLICIES

There were no changes to accounting policies during the year ended 31 January 2021.



PARENT COMPANY BALANCE SHEET

	Note	31 January 2021	31 January 2020
		£'000	**£'000**
ASSETS			
Non-current assets			
Investments	2(b)	3,567	4,894
Property, plant and equipment	2(a)	10	16
Financial assets at amortised cost	1(a)	9,385	12,151
Deferred tax assets	3	791	1,067
Total non-current assets		**13,753**	18,128
Current assets			
Prepayments		30	53
Financial assets at amortised cost	1(a)	328	85
Other receivables	1(a)	1	54
Cash and cash equivalents		3,781	638
Total current assets		**4,140**	830
Total assets		**17,893**	18,958
LIABILITIES			
Current liabilities			
Trade and other payables	1(b)	184	129
Other tax liabilities		72	34
Total current liabilities		**256**	163
Total liabilities		**256**	163
Net assets		**17,637**	18,795
EQUITY			
Capital and reserves attributable to equity shareholders			
Share capital	4(a)	**2,826**	2,826
Share premium	4(a)	**3,830**	3,830
Other reserves	4(b)	**1,677**	1,574
Retained earnings	4(c)	**9,304**	10,565
Total equity		**17,637**	18,795

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

As permitted by Section 408 of the Companies Act 2006 no separate Parent company profit and loss account has been included in these financial statements. The Parent company loss for the period was £1,261,000 (2020: £9,768,000).

The financial statements were approved by the Board of Directors and authorised for issue on 7 May 2021.

They were signed on its behalf by:

Bruce Morrison
Chief Financial Officer

Company Number: 5332126

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2019	2,216	1,058	128	20,333	23,735
Loss for the year	-	-	-	(9,768)	(9,768)
Total comprehensive loss for the year	-	-	-	(9,768)	(9,768)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination	135	-	844	-	979
Proceeds from shares issued	475	2,967	-	-	3,442
Share issue costs	-	(195)	-	-	(195)
Space Connect acquisition deferred share issue consideration	-	-	489	-	489
Share based payment charge	-	-	80	-	80
Share based payment charged to subsidiaries	-	-	33	-	33
At 31 January 2020	**2,826**	**3,830**	**1,574**	**10,565**	**18,795**
Loss for the year	**-**	**-**	**-**	**(1,261)**	**(1,261)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,261)**	**(1,261)**
Transactions with owners in their capacity as owners:					
Share based payment charge – continuing operations	**-**	**-**	**135**	**-**	**135**
Share based payment charge – discontinued operations	**-**	**-**	**(47)**	**-**	**(47)**
Share based payment charged to subsidiaries	**-**	**-**	**15**	**-**	**15**
At 31 January 2021	**2,826**	**3,830**	**1,677**	**9,304**	**17,637**

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

PARENT COMPANY STATEMENT OF CASH FLOWS

	Note	Year ended 31 January 2021	Year ended 31 January 2020
		£'000	**£'000**
Cash flows from operating activities			
Cash consumed in operations	5	**(1,210)**	(1,664)
Interest received		**-**	10
Interest paid		**(1)**	(1)
Income tax paid		**(5)**	-
Net cash outflow from operating activities		**(1,216)**	(1,655)
Cash flows from investing activities			
Payment for property, plant and equipment		**(7)**	(10)
Proceeds from disposal of subsidiary		**4,366**	750
Net cash generated from investing activities		**4,359**	740
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)		**-**	3,247
Loans issued to subsidiary companies		**-**	(8,916)
Net cash used in financing activities		**-**	(5,669)
Net increase / (decrease) in cash and cash equivalents		**3,143**	(6,584)
Cash and cash equivalents at start of year		**638**	7,222
Cash and cash equivalents at end of year		**3,781**	638

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

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

The Company holds the following financial instruments:

Financial assets	31 January 2021	31 January 2020
	£'000	**£'000**
Financial assets at amortised cost	**9,714**	12,290
Cash and cash equivalents	**3,781**	638
	13,495	12,928

Financial liabilities	31 January 2021	31 January 2020
	£'000	**£'000**
Trade and other payables	**184**	129
	184	129

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

1(a) Financial assets at amortised cost

Classifications of financial assets at amortised cost

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

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

Financial assets at amortised cost include the following debt investments:

	31 January 2021			31 January 2020		
	Current	Non-current	Total	Current	Non-current	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loans to subsidiary	**-**	**3,816**	**3,816**	-	6,060	6,060
Intercompany balances	**-**	**5,569**	**5,569**	-	6,091	6,091
Other financial assets at amortised cost	**328**	**-**	**328**	85	-	85
Other receivables	**1**	**-**	**1**	54	-	54
	329	**9,385**	**9,714**	139	12,151	12,290

Loans to subsidiary

In 2019 the Company issued a loan to its subsidiary, SmartSpace Software Limited Pty. The loan is unsecured and repayable at 90 days' notice. Interest accrues daily at a rate of 5% per annum. Through the sale of intellectual property to other group companies the loan was repaid in full during the year ended 31 January 2021.

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

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

Intercompany balances

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

Impairment and risk exposure

At 31 January 2020 the Company had an intercompany balance due from SmartSpace Global Limited of £12.3m. An impairment charge of £8,028,000 was recorded in relation to losses expected to arise as part of the disposal of this subsidiary in the financial year ended 31 January 2021. As part of the disposal transactions the full value of the loan was written off prior to the disposal of SmartSpace Global in August 2020. Note 7 sets out further information about the impairment of financial assets and the Company's exposure to credit risk.

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

Other financial assets at amortised cost

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

1(b) Trade and other payables

	31 January 2021	31 January 2020
	£'000	**£'000**
Current liabilities		
Trade payables	**48**	53
Payroll liabilities	**5**	4
Accrued expenses	**98**	71
Other payables	**33**	1
	184	129

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

2. NON-FINANCIAL ASSETS AND LIABILITIES

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

2(a) Property, plant and equipment

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

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

- Office equipment 3-4 years

2(b) Investment in subsidiaries

	31 January 2021	31 January 2020
	£'000	**£'000**
Shares in group undertakings		
Balance at 1 February	**4,894**	4,894
Disposal of SmartSpace Global Limited	**(1,327)**	-
Balance at 31 January	**3,567**	4,894

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Details of subsidiary undertakings can be seen in note 16 of the Group financial statements.

3. DEFERRED TAX

Deferred tax assets

	31 January 2021	31 January 2020
	£'000	**£'000**
The balance comprises temporary differences attributable to:		
Tax losses	**721**	1,022
Share based payments	**70**	45
Deferred tax assets	**791**	1,067

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

Movements	Share based payments	Tax losses	Total
	£'000	**£'000**	**£'000**
At 31 January 2019	24	764	788
Credited to profit and loss	21	258	279
At 31 January 2020	**45**	**1,022**	**1,067**
Charged to profit and loss	**25**	**(301)**	**(276)**
At 31 January 2021	**70**	**721**	**791**

4. EQUITY

4(a) Share capital and share premium

	31 January 2021	31 January 2020	31 January 2021	31 January 2020
	Number	**Number**	**£'000**	**£'000**
Allotted, called up and fully paid:				
Ordinary shares of 10p each	**28,255,823**	28,255,823	**2,826**	2,826

Movement in ordinary shares

	Shares issued		Share capital	Share premium	Merger Reserve	Total
	Number	**Price (p)**	**£'000**	**£'000**	**£'000**	
At 31 January 2019	22,157,413		2,216	1,058	-	3,274
Shares issued for acquisition	4,747,587	72.5	475	2,772	-	3,247
Shares issued for cash	1,350,823	72.5	135	-	844	979
At 31 January 2020	**28,255,823**		**2,826**	**3,830**	**844**	**7,500**
At 31 January 2021	**28,255,823**		**2,826**	**3,830**	**844**	**7,500**

