Company Registration No. 07968005 (England and Wales)

THE FLOOW LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

THE FLOOW LIMITED

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THE FLOOW LIMITED

COMPANY INFORMATION

Directors

A Monteforte
A Moneta
H Tomlinson
S Chapman
I Peters

Secretary

D James

Company number

07968005

Registered office

The Floow Campus
Wicker Lane
Sheffield
S3 8HQ

Accountants

Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Independent auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

THE FLOOW LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their Strategic Report for The Floow Limited for the year ended 31 August 2019.

Principal activities and business review
The Floow continues to support the global motor insurance industry through:

a) Device-agnostic mobility data capture
b) Mobility data predictive behavioural analytics
c) Driver risk estimation and actuarial support
d) Digital platforms and programs targeting increased driver loyalty and engagement
e) End user services targeting increased driver safety and reduce risk.

These capabilities draw from fine-grained mobility behavioural data captured from different types of telematics sensing devices including: smartphone-as-sensors, on board diagnostics (OBD) devices, black-boxes, and in vehicle sensors. The Floow undertake advanced analytics upon this collated data to deliver actionable insights underpinning innovative motor insurance product lines in multiple markets worldwide.

To meet increased demand in a growing market sector, an issue of preferred ordinary and preference shares in March 2017 realised an equity injection of £13m from three external investors. The investment, as intended, has begun to support the group's ambitious growth and technical infrastructure plans.

During the year The Floow has expanded along the following dimensions:

- Continued development of an "off-the-shelf" market offering to meet the needs of clients who favour a product approach. This has resulted in the delivery of FloowDrive, FloowKit, FloowFleet and FloowCrash suite of products.
- Strengthen market position in technical and analytics areas to maintain and grow unique differentiators.
- Customer facing teams to take advantage of market growth and further extending client lists and strengthen support for clients.
- Back-end support functions.
- Expansion of the North American team with recruitment of highly experienced new members of staff.

Future Developments
Future strategy beyond the current activities targets improved market support for new and evolving global insurance and risk products. This activity will primarily continue to support new and evolved product lines in the insurance sector to better support existing markets.

However as the sector is rapidly evolving The Floow remain actively engaged in shaping direct and adjacent emerging sectors such as new mobility solutions, autonomous and connected vehicles and mobility as a service platforms.

Key Performance indicators
As a business The Floow tracks its financial, commercial and technical progress very closely. The key indicators the company uses to achieve this are:

- Financial performance versus forecast
- Volume metrics, i.e. the number of users connected to our platform each month
- Customer satisfaction through the use of client surveys and Net Promoter Score statistics
- Success with winning new business which is a measure both of the company's commercial position, but also how well the company's products and services meet the needs of the market
- End user engagement metrics
- Technical health and service through both internal metrics and the use of client based Service Level Agreements

These are all tracked on a regular basis with the cadence determined based on the nature of the measurement and as issues are identified management implements appropriate actions.

THE FLOOW LIMITED

STRATEGIC REPORT (Continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Key Performance indicators (continued)
Over the past 12 months the company has extended its presence in the UK, US and EMEA markets with some significant client wins. The global relationship with Munich Re is of particular note, with Munich Re selecting the Floow as its global telematics partner and as a result expected to provide the company with the opportunity to enhance its business in existing markets and develop business across a wider range of opportunities than was previously the case.

Principal Risks and Uncertainties
The directors meet regularly and formally review the principal risks facing the business. The company's principal risks and uncertainties include the following:

Operational Risks
The stability and robustness of our technology platform is crucial to providing 24 hour service to our clients. Hence we have a variety of failsafe and redundancy systems which aim to ensure our systems are available during any adverse events.

Financial Risks
Financial risks are managed through strict internal management controls, accurate and timely management information and KPI reporting.

This report was approved by the board and signed on its behalf by.

Sam Chapman
Director

Date 10th January 2020

THE FLOOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their report and audited consolidated financial statements for the year ended 31 August 2019.

The directors have not recommended the payment of a dividend (2018:£nil).

Principal activities and future developments

The Floow Limited ("The Floow") design and manufacture telematics systems and provide data analytics services for the automotive and insurance industries.

