

Smile Bidco Limited

Directors' Report for the Year Ended 31 March 2021

Carbon reporting

The Group is conscious of its energy usage and the impact on the environment and looks to reduce usage where possible. The usage in the year of c. 268,000 kWh (2020 - 226,000 kWh) relates to the purchase of electricity for our offices and is based on invoices. The current intensity ratio for the reporting period was 1.7 (2020 - 1.6). This is calculated based on the kilograms of CO2 emissions associated with the operating activities of the Group at c. 63,000kg (2020 - 53,000kg), divided by number of contracts sold. In our calculations, we convert kWh to kg of carbon released based on Greenhouse gas reporting: conversion factors from Department for Business, Energy and Industrial Strategy. The conversion factor is 0.23314 kg CO2 for each kWh.

Future developments

The group remains in a strong position to grow in the coming year based on an increased portfolio of products and services and its strong renewals pipeline, with a majority of customers trusting us to achieve continuous savings for them.

Research and development

Research and development relating to work done on our internal platforms and systems totalled £2,498,000 for the year (2020 - £4,347,000), all of which was capitalised. Further research and development costs relating to other projects of £673,000 (2020 - £85,000) was expensed.

Going concern

The Group made a loss for the year of £14.7m (2020 - loss of £12.4m (restated)) and has net current liabilities of £73.5m (2020 - net current liabilities of £66.9m).

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position, including the impact of the Covid-19 pandemic. The review also includes the financial position of the Company and the wider Group that the Company is part of, their short term and long-term cash flows, liquidity position and borrowing facilities. The Directors have considered the period up to and including November 2022 in making their assessment, as a detailed budget has been prepared through March 2022 and the reliability of renewal estimates gives a high degree of predictability beyond this period to March 2022.

The key factors considered by the directors in making the assessment of going concern were as follows: