

1Spatial plc

Annual Report for the year ended 31 January 2018



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# **1Spatial plc**

## **Annual Report for the year ended 31 January 2018**

### **Who we are**

1Spatial is a technology enabled solutions provider supplying spatial solutions, software and services.

1Spatial plc is AIM-listed and heads up the Group, headquartered in Cambridge, UK, of 170 people globally, with operations in the UK (Cambridge), Ireland, France, Belgium, Australia and USA (Washington DC).

1Spatial specialises in the management of geospatial data – the location-specific data that increasingly informs the decision-making of organisations and individuals around the world.

The Group's geospatial technology enables organisations to manage, validate, integrate and interpret complex spatial data from different sources, automating the traditionally time-consuming functions of validating, correcting and consolidating information from disparate sources, thereby reducing costs and dramatically improving data update and production times for its customers.

For years, 1Spatial technology has powered some of the world's largest spatial databases for some of world's largest geographical specialists; organisations such as Ordnance Survey Great Britain, US Census Bureau and the UK Ministry of Defence.

Today – as location data from smartphones, the Internet of Things and great lakes of commercial Big Data increasingly drive commercial decision-making – our technology is used by a wide range of commercial and government organisations from utilities and transport businesses, to facilities management companies.

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**Highlights**

The Group's Board of Directors decided during the year to focus on the valuable Geospatial business and dispose of its controlling interest in the non-core Enables IT business; this disposal was completed in March 2018. The Group's results for the year therefore reflect separately the results of continuing and discontinued activities.

**Group financial highlights**

Operations	2018			2017		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Revenue	16.9	5.6	22.5	15.1	9.5	24.6
Gross profit	8.9	1.7	10.6	8.3	2.2	10.5
Adjusted * EBITDA before central costs	2.0	0.5	2.5	1.5	-	1.5
Central costs	(1.6)	-	(1.6)	(2.4)	-	(2.4)
Adjusted * EBITDA after central costs	0.4	0.5	0.9	(0.9)	-	(0.9)
Operating (loss)/profit	(1.8)	(1.2)	(3.0)	(15.7)	(3.3)	(19.0)
Net cash generated from/(used) in operating activities	0.7	0.1	0.8	(1.2)	0.4	(0.8)

*The discontinued operations in the table above include Avisen UK Limited, Storage Fusion Limited, Enables IT Inc., Enables IT Limited and Enables IT Group Limited. The operations of Enables IT Limited and Enables IT Group Limited were discontinued in the year ended 31 January 2018, so the figures for the year ended 31 January 2017 above have been restated to include these two entities in discontinued operations so that the continuing operations reflect a like for like comparison.*

*\*Adjusted for strategic, integration, other irregular items and share-based payment charge*

**Continuing operations**

- Revenues from continuing operations of £16.9m (2017: £15.1m), up £1.8m (12%)
- Revenues increased across all territories and across all revenue streams:
  - licence revenues increased 73% to £2.5m
  - service revenues increased 9% to £7.2m
  - support & maintenance revenues increased 2% to £7.2m
- Gross profit improvement from £8.3m to £8.9m
- Increase in adjusted\* EBITDA on prior year, up £1.3m to £0.4m profit (2017: £0.9m loss)
- £13.9m improvement in operating losses, from £15.7m to £1.8m
- Market-focussed development spend of £1m (2017: £3.5m)
- Increase of £1.9m in operating cash flows from £1.2m outflow to £0.7m inflow

**Discontinued operations**

- Loss from discontinued operations of £1.3m (2017: £3.4m loss)

**All operations**

- Improvement in free cash flows \*\* of £4.6m, from a £4.9m cash outflow in 2017 to a £0.3m cash outflow in 2018
- Loss after tax of £2.5m (2017: £18.3m)
- Impairments of continuing operations totalling £0.4m (2017: £9.4m): no impairment of goodwill (2017: £5.1m), £0.2m of acquired intangibles (software) (2017: £1.5m of customer lists and software) and £0.2m (2017: £2.8m) of capitalised development costs, net of impairment reversals of capitalised development costs of £0.5m (2017: £nil)
- Impairments of discontinued operations totalling £1.2m (2017: £1.8m): £0.5m (2017: £0.9m) of goodwill, £0.6m of acquired intangibles (customer lists and contracts) (2017: £nil), no impairment of capitalised development costs (2017: £0.9m) and £0.1m of impairments of assets held for sale (2017: £nil)
- Net funds of £0.3m (2017: £0.6m)

*\*\* free cash flows: net cash generated from/(used in) operating activities less purchase of property, plant and equipment and less expenditure on product development and intellectual property capitalised*

