Altitude Group plc

Annual Report 2015

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31 December 2015
Registered number 05193579

Contents

Directors and Advisers

Directors

***Peter Hallett (Non-executive Chairman)*[1,2]**
Peter joined the board in April 2015 and is an experienced public company director and was until early 2014 Group Chief Financial Officer of both Redcentric plc ("Redcentric"), the AIM-quoted UK network and cloud managed service provider, and Castleton Technology plc ("Castleton"), the AIM-quoted infrastructure and network managed services provider. Castleton was previously named Redstone plc ("Redstone"), from which Redcentric was demerged in April 2013. Peter played an instrumental role in the demerger process, which was the culmination of a successful and complex turnaround of Redstone commencing on his appointment in 2009. In addition Peter was previously finance director of Texas Homecare and First Quench.

***Martin Varley (Chief Executive Officer)*[1,2]**
Martin was the former European Managing Director of 4imprint Group plc and the founder of Incentives Two Limited. He has almost 30 years' experience in the marketing services industry and has gained an extensive knowledge of the supply chain, technology adoption and marketing disciplines of the market.

***Shaun Parker (Chief Operating Officer)*[1,2]**
Shaun joined the Board in January 2016 and has wide and relevant experience of the technology sector having held senior management positions in Specialist Computer Centres, Ricoh Global Services, Redstone plc, Hewlett Packard and Compaq, particularly in outsourced managed services including software.

***Richard Sowerby (Non-executive Director)*[2]**
Richard joined the Board in July 2013 as Chief Financial Officer, was appointed Executive Chairman in April 2015 and moved to be a Non-executive Director in January 2016. Since July 2011 he has been a Director of Stridage Holdings Limited and a director of Carr-Hill Limited since 2008. He qualified as a Chartered Accountant with KPMG where he spent nine years before leaving to work with SME businesses.

1. Member of the Audit Committee

2. Member of the Remuneration Committee

Advisers

Registrars
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B6 3DA

Auditors
Grant Thornton UK LLP
1 Whitehall
Riverside
Leeds
LS1 4BN

Principal bankers
Royal Bank of Scotland plc
Corporate Banking
Brunel House
17-27 Station Road
Reading
Berkshire
RG1 1LG

Solicitors
DWF LLP.
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Nominated Adviser and Stockbrokers
WH Ireland Limited
24 Martin Lane
London
EC4R 0DR

Registered office
Unit 4
Rhodes Business Park
Silburn Way
Middleton
Manchester
M24 4NE
www.altitudeplc.com

Chairman's Statement

I am delighted to be reporting to you for the first time as Chairman of Altitude, having been appointed as Chairman on 14 January 2016 after joining the Board as a non-executive director on 28 April 2015.

Restructuring

As reported in our interim results, the Group recognised early in the year that the substantial investment in operational management structure made during 2013 and 2014 was not producing sufficient revenue growth to offset the corresponding increase in overhead.

A comprehensive and urgent restructuring of the business was required and the Group has moved quickly to "right size" the business. As a technology company leveraging the best solutions to help collaboration and agile development, we recognised that duplicating resources in various locations in the USA was not only expensive but also inefficient and unnecessary. We have therefore now minimised the number of staff located outside our UK base.

All software maintenance and development is now controlled from the UK, with a continued commitment to outsourcing new development in Eastern Europe, under the day to day control of the Chief Operating Officer, with all changes to development programmes requiring Board sanction.

I am happy to report that the restructuring is now complete, with day to day management being provided by the Chief Operating Officer, leaving the Chief Executive Officer clearly focused on establishing new enterprise relationships and markets, leveraging the Group's proprietary software assets.

Results

Despite the significant operational disruption arising from the restructuring, the Group has grown revenue by 2.1% to £4.54m (2014 £4.44m), and maintained gross margins at 78.0% (2014 78.1%).

The radical restructuring undertaken during the year has removed annualised costs of circa £1.8m.

Adjusted Operating profit* of £0.29m (2014 £0.11m) has increased by 164.5%.

As a result of the restructuring action taken in 2015, administrative costs in 2014 of £1.12m have been reclassified as non-recurring, thus increasing the 2014 adjusted operating profit* to £0.11m from the originally reported loss of £1.05m.

Included within administrative costs are software development costs of £0.83m (2014 £0.69m), as the Group has maintained its support and development of its proprietary software assets. In addition, the Group capitalised £0.20m of software development costs (2014 £0.48m). Our new structure enabled us to remove the US based former Chief Technology Officer, with responsibilities being transferred to the UK under the new Chief Operating Officer.

Operating losses amounted to £1.25m (2014 £1.66m), a decrease of 24.4%, after inclusion of amortisation of £0.45m (2014 £0.48m), share based payments credit of £0.04m (2014 charge of £0.17m), and non-recurring and exceptional charges of £1.13m (2014 £1.12m).

Net cash flow from operating activities, excluding non-recurring and exceptional charges, was an inflow of £0.52m (2014 £0.50m).

The Group remains free of bank borrowings, and has cash resources of £0.37m (2014 £1.28m), which are sufficient for the Group's current requirements and forecasts.

**before amortisation of intangible assets, share-based payments and exceptional expenses and non-recurring costs relating to the restructuring exercise.*

Customer Focus Technology
Our fundamental technology strategy remains unchanged, as we focus our SaaS offerings largely on SMEs under the Customer Focus brand, both within the UK and increasingly within North America.

During the period, as part of the reorganisation, we combined the sales and customer service operations for our Technologo and artworktool™ products under the Customer Focus brand. This integrated offering is attracting increased interest and, whilst the product enhances our overall technology offering, the possibilities for the technology are applicable to a much wider market and the opportunity is potentially very large for the Group.

A significant achievement in this area has been the successful application for a patent for artworktool™, a solution which enables users to easily create and share graphics and print-ready artwork using any device with a suitable browser.

The Group balance sheet incorporates its proprietary intangible software assets at cost, as required under the accounting regulations where the assets are expected to deliver substantial returns. However, the Board believe that these assets will prove to be of significant value as the Group begins to leverage their potential.

These assets, in particular artworktool™, allow the Group to present attractive and profitable solutions to global businesses. This is evidenced by our relationship with Constant Contact ("CTCT"), a world leader in the provision of email marketing solutions to more than 650,000 businesses. Under the terms of the agreement, CTCT have embedded artworktool™ functionality into the user accounts of all customers allowing them easily to create engaging graphics to use in email campaigns without the need to purchase expensive specialist software applications.

It is therefore in this area that the Group, and in particular the efforts of the Chief Executive Officer, are focused.

Trade Only Exhibitions & Publications
Our Exhibition and Publications business continues to perform well. The January 2016 event showed another strong performance with increased profitability. Bookings for the 2017 show are in line with our expectations and we expect another good performance from this business in 2017 based on booked orders.

With over 4,000 delegates attending the main event in January each year all being involved in the print, promotional and personalised gift sectors, the potential to drive additional sales of our SaaS products in the UK remains strong and adds further value to the Group from the ability to engage so many customers with other products and services.

On 15 April 2016, following an increase in the Company's share price, the Group was obliged to disclose the existence of early stage discussions for the disposal of the Exhibitions and Publications business. The discussions are ongoing, and there is no guarantee at this stage that they will lead to a successful conclusion. If the transaction is agreed, the Directors expect that it would be classified as a fundamental change of business under the AIM Rules for Companies and require the prior approval of shareholders.

Board Changes
As previously reported, the changes made to the board on 28 April 2015 were the catalyst for the comprehensive restructuring of the Group detailed above.

This process saw the appointment of Vicky Robinson as Group Managing Director, myself as Non-Executive Director and Richard Sowerby moving to Executive Chairman, following the departure of the former Executive Chairman.

On 28 January, I agreed to become Non-Executive Chairman, with Richard Sowerby becoming Non-Executive Director, and Martin Varley appointed as Chief Executive Officer. Martin has an unrivalled knowledge of the business and in particular the potential of its proprietary software assets and the target markets for their application. The Board has no doubt that he is the best person for this role.

On 28 January we also appointed Shaun Parker to the Board as Chief Operating Officer and Vicky Robinson left the Group, wishing to take time out with her family after ten years of service. Shaun brings wide and relevant experience of the technology sector gained through senior management positions in Redstone plc, Hewlett Packard and Compaq amongst others.

The Board now comprises two executive and two non-executive directors.

Outlook
We continue to drive forward with a leaner and more focused structure, centred in the UK, with clear and concise reporting lines and objectives.

We are fortunate to have a portfolio of proprietary software and technology assets which the Board is confident has the potential to generate increasing shareholder value in 2016 and beyond. In addition, we have a successful Exhibitions and Publications business which provides synergies to our technology business and which we would be very happy to retain should the discussions regarding its potential sale not result in a transaction.

The successful restructuring and the award of the patent for artworktool™ has ensured that the Group is in good shape, both financially and commercially. We have reported an adjusted operating profit*, remain free of bank borrowing and retain adequate cash resources for our current requirements. The Board is confident that the Group is well placed to deliver growth in shareholder value.

Peter Hallett
Chairman
10 June 2016

Strategic Report

Principal activities and business model

The Group operates a technology and information business providing services to the promotional merchandising and print industries across North America and the UK.

The Group has developed a core technology product that enables small and medium sized enterprises ("SMEs) to receive and manage online orders from "click to cash" through our SaaS delivered integrated web store and order management solutions. Whilst initially focused on the promotional merchandise sector the technology has been customized for analogous sectors such as imprinted clothing, sign manufacturing and the print industry.

In the UK our catalogues and exhibitions are at the forefront of the promotional merchandising industry and our National Show continues to be the premier exhibition for the industry in the UK.

Business review

As highlighted in the Chairman's statement the Group has undertaken a comprehensive restructuring process which was completed in the year and has ensured that the business has the appropriate structure to move forward.

The Group's revenue has grown by 2.1% to £4.54m (2014: £4.44m).

Financial review

Group revenues increased by £0.1m to £4.54m (2014: £4.44m). Gross profits increased by £0.1m to £3.54m (2014: £3.47m). Gross margins remained at 78%, however the impact of the restructuring exercise saw overheads excluding exceptional costs, share based payments, non-recurring expenses and amortisation of intangible assets reduce from £3.36m to £3.25m. The operating profit before amortisation of intangible assets, exceptional costs, non-recurring expenses and share based payment charges was £0.29m (2014: £0.11m). Software development expenditure expensed against revenues increased to £0.83m compared with £0.69m in 2014 as we continue to invest in our core products, however we have capitalised £0.20m compared to £0.48m in 2014.

Taxation

We are carrying a deferred taxation asset of £426,000 primarily in respect of overseas tax losses carried forward which is unchanged from 2014.

Earnings per share

Basic and diluted loss per share was 2.91p, compared with a loss per share of 3.64p in 2014.

Cash flow

The Group has reported a net cash outflow from operations of £0.70m (2014: outflow £0.73m), which compares with equivalent pre-tax loss of £1.25m. The principal contributors to the difference were amortisation and depreciation charges amounting to £0.45m, and a net working capital inflow of £0.06m.

Overall, there was a net decrease in cash of £0.91m in the year resulting in net cash balances at the year-end of £0.37m.

Treasury

The Group continues to manage the cash position in a manner designed to meet the operational needs of the businesses. Only modest cash balances are held in foreign currencies to minimise the exchange rate risk on these funds. There is no policy to hedge the Group's currency exposures arising from the profit translation or the effect of exchange rate movements on the Group's overseas net assets.

Share capital

There were no changes made to the number of shares in issue during the year which stood at 42,908,465 ordinary shares of 0.4 pence each. As set out in note 6 the Company issued options to senior management as part of the management incentive scheme. In total options in relation to 1,400,000 ordinary shares were issued at an exercise price of between 9.50 pence and 9.875 pence. Half of these share options relate to time served in the business and accrue over three years. Of the balance a third will be exercisable on the share price reaching 25 pence, a third on reaching 30 pence and the remainder on it reaching 35 pence. During the year share options relating to 4,120,000 ordinary shares were forfeited.

Significant judgements and estimates

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

Principal risks and uncertainties

The Group's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks. The Board considers the principal risks faced by the Group to be as follows at 31December 2015:

- a significant deterioration in economic conditions, particularly in USA affecting SME's, the principal target customers for the Group's technology products.

Strategic Report (continued)

- significant delays and or cost overruns in developing and delivering products to meet customer requirements in the targeted market sectors.
- predatory pricing or other actions by established competitors in our market sectors.
- a significant, adverse movement in the short-term in the US $ exchange rate.

In all cases the Group seeks to mitigate these risks wherever possible by offering products that have market leading functionality and are backed by customer focused service of a high quality. In addition we manage development projects closely and ensure that we continue to offer services that meet our customer needs.

Approved by the board of directors on 10 June 2016 and signed on its behalf by

Richard Sowerby
Director
10 June 2016

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Dividend policy
The payment of dividends will be subject to availability of distributable reserves and having regard to the importance of retaining funds to finance the development of the Group's activities. In the short term it is the Directors' intention to re-invest funds into the Group rather than fund the payment of dividends. Accordingly, the Directors do not recommend the payment of a dividend.

Directors
Details of the Directors who have held office from 1 January 2015 to the date of this report are listed below:

Martin Varley

Richard Sowerby

Peter Hallett (appointed 28 April 2015)

Shaun Parker (appointed 14 January 2016)

Vicky Robinson (appointed 28 April 2015, resigned 31 January 2016)

Stephen Yapp (resigned 28 April 2015)

The members of the Board Committees are set out on page 2.

Shaun Parker will retire at the Annual General Meeting in accordance with the Articles of Association of the Company and, being eligible, will seek election.

Directors' remuneration and interests
The remuneration of each of the Directors of the Company for the year ended 31 December 2015 and their interests in shares and share options is set out in note 5 on page 20.

Policy on remuneration of Executive Directors and senior executives
The policy of the Remuneration Committee is to provide competitive, market-based packages which encourage and reward performance in a manner consistent with the long-term interests of the Company and shareholders. Remuneration packages may comprise a basic salary together with benefits-in-kind (such as car allowance and medical insurance), a non-pensionable annual performance bonus, pension benefits based solely on basic salary and, where appropriate, participation in a share incentive plan.

Martin Varley has a service agreement with the Company dated 21 October 2008, which is subject to a 12 months rolling notice period.

Substantial shareholders
The Company is informed that, at 21 May 2016, shareholders holding more than 3% of the Company's issued share capital were as follows:

Substantial shareholders	Number of Shares	% of Issued Share Capital
MR Varley	12,097,559	28.19%
KT Willis	9,940,275	23.17%
Hansa Capital Partners LLP	2,750,000	6.41%
SP Taylor	2,150,000	5.01%
Cavendish Asset Management	2,012,850	4.69%
Octopus Asset Management	1,944,444	4.53%
Duncan Lawrie Asset Management	1,666,000	3.88%
TD Direct Investing	1,538,395	3.59%
Charles Stanley & Co	1,490,000	3.47%

The middle market price of the Company's ordinary shares on 31 December 2015 was 10.25p and the range from 1 January 2015 to this date was 9.375p to 17.25p with an average price of 12.81p.

Corporate Governance

Although companies listed on AIM are not required to comply with the Quoted Companies Alliance's Corporate Governance guidelines for small and medium-sized companies ("the Guidelines"), the Board, whilst not complying with the Guidelines, is committed to high standards of corporate governance as appropriate to the Company's size and activities and set out below the key governance areas.

The Board, which is headed by the Chairman comprised two executive members and two non-executive members as at 31 December 2015 and at the date of this report. Peter Hallett is the Non-Executive Chairman and Martin Varley is the Group's Chief Executive Officer. The Board met regularly throughout the year with ad hoc meetings also being held. In the furtherance of their duties on behalf of the Company, the Directors have access to independent professional advice at the expense of the Company.

The Board has established the following committees:

Audit Committee

The Audit Committee is chaired by Peter Hallett and also comprises Martin Varley and Shaun Parker. It has specific terms of reference and meets with the auditors at least twice a year. The Committee reviews the financial statements prior to their recommendation to the Board for approval and assists the Board in ensuring that appropriate accounting policies are adopted and internal financial controls and compliance procedures are in place.

Remuneration Committee

The Remuneration Committee, which comprised all the directors is chaired by Richard Sowerby is responsible for determining the remuneration arrangements of the Executive Directors, for advising the Board on the remuneration policy for senior executives and invites participation in the Company's long-term incentive shares schemes.