Future developments are contained within the strategic report.

Directors

The directors of the group who were in office during the year and up to the date of signing the financial statements were:

A Monteforte
A Moneta
H Tomlinson
S Chapman
I Peters

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

THE FLOOW LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

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

Qualifying third party indemnity provision for the benefit of one or more of the directors of the group and company was in force during the year ended 31 August 2019 and at the date of approval of the financial statements.

There were no political donations for the year and the group and company did not incur any political expenditure.

Independent auditors

During the year, PricewaterhouseCoopers LLP continued in their capacity as auditors of the group and company and have indicated their willingness to continue in office.

On behalf of the board

....

S Chapman
Director

10th January 2020

Independent auditors' report to the members of The Floow Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Floow Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 August 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company statements of financial position as at 31 August 2019; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

THE FLOOW LIMITED

Independent auditors' report to the members of The Floow Limited (Continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of The Floow Limited (Continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Nicholas Cook (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
10 January 2020

THE FLOOW LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Turnover	**6**	5,303,185	4,794,006
Cost of sales		(3,462,540)	(3,150,208)
Gross profit		1,840,645	1,643,798
Administrative expenses	**7**	(5,605,382)	(4,934,136)
Operating loss before exceptional items	**7**	(3,764,737)	(3,192,990)
Exceptional items	**7**	-	(97,348)
Operating loss		(3,764,737)	(3,290,338)
Interest receivable and similar income	**8**	32,076	34,546
Loss before taxation		(3,732,661)	(3,255,792)
Tax on loss	**10**	319,052	307,051
Loss for the financial year		(3,413,609)	(2,948,741)
Other Comprehensive charge for the financial year			
Currency translation difference		(11,786)	-
Total Comprehensive Loss for the financial year		(3,425,395)	(2,948,741)

The activities of the group relate entirely to operations which are continuing operations.

The group has elected to take the exemption under section 408 of the Companies Act from presenting the parent company profit and loss account

The notes on pages 13 to 27 form part of these financial statements.

THE FLOOW LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

		Group		Company	
		As at 31st August		As at 31st August	
		2019	2018	2019	2018
	Note	£	£	£	£
Fixed assets					
Intangible Assets	11	1,058,577	606,632	1,058,577	606,632
Tangible Assets	12	379,808	443,544	377,040	443,544
		1,438,385	1,050,176	1,435,617	1,050,176
Current assets					
Debtors	13	1,794,217	1,333,567	1,664,455	1,333,567
Cash at bank and in hand		5,171,823	9,227,449	5,090,717	9,206,391
		6,966,040	10,561,016	6,755,172	10,539,958
Creditors: amounts falling due within one year	14	(1,259,995)	(1,034,530)	(1,096,132)	(1,035,248)
Net current assets		5,706,045	9,526,486	5,659,040	9,504,710
Total assets less current liabilities		7,144,430	10,576,662	7,094,657	10,554,886
Provisions for liabilities	15	(18,000)	(39,000)	(18,000)	(39,000)
Net Assets		7,126,430	10,537,662	7,076,657	10,515,886
Capital and reserves					
Called up share capital	17	634	634	634	634
Share premium account		15,709,293	15,709,293	15,709,293	15,709,293
Reserves/Share Options		115,175	101,012	115,175	101,012
Profit and loss account		(8,698,672)	(5,273,277)	(8,748,445)	(5,295,053)
Total shareholders' funds		7,126,430	10,537,662	7,076,657	10,515,886

The notes on pages 13 to 27 form part of these financial statements.

Included in the profit and loss account is a loss of £3,453,392 (2018: £2,970,517 loss) for the company.

These financial statements have been prepared in accordance with the provisions applicable to medium-sized companies and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements on pages 9 to 27 were approved by the Board of Directors on 10th January 2020

and signed on its behalf by:

....