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

4(b) Other reserves

	Acquisition deferred consideration reserve	Merger reserve	Share option reserves	Total other reserves
	£'000	**£'000**	**£'000**	**£'000**
At 31 January 2019	-	-	128	128
Transactions with owners in their capacity as owners:				
Shares issued for acquisition		844	-	844
Space Connect acquisition deferred share issue consideration	489	-	-	489
Share-based payment expense	-	-	80	80
Share-based payment charged to subsidiaries	-	-	33	33
At 31 January 2020	**489**	**844**	**241**	**1,574**
Transactions with owners in their capacity as owners:				
Share-based payment expense	**-**	**-**	**135**	**135**
Share-based payment expense – discontinued operations	**-**	**-**	**(32)**	**(32)**
At 31 January 2021	**489**	**844**	**344**	**1,677**

Nature and purpose of other reserves

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

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

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

4(c) Retained earnings

The movements in retained earnings were as follows:

	31 January 2021	31 January 2020
	£'000	**£'000**
Balance at 1 February	**10,565**	20,333
Net loss for the period	**(1,261)**	(9,768)
Balance at 31 January	**9,304**	10,565

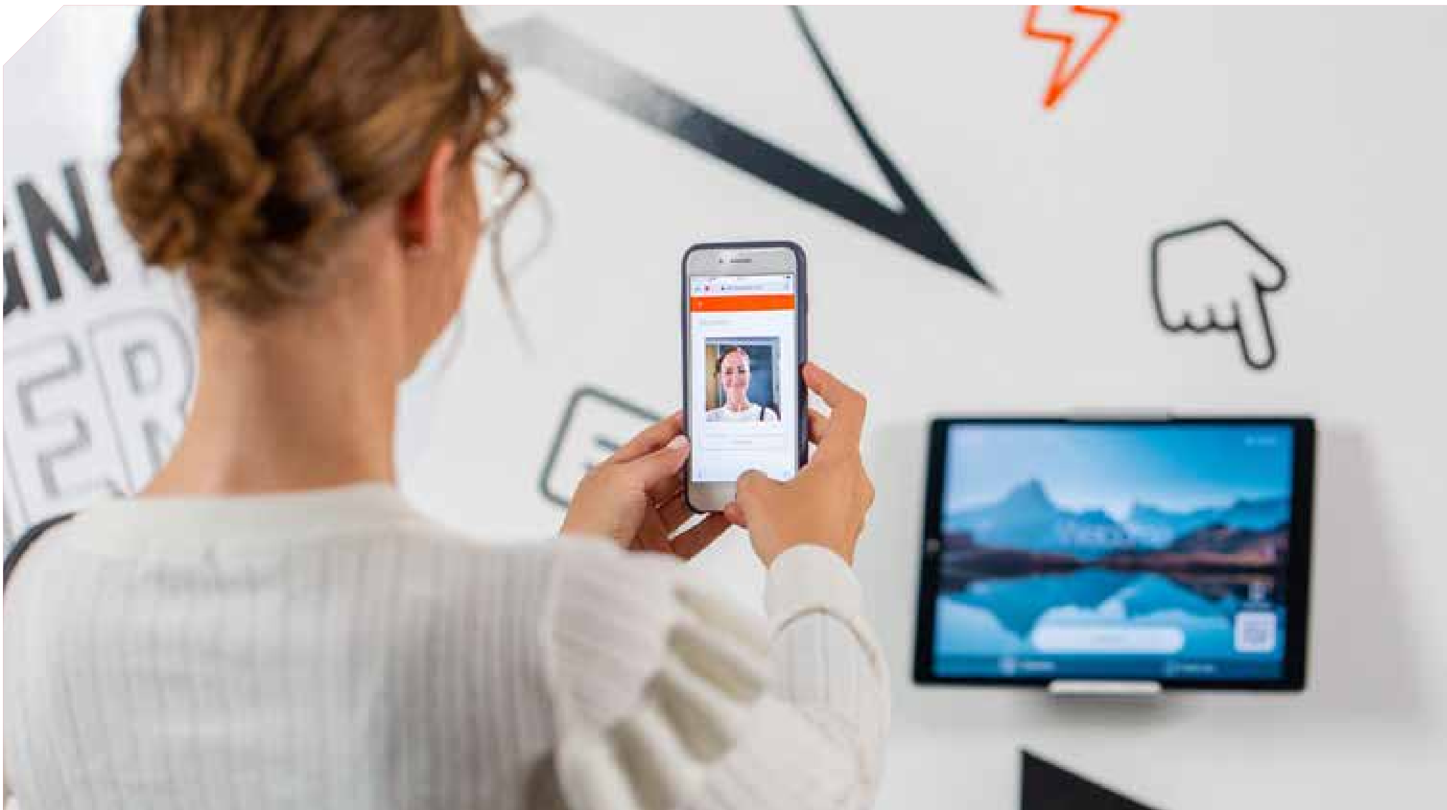
5. CASH FLOW INFORMATION

5(a) Cash generated from operations

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Loss before income tax	**(979)**	(10,024)
Adjustments for:		
Depreciation	**12**	10
Non-cash employee benefit expense – share-based payments	**103**	80
Credit loss	**54**	196
Impairment of intercompany balance	**-**	8,028
Gain on disposal of subsidiary	**291**	-
Gain on sale of non-current assets	**2**	-
Net exchange differences	**-**	408
Finance costs - net	**1**	(38)
Change in operating assets and liabilities:		
Movement in financial assets at amortised cost	**29**	(77)
Movement in other operating assets	**22**	(14)
Movement in trade payables	**(5)**	43
Movement in other operating liabilities	**(740)**	(271)
Movement in provisions	**-**	(5)
Cash used in operations	**(1,210)**	(1,664)

5(b) Net cash reconciliation

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



6. EMPLOYEE INFORMATION

6(a) Employee benefits expense

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Wages and salaries	**649**	634
Share based payments	**80**	80
Social security costs	**83**	103
Pension costs	**22**	19
Total remuneration	**834**	836

6(b) Average number of people employed

	Year ended 31 January 2021	Year ended 31 January 2020
	No.	**No.**
Administration	**4**	6
Total employees	**4**	6