Control environment

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors have established an organisational structure with clear lines of responsibility and delegated authority. The systems include:

- the appropriate delegation of authority to operational management;
- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- financial reporting, within an established financial planning and accounting framework, including the approval by the Board of the annual budget and regular review by the Board of actual results compared with budgets and forecasts;
- reporting on any non-compliance with internal financial controls and procedures; and
- review of reports issued by the external auditors.

The Company does not have an Internal Audit function as the Board presently considers that the size and nature of the business does not warrant it. The Audit Committee on behalf of the Board reviews reports from the external auditors together with management's actions in response.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and have elected to prepare the Parent Company financial statements also in accordance with IFRS.

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 Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group and Parent Company financial statements state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he might reasonably have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Group accounts have been prepared on the basis that the Group will continue to be a going concern for the foreseeable future. In forming this opinion, the Directors have reviewed the Group's budget for 2016 and outline projections for the subsequent period, including capital expenditure and cash flow forecasts. As discussed in note 1 the Directors have satisfied themselves that the Group is in a good financial position with cash facilities and will therefore be available to meet the Group's foreseeable cash requirements.

Research and development

The Group expended £1,030,000 during the year (2014: £1,168,000) on research and development of which £201,000 was capitalised (2014:£475,000).

Employee involvement

It is Group policy that there shall be no discrimination in respect of gender, colour, race, religion or nationality and that equal opportunity shall be given to all employees.

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

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

Financial instruments

An indication of the financial risk management objectives and policies and the exposure of the group to credit risk, interest rate risk and currency risk is provided in Note 18 to the Consolidated Financial Statements.

Directors' indemnities

Qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) are in force for the benefit of the Directors.

Environment and Health and Safety

The Group has clear policies in respect of environmental care and the health and safety of its employees. The environmental policy seeks to minimise the amount of waste produced and encourages recycling wherever practicable. The health and safety policy seeks to ensure the Group provides a safe working environment for all staff and visitors to our sites and to ensure compliance with statutory requirements.

Appointment of auditor

KPMG LLP resigned as auditor on 6 January 2016 and Grant Thornton UK LLP were appointed in their place. Grant Thornton UK LLP, having expressed their willingness to continue in office will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006.

Annual General Meeting

The Annual General Meeting will be held at 11.00 am on 6 July 2016 at the offices of WH Ireland, 24 Martin Lane, London EC4R 0DR and your attention is drawn to the notice of meeting set out on page 39.

By Order of the Board

Richard Sowerby
Director
10 June 2016

Independent Auditor's Report to the Members of Altitude Group plc

We have audited the financial statements of Altitude Group plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement, the parent company balance sheet, the parent company statement of changes in equity and the parent company of cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Mark Overfield BSc FCA
Senior Statutory Auditor

for and on behalf of
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
Leeds

10 June 2016

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Note	**2015 £000**	2014 £000
Continuing operations			
Revenue		**4,535**	4,440
Cost of sales		**(998)**	(971)
Gross profit		**3,537**	3,469
Administrative expenses before share based payment charges, amortisation, exceptional charges and non-recurring expenses		**(3,246)**	(3,359)
Operating Profit before share based payment charges, amortisation, exceptional charges and non-recurring expenses		**291**	110
Share based payment charges		**38**	(168)
Amortisation		**(448)**	(478)
Exceptional charges	3	**(404)**	-
Non-recurring costs	4	**(729)**	(1,119)
Total administrative expenses		**(4,789)**	(5,124)
Operating loss		**(1,252)**	(1,655)
Finance income	8	**3**	89
Loss before taxation		**(1,249)**	(1,566)
Taxation	9	**-**	-
Loss attributable to the equity shareholders of the Company		**(1,249)**	(1,566)
Other comprehensive income: Items that may not be reclassified subsequently to profit and loss:			
- Foreign exchange differences		**(1)**	-
Total comprehensive loss for the year		**(1,250)**	(1,566)
Loss per ordinary share attributable to the equity shareholders of the Company:			
- Basic (pence)	10	**(2.91)p**	(3.64)p
- Diluted (pence)	10	**(2.91)p**	(3.64)p

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £000	**Share premium £000**	**Retained losses £000**	**Total £000**
At 1 January 2014	172	6,254	(2,747)	**3,679**
Loss attributable to the equity shareholders of the Company	-	-	(1,566)	**(1,566)**
Foreign exchange differences	-	-	-	**-**
Transactions with owners recorded directly in equity:				
- Share based payment charges	-	-	168	**168**
At 31 December 2014	172	6,254	(4,145)	**2,281**
Loss attributable to the equity shareholders of the Company	-	-	(1,249)	**(1,250)**
Foreign exchange differences	-	-	(1)	**-**
Transactions with owners recorded directly in equity:				
- Share based payment charges	-	-	(38)	**(38)**
At 31 December 2015	**172**	**6,254**	**(5,433)**	**993**

Consolidated Balance Sheet

as at 31 December 2015

	Note	**2015 £000**	2014 £000
Non-current assets			
Property, plant & equipment	11	**42**	105
Intangible assets	12	**937**	1,184
Goodwill	12	**564**	564
Deferred tax	16	**426**	426
		1,969	2,279
Current assets			
Trade and other receivables	13	**696**	787
Cash and cash equivalents	14	**366**	1,280
		1,062	2,067
Total assets		**3,031**	4,346
Current liabilities			
Trade and other payables	15	**(2,038)**	(2,065)
Total liabilities		**(2,038)**	(2,065)
Net assets		**993**	2,281
Equity attributable to equity holders of the Company			
Called up share capital	17	**172**	172
Share premium account	17	**6,254**	6,254
Retained earnings	17	**(5,433)**	(4,145)
Total equity		**993**	2,281

The financial statements on pages 11 to 31 were approved by the Board of Directors on 10 June 2016 and signed on its behalf by:

Richard Sowerby
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Loss for the period	**(1,249)**	(1,566)
Amortisation of intangible assets	**448**	478
Depreciation	**78**	102
Net finance credit	**(3)**	(89)
Share based payment charges	**(38)**	168
Operating cash outflow before changes in working capital	**(764)**	(907)
Movement in trade and other receivables	**91**	222
Movement in trade and other payables	**(28)**	(48)
Operating cash outflow from operations	**(701)**	(733)
Interest received	**3**	89
Net cash flow from operating activities	**(698)**	(644)
Cash flows from investing activities		
Purchase of tangible assets	**(15)**	(51)
Purchase of intangible assets	**(201)**	(475)
Net cash flow from investing activities	**(216)**	(526)
Financing activities		
Loan note repayment received	**-**	2,000
Net cash flow from financing activities	**-**	2,000
Net (decrease)/increase in cash and cash equivalents	**(914)**	830
Cash and cash equivalents at the beginning of the year	**1,280**	450
Cash and cash equivalents at the end of the year	**366**	1,280

Notes to the Consolidated Financial Statements

1 Accounting policies

Significant accounting policies

Altitude Group plc (the 'Company') is a company incorporated in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable UK law.

The Accounts have been prepared under the historical cost convention.

The Consolidated Financial Statements are presented in Sterling, rounded to the nearest thousand.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.The Directors monitor accounting standards developments and consider the most appropriate time to adopt them in the Group Accounts. The following new standards, amendments to standards and interpretations will be mandatory for the first time in future financial years:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)

The revised standards will be adopted when effective in the Group's consolidated financial statements, although are not expected to have a significant impact on the group.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect for periods commencing on or after 1 January 2016.

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

Going concern

The financial statements have been prepared on a going concern basis. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 3. In addition, note 18 to the financial statements include the company's objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Financial Reporting Council issued guidance on "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in 2009, and "Guidance on the Going Corncern Basis of Accounting and Reporting on Solvency and Liquidity Risks" in 2016. The Directors have considered this when preparing these financial statements.

1 Accounting policies (continued)

The current economic conditions create uncertainty particularly over the level of demand for the company's products and services and over the availability of finance which the directors are mindful of.

