

Veripos Limited

Directors' Report and Financial Statements

For the year ended 31 December 2023

Registered Number SC359548



Directors' Report and Financial Statements
For the year ended 31 December 2023

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Directors and Other Information

Executive Directors

Sally Hutchinson
Richard Turner
Grant Morton

Registered office

Veripos House
1B Farburn Terrace
Dyce
Aberdeen
AB21 7DT
United Kingdom

Solicitors

Brodies LLP
31-33 Union Grove
Aberdeen
AB10 6SD
United Kingdom

Independent auditor

Anderson Anderson & Brown Audit LLP
Four Business Park, Kingshill View
Aberdeen
AB15 8PU
United Kingdom

Directors' Report for the year ended 31 December 2023

The Directors, as stated on page 1, present their directors' report and the audited financial statements of the Company for the year ended 31 December 2023.

Principal activities

The principal activity of the Company during the year was the supply of data broadcast Global Navigation Satellite Systems (GNSS) augmentation services for precise positioning applications primarily to the offshore oil and gas industry.

Results and a dividend

The Statement of Profit or Loss and Other Comprehensive Income for the year is set out on page 9. During the year, dividends of £40,614,692 were paid to the immediate parent company. (2022: nil).

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. The financial statements are prepared under the going concern basis of accounting as detailed in note 1 to the financial statements.

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the company financial statements in accordance with applicable United Kingdom 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 International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006.

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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- state whether applicable IFRS in conformity with the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is appropriate to presume that the company will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, and directors' remuneration report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' Report for the year ended 31 December 2023 (continued)

Statement of Directors' responsibilities (continued)

The directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with IFRSs in conformity with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware. The Directors have taken all 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 auditors are aware of that information.

Independent auditor

Anderson Anderson & Brown Audit LLP will be proposed to be reappointed at the next Annual General Meeting.

On behalf of the Board



S Hutchinson
Director
13 June 2024

Strategic Report for the year ended 31 December 2023

Business Review

In 2023, the Company's revenue was £14.5 million (2022: £11.6 million). Revenues have increased compared to the prior year, primarily due to the recovery of the oil and gas market and new products which have led to an increase in equipment sales.

Net profit from operations for the year ended 31 December 2023 was £0.7 million (2022: £1.3 million) resulted in total comprehensive income attributable to the equity shareholders for the year of £3.7 million (2022: £4.8 million). The decrease in net operating profit and total comprehensive income attributable to the equity shareholders between the years was due to an increase in operating expenses. The depreciation and amortisation charge of £2.7 million (2022: £2.3 million) and employee benefits of £7.1 million (2022: £5.4 million) represent 18% and 47% respectively (2022: 21% and 49% respectively), of the total operating expense for the year of £15.1 million (2022: £11.0 million). Other operating expenses as a percentage of total operating expense increased 40% (2022: 33%). Other income for the year was £1.2m (2022: £0.69m). Net financial gain for the year was £3.8 million (2022: £3.8 million gain). The taxation charge for the year ended 31 December 2023 was £0.8 million (2022: £0.3 million).

During the year, research and development activities continued in relation to achieving more accurate positioning, faster convergence, and the next generation of GNSS constellations.

The Directors are satisfied with the performance and results of the Company for the year.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Key business risks and uncertainties affecting the Company are considered to relate to market pricing pressure and the potential entrance of competitors in the market place.

The Company's customer portfolio to whom it provides its services and products, is varied from large multinational companies to smaller independent companies. The smaller independent customers tend to carry a larger credit risk, however, credit risk still affected all sizes of companies.

Financial risk management policies


The Company's operations potentially expose it to a variety of financial risks that include the effects of changes in currency exchange rates, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects of these factors on the financial performance of the company.

Details explaining the Company's financial risk management are described in note 2 to the financial statements.

Future Outlook

The demand for accurate, reliable positioning in many difficult environments continues to create demand for Veripos equipment and services and is expected to increase in the coming years. Offshore activity both in oil and gas and offshore wind markets continues to improve as countries focus on energy security, we anticipate this will continue for the foreseeable future.

On behalf of the Board



S Hutchinson
Director
13 June 2024

Independent Auditor's Report to the Members of Veripos Limited

Opinion

We have audited the financial statements of Veripos Limited ("the 'company'") for the year ended 31 December 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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 Auditor's 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 Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained with the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Veripos Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the Members of Veripos Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest area of material impact on the financial statements from irregularities including fraud to be:

- timing and completeness of revenue recognition
- management judgements applied in impairment reviews of carrying values in the Company's investments;
- management judgements applied in the recognition and measurement of intangible assets;
- compliance with the relevant laws and regulations which may impact on the financial statements; and
- management override of the controls to manipulate the Company's key performance indicators to meet targets.

Our procedures to respond to these risks included:

- testing the timing and completeness of revenue;
- consideration and challenge of the assumptions applied in impairment reviews of carrying values in the Company's investments;
- challenge the valuation and recognition of intangible assets held by the Company;
- reviewing areas of judgement and tested a sample of journal entries for indicators of management bias;
- reviewing internal documentation and correspondence for evidence of irregularities; and
- performing analytical procedures to identify any unusual or unexpected relationships which may be an indicator of material misstatement due to fraud

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more the compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of the instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Independent Auditor's Report to the Members of Veripos Limited (continued)

Use of our report

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

Anderson Anderson & Brown Audit LLP

James Pirrie (Senior statutory auditor)
for and on behalf of
Anderson Anderson & Brown Audit LLP
Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU
Date: 13 June 2024

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

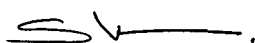
	Note	2023 £	2022 £
Rendering of services	4	8,462,691	7,906,552
Sale of goods	4	6,049,764	3,732,234
Revenue		14,512,455	11,638,786
Depreciation and amortisation	14,15	(2,658,398)	(2,328,789)
Depreciation – Lease Assets	16	(11,845)	(18,496)
Employee benefits	6	(7,072,709)	(5,358,282)
Other operating expenses		(6,096,072)	(3,593,571)
Administrative expenses		758,262	255,488
Total operating expenses		(15,080,762)	(11,043,650)
Other income from ordinary activities	10	1,219,199	693,308
Net operating profit from ordinary activities		650,892	1,288,444
Net currency (loss)/gain		(1,563,522)	2,200,643
Finance income	9	5,335,466	1,614,449
Investment income		-	-
Net financial gain		3,771,944	3,815,092
Profit before tax		4,422,836	5,103,536
Taxation expense	11	(754,924)	(325,016)
Net income for the year, net of tax, attributable to equity shareholders		3,667,912	4,778,520
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax, attributable to the equity shareholder		3,667,912	4,778,520

All of the above activities relate to continuing operations.