**Group operational highlights**

- Significant financial benefits being driven from the strong financial and operational platform, including:
  - New management structure with clear profit and loss accountability
  - Key management roles aligned to our strategy as a solutions provider
  - Customer-centric approach which is enabling the 'land and expand' approach
  - Leveraging our existing intellectual property and working collaboratively with key partners
- Focused approach to sales in three key sectors of Government, Utilities and Transportation, giving rise to increased sales across all territories and key customer wins as follows:
  - UK – Northern Gas Networks framework contract with the value of the contract now four times that at the time of signing in September 2017.
  - US – Two US Federal Government contracts with the Federal Highways Administration (FHWA) and National Oceanic and Atmospheric Administration (NOAA)
  - US – Five State contracts with Michigan, Nebraska, New Jersey and Arkansas, for software and services
  - US – Four Department of Transport contracts with Kansas, Arizona, District of Columbia and Arkansas, for software and services
  - France/Belgium – European Satellite Centre in Madrid, for software and services
- Market-led innovation with returns on investment coming through in the last part of the year ended 31 January 2018 and significant returns anticipated in coming years, including:
  - Increased data types added to the core 1Integrate product which will allow increased addressable sales in our existing sectors, as well as new sectors
  - Re-purposing and enhancing existing technology to address customer-specific needs
  - Developing the new Data Gateway product which is an additional module for our existing core 1Integrate product which was released to the market after the year-end

**Post year-end highlights**

- Disposal of the Group's significant share of loss-making business Enables IT Group in March 2018 for £1. Exercise of the Enables IT Inc. buyers' option to purchase the remaining minority interest in Enables IT Inc. in March 2018.
- £0.5m reduction to £2.5m in the banking overdraft facility with Natwest Bank plc, renewed in May 2018, which provides sufficient working capital for the business for the foreseeable future.
- Customer contract win after the year-end:
  - Land and Property Services, Northern Ireland, in April 2018

# 1Spatial plc

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### Chairman's report

I am pleased to present my second report for 1Spatial plc, for the year ended 31 January 2018. During this period, I was Executive Chairman until 31 January 2018 and transitioned to Non-Executive Chairman with effect from 1 February 2018.

The Group's Board of Directors decided during the year to focus on the valuable Geospatial business and dispose of its controlling interest in the non-core Enables IT business, which completed in March 2018. The Group's results for the year therefore reflect separately the results of continuing and discontinued activities.

### Results

Our key objectives for the year to 31 January 2018 were to ensure that we generated cash and were profitable at adjusted EBITDA level, as well as follow through on key strategic initiatives which will drive revenue growth for both the year ending 31 January 2019 and future financial years.

The results for the year ended 31 January 2018 reflect the successful execution of the plan; for example, the Group generated a total adjusted EBITDA\* profit from all operations of £0.8m (as shown in the Group highlights section), ahead of management's expectations. The operating loss from continuing operations (after strategic, integration, other irregular items and share-based payment charge) has improved by £13.9m, from £15.7m to £1.8m. The Group closed the financial year within its banking facilities with net funds of £0.3m at 31 January 2018.

The actual results for the year from continuing operations were revenues of £16.9m (2017: £15.1m), adjusted EBITDA profit of £0.4m (2017: adjusted EBITDA loss of £0.9m), an operating loss of £1.8m (2017: £15.7m), a loss from discontinued operations of £1.3m (2017: loss of £3.4m) and a loss for the year of £2.5m (2017: £18.3m). The Group generated operating cash inflows of £0.8m (2017: operating cash outflows of £0.8m).

### The Board

In my previous report, I stated that we would look to strengthen the Board and we executed on this with the appointment of Francis Small as a Non-Executive Director on 1 August 2017. Francis brings significant experience from his financial services background. He was with Ernst & Young from 1979 to 2015 where he held several key positions, including as London head of corporate finance and then UK head of corporate finance, global vice chair and then managing partner of UK & Europe transaction advisory services, global leader of sovereign wealth funds (based in the Middle East) and ultimately senior partner for international clients.

Following a successful period in the role of Acting CEO, Claire Milverton was appointed CEO on 9 October 2017. On the same date, Nicole Payne was appointed CFO.

I continued in the role of Executive Chairman until 31 January 2018 before returning to Non-Executive Chairman following the good progress made on the turnaround strategy, led by Claire Milverton and her team.

On 14 March 2018, Nick Habgood left the Board. Nick made a valuable contribution to the Board and, because of his renewed confidence in the Company's progress, together with his other portfolio commitments, he felt it was the appropriate time to step down. Azini Capital remain a supportive shareholder of 1Spatial.

We are looking to strengthen the Board with another Non-Executive Director. We have made good progress on this and have met with some excellent candidates; an update will be provided in due course.

### Corporate governance

Corporate Governance is taken very seriously at 1Spatial and is continually assessed. We have a great team of experienced individuals on our Board, including Francis Small. He has been working closely with our Company Secretary to ensure that our current Corporate Governance processes and procedures are fit for purpose and where necessary update and improve our controls. We have provided more information on this on page 24 of the Annual Report.

Francis is now Chairman of the Remuneration Committee and Audit Committee. I am Chairman of the Nomination Committee.