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the period ended 31 December 2015. The directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conditions are summarized below:

- The Directors have prepared sensitised cash flow forecasts extending to December 2017. These show that the Group has sufficient funds available to meet its trading requirements.
- The Group's year to date financial performance is materially in line with this budget cumulatively.
- The Group does not have external borrowings or any covenants based on financial performance.
- The Directors have considered the position of the individual trading companies in the Group to ensure that these companies are also in a position to continue to meet their obligations as they fall due.
- The Group continues to develop the product offerings in order to meet the demands of the market and customers. During 2015 the artworktool offering has been developed, which the Directors are in the process of introducing to the market and prospective customers.
- The markets in which the business operates are not considered to be at significant risk due to the ongoing global economic recession.
- There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise.

Following this assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect returns.

The company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

Foreign currencies

The Group's consolidated financial statements are presented in Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

ii) Group companies

On consolidation the assets and liabilities of foreign operations are translated into Sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates prevailing during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Property, plant and equipment

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

1 Accounting policies (continued)

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

Fixtures and fittings – 3 to 10 years

Intangible assets – Goodwill

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

Acquired intangible assets – Business combinations

Intangible assets that are acquired as a result of a business combination and that can be separately measured at fair value on a reliable basis are separately recognised on acquisition at their fair value. Amortisation is charged on a straight-line basis to the Consolidated Statement of Comprehensive Income over their expected useful economic lives as follows:

Intellectual property – Up to 5 years
Customer relationships – 3-5 years

Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable.

Impairment

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

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

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

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Classification of financial instruments issued by the Group

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

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

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

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

Financial assets

Financial assets comprise loans and receivables which are recognised at fair value plus transaction costs on initial recognition, less provision for impairment and subsequently carried at amortised cost.

Financial liabilities

Financial liabilities comprise trade payables and other short term monetary liabilities which are recognised at fair value less transaction costs and subsequently carried at amortised cost. Cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

1 Accounting policies (continued)

Revenue recognition

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

The Group has a number of different revenue streams. Revenue from trade exhibitions, catalogues and other services is recognised when the company has delivered its obligations to its customers and this is normally when an exhibition takes place, or the catalogue is delivered, or when that service has been provided to the customer. Revenue in respect of software product licences and associated maintenance and support services are recognised evenly over the period to which they relate.

Operating segments

The Group is organised as one main operating segment.

- To enable the buyers and sellers of products to interact and trade, through the provision of technology, catalogues and exhibition services, predominantly in the promotional merchandising and printing sectors ("Technology and Information").

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer, who is regarded as the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The directors have concluded that there is only one operating segment based on the information presented to the CODM. This position will be monitored as the Group develops.

Research and development

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

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

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

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

Leases

Leases where the lessor retains substantially all of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating lease rentals are charged to profit or loss on a straight line basis over the term of the lease.

Leases where the Group retains substantially all of the risks and rewards of ownership are classified as finance leases or hire purchase contracts. Assets held under finance leases or hire purchase contracts are capitalised and depreciated over their useful economic lives. The capital element of the future obligations under finance leases and hire purchase contracts are included as liabilities in the Consolidated Balance Sheet. The interest elements of the rental obligations are charged to profit or loss over the periods of the finance leases and hire purchase contracts and represent a constant proportion of the balance of capital outstanding.

Exceptional items

Exceptional items are material items of profit or loss which derive from events or transactions which do not fall within the ordinary activities of the Group and which relate to activities that are incurred due to events that are not expected to recur or relate to activities that are outside the normal activities of the business or, if of a similar type, in aggregate the Group has highlighted as needing to be disclosed by virtue of their size or incidence and are relevant to the understanding of the accounts.

Non-recurring items

Non-recurring items are material items of profit or loss which derive following a material restructuring of the business. These comprise employment, property and other costs that were charged to profit or loss up to the date of the restructuring and are not expected to recur. These are the costs that management expect would not have occurred if the restructuring had been effective from the beginning of the financial year.

1 Accounting policies (continued)

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to profit or loss represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value of the awards is measured at grant date indirectly by reference to the fair value of the instrument granted and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Taxation

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

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

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

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

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

Key judgements and estimates

The Directors consider that the key judgements and sources of estimation made in preparation of the financial statements are:

Intangible fixed assets (other than goodwill)

Customer relationships – at the time of each of the business combinations of Envoy Catalogue, Versatilia, Technologo and The Logo Network the acquired businesses each had a portfolio of customers and there is evidence that these customers continued and still do continue to repeat purchase. The Directors consider that these customers were of value to the Group at the date of each acquisition, and hence were an intangible asset. The value of those customer relationships was estimated at the time of acquisition and the average length of a customer relationship was estimated to be between three and five years. As such, customer related intangibles were recognised at the date of each acquisition and are being amortised over a three to five year period from the date of each acquisition. At 31st December 2015 the carrying value of customer relationships was £19,000 (2014: £104,000).

Intellectual property –the Group continues to develop its products and services. Where specific expenditure on a product can be identified, where it can be demonstrated to have improved the product and where the future income streams are expected to be increased as a result of the expenditure, it is capitalised and carried as an intangible asset in the period in which it is incurred. The value of this intellectual property is estimated to have a useful life of at least five years. As such, intellectual property intangibles are recognised in the year that the costs are incurred and are being amortised over a five year period from the date of acquisition. The Directors periodically (and at least at the year end and half year) review the carrying value of all intellectual property for potential impairment and reduce the value if they deem any impairment has occurred. At 31st December 2015 the carrying value of intellectual property was £918,000 (2014: £1,080,000).

Deferred Taxation assets

Deferred taxation assets arise from the losses incurred, in certain businesses in the group. The Directors review the forecasts and expected taxable profits of each business to assess the recoverability of these assets. In the event that the recoverability of these assets is not probable, the asset is not recognised. The period of review to utilise these losses and realise the assets is generally two to three years.
At 31st December 2015 the deferred tax asset recognised was £426,000 (2014: £426,000).

2 Segmental information

The results of the single "Technology & Information" segment are as follows:

	2015 £000	2014 £000
Turnover (all relates to the provision of services)		
Technology & Information	**4,535**	4,440
Operating profit before amortisation of intangible assets, exceptional costs, non-recurring items and share based charges		
Technology & Information	**291**	110
Operating loss		
Technology & Information	**(1,252)**	(1,655)
Depreciation		
Technology & Information	**78**	102
Amortisation		
Technology & Information	**448**	478

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at 31 December 2015 and capital expenditure for the year then ended are as follows:

	2015 £000	2014 £000
Assets		
Technology & Information	**3,031**	4,346
Liabilities		
Technology & Information	**2,038**	2,065
Capital expenditure		
Technology & Information	**216**	523

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets		
	2015 £000	2014 £000	**2015 £000**	2014 £000	2013 £000
North America	**1,171**	1,174	**14**	37	58
United Kindom	**3,364**	3,266	**1,529**	1,816	1,852
	4,535	4,440	**1,543**	1,853	1,910

3 Exceptional charges

	2015 £000	2014 £000
Employment termination costs	**404**	-

The exceptional charges relate to the costs of terminating employment arising from the restructuring exercise undertaken in the year..

4 Non-recurring expenses

	2015 £000	2014 £000
Non-recurring employment costs	**511**	727
Non-recurring office costs	**218**	418
Total non-recurring expenses	**729**	1,145

Following the restructuring exercise the Group has reduced its overhead base. The non-recurring expenses represent the payroll and office costs incurred in the year until the employment contracts were terminated or the office facility was closed. The non-recurring expenses represent the excess costs that were removed from the business during the year. These costs have been identified and expressed separately to enable a clearer understanding of the financial performance and the underlying results at 31 December 2015. The comparative figures for 2014 have been reanalysed to show the impact of the current year restructuring on a consistent basis.

5 Employees

	2015 £000	2014 £000
Staff costs :		
- Wages and salaries	**2,310**	2,761
- Social security costs	**155**	203
- Other pension costs	**44**	43
- Share based payments (credit)/charge	**(38)**	168
	2,471	3,175
Average number of employees (including directors) during the year		
- Technology & Information	**69**	83

Directors' remuneration and interests

The emoluments of the Directors for the year, who are the key management personnel, excluding share options, were:

	Basic salary £000	Fees paid to entities owned by the director £000	Payments made for loss of office £000	Benefits in kind £000	**Total 2015 £000**	Total 2014 £000
Non-Executive Directors						
Peter Hallett	10	-	-	-	**10**	-
Richard Sowerby [1]	12	48	-	-	**60**	70
Executive Directors						
Stephen Yapp [2]	50	-	30	-	**80**	130
Martin Varley [3]	191	-	-	3	**194**	195
Vicky Robinson [4]	67	-	-	-	**67**	-
	330	48	30	3	**411**	395

[1] Richard Sowerby was an Executive director until January 2016

[2] Stephen Yapp resigned as a director in April 2015

[3] Salary includes $288,000 translated at the average exchange rate

[4] Vicky Robinson was appointed to the Board in April 2015.