Details of directors remuneration including the highest paid director are provided in the Directors' remuneration report on pages 30 and 31.

7. FINANCIAL RISK MANAGEMENT

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

7(a) Credit risk

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

Risk management

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

Impairment of loan to subsidiary

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

Balances due from related companies

The Company provides funding to its subsidiaries through short term intercompany receivables. The loans are unsecured, interest free and repayable on demand. Where liquid assets are not immediately available to repay the full amount due, management consider other recovery strategies including payment over time through cash generated from operations. After taking into account these recovery strategies and possible non-recovery scenarios management have concluded the expected credit losses are not material.

7(b) Liquidity risk

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

Maturity of financial liabilities

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

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

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

Contractual maturity of financial liabilities At 31 January 2020	Less than 6 months	6-12 months	Total	Carrying amount
	£'000	**£'000**	**£'000**	**£'000**
Trade and other payables	124	-	124	124
Total	124	-	124	124

8. CAPITAL MANAGEMENT

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

9. RELATED PARTY TRANSACTIONS

9(a) Transactions with related parties

The following transactions occurred with related parties:

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	**£'000**
Sales and purchases of services		
Provision of services to subsidiary undertakings	-	145
Other transactions		
Subscription for new ordinary shares	-	4,421

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

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

	31 January 2021	31 January 2020
	£'000	**£'000**
Receivables		
Subsidiary undertakings	5,569	6,091

9(c) Loans to subsidiary undertaking

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

	31 January 2020 SmartSpace Software Pty	SmartSpace Software Ltd	Total
	£'000	**£'000**	**£'000**
Loan to subsidiaries			
At 1 February 2019	-	3,840	3,840
Cash advanced	2,589	-	2,589
Interest charged	29	-	29
Impact of foreign currency exchange rate movement	(134)	(264)	(398)
At 31 January 2020	2,484	3,576	6,060

No loss allowance was recognised in expense.

9(d) Terms and conditions

The loan to SmartSpace Software Pty Limited was unsecured and repayable at 90 days' notice. Interest accrues at a rate of 5% per annum.

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

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

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

Note 16 - Interest in other entities

Note 18 - Events occurring after the end of the reporting period

Note 19(b) - Related party transactions: Key management personnel

Note 19(c) - Related party transactions: Directors

Note 20 - Share based payments

Note 23 - Auditors' remuneration

11. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

11(a) Basis of preparation

Compliance with IFRS

The financial statements of SmartSpace Software plc have been prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006.

Historical cost convention

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

Standards and interpretations not yet applied by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the year end 31 January 2021 and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Standards and interpretations adopted in the year had no significant impact (See note 24(a) of the Group financial statements).

Going concern

The ability of the Parent Company to continue as a going concern is contingent upon the ongoing viability of the Group. The financial statements for the Group and the Parent Company are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £2,717,000 for the year to 31 January 2021 (2020: £2,365,000 loss), net cash outflow from continuing operating activities of £1,639,000 (2020: £1,849,000).

At 31 January 2021 the Group had £4.5m of gross cash, three operating segments and a central overhead to support. Cash forecasts for each segment and the consolidated group have been prepared for a period of twelve months from the date of signing the balance sheet.

These forecasts take into account the Group's assessment of the likely impacts of the Covid-19 pandemic together known levels of governmental support. Furthermore the forecasts have been stress tested to take into account varying degrees of reductions in customer purchases and subscriptions, delays in product launches and new sales wins, and extended customer payment days.

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

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

11(b) Investment in subsidiaries

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

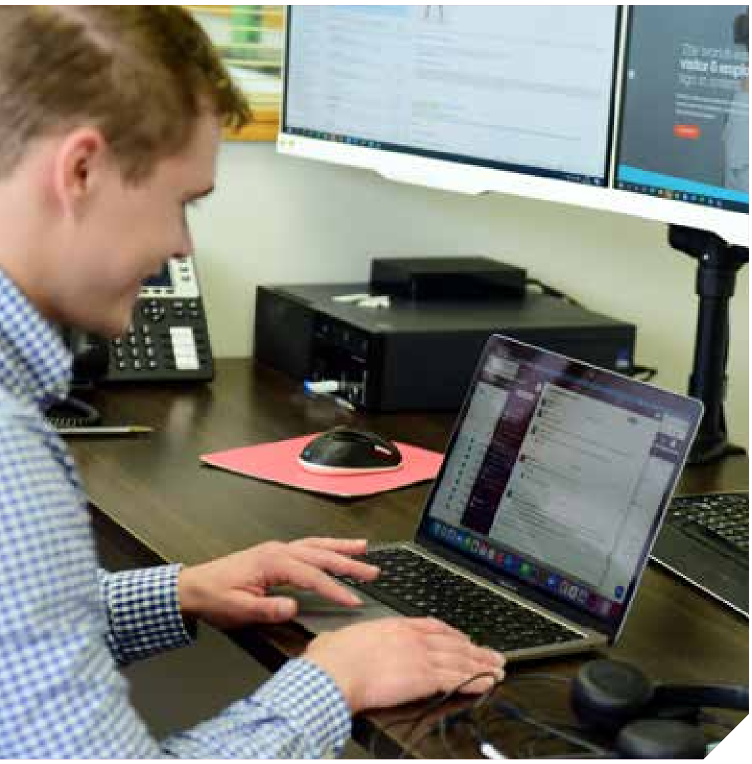
11(c) Functional and presentation currency

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

11(d) Income tax

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

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



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

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

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

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

11(e) Cash and cash equivalents

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

11(f) Financial assets

Classification

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

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

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

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

Measurement

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

Impairment

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

11(g) Property, plant and equipment

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

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

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

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

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

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

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

11(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as

current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured as amortised cost using the effective interest method.

11(i) Employment benefits

Short- term obligations

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

Post- employment obligations

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

Share-based payments

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled transactions are set out in note 20 to the consolidated financial statements.

