

REGISTERED NUMBER: 03885568 (England and Wales)

VERILOCATION LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018



VERILOCATION LIMITED
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for the Year Ended 30 September 2018

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VERILOCATION LIMITED
COMPANY INFORMATION
for the Year Ended 30 September 2018

DIRECTORS: Mrs S E Overton
A W Overton
J Sumner
M Rogerson

REGISTERED OFFICE: 26 Queensbridge
Bedford Road
Northampton
Northamptonshire
NN4 7BF

REGISTERED NUMBER: 03885568 (England and Wales)

AUDITORS: Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

VERILOCATION LIMITED
REPORT OF THE DIRECTORS
for the Year Ended 30 September 2018

The directors present their report with the financial statements of the company for the year ended 30 September 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of technology solutions that help transport businesses maximise vehicle productivity. Together with Isotrak, Verilocation's tracking solutions with its driver behaviour, integrated camera technology & tachograph modules are supported by a technology interface that integrates into fleet users' day-to-day operations, to enable greater driver and vehicle productivity along with improved safety and regulatory compliance.

REVIEW OF BUSINESS

Financial key performance indicators

The company's key financial and other performance indicators during the period were as follows:

	Year to 30 September 2018	9 months to 30 September 2017
	£000	£000
Turnover	5,250	2,517
Gross profit	3,418	1,679

DIVIDENDS

There have been no interim dividends paid in the year (2017: £30,000). The directors do not recommend the payment of a further dividend (2017 - £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2017 to the date of this report.

Mrs S E Overton
A W Overton
J Sumner

Other changes in directors holding office are as follows:

D Philp - resigned 31 January 2018
J P Kelly - appointed 31 May 2018, resigned 13 December 2018
K J Riddle - resigned 31 May 2018
M Rogerson - appointed 1 February 2018

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the company and group will continue for the foreseeable future.

The group is continuing to build its recurring revenue stream by securing long term contracts in the logistics and parcel delivery sectors. Strong growth in these markets have led to a robust order pipeline which is reflected in approved forecasts.

Horizon Capital LLP (formerly Lyceum Capital Partners LLP) continues to support the business and has provided the directors with a letter of support at the time of the approval of the financial statements indicating that they will provide such support to enable the company and the group to meet their liabilities as they fall due for a period of at least 12 months.

Silicon Valley Bank are also supportive of the business and have provided additional financing in the year.

Based on the approved forecasts, and taking into account the letter of support noted above, the directors consider that the company has sufficient funding from Silicon Valley Bank and Horizon Capital LLP (formerly Lyceum Capital Partners LLP) who remain committed to supporting the company's continued investment in software development and expanding into international markets. On this basis, and the group's ability to manage its discretionary costs should it be required to, the directors consider it appropriate to prepare the financial statements on a going concern basis.

DIRECTORS' LIABILITIES

The company has granted an indemnity to each of its directors against liability in respect of proceeds brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of the director's report.

VERILOCATION LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 30 September 2018**

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

J. A. Sumner

.....
J Sumner - Director

Date: 28/3/2019

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VERILLOCATION LIMITED**

Opinion

We have audited the financial statements of Verilocation Limited (the 'company') for the year ended 30 September 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VERILLOCATION LIMITED**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Peter Gamson (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
London

Date: 28 March 2019

VERILOCATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 30 September 2018

	Notes	Year ended 30.9.18 £'000	9 Month Period 1.1.17 to 30.9.17 £'000
TURNOVER		5,250	2,517
Cost of sales		<u>(1,832)</u>	<u>(1,049)</u>
GROSS PROFIT		3,418	1,468
Administrative expenses		<u>(1,816)</u>	<u>(1,409)</u>
ADJUSTED EBITDA*		1,670	118
Exceptional administrative expenses	4	(253)	-
Depreciation expense	5	(35)	(57)
Intangible amortisation	5	<u>(33)</u>	<u>(2)</u>
OPERATING PROFIT		1,349	59
PROFIT BEFORE TAXATION	5	1,349	59
Tax on profit	6	<u>(25)</u>	<u>(18)</u>
PROFIT FOR THE FINANCIAL YEAR		1,324	41
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,324	41

* Earnings before interest, tax, depreciation and amortisation and adjusted for exceptional administrative expenses

The notes on pages 9 to 17 form part of these financial statements

VERILOCATION LIMITED (REGISTERED NUMBER: 03885568)

BALANCE SHEET
30 September 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
FIXED ASSETS					
Intangible assets	9		224		55
Tangible assets	10		<u>123</u>		<u>121</u>
			347		176
CURRENT ASSETS					
Stocks	11	424		64	
Debtors	12	3,155		1,885	
Cash at bank		<u>158</u>		<u>68</u>	
		3,737		2,017	
CREDITORS					
Amounts falling due within one year	13	<u>1,489</u>		<u>936</u>	
NET CURRENT ASSETS			<u>2,248</u>		<u>1,081</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,595		1,257
CREDITORS					
Amounts falling due after more than one year	14		-		(11)
PROVISIONS FOR LIABILITIES			<u>(38)</u>		<u>(13)</u>
NET ASSETS			<u>2,557</u>		<u>1,233</u>
CAPITAL AND RESERVES					
Called up share capital	16		1		1
Retained earnings	17		<u>2,556</u>		<u>1,232</u>
SHAREHOLDERS' FUNDS			<u>2,557</u>		<u>1,233</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 28/3/2019 and were signed on its behalf by:

J. A. Sumner

.....
J Sumner - Director

The notes on pages 9 to 17 form part of these financial statements

VERILOCATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 September 2018**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	1	1,063	1,064
Prior year adjustment	-	158	158
Balance at 1 January 2017 as restated	<u>1</u>	<u>1,221</u>	<u>1,222</u>
Changes in equity			
Dividends	-	(30)	(30)
Total comprehensive income	-	41	41
Balance at 30 September 2017	<u>1</u>	<u>1,232</u>	<u>1,233</u>
Changes in equity			
Total comprehensive income	-	1,324	1,324
Balance at 30 September 2018	<u><u>1</u></u>	<u><u>2,556</u></u>	<u><u>2,557</u></u>

The notes on pages 9 to 17 form part of these financial statements

VERILOCATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 2018

1. STATUTORY INFORMATION

Verilocation Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In the current year, the Company has early adopted the Amendments to FRS 102 'Triennial review 2017'.

There were no material departures from that standard.

The financial statements are presented in pound sterling and rounded to thousands.

The company's functional and presentation currency is the pound sterling.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The most significant areas of estimation for the company are as follows:

- Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

- Valuation of inventory

The company sells advanced vehicle tracking and camera units. As technology develops, management believe it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating whether inventory should be provided for, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated selling price of the products.

- Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets.

- Recoverability of capitalised development cost

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, or that the costs cannot be recovered, then the amortisation rate is amended to reflect this. The current life of 5 years is deemed by management to be a prudent estimate of the useful life of products developed.

- Exceptional administrative expenses

Management have considered the costs incurred by the company during the period and where they view that there are costs which are significant, and relate to non-recurring items that are outside of the ordinary course of business, have disclosed these as exceptional administrative expenses. The classification of some items into this line may be viewed as subjective and therefore it is possible others may arrive at a different value for items to be shown as a sub-set of administrative expenses.

Revenue recognition

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, rebates, VAT and other sales taxes. The following criteria must also be met before revenue is recognised:

VERILOCATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. ACCOUNTING POLICIES - continued

Sale of goods

Revenue from the sale of equipment is recognised when the significant risks and rewards of ownership of the equipment have been passed to the buyer, usually on the delivery/installation date.

Rendering of services

Revenue from software services and the provision of general services is recognised over the period in which the service is provided.

Intangible assets

Intangible assets are measured initially at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria is met:

- It is technically feasible to complete the products so that they will be available for use;
- Management intends to complete the products and use them or sell them;
- There is an ability to use or sell the products;
- It can be demonstrated how the products will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- The expenditure attributable to the products during their development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are shown at historical cost, have a finite life and are carried at cost less accumulated amortisation and any impairment losses.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Amortisation

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

Asset class	Amortisation method and rate
Development costs	5 years straight line

Tangible fixed assets

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

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

Depreciation

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

Asset class	Depreciation method and rate
Fixtures, fittings, plant and equipment	25% on reducing balance
Motor vehicles	25% on reducing balance

VERILOCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. **ACCOUNTING POLICIES - continued**

Taxation

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

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

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Name of parent of group

These financial statements are consolidated in the financial statements of Connexas Group Limited (formerly Isotrak Group Limited).

The financial statements of Connexas Group Limited (formerly Isotrak Group Limited) may be obtained from 36 Queensbridge, Northampton, NN4 7BF.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company and the group will continue for the foreseeable future.