Directors' interests in shares

The beneficial interests of Directors in the ordinary shares of 0.4p each as at 31 December in each year were as follows:

	2015 Number of Shares	2014 Number of Shares
Executive Directors		
Stephen Yapp	**-**	170,000
Martin Varley	**12,097,559**	11,472,559
Peter Hallett	**-**	-
Vicky Robinson	**-**	-
Richard Sowerby	**150,000**	-

There have been no changes in the above Directors' interests since the end of the year.

None of the Directors had any interest in the share capital of any subsidiary undertaking of the Company at any time during the year.

Directors' interests in contracts

There are no contracts between the Company and its subsidiary undertakings and any of the Directors.

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

6 Share based payments

The Group operates a HMRC approved enterprise management incentives and unapproved share option scheme (EMI scheme). The schemes award share options to Executive Directors, senior executives and employees with a vesting period of three years and certain EMI options are subject to performance conditions.

Options existing during the year granted under the EMI scheme are set out below.

Grant date	Employees entitled	Number of options	Exercise price (p)	Expiry date
30 December 2011*	10	1,450,000	0.4	30 December 2016
11 June 2012	5	775,000	21.25	11 June 2017
4 December 2012	1	350,000	16.88	4 December 2017
2 October 2013**	3	4,240,000	14.25	2 October 2018
1 April 2014**	4	2,445,000	10.55	1 April 2019
1 July 2015**	1	600,000	9.875	1 July 2020
2 July 2015**	1	800,000	9.50	2 July 2020

* Exercisable provided average share price for the 30 days prior to exercise exceeds 27p.

** Half of these share options relate to time served in the business and accrue over three years. Of the balance a third will be exercisable on the share price reaching 25 pence, a third on reaching 30 pence and the remainder on it reaching 35 pence.

The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2015 (p)	Number of options 2015	Weighted average exercise price 2014 (p)	Number of options 2014
Outstanding at start of year	11.35	8,590,000	11.67	6,145,000
Granted during the year	9.66	1,400,000	10.55	2,445,000
Forfeited during the year	13.72	(4,120,000)	-	-
Cancelled during the year	14.25	(800,000)	-	-
Outstanding at end of the year	9.66	5,070,000	11.35	8,590,000
Exercisable at end of the year	-	550,000	-	1,188,958

The weighted average remaining contractual life of the share options at 31 December 2015 was 3 years and 1 day.

Fair value assumptions of share based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of fair value is measured using the Black Scholes model. Details of the fair value of share options granted during 2015 and 2014 and the assumptions used in determining the fair value are summarised below (based on the weighted average of grants in the year).

	1 July 2015	**2 July 2015**	2014
Fair value of the option at measurement date (pence)	**5.0**	**5.0**	10.55p
Share price at grant date (pence)	**9.875**	**9.50**	10.00p
Exercise price (pence)	**9.875**	**9.50**	10.55p
Expected volatility (%)	**40.0%**	**40.0%**	40.0%
Average option life (year)	**5**	**5**	5
Expected dividend (%)	**-**	**-**	-
Risk free interest rate (%)	**3%**	**3%**	3%

The expected volatility is based on the historic volatility of the company's share price.

6 Share based payments (continued)

Charge to the Consolidated Income Statement

The charge to the income statement comprises:

	2015 £000	2014 £000
Share based payment (credit)/charge	**(38)**	168

The share based payment credit is primarily as a result of the expense recognised to date being reversed where the option was forfeited.

7 Operating loss

	2015 £000 (continuing)	2014 £000 (continuing)
Operating loss is stated after charging :		
Depreciation of owned property, plant and equipment	**78**	102
Amortisation of intangible assets	**448**	478
Research and development expenditure expensed as incurred	**800**	690
Operating lease rentals :		
- Land and buildings	**180**	160
- Other	**-**	10
Loss/(profit) on currency translation	**(37)**	(26)
Auditors' remuneration:		
Audit of the Company's annual financial statements	**14**	14
Amounts receivable by auditors and their associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	**14**	23
- Taxation compliance services	**4**	8

8 Finance income/(expense)

Finance income	**2015**	2014
	£000	£000
Other interest receivable	**3**	89

9 Taxation

Recognised in the income statement	**2015**	2014
	£000	£000
Current tax credit	**-**	-
Deferred tax origination and reversal of timing differences	**-**	-
Total tax in income statement	**-**	-

Reconciliation of effective tax charge	**2015**	2014
	£000	£000
Loss before tax for the period	**(1,249)**	(1,566)
Tax using the UK corporation tax rate of 20% (2014: 20%)	**(250)**	(313)
Non-deductible expenses	**22**	28
Deferred taxation asset arising but not reflected	**228**	285
Other differences	**-**	-
Total tax credit	**-**	-

10 Basic and diluted earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit or loss for the period after taxation and the weighted average number of equity voting shares in issue as follows.

	2015	2014
Loss for the financial year (£000)	**(1,249)**	(1,566)
Weighted average number of shares (number '000)	**42,908**	42,908
Fully diluted average number of shares (number '000)	**42,908**	42,908
Basic loss per ordinary share (pence)	**(2.91)p**	(3.64)p
Diluted loss per ordinary share (pence)	**(2.91)p**	(3.64)p

Share options that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented are set out in note 6.

11 Property, plant and equipment

	Fixtures and fittings £000
Cost	
At 1 January 2014	617
Additions	48
At 31 December 2014	665
Additions	15
At 31 December 2015	**680**
Depreciation	
At 1 January 2014	458
Charge for the year	102
At 31 December 2014	560
Charge for the year	78
At 31 December 2015	**638**
Net book value	
At 1 January 2014	159
At 31 December 2014	105
At 31 December 2015	**42**

12 Intangible assets

	Goodwill	Customer related intangibles	Intellectual Property		Total
			Acquired	Internally generated	
	£000	£000	£000	£000	£000
Cost					
At 1 January 2014	918	780	673	806	3,177
Additions	-	-	-	475	475
At 31 December 2014	918	780	673	1,281	3,652
Additions	-	-	-	201	201
At 31 December 2015	**918**	**780**	**673**	**1,482**	**3,853**
Amortisation and impairment					
At 1 January 2014	354	524	405	143	1,426
Amortisation for the year	-	152	153	173	478
At 31 December 2014	354	676	558	316	1,904
Amortisation for the year	-	85	115	248	448
At 31 December 2015	**354**	**761**	**673**	**564**	**2,352**
Carrying amounts					
At 1 January 2014	564	256	268	663	1,751
At 31 December 2014	564	104	115	965	1,748
At 31 December 2015	**564**	**19**	**-**	**918**	**1,501**

Amortisation charges are included within administrative costs.

Goodwill can be allocated to cash generating units as follows:

	2015	2014
	£000	£000
Goodwill		
Envoy Catalogue	**192**	192
Promoserve Business Systems	**79**	79
Trade Only/Technologo	**293**	293
Carrying amounts as at 31 December	**564**	564

The remaining amortisation period of customer related intangibles is less than one year. The intellectual property, which comprises software development, has up to five years of its amortisable life remaining.

12 Intangible assets (continued)

The carrying amount of intangibles and goodwill for the cash generating units given above were determined based on value in use calculations derived from discounted cash flow projections based on budgets and strategic plans covering a three year period, followed by an extrapolation of expected cash flows at a constant growth rate of 0% (2014: 3%). The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected demand for products. The growth rates reflect the long-term growth rates for the product lines of the cash generating units. For those intangibles with a lesser business risk associated with them, the discount rate applied was 10% (2014:7.5%), which the Directors deem to be a market adjusted pre-tax weighted average cost of capital. For those intangibles where the strategic plans have a greater associated business risk the discount rate applied was 15.0%. These calculations are not sensitive to what the Directors would consider to be reasonably foreseeable changes in the underlying assumptions. The value in use calculations did not identify any impairment compared to the CGU carrying value, however if the forecast sales are not achieved then this could result in an impairment in future years.