Statement of Financial Position
As at 31 December 2023

	Note	2023 £	2022 £
ASSETS			
Non-current assets			
Goodwill	12	17,029,787	17,029,787
Investments	13	30,276,130	30,276,130
Other intangible assets	14	4,839,463	4,772,781
Property, plant and equipment	15	5,999,445	5,474,861
Right of Use Assets	16	12,079	18,792
		58,156,904	57,572,351
Current assets			
Inventories	17	2,843,898	2,433,482
Trade and other receivables	18	5,094,002	5,890,889
Cash and cash equivalents	19	84,520,463	120,711,903
		92,458,363	129,036,274
TOTAL ASSETS		150,615,267	186,608,625
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	20	4,000,001	4,000,001
Share premium	21	-	40,614,692
Other reserve	21	124,658,321	124,658,321
Retained earnings		15,751,011	11,899,038
Total shareholder's equity		144,409,333	181,172,052
Non Current liabilities			
Non Current Lease Liability	24	3,622	10,752
Deferred tax liability	25	963,483	815,687
Other payables	26	31,945	27,255
Total non current liabilities		999,050	853,694
Current liabilities			
Current Lease Liability	24	8,152	7,605
Trade and other payables	26	5,198,732	4,575,274
Total current liabilities		5,206,884	4,582,879
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		150,615,267	186,608,625

The financial statements were approved by the board of Directors on 13 June 2024 and were signed on its behalf by:



S Hutchinson
Director

Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital £	Share premium £	Other capital reserve £	Retained earnings £	Total £
At 1 January 2023	4,000,001	40,614,692	124,658,321	11,899,038	181,172,052
Net profit for the year	-	-	-	3,667,912	3,667,912
Share-based payments expense (Note 22)	-	-	-	183,184	183,184
Tax charge relating to share options	-	-	-	877	877
Capital reduction	-	(40,614,692)	-	40,614,692	-
Dividend payment	-	-	-	(40,614,692)	(40,614,692)
At 31 December 2023	4,000,001	-	124,658,321	15,751,011	144,409,333

	Share capital £	Share premium £	Other capital reserve £	Retained earnings £	Total £
At 1 January 2022	4,000,001	40,614,692	124,658,321	6,917,336	176,190,350
Net profit for the year	-	-	-	4,778,520	4,778,520
Share-based payments expense (Note 22)	-	-	-	197,499	197,499
Tax charge relating to share options	-	-	-	5,683	5,683
At 31 December 2022	4,000,001	40,614,692	124,658,321	11,899,038	181,172,052

Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	28	3,033,233	9,074,823
Finance income received	9	5,335,466	1,614,449
Taxation paid		(606,251)	(183,646)
Net cash generated from operating activities		7,762,448	10,505,626
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,718,565)	(1,023,161)
Purchase of other intangible assets	14	(1,613,245)	(1,388,295)
Dividends received		-	-
Net cash (used) in investing activities		(3,331,810)	(2,411,456)
Cash flows from financing activities			
Equity dividends paid	23	(40,614,692)	-
Repayment of Lease Liabilities		(7,386)	(16,460)
Net cash used in financing activities		(40,622,078)	(16,460)
Net (decrease)/increase in cash and cash equivalents		(36,191,440)	8,077,710
Cash and cash equivalents at beginning of year		120,711,903	112,634,193
Cash and cash equivalents at 31 December	19	84,520,463	120,711,903

Notes to the Financial Statements

For the year ended 31 December 2023

1 Summary of significant accounting policies

General information

The financial statements of Veripos Limited for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 13 June 2024. The Company is a private company limited by share capital, incorporated in Scotland and domiciled in the United Kingdom. Its parent company is Hexagon Positioning Intelligence Limited and its ultimate parent company is Hexagon AB. The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the year ended 31 December 2023.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the period. The estimates and judgements which are most significant or complex are disclosed in note 3 to the financial statements.

The Company is a wholly owned subsidiary of Hexagon Positioning Intelligence Limited, (the "parent company"), a company incorporated in the UK. The ultimate parent company is Hexagon AB, a company incorporated in Sweden. The ultimate parent company's audited consolidated annual report and financial statements for the year ended 31 December 2023, are publicly available on Hexagon AB's website, www.hexagon.com. Hence in accordance with section 401 of the Company Act 2006, the Company is not required to prepare consolidated financial statements. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position are set out above in the strategic report. Forecasts are produced regularly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the company to continue as a going concern. Based on their assessment of the company's financial position, the company's directors believe that the company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of impact of changes to existing standards

The Company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ending 31 December 2023.

The following standards were effective during the year, however, they had no material effect on the Company's financial statements at 31 December 2023:

- Amendments to IAS 1, IAS 8 and IAS 12
- IFRS 17 – Insurance contracts
- International Tax Reform – Pillar Two (amendment to IAS 12)

Notes to the Financial Statements

For the year ended 31 December 2023

1 Summary of significant accounting policies (continued)

Disclosure of impact of future accounting standards

At the date of the authorisation of these financial statements, the company has not applied the following new, and revised, IFRS Standards that have been issued but are not yet effective.