The group is continuing to build its recurring revenue stream by securing further long term contracts with major retailers, their logistics partners and other sectors such as parcel and home delivery and growth in these markets provides natural opportunity for Isotrak and which is reflected in the approved forecasts.

Horizon Capital LLP (formerly known as Lyceum Capital Partners LLP) continues to support the business and has provided the directors with a letter of support at the time of the approval of the financial statements indicating that they will provide such support to enable the company and the group to meet their liabilities as they fall due for a period of at least 12 months.

Silicon Valley Bank are also supportive of the business and provide banking facilities to the wider Isotrak group.

Based on the approved forecasts and taking into account the renegotiation of the financing arrangements and letter of support noted above, the directors consider that the company has sufficient funding from Silicon Valley Bank and Horizon Capital LLP (Formerly known as Lyceum Capital Partners LLP) who remain committed to supporting the company's continued investment in software development and expanding into international markets. On this basis, and the group's ability to manage its discretionary costs should it be required to, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Impairment of assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss.

VERILOCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

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

Stocks

Stock related to telematics hardware and is stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost includes all costs incurred in bringing each product to its present condition and location. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Trade debtors

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

Trade debtors are recognised initially at transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

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

Defined contribution pension obligation

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

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

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 31 (2017 - 30).

VERILOCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

4. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	Year ended 30.9.18 £'000	9 Month Period 1.1.17 to 30.9.17 £'000
Exceptional administrative expenses	<u>(253)</u>	<u>(230)</u>

In October 2017, the Group relocated its Headquarters to Northampton, and in the year completed its headcount realignment

5. PROFIT BEFORE TAXATION

The profit is stated after charging:

	Year ended 30.9.18 £'000	9 Month Period 1.1.17 to 30.9.17 £'000
Depreciation - owned assets (note 10)	35	57
Development costs amortisation (note 9)	<u>33</u>	<u>2</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year ended 30.9.18 £'000	9 Month Period 1.1.17 to 30.9.17 £'000
Current tax:		
UK corporation tax	-	18
Deferred tax	<u>25</u>	<u>-</u>
Tax on profit	<u>25</u>	<u>18</u>

7. DIVIDENDS

	Year ended 30.9.18 £'000	9 Month Period 1.1.17 to 30.9.17 £'000
Ordinary A shares of 1 each		
Interim	<u>-</u>	<u>30</u>

8. AUDITOR'S REMUNERATION

	Year ended 30.9.18 £000	1.1.17 to 30.9.17 £ 000
Audit of the financial statements	<u>12</u>	<u>12</u>

The auditor's remuneration is borne by Isotrak Limited.

VERILOCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Other intangible assets £'000	Totals £'000
COST			
At 1 October 2017	14	57	71
Additions	<u>-</u>	<u>202</u>	<u>202</u>
At 30 September 2018	<u>14</u>	<u>259</u>	<u>273</u>
AMORTISATION			
At 1 October 2017	14	2	16
Charge for year	<u>-</u>	<u>33</u>	<u>33</u>
At 30 September 2018	<u>14</u>	<u>35</u>	<u>49</u>
NET BOOK VALUE			
At 30 September 2018	<u>-</u>	<u>224</u>	<u>224</u>
At 30 September 2017	<u>-</u>	<u>55</u>	<u>55</u>

The amortisation charge for the year is included within administration expenses.

During the period, the company considered that the internal development costs being incurred in respect of the development of new products met the necessary criteria for recognition as intangible assets detailed in the accounting policies in note 2. Accordingly, additions of £202,000 were recognised which are being amortised over a five year period.

The aggregate amount of research and development expenditure recognised as an expense during the period is £40,000 (2017: £99,000).

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST			
At 1 October 2017	259	96	355
Additions	43	-	43
Disposals	<u>(111)</u>	<u>-</u>	<u>(111)</u>
At 30 September 2018	<u>191</u>	<u>96</u>	<u>287</u>
DEPRECIATION			
At 1 October 2017	193	41	234
Charge for year	23	12	35
Eliminated on disposal	<u>(105)</u>	<u>-</u>	<u>(105)</u>
At 30 September 2018	<u>111</u>	<u>53</u>	<u>164</u>
NET BOOK VALUE			
At 30 September 2018	<u>80</u>	<u>43</u>	<u>123</u>
At 30 September 2017	<u>66</u>	<u>55</u>	<u>121</u>

VERILOCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

11. STOCKS	2018	2017
	£'000	£'000
Stocks	<u>424</u>	<u>64</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
	£'000	£'000
Trade debtors	377	271
Amounts owed by group undertakings	702	660
Other debtors	2,011	933
Prepayments and accrued income	<u>65</u>	<u>21</u>
	<u>3,155</u>	<u>1,885</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after a provision for impairment of £61,000 (2017: £52,000).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
	£'000	£'000
Hire purchase contracts (see note 15)	17	23
Trade creditors	821	259
Amounts owed to group undertakings	171	-
Tax	19	19
Social security and other taxes	73	147
Other creditors	6	19
Accruals and deferred income	<u>382</u>	<u>469</u>
	<u>1,489</u>	<u>936</u>

Creditors include hire purchase contracts which are secured of £17,000 (2017: £34,000).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018	2017
	£'000	£'000
Hire purchase contracts (see note 15)	<u>-</u>	<u>11</u>

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£'000	£'000
Net obligations repayable:		
Within one year	17	23
Between one and five years	<u>-</u>	<u>11</u>
	<u>17</u>	<u>34</u>

VERILOCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

19. RELATED PARTY TRANSACTIONS

Key management personnel

All directors are considered to be key management personnel. Total remuneration in respect of these individuals is £313,000 (2017 - £414,000).

The property occupied by Verilocation Limited is owned by Verilocation SSAS, a self-administered pension scheme for the benefit of three of the directors of the company. Rent was paid to Verilocation SSAS during the year of £55,000 (2017: £40,500).

Dividends paid to directors

	Year ended 30.9.18 £000	9 Month Period 1.1.17 to 30.9.17 £000
A W Overton Interim dividend on A shares	-	10
S E Overton Interim dividend on A shares	-	10
D Philp Interim dividend on A shares	-	10

20. ULTIMATE CONTROLLING PARTY

The company's immediate parent is Connexas Holdings Limited (formerly Isotrak Holdings Limited), incorporated in England and Wales.

The most senior parent entity producing publicly financial statements is Connexas Group Limited (formerly Isotrak Group Limited). These financial statements are available upon request from 36 Queensbridge, Northampton, NN4 7BF.

The ultimate controlling party is Horizon Capital LLP (formerly known as Lyceum Capital Partners LLP).

VERILOCATION LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 30 September 2018

	Year ended 30.9.18	£'000	Period 1.1.17 to 30.9.17	£'000
Sales		5,250		2,517
Cost of sales				
Purchases	1,810		829	
Carriage	<u>22</u>		<u>9</u>	
		<u>1,832</u>		<u>838</u>
GROSS PROFIT		3,418		1,679
Expenditure				
Rent	55		41	
Rates and water	23		19	
Insurance	25		8	
Light and heat	12		5	
Repairs to property	13		-	
Directors' salaries	231		79	
Directors' pension contributions	82		-	
Directors' pensions paid	-		36	
Wages	861		780	
Social security	149		85	
Pensions	22		5	
Equipment leasing	76		3	
Telephone	53		78	
Post and stationery	3		9	
Advertising	30		8	
Travel, subsistence & mileage	85		46	
Motor expenses	16		5	
Computer expenses	37		2	
Repairs and renewals	-		2	
Recruitment	-		6	
Household and cleaning	1		-	
Sundry expenses	35		86	
Other staff costs	12		1	
Training	-		5	
Accountancy	4		35	
Subscriptions	13		1	
Development cost recharged	(203)		(57)	
Professional fees	4		7	
Donations	2		-	
Amortisation of intangible fixed assets				
Development costs	33		2	
Depreciation of tangible fixed assets				
Motor vehicles	12		34	
Computer equipment	23		18	
Profit/loss on sale of tangible fixed assets	(13)		-	
Entertainment	3		-	
Bad debts	<u>88</u>		<u>34</u>	
		<u>1,807</u>		<u>1,383</u>
		1,611		296
Finance costs				
Bank charges		9		7
		<u> </u>		<u> </u>
Carried forward		1,602		289

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VERILOCATION LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 30 September 2018

	Year ended 30.9.18		Period 1.1.17 to 30.9.17	
	£'000	£'000	£'000	£'000
Brought forward		1,602		289
Exceptional items				
Exceptional items		<u>253</u>		<u>230</u>
NET PROFIT		<u>1,349</u>		<u>59</u>

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