The cumulative impairment charge recognised to date is £354,000 (2014: £354,000)

A list of investments in subsidiaries, including name, country of incorporation and proportion of ownership interest is given in Note 28 to the Company's separate financial statements. All of these subsidiaries are included in the consolidated results.

13 Trade and other receivables

	2015 **£000**	2014 £000
Trade receivables (net of impairment of £16,000 (2014: £19,000))	**448**	486
Other receivables	**1**	4
Prepayments and accrued income	**247**	297
	696	787

Trade and other receivables denominated in currencies other than sterling comprise £126,000 (2014: £156,000) of trade receivables denominated in US dollars. The fair values of trade and other receivables are the same as their book values.

Trade receivables that are past due are considered individually for impairment. The Group uses a monthly ageing as an indicator for impairment. The summarised ageing analysis of trade receivables past due but not impaired is as follows:

	2015 **£000**	2014 £000
Not Overdue	**61**	139
Under 30 days overdue	**291**	294
Over 30 days but under 60 days overdue	**59**	53
Over 60 days overdue	**37**	-
	448	486

The other classes within trade and other receivables do not contain impaired assets.

14 Cash and cash equivalents

	2015 £000	2014 £000
Cash and cash equivalents	**366**	1,280

Cash and cash equivalents denominated in foreign currencies other than sterling comprise £18,000 (2014: £105,000) denominated in US dollars and £nil (2014: £5,000) denominated in Canadian dollars.

15 Trade and other payables

	2015 £000	2014 £000
Current		
Trade payables	**300**	243
Other taxes and social security	**60**	134
Other creditors	**1**	6
Accruals	**338**	231
Deferred income	**1,339**	1,451
	2,038	2,065

Trade and other payables denominated in currencies other than sterling comprise £19,000 (2014: £42,000) of trade payables denominated in US dollars.

16 Deferred tax assets

Deferred tax assets are attributable to the following and are disclosed as non-current assets in the balance sheet:

	2015 £000	2014 £000
Accelerated capital allowances	**(30)**	(30)
Losses	**(396)**	(396)
	(426)	(426)

Movement in deferred tax year ended 31 December 2015

	As at 1 January 2015 £000	Income Statement £000	As at 31 December 2015 £000
Accelerated capital allowances	**(30)**	-	**(30)**
Losses	**(396)**	-	**(396)**
	(426)	-	**(426)**

A deferred tax asset of £426,000 (2014: £426,000) has been recognised in relation to companies where it is considered there is a high probability of utilisation in the near future. The directors have concluded that following the restructure of the business, suitable taxable profits are probable in the near future. Due to the insufficient evidence of the availabilty of suitable taxable profits in the near future there were potential deferred tax assets of £1.8m in the UK and $5.3m in the US. These losses have at least 15 years before they expire.

17 Share capital and reserves

	2015	2014
	£000	£000
Allotted, called up and fully paid		
- 42,908,465 Ordinary shares of 0.4p each (2014: 42,908,465)	**172**	172

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Group sets the amount of capital in proportion to risk. The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as set out below. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. During 2015, the Group's strategy, which was unchanged from 2014, was to keep debt to a minimum. Net cash at 31 December 2015 was £366,000 (2014: net cash £1,280,000). The Group is not subject subject to any externally imposed capital requirements.

Share option schemes

Executive and employee share options:

The Group operates a HMRC approved executive incentive plan (EMI scheme). Details are set out in note 6. The schemes award share options to Executive Directors, senior executives and employees with a vesting period of three years. Under the EMI scheme, 1,400,000 (2014: 2,445,000) options in ordinary shares have been granted during the year, 4,120,000 forfeited and 800,000 were cancelled.

	Share capital £000	Share premium £000	Retained earnings £000
At 1 January 2014	172	6,254	(2,747)
Total comprehensive loss for the period	-	-	(1,566)
Share based payment charges	-	-	168
At 31 December 2014	172	6,254	(4,145)
Total comprehensive loss for the period	-	-	(1,250)
Share based payment charges	-	-	(38)
At 31 December 2015	**172**	**6,254**	**(5,433)**

18 Financial instruments disclosure

Financial instruments policy

Treasury and financial risk policies are set by the Board and have remained unchanged from the previous period. All instruments utilised by the Group are for financing purposes. The day-to-day financial management and treasury function is controlled centrally for all operations. During the year the Group had no derivative transactions.

Financial assets and liabilities

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. In the view of the Directors the fair value of financial assets and financial liabilities is not materially different to their carrying amounts.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The Group continues to manage the cash position in a manner designed to maximise interest income, while at the same time minimizing any risk to these funds. Surplus cash funds are deposited with commercial banks that meet credit criteria approved by the Board, for periods between one and six months.

Currency risk

The Group is exposed to fluctuations in exchange rates as some of its future revenues will be denominated in foreign currencies, comprising US dollars and Euros. The Group seeks to remove this risk by invoicing in Sterling. Where this is not possible, the Group utilises US dollars held within its cash balances and also may hedge such transactions through foreign exchange forward contracts. The Group has not hedged such transactions through forward contracts during the year.

Interest rate and currency profile

Financial assets

	2015	2014
	£000	£000
Loans and receivables :		
Trade receivables	**448**	486
Cash at bank	**366**	1,280
	814	1,766

The Group's banking facilities allow for the offset of bank overdrafts against cash at bank. The net amount of the cash at bank and bank overdraft is put on overnight deposit. The overnight deposit rate at 31 December 2015 was 0.15%.

18 Financial instruments disclosure (continued)

Financial liabilities

	2015 £000	2014 £000
Other financial liabilities :		
Trade payables	**300**	243
Other short term liabilities	**338**	231
	638	474

All of the financial assets and liabilities detailed above are recorded at their amortised cost.

The majority of financial assets and liabilities are denominated in sterling with the exception of cash at bank of £18,000 (2014: £105,000) which is denominated in US dollars and £nil (2014: £5,000) which is denominated in Canadian Dollars; of trade receivables of £93,000 (2014: £156,000) which is denominated in US dollars; and of other financial liabilities of £34,000 (2014: £42,000) which is denominated in US dollars.

Liquidity risk

The responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Group has no external debt facilities.

Maturity profile of financial liabilities

	2015 £000	2014 £000
Due within one year or on demand	**638**	474

Fair value of financial instruments

At 31 December 2015 the difference between the book value and the fair value of the Group's financial assets and liabilities was £nil (2014: £nil).

Sensitivity analysis

The Group is not materially exposed to changes in interest or exchange rates as at 31 December 2015.

Borrowing facilities

At 31 December the Group had £nil (2014: £nil) undrawn committed borrowing facilities.

19 Commitments

(a) Capital commitments

There were no capital commitments existing at 31 December 2015 or 31 December 2014.

(b) Operating leases commitments

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2015		2014	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Less than one year	**-**	**-**	15	-
Between two and five years	**249**	**-**	178	-
	249	**-**	193	-

Operating lease payments represent rentals payable by the Group for certain offices properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 1 year.

20 Pensions

The Group operates a defined contribution pension scheme for its employees. The pension cost charge for the year represents contributions payable by the Group to the scheme and other personal pension plans and amounted to £44,000 (2014: £43,000).

21 Contingent liabilities

The Company has guaranteed the overdrafts of its subsidiaries, the amount outstanding at the year end was £nil (2014: £nil).

22 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

Richard Sowerby is a director of The Inspired Branding Group Limited ("IBG"). IBG group companies buy services from companies in the Altitude Group under normal commercial terms. In the year sales of £149,000 (2014: £160,000) were made to companies in the IBG group and trade receivables at 31 December 2015 includes £68,000 (2014: £80,000) due from the IBG group of companies.