Title	Effective Date	Date applicable to the Company
Amendments to IAS 8 and IFRS 8 – Supplier finance arrangements	1 January 2024	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024	1 January 2024
Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current	1 January 2024	1 January 2024
Amendments to IAS 1 – Non-current liabilities with covenants	1 January 2024	1 January 2024
Amendments to IAS 21 – Lack of exchangeability	1 January 2025	1 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be confirmed	To be confirmed

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the company in future periods.

Functional and presentation currency

The financial statements are presented in United Kingdom Pounds Sterling (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates.

Foreign currency translation

Foreign currency transactions are initially recorded at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Goodwill

Goodwill arising in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023**1 Summary of significant accounting policies (continued)****Goodwill (continued)**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with IFRS 8 'Operating Segments'.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Recoverable amounts are determined based on value in use calculations using discounted cash flow projections based on financial budgets approved by senior management. The discount rate applied to the cash flow projections is the Company's cost of capital at the impairment test date, adjusted for an appropriate margin and risk factors. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment charge is recognised. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Research and development expenditure

Expenditure for research is expensed as incurred, while expenditure for development is capitalised as follows: Capitalisation of development expenses in the Company are only applied where significant development costs are involved, where the products have a probable earnings potential that the Company may benefit from, and the costs are clearly distinguishable.

Intangible assets

An internally generated intangible asset arising from the Company's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over its estimated useful life of five years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life of 10 years. The estimated useful life is reviewed at the end of each reporting period.

Investment in Subsidiaries

Subsidiaries are entities over which the Company generally controls more than 50% of the entity's issued and outstanding voting shares and has the ability to control the operating and financial policies. Details of the subsidiary's financial statements are included within the Company's consolidated financial statements from the date that control is established. The subsidiary's financial statements are deconsolidated from the date that control is ended.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

1 Summary of significant accounting policies (continued)

Investment in Subsidiaries (continued)

The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed as of the date of the purchase and costs incurred that are attributed to such acquisition. Any excess of the cost of the acquisition over the share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of identifiable net assets acquired, then the amount is recognised currently in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at initial cost including any directly related costs of acquisition, less accumulated depreciation and accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is provided on all property, plant and equipment on a straight line basis over the useful life of the assets as follows:

Land	Indefinite useful life
Buildings	40 years
Communications infrastructure	3 - 5 years
Rental equipment	5 years
Furniture & Fittings	3 - 5 years
IT Equipment	3 - 5 years

Assets under construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Upon retirement or disposal of property, plant and equipment, the costs and related accumulated depreciation are derecognised and any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to conclude the sale.

Financial instruments

The company applies IFRS 9 Financial Instruments.

Classification

The company has financial assets in one sole category, those that are measured at amortised cost. Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Measurement

Financial assets are measured at amortised cost. Gains or losses when financial assets are derecognised or impaired are recognised in profit or loss. Interest income is classified as financial income.

The Company's financial assets include cash and short-term deposits, loans and trade and other receivables (see Note 19 and Note 18 respectively). There is no difference in the carrying amount and fair value amount of the company's financial assets as at 31 December 2023 and 31 December 2022.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023**1 Summary of significant accounting policies (continued)****Financial instruments (continued)***Impairment*

The company estimates on a forward-looking basis expected loss from financial assets measured at amortised cost. The applied methodology for impairment depends on if there is a significant increase in credit risk. Credit risk is the risk that counterparts may be unable to fulfil their payment obligations.

Financial credit risk arises when investing the cash and cash equivalents. To reduce the company's financial credit risk, surplus cash is only invested with a reputable approved bank.

Credit risk also includes the risk that customers will not pay receivables that the company has invoiced or intends to invoice. For customer receivables, the company applies the simplified methodology in calculating expected credit losses (ECLs). To measure the expected losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivable amount. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented within operating profit. Any recoveries of amounts previously written off are credited against the same line item.

Revenue recognition

Revenues arise from either the sale of equipment, the rental of GNSS receivers or the supply of GNSS signals and corrections from the Company's network reference stations. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer.

Sale of goods

Revenue from the sale of equipment is recognised when the signed contract has been agreed and the equipment delivered.

Rendering of services

Revenue from the rental of GNSS receivers is recognised when the signed contract has been agreed, over the period stipulated in the signed rental agreement, and based on a fixed daily or monthly rate. Revenue from the supply of GNSS signals and corrections is recognised when the signed contract has been agreed, at an agreed predetermined daily/monthly or annual usage rate and recognised over time. The transaction price is allocated to the service as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

The company becomes entitled to invoice customers for the rental of GNSS receivers and the supply of GNSS signals when the contract commences, and when the service is received from the customer. The company will recognise a contract asset for any service received but not billed and is reclassified to trade receivables at the point at which it is invoiced to the customer.

Taxation*Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Notes to the Financial Statements (continued)
For the year ended 31 December 2023**1 Summary of significant accounting policies (continued)***Deferred tax (continued)*

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Leases

All leases are accounted for under the Company's IFRS 16 policy whereby small value assets are recognised as an expense on a straight-line basis in the income statement over the lease term, and all other items in excess of GBP equivalent of USD 5,000 are accounted for under IFRS 16 rules.

Employee benefits

The company operates a defined contribution plan for its employees. Contributions for the plan are expensed as incurred.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023**1 Summary of significant accounting policies (continued)****Share-based payments**

The Company's ultimate parent Hexagon AB operates share-based long-term incentive programmes for group management, senior executives and other Hexagon Group employees. These are accounted for as equity-settled share-based payments in accordance with IFRS2.

Equity-settled share-based payments to employees are measured at fair value based on the fair value of the equity instruments at the grant date of said award. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of the number of equity instruments that will eventually vest, with a corresponding credit to equity.