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

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

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

11(j) Contributed equity

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

11(k) Dividends

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

11(l) Rounding of amounts

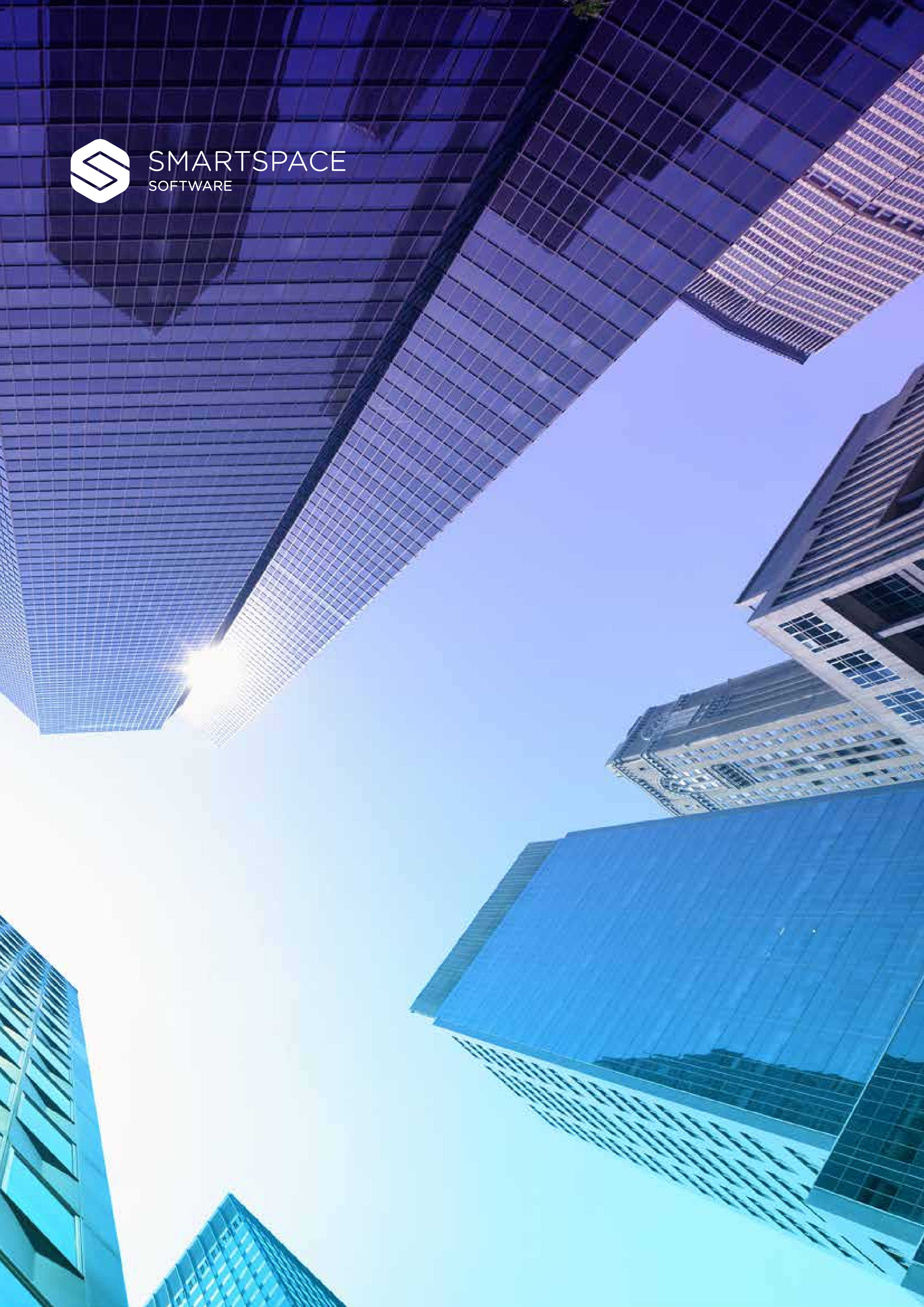
All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated.

12. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

See note 18 of the Group financial statements for events occurring after the end of the reporting period.

13. CHANGE IN ACCOUNTING POLICIES

There are no changes to report.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