IBG acquired the promotional merchandising business from the Group in 2011, from which the loan note outstanding of £2,000,000 was received in the prior year. The loan note balance was £nil at 31 December 2015 (2014: £nil). Interest received on the loan note was £nil in the year ended 31 December 2015 (2014: £89,000)

Company Balance Sheet

As at 31 December 2015

	Note	**2015**	2014	2013
		£000	£000	£000
Non-current assets				
Property, plant and equipment	27	**3**	3	-
Investments in subsidiaries	28	**589**	589	589
		592	592	589
Current assets				
Trade and other receivables	29	**2,457**	5,027	3,589
Total assets		**3,049**	5,619	6,178
Current liabilities				
Trade and other payables	30	**(276)**	(564)	(78)
Borrowings	31	**(1,892)**	(673)	(1,020)
Total Liabilities		**(2,168)**	(1,237)	(1,098)
Net assets		**881**	4,382	5,080
Equity attributable to equity holders of the Company				
Called up share capital	32	**172**	172	172
Share premium account	33	**6,254**	6,254	6,254
Retained earnings	33	**(5,545)**	(2,044)	(1,346)
Total equity		**881**	4,382	5,080

The balance sheet was approved by the Board of Directors on 10 June 2016 and signed on its behalf by:

Richard Sowerby
Director

Company Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 1 January 2014	172	6,254	(1,346)	**5,080**
Total comprehensive income/(loss) for the year	-	-	(866)	**(866)**
Transactions with owners recorded directly in equity:				
- Share based payment charges	-	-	168	**168**
At 31 December 2014	172	6,254	(2,044)	**4,382**
Total comprehensive income/(loss) for the year	-	-	(3,463)	**(3,463)**
Transactions with owners recorded directly in equity:				
- Share based payment charges	-	-	(38)	**(38)**
At 31 December 2015	172	6,254	(5,545)	**881**

Company Cash Flow Statement

for the year ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Loss for the period	**(3,463)**	(866)
Impairment of amounts due from subsidiary undertakings	**2,592**	-
Net finance credit	**(3)**	(89)
Corporation tax credit	**-**	-
Share based payment charges	**(38)**	168
Operating cash outflow before changes in working capital	**(912)**	(787)
Movement in trade and other receivables	**(22)**	(1,438)
Movement in trade and other payables	**(288)**	486
Operating cash outflow from operations	**(1,222)**	(1,739)
Interest received	**3**	89
Interest paid	**-**	-
Income tax received	**-**	-
Net cash flow from operating activities	**(1,219)**	(1,650)
Cash flows from investing activities		
Purchase of property, plant and equipment	**-**	(3)
Net cash flow from investing activities	**-**	(3)
Financing activities		
Loan note repayment received	**-**	2,000
Net cash flow from financing activities	**-**	2,000
Net increase in cash and cash equivalents	**(1,219)**	347
Cash and cash equivalents at the beginning of the year	**(673)**	(1,020)
Effect of exchange rate fluctuations on cash held		-
Cash and cash equivalents at the end of the year	**(1,892)**	(673)

Notes to the Company Balance Sheet

23 Company accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable UK law. This is the first year the Company has prepared financial information in accordance with IFRS.

The Accounts have been prepared under the historical cost convention.

The Company financial statements are prepared in sterling and are rounded to the nearest thousand.

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

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

The Directors monitor accounting standards developments and consider the most appropriate time to adopt them in the Accounts. The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company when the relevant standards and interpretations come into effect for periods commencing on or after 1 January 2016.

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

Investments in subsidiaries

Investments in susidiaries are stated at cost less provision for impairment where appropriate. The Directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the profit and loss account in the year.

Impairment

The carrying amounts of the Group's investments in subsidiaries, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Share based payments

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value of the awards is measured at grant date indirectly by reference to the fair value of the instrument granted and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Financial assets

Financial assets comprise loans and receivables which are recognised at fair value plus transaction costs on initial recognition, less provision for impairment and subsequently carried at amortised cost.

Financial liabilities

Financial liabilities comprise trade payables and other short term monetary liabilities which are recognised at fair value less transaction costs and subsequently carried at amortised cost. Cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Taxation

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

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

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

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

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

24 Company profit and loss account

The company has taken advantage of the exemption under section 408 of the Companies Act 2006, to present its own profit and loss account. The loss for the year was £3,463,000 (2014 £866,000).

25 Operating costs

The audit fee for the Company was £14,000 (2014: £14,000). Other fees payable to the auditors and their associates for corporation tax services were £4,000 (2014: £4,000).

26 Employees

The only employees of the Company were the Directors.

Details of Directors' remuneration, share options and Directors' pension entitlements are disclosed note 5 on page 20.

27 Property, Plant and Equipment

	£000
Cost	
At 1 January 2014	8
Additions	4
At 31 December 2014	12
At 31 December 2015	**12**
Depreciation	
At 1 January 2014	8
Charge in the year	1
At 31 December 2014	9
Charge in the year	-
At 31 December 2015	**9**
Net book value	
At 31 December 2015	3
At 31 December 2014	3
At 1 January 2014	-

28 Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 January 2014, 31 December 2014 and at 31 December 2015	907
Impairment	
At 1 January 2014, 31 December 2014 and at 31 December 2015	318
Net book value	
At 1 January 2014, 31 December 2014 and at 31 December 2015	589

The companies in which Altitude Group plc's interest is more than 20% at the year end are as follows :

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Holding
Customer Focus Software Limited[1]	England and Wales	Sale of software and marketing services	Ordinary	100%
Customer Focus Exhibitions Limited[1]	England and Wales	Sale of software and marketing services	Ordinary	100%
Customer Focus Software Incorporated	United States of America	Sale of software and marketing services	Ordinary	100%
Boxcam Limited	England and Wales	Dormant	Ordinary	100%
Promoserve Business Systems Limited[1]	England and Wales	Dormant	Ordinary	100%
Customer Focus Interactive Imaging Limited[1]	England and Wales	Dormant	Ordinary	100%
The Advertising Products Group Limited[1]	England and Wales	Dormant	Ordinary	100%
Trade Only Technology Services Limited	Canada	Dormant	Ordinary	100%

Note 1 – held by a subsidiary undertaking

29 Trade and other receivables

	2015 £000	2014 £000	2013 £000
Other debtors	**21**	30	14
Amounts owed by subsidiary undertakings*	**2,436**	4,997	3,575
	2,457	5,027	3,589

*Net of impairment of £2,592,000 (2014: £nil).

30 Trade and other payables

	2015 £000	2014 £000	2013 £000
Trade creditors	**75**	22	32
Amounts owed to subsidiary undertakings	**-**	426	-
Accruals and deferred income	**201**	116	46
	276	564	78

31 Borrowings

	2015 £000	2014 £000	2013 £000
Bank overdrafts	**1,892**	673	1,020

Bank overdrafts are denominated in sterling and are repayable on demand. The average effective interest rate on bank overdrafts are nil (2014 nil) as these borrowings are secured by cash balances held within the group and balances are offset for interest purposes.

32 Share capital

	2015 £000	2014 £000	2013 £000
Allotted, called up and fully paid			
42,908,465 ordinary shares of 0.4p each	**172**	172	172

33 Reserves

	Share capital £000	**Share premium £000**	**Retained earnings £000**
At 1 January 2014	172	6,254	(1,346)
Result for the period	-	-	(866)
Share based payment charges	-	-	168
At 31 December 2014	172	6,254	(2,044)
Result for the period	-	-	(3,463)
Share based payment charges	-	-	(38)
At 31 December 2015	**172**	**6,254**	**(5,545)**

34 Commitments

The Company had no capital commitments or operating lease commitments existing at 31 December 2015 or 31 December 2014.

35 Contingent liabilities

The Company has guaranteed the bank overdrafts of certain of its subsidiary undertakings at 31 December 2015 of £nil (2014: £nil). These guarantees totalled £nil as at 31 December 2015 (2014 £nil).

36 Related parties

Transactions with management

Key management personnel are considered to be the Directors of the Company. The remuneration of key personnel is set out in note 5 to the financial statements. The related party transactions with key personnel are set out in note 22.

Transactions with related parties

The Company's subsidiary undertaking, Customer Focus Software Limited provides payroll services for the Company and recharges these costs through intercompany funding balances. The Company has funded the initial losses of its subsidiary undertaking, Customer Focus Software Inc since its incorporation in 2011. At 31 December 2015 the Company was owed £2,436,000 from its subsidiaries (2014 £4,997,000).

37 Transition to IFRS

This is the first year the company has prepared financial information in accordance with IFRS. The accounting policies have been applied in preparing the financial information for the years ended 31 December 2015, 31 December 2014 and in the preparation of an opening balance sheet as at 1 January 2014 (the Company's date of transition).