At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest in result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding credit to equity.

The Company will bear the cost of the related employers national insurance costs upon exercise of the share options, therefore recognises a liability in the balance sheet for accrued social security costs over the vesting period.

2 Financial risk management

The Company's activities expose it to a variety of financial risks. The Company has in place risk management policies that seek to limit the adverse effects of these risks in its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The responsibility for managing and monitoring the day-to-day financial risks is delegated to the Vice President (VP) of Finance & Admin. The risk management policies are implemented by the VP who receives regular reports from all the operating companies to enable prompt identification of financial risks so that appropriate action may be taken.

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising on transactions that are denominated in a currency other than the functional currency of the Company.

The VP selectively manages significant exposures to potential foreign exchange losses considering current market conditions, future operating activities and the associated cost in relation to the perceived risk of loss. No currency derivative instruments are entered into by the Company or in the Company's name.

As an example of the foreign exchange risk faced, at 31 December 2023, if United Kingdom pounds had strengthened by 10% against US Dollars with all other variables held constant, net profit attributable to equity shareholder's and correspondingly, total shareholder's equity would have been £3,000,023 lower (2022: £2,396,103 lower), mainly as a result of foreign exchange losses on the remeasurement of United States dollar denominated receivables, payables and cash and cash equivalents.

(b) Cash flow and fair value interest rate risk

The Company has no long-term borrowings and therefore no significant interest rate risk. The Company has no significant interest-bearing assets other than the cash and cash equivalents mentioned above, therefore the Company's income and operating cash flows are substantially independent of changes in market interest rates. Cash and cash equivalents are invested for short maturity periods which mitigates the potential interest rate risk.

(c) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents, primarily composed of deposits and investments in money market funds, are maintained with a major financial institution. The Company performs ongoing credit evaluations and generally does not require collateral from its customers.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

2 Financial risk management (continued)

Concentration of counterparty risk

At 31 December 2023, 100% of cash and cash equivalents were included within the ultimate parent company's Group Treasury cash pool.

The table below shows the concentration of trade receivables counterparty risk at the balance sheet date by ranking customers by size of receivable balance at the balance sheet date. Further details of the evaluation of counterparty risk are set out in note 18.

	2023 £	2022 £
Total receivables from customers ranked 1-5	1,316,076	1,019,111
Total receivables from customers ranked 6-10	210,532	156,558
Total receivables from customers ranked 11-15	134,688	97,567
Total receivables from other customers	195,121	361,953
	1,856,417	1,635,189

(d) Liquidity risk

The Company actively maintains a mixture of facilities that are designed to ensure the Company has sufficient available funds for operations and planned expansions.

At 31 December 2023 the Company's financial liabilities of £5,198,732 (2022: £4,575,274) were due to be settled on a net basis within less than one year of the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

Capital risk management

The objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Company may, amongst other things, adjust the amount of dividends paid to the shareholder, issue new shares, repurchase existing shares, or sell assets to reduce debt. There were no changes to the Company's approach to capital management in the year.

Capital for the Company is total shareholder's equity and is detailed in the Company's Statement of Changes in Shareholder's Equity on page 11.

3 Critical accounting estimates and judgements

The most important estimates and judgements are discussed below. Estimates and judgements are continually evaluated and are based on historical experience and other factors management believe to be reasonable under the circumstances.

Fair value estimation

The carrying value of the Company's financial instruments, including trade and other receivables and trade and other payables, approximates fair value because of their short maturities. The Company's financial assets and financial liabilities as at the balance sheet date are classified as loans and receivables and other financial liabilities respectively.

The company monitors the recoverability of trade receivables and contract asset balances for expected credit losses on a monthly basis. The company has not provided detailed information on how the determination of ECLs has been made because the impact is not significant. There are currently no ECLs forecast or provided for. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the

Notes to the Financial Statements

For the year ended 31 December 2023

3 Critical accounting estimates and judgements (continued)

period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future period.

Goodwill carrying value

An impairment review has been performed for all goodwill balances held by the Company on a cash generating unit basis. The impairment review is performed on a value-in-use basis which requires estimation of future net operating cash flows and the time period over which they will occur. Further details relating to the impairment review can be found in note 12.

Investments carrying value

An impairment review of investments in subsidiaries has been performed by the company. Determining whether investments are impaired requires an estimation of the recoverable amount, which requires estimation of future cash flows and a suitable discount rate in order to calculate the present value. During the year, after conducting an impairment review, management concluded that there was no impairment of investments.

Communications infrastructure and rental equipment

Communications infrastructure and rental equipment are recorded at cost, and depreciation is recorded on a straight-line basis over the useful lives of the assets. Management uses its experience to estimate the remaining useful life of assets.

4 Revenue*Major product or service lines*

The company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time for the following revenue types:

	2023 £	2022 £
Signal services	6,936,846	7,052,468
Equipment sales	6,049,764	3,732,234
Rental services	1,265,462	652,495
Other revenue	260,383	201,589
	14,512,455	11,638,786

<i>Timing of transfer of goods or services:</i>	2023 £	2022 £
At a point in time	6,310,147	3,933,823
Over time	8,202,308	7,704,963
	14,512,455	11,638,786

Contract liabilities:

Information about contract liabilities from contracts with customers is disclosed as follows:

	As at 31 December 2023 £	As at 31 December 2022 £
Contract liabilities - Signal services	997,327	1,046,104

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

4 Revenue (continued)

Contract liabilities (continued)

Contract liabilities primarily relate to the Company's obligation to transfer services to customers for which the Company has received advances from the customer for signal services. Contract liabilities are recognised as revenue as the Company performs under the contract.

Transaction price allocated to remaining performance obligation

The aggregate amount of the transaction price allocated to the unsatisfied performance obligations as at 31 December 2023 is £997,327 (2022: £1,046,104).