S Chapman
Director
The Floow Limited, Registered No. 07968005

THE FLOOW LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2019

	Called up share capital	Share premium account	Reserves/ Share Options	Profit & loss account	Total shareholders' funds
	£	£	£	£	£
Balance at 1 September 2017	634	15,709,293	3,664	(2,324,536)	13,389,055
Changes in Equity					
Loss for the year and Total Comprehensive Expense	-	-	-	(2,948,741)	(2,948,741)
Movement in Share Options	-	-	97,348	-	97,348
Balance at 1 September 2018	634	15,709,293	101,012	(5,273,277)	10,537,662
Changes in Equity					
Loss for the year and Total Comprehensive Expense	-	-	-	(3,425,395)	(3,425,395)
Movement in Share Options	-	-	14,163	-	14,163
Balance at 31 August 2019	634	15,709,293	115,175	(8,698,672)	7,126,430

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2019

	Called up share capital	Share premium account	Reserves/ Share Options	Profit & loss account	Total shareholders' funds
	£	£	£	£	£
Balance at 1 September 2017	634	15,709,293	3,664	(2,324,536)	13,389,055
Changes in Equity					
Loss for the year and Total Comprehensive Expense	-	-	-	(2,970,517)	(2,970,517)
Movement in Share Options	-	-	97,348	-	97,348
Balance at 1 September 2018	634	15,709,293	101,012	(5,295,053)	10,515,886
Changes in Equity					
Loss for the year and Total Comprehensive Expense	-	-	-	(3,453,392)	(3,453,392)
Movement in Share Options	-	-	14,163	-	14,163
Balance at 31 August 2019	634	15,709,293	115,175	(8,748,445)	7,076,657

The notes on pages 13 to 27 form part of these financial statements.

THE FLOOW LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019	2018
		£	£
Cash flows for operating activities			
Cash used in Operations	21	(3,472,731)	(3,519,407)
Income tax refunds		298,052	346,051
Interest received	8	32,076	34,546
Net cash used in operating activities		(3,142,603)	(3,138,810)
Cash flows from investing activities			
Capitalisation of intangible assets	11	(810,028)	(702,534)
Purchase of tangible assets	12	(110,595)	(235,978)
Proceeds from disposal of tangible assets		7,600	7,901
Net cash used in investing activities		(913,023)	(930,611)
Net decrease in cash and cash equivalents		(4,055,626)	(4,069,421)
Cash and cash equivalents at beginning of year	22	9,227,449	13,296,870
Cash and cash equivalents at end of year	22	5,171,823	9,227,449

The company is a qualifying entity for the purposes of FRS102 and has elected to take the exemption under FRS102, para 1.12 (b) not to present the company cash flows statement.

The notes on pages 13 to 27 form part of these financial statements.

THE FLOOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1 Group Information
The Floow Limited is a private group, limited by shares, which is incorporated and registered in United Kingdom (Registered No. 07968005); its principal place of business and registered office is at The Floow Campus, Wicker Lane, Sheffield S3 8HQ.

The Floow Limited ("the Company") and its subsidiary, The Floow North America, Inc (together "the Group") provide telematics services to the motor insurance and automotive industries in a number of countries across the world.

2 Basis of preparation
These consolidated and separate financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the provisions of the Companies Act 2006 applicable to medium-sized companies and the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the Companies Act 2006.

The Group financial statements are presented in Sterling (£).

The Group's functional and presentation currency is Sterling (£).

Exemptions for qualifying entities under FRS102
FRS102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The Group has taken advantage of the following exemptions in its individual financial statements:

a) not to present the company cash flows statement under FRS102, para 1.12 (b), on the basis that the consolidated cash flows statement, included in these financial statements, includes the Company's cash flows;
b) from financial instrument disclosures as the information is provided in the consolidated financial statement disclosures;
c) from disclosing share-based payment arrangements concerning its own equity instruments as the Group financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein.

Exemptions for qualifying entities under the Companies Act 2006
The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

Going Concern
After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3 Basis of consolidation
The Group consolidated financial statements include the financial statements of the Group and its subsidiary undertaking made up to 31 August 2019.

The subsidiary undertaking is 100% owned and is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Where the subsidiary has different accounting policies (by virtue of its geographical location and local accounting standards), adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2019

4 Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of group's sales channels have been met, as described below.