An explanation of how the transition from UK GAAP to IFRS has affected the Company's balance sheet is set out below:

Initial elections upon adoption

Under IFRS1 a number of exemptions are permitted to be taken in preparing the balance sheet as at the date of transition to IFRS on 1 January 2014. The Company has applied the mandatory exception and the optional exemptions as set out below:

Mandatory exceptions adopted by the Company:

The Company has used estimates under IFRS that are consistent with those applied under previous GAAP unless there is objective evidence those estimates were in error.

Optional exemptions applied by the Company

The Company has measured its investments using a deemed cost in its opening IFRS balance sheet for which the deemed cost is their previous GAAP carrying value.

Other than the above IFRS has been applied in all other respects in the preparation of the financial information for the years ended 31 December 2015, 31 December 2014 and 31 December 2013. The Company's first time adoption did not have an impact on equity, profit or loss and cash flows.

38 Financial Instruments

Financial instruments policy

Treasury and financial risk policies are set by the Board and have remained unchanged from the previous period. All instruments utilised by the Company are for financing purposes. The day-to-day financial management and treasury function is controlled centrally for all operations. During the year the Group had no derivative transactions.

Financial assets and liabilities

Financial assets:

Financial assets include amounts owed by subsidiary undertakings as set out in note 29.

Financial liabilities:	**2015 £000**	2014 £000
Trade payables	**75**	22
Borrowings	**1,892**	673
Amounts owed to subsidiary undertakings	**-**	426
Other short term liabilities	**201**	116
	2,098	1,237

Currency risk

The Company is exposed to fluctuations in exchange rates as some of its future revenues will be denominated in foreign currencies, comprising US dollars and Euros. The Group seeks to remove this risk by invoicing in Sterling. Where this is not possible, the Company utilises US dollars held within its cash balances and also may hedge such transactions through foreign exchange forward contracts. The Group has not hedged such transactions through forward contracts during the year.

The Group's banking facilities allow for the offset of bank overdrafts against cash at bank. The net amount of the cash at bank and bank overdraft is put on overnight deposit. The overnight deposit rate at 31 December 2015 was 0.15%.

	2015 £000	2014 £000
Borrowings	1,892	673

The financial assets and liabilities are denominated in sterling. The maturity of the financial liabilities are set out below:

	2015 £000	2014 £000
Due on demand	**2,098**	1,273

Fair value of financial instruments

At 31 December 2015 the difference between the book value and the fair value of the Group's financial assets and liabilities was £nil (2014: £nil).

Sensitivity analysis

The Group is not materially exposed to changes in interest or exchange rates as at 31 December 2015.

Borrowing facilities

At 31 December the Group had £nil (2014:£nil) undrawn committed borrowing facilities.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Altitude Group Plc (the "Company") will be held at the offices of WH Ireland, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR on 6 July 2016 at 11.00 am for the purpose of considering and if thought fit, passing the following resolutions. Resolutions number 1-5 will be proposed as Ordinary Resolutions and Resolutions 6 and 7 will be proposed as Special Resolutions.

ORDINARY BUSINESS

1. To receive the Company's annual accounts for the financial year ended 31 December 2015 together with the last Directors' Report, the last Directors' Remuneration Report and the Auditors' Report on those accounts.
2. To re-elect Richard Sowerby who retires by rotation, as a director of the Company.
3. To elect Shaun Parker, who retires in accordance with the Articles of Association of the Company, as a director of the Company.
4. To re-appoint Grant Thornton (UK) LLP as auditor of the Company and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

5. Authority to allot shares

THAT, in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the "Act"):

(a) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £57,211.28 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the Articles of Association of the Company); and further

(b) to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £57,211.28 in connection with an offer of such securities by way of a rights issue,

PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the earlier of the conclusion of the next annual general meeting and 30 September 2017, save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the Directors of the Company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

"Rights issue" means an offer of equity securities to holders of ordinary shares in the capital of the Company on the register on a record date fixed by the Directors in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

6. Disapplication of pre-emption rights

THAT, subject to and conditional upon the passing of the resolution numbered 5 in the notice convening the meeting at which this resolution was proposed, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to the allotment of equity securities:

(a) in connection with a rights issue (as defined in resolution 5 above); and

(b) otherwise than pursuant to sub-paragraph 6(a) above up to an aggregate nominal amount of £34,326.77

and shall, unless previously renewed, varied or revoked by the Company in a general meeting, expire at the earlier of the conclusion of the next annual general meeting and 30 September 2017, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

7. Purchase of the Company's own shares

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 639(4) of the Act) of ordinary shares of 0.4 pence each in the capital of the Company ("Ordinary Shares") on such terms as the Directors think fit up to an aggregate nominal amount of £17,163.39 at a price per share (exclusive of expenses) of not less than 0.4 pence and not more than the higher of: (a) 105 per cent. of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary Share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003,

provided that this authority shall expire at the earlier of the conclusion of the next annual general meeting and 30 September 2017, save that the Company may purchase equity securities pursuant to this authority at any later date where such purchase is made pursuant to a contract concluded by the Company before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

BY ORDER OF THE BOARD
RICHARD SOWERBY
Director and Company Secretary
10 June 2016

REGISTERED OFFICE:
Altitude Group plc
Unit 4, Rhodes Business Park,
Silburn Way, Middleton,
Manchester M24 4NE.

NOTES:

1. A member of the Company entitled to attend and vote at the AGM convened by this notice may appoint one or more proxies (who need not be members of the Company) to exercise any of these rights on his behalf (although two proxies of the same individual member may not both count towards a quorum). If a member appoints more than one proxy, each proxy must exercise the rights attached to different shares. The appointment of a proxy will not preclude a member for attending and/or voting at the meeting should he subsequently decide to do so.
2. A proxy form is enclosed. To be effective, an instrument appointing a proxy must be returned so as to reach the Company's Registrars, Neville Registrars Limited, at 18 Laurel Lane, Halesowen, West Midlands B63 3BR at least 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
3. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's Registrars, Neville Registrars Limited, at 18 Laurel Lane, Halesowen, West Midlands B63 3BR (whose CREST ID is 7RA11) by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. Any corporation which is a member of the Company may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. A certified copy of the board resolution of the corporation appointing the relevant persons as the representatives must be deposited at the office of the Company's Registrars, Neville Registrars Limited, at 18 Laurel Lane, Halesowen, West Midlands B63 3BR, prior to the commencement of the meeting.
5. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of members of the Company at 6:00pm on 4 July 2016 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
6. Copies of Directors' service contracts and letters of appointment will be available for inspection at the Registered Office during normal business hours until the conclusion of the AGM and at the place of the AGM 15 minutes prior to and until its conclusion.

EXPLANATORY NOTES

Resolution 5 – Directors' power to allot Relevant Securities

Under section 551 of the Act, Relevant Securities may only be issued with the consent of the Company's members, unless the members pass a resolution generally authorising the directors to issue shares without further reference to the members. This resolution authorises the general issue of shares up to an aggregate nominal value of £57,211.28, which is equal to 1/3rd of the nominal value of the current ordinary share capital of the Company. Such authority shall expire at the earlier of the conclusion of the next annual general meeting and 30 September 2017.

Resolution 6 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash (other than pursuant to an employee share scheme) must first offer them to existing members following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes in limited circumstances that statutory procedure as far as rights issues are concerned. It also enables the directors to allot shares up to an aggregate nominal value of £34,326.77, which is approximately 20% of the nominal value of the current issued ordinary share capital of the Company, subject to resolution 5 being passed. The Directors believe that the powers provided by this resolution will maintain a desirable degree of flexibility and to satisfy awards under the Company's share option schemes to the extent that the other exemptions to allot shares on a pre-emptive basis are not available. Unless previously revoked or varied, the disapplication authority shall expire at the earlier of the conclusion of the next annual general meeting and 30 September 2017.

Resolution 7 – Purchase of own shares

This resolution enables the Company to buy-in its own shares up to £17,163.39, which is approximately 10% of the nominal value of the current issued ordinary share capital of the Company at, or between, the minimum and maximum prices set out in the resolution. The Directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the authority will expire on the earlier of conclusion of the next annual general meeting of the Company and 30 September 2017.

Altitude Group plc

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Unit 4, Rhodes Business Park, Silburn Way, Middleton, Manchester M24 4NE