The Company expects to recognise £947,704 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation as at 31 December 2023, in financial year 2024, £10,408 in financial year 2025 and £39,215 beyond financial year 2026.

Revenue by geographical region

Revenue by geographical region for the Company is as follows:

	UK £	Norway £	Europe £	Middle East £	Rest of World £	Total £
2023						
Revenue	3,304,015	1,724,783	2,917,260	2,878,416	3,687,981	14,512,455
2022						
Revenue	2,724,431	1,632,466	1,900,599	3,757,683	1,623,607	11,638,786

5 Remuneration of Directors' and key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2023 £	2022 £
Aggregate remuneration	618,640	437,032
Long term incentive scheme	179,690	229,104
Company pension contributions to defined contributions schemes	37,080	34,967
	835,410	701,103

Remuneration of the highest paid director is shown below:

	2023 £	2022 £
Aggregate remuneration	271,358	157,333
Long term incentive scheme	89,090	71,040
Company pension contributions to defined contributions schemes	13,812	12,811
	374,260	241,184

The pension contributions relate to three directors (2022: four directors), and nil key management personnel (2022: nil).

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

6 Staff Costs and Employee benefits

Employee costs during the year (including directors) amounted to:

	2023 £	2022 £
Wages and salaries	7,293,180	5,903,861
Social Security	838,645	730,092
Other staff costs	212,431	139,989
Other pension costs	523,952	440,971
Share-based payments expense (Note 22)	183,184	197,499
Recharged to fellow subsidiary NovAtel Inc and to parent company Hexagon AB	(1,112,581)	(1,142,446)
Capitalised Employee costs (Note 14)	(1,097,714)	(911,684)
Restructuring costs	231,612	-
	7,072,709	5,358,282

The average monthly number of staff employed by the company was as follows:

	2023 No	2022 No
EAME Region	89	74
NovAtel Inc	10	11
Hexagon AB	1	1
	100	86

7 Auditor's remuneration

	2023 £	2022 £
Fees payable to the auditor for the audit of the Company's annual accounts	23,920	21,000

No fees were paid for other services (2022: £nil).

8 Research and development costs

	2023 £	2022 £
Research costs expensed as incurred	1,433,096	1,333,482

9 Finance income and expense

	2023 £	2022 £
Interest payable on lease assets	(803)	(916)
Interest receivable on bank deposits	5,335,821	1,615,365
Interest receivable on loan notes	448	-
Total finance income	5,335,466	1,614,449

10 Other Income from ordinary activities

Other income primarily relates to intercompany mark up from other related entities within the Veripos Group and from the related fellow subsidiary, NovAtel Inc or from other entities within the Hexagon group. The income is recognised at an agreed mark-up rate on a monthly basis.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

11 Taxation

	2023 £	2022 £
Current tax:		
UK corporation tax charge for the year	490,000	300,000
Adjustments in respect of prior years	14,007	(193,812)
Overseas taxation	102,244	77,458
	606,251	183,646
Deferred tax (note 25)	100,673	189,370
Adjustments in respect of prior years (note 25)	48,000	(48,000)
	148,673	141,370
Total taxation per Statement of Profit or Loss and Other Comprehensive Income	754,924	325,016
Equity items: Deferred tax (credit) on share options	(877)	(5,683)

The charge for the year can be reconciled to the profit for the year per the Statement of Profit or Loss and Other Comprehensive Income as follows:

	2023 £	2022 £
Profit before taxation	4,422,836	5,103,536
Profit on ordinary activities at the standard UK rate of 23.5% (2022: 19%)	1,039,366	969,672
Effects of:		
Non-taxable income	-	-
Non-deductible expenditure	-	-
Overseas tax	102,244	77,458
Adjustments to tax in respect of prior periods	62,007	(241,812)
Impact of rate changes	66,343	(58,049)
Share-based payments expense	43,048	37,525
Group relief for nil payment	(558,084)	(459,778)
Total taxation	754,924	325,016

12 Goodwill

	2023 £	2022 £
Cost and net book value at 31 December	17,029,787	17,029,787

As part of a scheme of reconstruction within the Subsea 7 Inc. group of companies, the Company acquired the trade and assets of the part of the Veripos business previously owned by Subsea 7 Limited on 31 July 2009, this gave rise to goodwill on acquisition of the trade and assets of £17,029,787.

The carrying amount of goodwill has been allocated for impairment testing purposes to the following cash generating units; Veripos Limited and all immediate subsidiary companies of Veripos Limited.

The Company performed its annual impairment test as at 31 December 2023. The recoverable amount of the cash-generating unit (CGU) has been determined based on a value in use calculation using cash flow projections approved by senior management. The discount rate applied to the post-tax cash flow projections was 10.2% (2022: 9.3%) and

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

12 Goodwill (continued)

forecasting for a 5 year period using forecasted growth rates of between 7.0%-31.0% (2022: 8.0-17.0%) for these 5 years and then extrapolated using a 2% growth rate.

The calculation of value in use is most sensitive to the following assumptions:

- Market share during the year;
- Gross margins;
- Discount rates; and
- Growth rate used to extrapolate cash flows.

Market share assumptions

The assumption is important because management assesses how much of the available work will be won by the CGU, relative to its competitors.

Gross margins

Gross margins are based on average margins achieved historically and in the current period and management's expectations.

Discount rates

Discount rates reflect the current market assessment of the risks specific to the CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the Company.

Growth rate estimates

For the purposes of these calculations the long-term rate used to extrapolate the budget is 2%. This is the expectation for long-term growth of the data broadcast and navigation satellite systems service sector and reflects the current market conditions.

Sensitivity to changes in assumptions

A sensitivity analysis including all key assumptions is performed and management believe that no reasonable change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable value. The performed sensitivity analysis demonstrates that the value of goodwill is supportable, even if the discount rate is marginally increased or if the growth rate after the forecast period is marginally decreased.