Sale of services
The group sells design services to insurance industry customers. Revenue is recognised in the accounting period in which the services are rendered when the outcome of contract can be estimated reliably. The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

Share Based Payments
During the year the company has issued share options to certain Directors and employees. The fair value of the share-based payments is based on management's estimates of the number of shares that will vest and the associated timings. The Group has used a third-party valuations specialist to calculate the fair value of the share options. Key assumptions used in the calculations were volatility, dividend yield and risk-free interest rate. The valuation is the company's estimate of the value of the share options.

5 Principal accounting policies
The principal accounting policies, which have been applied consistently, are set out below:

5.1 Turnover
Turnover represents the invoiced value of goods supplied, excluding value added tax. Turnover is recognised on delivery of goods and when the significant risks and rewards of ownership of the goods are transferred to the business partner. Service turnover is recognised in the period in which contracted services are carried out. Where income is invoiced in advance of activity and associated costs, the income is deferred and released to the profit and loss account over the period in which the delivery of the service takes place and costs incurred, and in accordance with the underlying contract.

5.2 Intangible assets
Intangible assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Product Development	33.33% Straight line

Amortisation is included in administrative expenses in the profit and loss account.

5.2 Intangible assets (continued)
The assets are reviewed on a continuing basis for impairment and expensed to the income statement if the carrying amount is impaired.

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

- The technical feasibility of completing the intangible asset so that it is available for use or sale
- Its intention to complete the intangible asset and use or sell it
- Its ability to use the intangible asset or to sell it
- How the intangible asset will generate possible future economic benefits. Among other things, the entity must be able to demonstrate the existence of a market for the intangible asset's output or for the intangible asset itself; or, if the asset is to be used internally, the entity must be able to demonstrate 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.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Other development and research 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.

5.3 Tangible assets
Property, Plant & Equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% Straight line
Fixtures & fittings	15% Reducing balance
Leasehold Property	20% Straight Line

5.4 Share-based payments
The group operates a number of equity settled, share based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

5.4 Share-based payments (continued)
Non-market performance and service conditions are included in assumptions about the number of options that are to consider expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group will revise its estimates of the number of options that are expected to vest, taking into consideration any leavers during the period who hold share options and other non-market vesting conditions. The impact of any adjustments to the original estimates, if any, will be recognised in the income statement, with a corresponding adjustment to equity.

5.5 Financial instruments
The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

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

5.7 Foreign currency translation
a) Functional and presentation currency
The group's functional and presentation currency is the pound sterling.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

5.8 Exceptional Items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

5.9 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives (if applicable) is recognised as a reduction to the expense recognised over the lease term on a straight-line basis. The group does not currently have any lease incentives.

5.10 Employee benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The group administers a defined contribution pension scheme for the benefit of its employees.

5.11 Taxation
The income tax charge or credit is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions or receivable balances where appropriate on the basis of amounts expected to be paid to or received from the tax authorities.

5.12 Research and development expenditure
In general terms, pure research and development expenditure is written off in the year in which it is incurred.

Applied research and development costs used in specific product development are capitalised if it meets the recognition criteria in full.

In the research and development phase of an internal project where it is not possible to demonstrate that the project will generate future economic benefits, all expenditure on development is recognised as an expense in the statement of comprehensive income when it is incurred. All expenditure on research is expensed.

6 Turnover

	2019		2018	
	Turnover	**%**	**Turnover**	**%**
UK	2,581,867	48.69%	2,304,662	48.07%
Europe	609,924	11.50%	588,298	12.27%
USA and Canada	1,859,259	35.06%	1,550,630	32.35%
Asia/Rest of World	252,135	4.75%	350,416	7.31%
	5,303,185		4,794,006	

Turnover all relates to telematics revenue.

7 Operating loss

	2019	2018
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	174,331	165,969
Amortisation of intangible assets	358,083	95,902
Lease payments	148,430	163,592
Exceptional items*	-	97,348
Auditors' remuneration – Audit fees	38,110	29,210
Non-audit fees	6,425	250

*Exceptional items include the movement in share options in the previous financial year 2018 (£97,348).