Growth rate assumptions

Management recognises that the speed of technological change, the downturn in the oil and gas industry as a result of the worldwide covid pandemic, and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of the covid pandemic and new entrants is not expected to have a significant adverse impact on the forecasts included in the budget but could yield a reasonably possible alternative to the estimated long-term growth rate.

13 Investments

	2023	2022
	£	£
Shares in subsidiary undertakings	30,276,130	30,276,130

Note 32 details shareholdings and subsidiary details.

An impairment review has been performed for investments held by the Company. The impairment review is performed on a value-in-use basis which requires estimation of future net operating cash flows and the time period over which they will occur. Using the same CGU growth assumptions for the group as mentioned in Note 12 Goodwill.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13 Investments (continued)

The carrying value of the investments was not impaired. A sensitivity analysis including all key assumptions was performed and management believe that no reasonable change in any of the key assumptions would cause the carrying value to materially exceed the recoverable value. The performed sensitivity analysis demonstrates that the value of the investments is supportable, even if the discount rate is marginally increased or if the growth rate after the forecast period is marginally decreased.

14 Other intangible assets

2023	Internal Capitalised Development Time £	Software £	Patents £	Total £
Cost				
At 1 January 2023	6,421,119	8,819,736	-	15,240,855
Additions in the year	1,097,714	499,096	16,435	1,613,245
Disposals	-	-	-	-
At 31 December 2023	7,518,833	9,318,832	16,435	16,854,100
Accumulated Amortisation				
At 1 January 2023	(3,901,517)	(6,566,557)	-	(10,468,074)
Charge for the year	(1,006,835)	(539,728)	-	(1,546,563)
Disposals	-	-	-	-
At 31 December 2023	(4,908,352)	(7,106,285)	-	(12,014,637)
Net book value at 31 December 2023	2,610,481	2,212,547	16,435	4,839,463

The amount of capitalised development costs at Note 6 relates to employees of Veripos Limited.

2022	Internal Capitalised Development Time £	Software £	Total £
Cost			
At 1 January 2022	5,509,435	8,343,125	13,852,560
Additions in the year	911,684	476,611	1,388,295
Disposals	-	-	-
At 31 December 2022	6,421,119	8,819,736	15,240,855
Accumulated Amortisation			
At 1 January 2022	(2,988,225)	(6,076,564)	(9,064,789)
Charge for the year	(913,292)	(489,993)	(1,403,285)
Disposals	-	-	-
At 31 December 2022	(3,901,517)	(6,566,557)	(10,468,074)
Net book value at 31 December 2022	2,519,602	2,253,179	4,772,781

The amount of capitalised development costs at Note 6 includes amounts recharged to a subsidiary company.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

15 Property, plant and equipment

2023	Land £	Building £	Fixtures & fittings £	IT equipment £	Communication infrastructure £	Rental equipment £	Total £
Cost							
At 1 January 2023	450,149	3,507,088	276,597	601,780	20,997,876	4,346,835	30,180,325
Additions at cost	-	-	-	33,172	258,794	1,426,599	1,718,565
Disposals	-	-	-	-	-	(242,676)	(242,676)
At 31 December 2023	450,149	3,507,088	276,597	634,952	21,256,670	5,530,758	31,656,214
Accumulated Depreciation							
At 1 January 2023	-	(728,129)	(215,232)	(354,235)	(20,225,611)	(3,182,257)	(24,705,464)
Charge for the year	-	(87,677)	(15,316)	(88,737)	(423,908)	(496,197)	(1,111,835)
Disposals	-	-	-	-	-	160,530	160,530
At 31 December 2023	-	(815,806)	(230,548)	(442,972)	(20,649,519)	(3,517,924)	(25,656,769)
Net book value at 31 December 2023	450,149	2,691,282	46,049	191,980	607,151	2,012,834	5,999,445

2022	Land £	Building £	Fixtures & fittings £	IT equipment £	Communication infrastructure £	Rental equipment £	Total £
Cost							
At 1 January 2022	450,802	3,507,088	256,219	490,573	20,744,443	3,807,123	29,256,248
Additions at cost	-	-	20,378	111,207	253,433	638,143	1,023,161
Disposals	(653)	-	-	-	-	(98,431)	(99,084)
At 31 December 2022	450,149	3,507,088	276,597	601,780	20,997,876	4,346,835	30,180,325
Accumulated Depreciation							
At 1 January 2022	-	(640,452)	(203,261)	(287,919)	(19,806,052)	(2,941,261)	(23,878,945)
Charge for the year	-	(87,677)	(11,971)	(66,316)	(419,559)	(339,981)	(925,504)
Disposals	-	-	-	-	-	98,985	98,985
At 31 December 2022	-	(728,129)	(215,232)	(354,235)	(20,225,611)	(3,182,257)	(24,705,464)
Net book value at 31 December 2022	450,149	2,778,959	61,365	247,545	772,265	1,164,578	5,474,861

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

16 Right of Use Assets

2023	Real Estate £	Vehicles £	Total £
Cost			
At 1 January 2023	19,968	21,269	41,237
Remeasurements	5,132	-	5,132
Additions in the year	-	-	-
Disposals	-	-	-
At 31 December 2023	25,100	21,269	46,369
Accumulated Depreciation			
At 1 January 2023	(18,757)	(3,688)	(22,445)
Charge for the year	(4,758)	(7,087)	(11,845)
Disposals	-	-	-
At 31 December 2023	(23,515)	(10,775)	(34,290)
Net book value at 31 December 2023	1,585	10,494	12,079

Amounts Recognised in Profit & Loss

	Real Estate £	Vehicles £	Total £
Depreciation Expense	4,758	7,087	11,845
Interest expense (note 9)	233	570	803

2022	Real Estate £	Vehicles £	Total £
Cost			
At 1 January 2022	64,970	12,084	77,054
Remeasurements	4,856	-	4,856
Additions in the year	-	21,269	21,269
Disposals	(49,858)	(12,084)	(61,942)
At 31 December 2022	19,968	21,269	41,237
Accumulated Depreciation			
At 1 January 2022	(43,842)	(11,125)	(54,967)
Charge for the year	(14,174)	(4,322)	(18,496)
Disposals	39,259	11,759	51,018
At 31 December 2022	(18,757)	(3,688)	(22,445)
Net book value at 31 December 2022	1,211	17,581	18,792

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

16 Right of Use Assets (continued)

Amounts Recognised in Profit & Loss

2022	Real Estate £	Vehicles £	Total £
Depreciation Expense	14,174	4,322	18,496
Interest expense (note 9)	889	27	916

Note: Veripos Ltd leases a room in a building at Hexagon House from Hexagon Business Centres in which NovAtel company employees operate out of. NovAtel is a peer group company. The associated depreciation and interest calculated monthly is recharged to NovAtel and recorded as negative expense in the respective accounts.

In addition to the above, Veripos Ltd has charged the following low value and short-term lease expenses as operating leases in the profit and loss statement as they do not meet the company's criteria for Right of Use Assets:

Low Value Leases:

Photocopier Lease	7,920
Franking Machine Lease	444

The total cash outflow for leases amounted to £7,908 (2022: £20,237) for Right of Use Assets and £8,364 (2022: £8,727) in respect of Operating Leases.

17 Inventories

	2023 £	2022 £
Equipment	2,843,898	2,433,482

The amount of inventories recognised as an expense in the year was £1,558,721 (2022: £1,218,926) which is recognised in other operating expenses.

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

18 Trade and other receivables

	2023 £	2022 £
Trade receivables	1,820,925	1,600,681
Amounts owed by fellow subsidiary undertakings	1,723,573	2,790,698
Amounts owed by fellow subsidiaries of immediate parent company	338,911	240,579
Amounts receivable from ultimate parent company	4,307	3,254
Amounts receivable from fellow subsidiaries of ultimate parent company	34,932	15,458
Accrued income	279,317	217,790
Prepayments	497,800	571,274
Other receivables	394,237	451,155
	5,094,002	5,890,889

The fair value of trade and other receivables approximate their carrying values due to the short period of time to maturity.

At 31 December 2023 trade receivables of £35,492 (2022: £34,508) were considered to be impaired. These receivables are a combination of individual balances which are assessed by management to be at risk of default and other receivables which are considered as a homogenous group and impaired based on the age of the balances. The amount of the provision was also £35,492 (2022: £34,508).

The movements in the Company provision for impairment of trade receivables were as follows:

	2023 £	2022 £
At 1 January	(34,508)	(38,929)
Recovered during the year	-	4,421
Written off during the year	-	-
Provision for impairment	(984)	-
At 31 December	(35,492)	(34,508)

At 31 December 2023, total trade receivables of £1,820,925 (2022: £1,600,681) were due, of which £1,209,317 (2022: £1,022,067) were past due but not impaired. The receivables relate to customers for whom there is no recent history of default.

The ageing of these receivables was as follows:

	2023 £	2022 £
Less than 3 months	1,423,327	1,363,194
Between 3 and 6 months	384,972	235,154
Greater than 6 months	12,626	2,333
	1,820,925	1,600,681

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

18 Trade and other receivables (continued)

The carrying amounts of the Company's trade receivables were denominated in the following currencies:

	2023 £	2022 £
United Kingdom Pounds	584,368	629,641
United States Dollars	1,119,025	882,519
Euros	98,113	69,829
Norwegian Kroner	19,419	18,692
	1,820,925	1,600,681

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

19 Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	84,520,463	120,711,903

20 Share capital

The Company's authorised share capital consists of 4,000,001 ordinary shares of £1 each. The Company's allotted, called up and fully paid share capital is as follows:

	2023 £	2022 £
4,000,001 ordinary shares of £1 each	4,000,001	4,000,001

21 Reserves

	Share premium £	Other capital reserve £	Total £
At 1 January 2023	40,614,692	124,658,321	165,273,013
At 31 December 2023	-	124,658,321	165,273,013

Share premium

Share premium represents the minimum share premium recorded in accordance with section 611, group reconstruction relief provisions of the Companies Act 2006.

On 1 November 2023 the Company undertook a capital reduction to cancel the whole of the Company's share premium account and transfer the amount of £40,614,692 to the profit and loss reserve of the Company.

Other capital reserve

The other capital reserve was established to record the difference between the fair value of the assets and liabilities acquired in the business combination and their previous net book values within the Subsea 7 Inc. group. This reserve is recorded in accordance with the section 611 group reconstruction relief provisions of Companies Act 2006. Other capital reserves also comprises of prior period capital contributions made to the company.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

22 Share-based payments

Certain employees of the Company, along with other Hexagon Group employees, have been granted options over shares in Hexagon AB during the period under share-based long-term incentive programmes. The awards have been granted free of charge and may entitle the holder to shares in Hexagon AB in the future, subject to certain market performance conditions being met and continued employment within the Hexagon group over the award vesting periods of 2020/24, 2021/25, 2022/26 and 2023/27 for the four ongoing programmes. Further details of the Hexagon Group share programmes can be found on the Hexagon investors webpage (<https://investors.hexagon.com>).

During the period, the Company recognised a share-based payment expense of £380,683 (2022: £197,499) based on the fair value of the awards granted and recognised an equivalent credit within equity. At the balance sheet date, a liability has been recognised in the balance sheet in respect of accrued social security costs relating to share-based payments of £52,534 (2022: £27,255).

23 Dividends

Total dividends of £40,614,692 (£10.15 per share) were declared and paid by Veripos Limited during 2023 to its parent company Hexagon Positioning Intelligence Limited. (2022: £Nil).