8 Interest receivable and similar income

	2019	2018
	£	£
Bank interest	32,076	34,546

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

9 Directors and employees
Staff costs during the year were as follows:
Group

	2019	2018
	£	£
Wages and Salaries	5,986,328	5,277,445
Social security costs	571,024	543,971
Other pension costs	123,311	92,883
	6,680,663	5,914,299

Company

	2019	2018
	£	£
Wages and Salaries	5,205,351	5,044,361
Social security costs	519,421	525,126
Other pension costs	123,311	92,883
	5,848,083	5,662,370

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £123,311 (2018: £92,883).

The average number of employees of the company during the year was:

Group

	2019	2018
	No	No
Sales and direct staff	67	66
Support and administration staff	41	39
	108	105

Company

	2019	2018
	No	No
Sales and direct staff	67	62
Support and administration staff	34	39
	101	101

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

9 Directors and employees (continued)
Directors

The directors' emoluments were as follows:

	2019	2018
	£	£
Aggregate remuneration	501,944	462,963
Aggregate amounts received under defined contribution pension schemes	12,771	10,281
	514,715	473,244

The Group and company directors are the same.

Highest paid director

The highest paid directors' emoluments were as follows:

	2019	2018
	£	£
Aggregate remuneration	403,685	370,000
Aggregate amounts received under defined contribution pension schemes	11,100	8,942
	414,785	378,942

The highest paid director has not exercised any share options in the year (2018 Nil).

Key management compensation
The Group is of the opinion that key management includes the directors only as all key decisions are referred to them. Consequently, no separate or additional disclosure is required.

10 Tax on loss

	2019	2018
	£	£
Current income tax		
UK corporation tax - current year charge	-	-
R&D tax credit - current year tax	(286,819)	(234,295)
R&D tax credit - adjustment in respect of prior year	(25,508)	(111,756)
Taxation foreign subsidiary - current year tax	11,971	-
Taxation foreign subsidiary - adjustment in respect of prior year	2,304	-
Deferred Taxation		
Original and reversal of temporary difference	(21,000)	39,000
Tax on loss	(319,052)	(307,051)

10 Tax on loss (continued)

	2019	2018
	£	£
Loss before tax	(3,732,661)	(3,255,792)
Profit multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	(709,206)	(618,600)
Tax effect of expenses which are not deductible in determining taxable profit	81,677	46,386
Capital allowances in excess of depreciation	8,816	(11,441)
R&D tax credit - current year tax	(286,819)	(234,295)
R&D tax credit - adjustment in respect of prior year	(25,508)	(111,756)
Profits not subject to UK corporation tax	(10,271)	(4,137)
Overseas tax	14,275	-
Deferred tax charge for the year	(21,000)	39,000
Losses carried forward	628,984	587,792
Total taxation credit in the year	(319,052)	(307,051)

The consolidated value of unrecognised trading losses carried forward is £7,552,707.

11 Intangible assets - Group and Company

	Product Development Capitalised	Total
	£	£
Cost		
At 1 September 2018	702,534	702,534
Additions	810,028	810,028
At 31 August 2019	1,512,562	1,512,562
Accumulated Amorisation		
At 1 September 2018	95,902	95,902
Charge for the year	358,083	358,083
At 31 August 2019	453,985	453,985
Net book value		
At 31 August 2019	1,058,577	1,058,577
At 31 August 2018	606,632	606,632

The development costs associated with and the investment in bringing the FloowDrive, FloowKit, FloowFleet and FloowCrash suite of products to market have been capitalised in the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible assets
Group

	Computer Equipment	Fixtures and Fittings	Leasehold Property	Total
	£	£	£	£
Cost				
At 1 September 2018	445,140	168,764	57,288	671,192
Additions	101,739	1,294	7,562	110,595
Disposals	-	-	-	-
At 31 August 2019	546,879	170,058	64,850	781,787
Accumulated Depreciation				
At 1 September 2018	179,078	37,069	11,501	227,648
Charge for the year	142,373	19,785	12,173	174,331
Disposals	-	-	-	-
At 31 August 2019	321,451	56,854	23,674	401,979
Net book value				
At 31 August 2019	225,428	113,204	41,176	379,808
At 31 August 2018	266,062	131,695	45,787	443,544