24 Lease Liabilities

Lease Commitments under IFRS 16	2023 £	2022 £
Opening Balance of commitments at 1 January	18,357	23,911
Additions	-	20,606
Accretion of Interest	803	916
Payments	(7,386)	(16,460)
Disposals	-	(10,616)
Closing Balance of commitments at 31 December	11,774	18,357

Refer to Note 16 for amounts recognised in Profit and Loss.

Lease commitments fall due as follows:	2023 £	2022 £
Within one year	8,152	7,605
Years two to five inclusive	3,622	10,752
	11,774	18,357

Veripos Ltd does not face a significant liquidity risk with regard to its future lease liabilities.

25 Deferred tax

The movements in deferred tax assets and liabilities during the period, prior to any offset of balances within the same jurisdiction, are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and the taxes relate to the same fiscal authority.

The movement on the deferred tax liability is shown below:	2023 £	2022 £
As at 1 January	815,687	680,000
Debit to the statement of comprehensive income (note 11)	100,673	189,370
Adjustments in respect of prior years (note 11)	48,000	(48,000)
Deferred tax (credit) on share options (note 11)	(877)	(5,683)
At 31 December	963,483	815,687

All deferred tax balances are in respect of accelerated tax depreciation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

26 Trade and other payables

	2023 £	2022 £
Trade payables	242,059	134,327
Amounts owed to fellow subsidiary undertakings	83,805	45,337
Amounts owed to ultimate parent company	62,569	62,240
Amounts owed to fellow subsidiaries of immediate parent company	1,301,887	1,008,469
Amounts owed to fellow subsidiaries of ultimate parent company	267,505	193,197
Accruals and deferred income	3,010,394	2,837,651
Other payables	230,513	294,053
	5,198,732	4,575,274

Non-current liabilities

	2023 £	2022 £
Other payables included in Non-current Liabilities	31,945	27,255

Other payables included in Non-current liabilities will be settled within 4 years.

27 Capital and other financial commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2023 £	2022 £
Infrastructure upgrades	768,788	435,652

28 Cash flow from operating activities

Reconciliation of net profit to net cash generated from operating activities:

	2023 £	2022 £
Net profit attributable to the equity shareholder	3,667,912	4,778,520
Adjustments for:		
Taxation charge	754,924	325,016
Loss on sale of tangible fixed assets	82,146	99
Depreciation	1,111,835	925,504
Amortisation	1,546,563	1,403,285
Decrease in right-of-use assets	6,713	3,295
Increase in lease agreements	-	9,990
Share-based payments expense	183,184	197,499
Lease interest	803	916
Finance income	(5,335,466)	(1,614,449)
Increase in inventories	(410,416)	(166,316)
Decrease in trade and other receivables	796,887	3,176,962
Increase in trade and other payables	628,148	34,502
Cash generated from operations	3,033,233	9,074,823

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

29 Related party transactions

The following tables provide the total value of transactions which have been entered into with related parties for the relevant financial period as well as outstanding balances at the period end. Transactions were at arm's length and in the ordinary course of business. Amounts owed by and due to related companies are unsecured, interest-free and repayable under normal trading terms and to be settled in cash.

	Sales/Recharge of services to related parties £	Purchases/ Recharge of Services from related parties £	Interest receivable from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
2023					
Other subsidiary undertakings of the Veripos group	15,105,218	846,028	-	1,723,573	83,805
Fellow subsidiary undertakings of the immediate parent company	3,559,726	10,520,124	-	338,911	1,301,887
Immediate parent company	3,350	-	-	-	-
Ultimate parent company	51,755	144,291	5,335,821	4,307	62,569
Fellow subsidiary undertakings of the ultimate parent company	146,082	1,453,453	-	34,932	267,505
<hr/>					
	Sales/Recharge of services to related parties £	Purchases/ Recharge of Services from related parties £	Interest receivable from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
2022					
Other subsidiary undertakings of the Veripos group	9,525,165	752,320	-	2,790,698	45,337
Fellow subsidiary undertakings of the immediate parent company	3,223,962	6,953,100	-	240,579	1,008,469
Immediate parent company	3,000	-	-	-	-
Ultimate parent company	42,657	121,432	1,606,215	3,254	62,240
Fellow subsidiary undertakings of the ultimate parent company	83,913	1,232,356	-	15,458	193,197

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

30 Post balance sheet events

There were no post balance sheet events to disclose.

31 Ultimate and immediate parent undertaking and controlling party

At 31 December 2023, the immediate parent company of Veripos Limited was Hexagon Positioning Intelligence Limited, registered at Cedar House, 78 Portsmouth Road, Cobham, KT11 1AN, United Kingdom.

At 31 December 2023, the ultimate parent company of Veripos Limited was Hexagon AB, registered at Lilla Bantorget 15, P.O. Box 3692, SE – 103 59 Stockholm, Sweden. The audited consolidated financial statements of Hexagon AB can be obtained from www.hexagon.com.

32 Shares in subsidiaries

Details of the Company's subsidiaries as at 31 December 2023 and prior year were as follows:

Name of Subsidiary	Registered Office	Proportion of ownership interest held by Group (All shares held are of one class)
Veripos Brasil Ltda	Avenida dos Bandeirantes, nº 2600 Salas 101 ate 110 Reduto da Paz, 28897-060 Rio das Ostras – RJ, Brazil	100%
Terrastar GNSS Limited	Veripos House, 1B Farburn Terrace, Dyce, Aberdeen, AB21 7DT, Scotland, UK	100%
Veripos Singapore Pte Ltd	1 Coleman Street #10-07, The Adelphi, Singapore 179803	100%
Veripos (Australia) Pty Ltd	35 Hay Street, Subiaco WA 6008 Australia	100%

The company also has a 25% investment in Veripos de Mexico S.de.R.L.de C.V, a company incorporated in Mexico. Registered address at Ave. Patriotismo N.587 4To Piso, Col. Noche Buena, 03901, Benito Juarez D.F., Mexico City, Mexico