Company

	Computer Equipment	Fixtures and Fittings	Leasehold Property	Total
	£	£	£	£
Cost				
At 1 September 2018	445,140	168,764	57,288	671,192
Additions	98,267	1,294	7,562	107,123
Disposals	-	-	-	-
At 31 August 2019	543,407	170,058	64,850	778,315
Accumulated Depreciation				
At 1 September 2018	179,078	37,069	11,501	227,648
Charge for the year	141,669	19,785	12,173	173,627
Disposals	-	-	-	-
At 31 August 2019	320,747	56,854	23,674	401,275
Net book value				
At 31 August 2019	222,660	113,204	41,176	377,040
At 31 August 2018	266,062	131,695	45,787	443,544

13 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	726,623	517,861	590,213	517,861
Amounts owed from group undertakings	-	-	136,981	-
Other debtors	599,173	478,790	590,115	478,790
Prepayments and accrued income	468,421	336,916	347,146	336,916
	1,794,217	1,333,567	1,664,455	1,333,567

14 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	51,347	93,000	47,098	85,596
Amounts owed to group undertakings	-	-	-	29,043
Taxation and social security	192,573	199,820	191,735	198,844
Other creditors	140,867	88,153	121,007	88,153
Accruals and deferred income	875,208	653,557	736,292	633,612
	1,259,995	1,034,530	1,096,132	1,035,248

15 Provisions for liabilities - Group and Company

	2019	2018
	£	£
Deferred tax liability - capital allowances	18,000	39,000
	18,000	39,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

16 Share-based payments
The group has entered into the following share-based payment arrangements:

EMI Share Options

Share-based payment arrangement Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme
Date of Grant	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Number of Employees	4	8	12	5	32	38	20
Shares Category	C Ordinary	C Ordinary	C Ordinary	C Ordinary	C Ordinary	C Ordinary	C Ordinary
Share £ each	£0.0011764	£0.0011764	£0.0011764	£0.0011764	£0.0011764	£0.0011764	£0.0011764
Exercise Price Per Share	£1.88	£1.88	£130.19	£130.19	£202.00	£202.00	£202.00

Earliest Date options may be exercised

1st Anniversary of the date of grant	2,210	340	250	750	666	332	153
2nd Anniversary of the date of grant	2,210	340	250	750	666	332	153
3rd Anniversary of the date of grant	2,210	349	250	750	666	332	153
4th Anniversary of the date of grant	2,210	357	250	750	666	332	153
5th Anniversary of the date of grant	2,210	357	254	750	666	332	153
Total	11,050	1,743	1254	3750	3,330	1,660	765

Non EMI Share Options

Share-based payment arrangement Scheme	Unapproved Share Option Scheme	Unapproved Share Option Scheme
Date of Grant	2013/14	2018/19
Number of Employees	1	33
Shares Category	C Ordinary	C Ordinary
Share £ each	£0.0011764	£0.0011764
Exercise Price Per Share	£1.88	£202.00

Earliest Date options may be exercised

1st Anniversary of the date of grant	680	-
2nd Anniversary of the date of grant	680	-
3rd Anniversary of the date of grant	680	-
4th Anniversary of the date of grant	680	-
5th Anniversary of the date of grant	680	1,820
Total	3,400	1,820

16 Share-based payments(continued)

The EMI and Non-EMI options will lapse on the tenth anniversary of the date of the grant.

The EMI share options issued in 2014 and 2015 have been adjusted by 600 shares for employees who have left the group's employment in 2016.

The earliest date on which the option may be exercised are contained in the table above unless an earlier event occurs to cause it to lapse or to become exercisable under the applicable rules.

In order for the options to be exercised on the Employee Management Incentive schemes the option holder must remain an employee of the group or any group which is a 51% subsidiary of the group from the date of the grant to the date the exercise conditions have been met.

The Black Scholes options pricing model has been used to arrive at the valuation of the share options issued. The group used a third-party valuation specialist to calculate the fair value of the share options. Key assumptions used in the calculations were volatility, dividend yield and risk-free interest rate. The valuation is the company's estimate of the value of the share options.

During the year the group issued 765 EMI options and 1,820 non EMI options to employees as shown on page 24. The total charge in relation to all share options for the year was £14,163 (2018: £97,348)

17 Called up share capital
Group and company

	2019	2018
Allotted, called up and fully paid	**£**	**£**
47,473 (2018 - 47,473) Ordinary A shares of £0.0024827 (2018 - £0.0024827) each	118	118
21,250 (2018 - 21,250) Ordinary B shares of £0.0020165 (2018 - £0.0020165) each	43	43
2,125 (2018 - 2,125) Ordinary C shares of £0.0011764 (2018 - £0.0011764) each	2	2
15,000 Preferred Ordinary shares (2018 – 15,000) of £0.01 (2018 - £0.01) each	150	150
6,482 Preferred Ordinary B shares (2018 – Nil) of £0.01 each	65	65
25,617 A Preference shares (2018 – Nil) of £0.01 each	256	256
	634	634

	No. of shares	% of all shares	Voting rights %
Share capital and associated voting rights			
Ordinary A shares	47,473	40.25	57.45
Ordinary B shares	21,250	18.02	24.63
Ordinary C shares	2,125	1.80	-
Preferred Ordinary shares	15,000	12.72	17.92
Preferred Ordinary B shares	6,482	5.49	-
A preference shares	25,617	21.72	-
	117,947	100.00	100.00

17 Called up share capital (continued)
Share capital – terms and conditions of each class
The holders of Ordinary A and B shares, together with the holders of Preferred Ordinary shares are entitled to receive notice of and speak at General Meetings and vote on shareholders resolutions with the voting rights percentage noted above. They have full dividend rights and are ranked in the order specified in the company's Articles.

The holders of all other share classes shall not be entitled to receive notice of nor speak at General Meetings, nor vote on shareholders resolutions. They have full dividend rights and are ranked in the order specified in the company's Articles.

Subsidiaries and related undertakings

Name	Address of the registered office	Nature of the business	Interest
The Floow North America INC	Suite 250, 20300 Superior Road Taylor MI 48180 USA	Telematics	100% of ordinary shares

18 Financial commitments

At 31 August 2019 the group was committed to making the following payments under non-cancellable operating leases:

	2019	2018
	£	£
Operating leases which expire: within one year	26,680	22,242
between two and five years	2,223	24,600
	28,903	46,842

19 Ultimate controlling party

The ultimate controlling party is A Monteforte, a director and shareholder of the group.

The Floow Limited is the ultimate parent of the group.

20 Related party transactions

DL Insurance Services Limited, a member of the Direct Line Group has made the following investments in the group:

- £2,650,000 to purchase 15,000 £0.01 preferred ordinary shares on 8 July 2014
- £2,625,145 to purchase 6,482 £0.01 preferred ordinary B shares in March 2017

The Floow provided services to Direct Line Group of £2,265,014 in the current year (2018 - £2,255,733). A debtor balance of £263,933 (2018 - £245,115) remains outstanding at the year-end.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

21 Notes to the Cash Flow Statement

	2019	2018
	£	£
Loss before taxation	(3,732,661)	(3,255,792)
Amortisation of intangible assets	358,083	95,902
Depreciation of tangible assets	174,331	165,969
(Profit)/Loss on disposal of tangible assets	(7,600)	21,146
Finance income	(32,076)	(34,546)
Other movement in reserves	2,377	97,348
	(3,237,546)	(2,909,973)
Working capital movements:		
- (Increase) in trade and other Debtors	(460,650)	(488,350)
- Increase/(Decrease) in trade and other creditors	225,465	(121,084)
Cash flow used in operating activities	(3,472,731)	(3,519,407)

22 Cash and cash equivalents

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Consolidated Statement of Financial Position amounts:

Year ended 31st August 2019	**2019**	**2018**
	£	£
Cash and cash equivalents	5,171,823	9,227,449

Year ended 31st August 2018	**2018**	**2017**
	£	£
Cash and cash equivalents	9,227,449	13,296,870