### Looking forward

1Spatial is well positioned in the Geospatial market. We have a clear strategy and have developed cutting edge, patented technology that has given us market-leading IP. Our longer-term ambition is not just to extend our technology in the Geospatial market, but also to establish a leading position in Location Master Data Management in our target sectors of government, utilities and transportation.

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Early trading in Q1 2019 has been strong, and our teams are well positioned, motivated and energised. The objectives for the financial year to January 2019 are a laser focus on sustained growth and capitalising on the platform that was established during the last financial year, leveraging our technology and key partnerships.

1Spatial people are approachable, smart, innovative and agile. As we look forward to future growth, I would like to take this opportunity to welcome those who have joined 1Spatial plc during the year and to thank everyone for their continuing hard work and dedication. I am confident that we are well placed to grow 1Spatial into a substantial, profitable and cash-generative business for years to come.

*\*Adjusted for strategic, integration, other irregular items and share-based payment charge*

Andy Roberts  
Non-Executive Chairman

## **Strategic report**

### **CEO review**

#### ***Overview of Group and key objectives***

The year ended 31 January 2018 was a successful period of executing on the objectives of our three-year turnaround plan, announced in January 2017. We set out to establish a strong financial and operational platform for the business, which would be evidenced through cash, growing profits and sustainable growth. The financial performance set out in this report, including profitability at an adjusted EBITDA level; being ahead of market expectations, provides clear evidence that the turnaround plan is working and we are confident about our prospects for the year ahead.

We disposed of the non-core Enables IT business in March 2018, which now allows a clearer focus on the valuable 1Spatial geospatial business, which we believe is at an inflection point. We enter FY2019 with a business that is transformed, refocussed and with a fixed overhead; we have automated our processes; we have put a platform in place for significant growth; we continue to win further contracts, and remain committed to our principles of providing great solutions to our customers. This combination of refocussed strategy and a strong execution team should see our adjusted EBITDA multiply.

1Spatial has a great team, customers and software, which automates the validation, correction and integration of large data sets. Our heritage is in spatial data in the geospatial sector and we have customers in sectors ranging from national mapping to utilities, but we believe much of our future growth could come from other sectors where companies want to integrate spatial and non-spatial data in an automated and consistent way.

The turnaround that took place during the year was focussed on leveraging the Company's assets of software, customers and people and setting a clear strategic path for execution. There is still some work to do on refining processes and procedures but there is now a clear strategy that is working and there is a clearly defined, significant opportunity for 1Spatial in both our existing and new geographic markets such as the US as well as new industry markets such as facilities management. We also continue to work with key partners such as the most significant player in the Geospatial market, Esri, and we are engaging regularly with the teams in each of the countries of our operational territories to identify points of collaboration to achieve a win position for both companies.

We have a refreshed innovation process that commenced in the second half of the year. We launched our new Data Gateway product on 9 May 2018, an additional module for 1Integrate and we also added some new data types to our core 1Integrate technology e.g. CAD data, that has allowed us to get into the potential new markets of facilities management and location master data management. We have also identified several market-led solutions where we can embed our core 1Integrate software including hosted SaaS solutions. There should be exciting developments and revenue generating opportunities in relation to these solutions during the coming financial year.

In my 2017 review I set out several key objectives, as part of this report I have re-visited these to demonstrate that significant progress has been made. These objectives are set out below:

#### ***Focus on the core business***

As a result of the Board's primary focus on the core high-margin Geospatial division and an increasing level of risk associated with the recurring revenues of Enables IT, the Board resolved to dispose of its controlling stake in the Enables IT business that took place in March 2018. The Enables IT business is included as discontinued activities in the consolidated statement of comprehensive income.

With the disposal of Enables IT, there is now laser focus on the Group's core Geospatial business. The core Geospatial business has performed better than management's expectations, ending the year with higher revenues and adjusted EBITDA than expected. The results are a significant improvement on the prior year and are testament to the quality of the strategy, solutions and the high-class team at 1Spatial.

#### ***Clear strategy and go-to-market plan***

*Provide Innovative Software Solutions to the Geospatial Sector with a focus on the automation of data cleansing and integration*

Our current strategy and go-to-market plan continues to be that of an Innovative Software Solutions provider primarily to the Geospatial Sector with a focus on the automation of cleansing, processing and integrating large amounts of spatial data using our key software tool, 1Integrate. Spatial data is data or information that identifies the geographic location of features and boundaries on Earth, usually stored as coordinates and topology, and is data that can be mapped. The volumes of spatial data that are being captured by companies which needs to be cleansed, processed and integrated with other data is increasing at dramatic rates and this increase in volumes works to the strengths of the 1Integrate product.

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Our patented spatial data rules engine, 1Integrate, that can be bought stand-alone (vendor agnostic), or integrated within our partner's platform, Esri, is proving to be a great success with our existing and new clients, particularly in the US where we are having major successes as evidenced by our wins with new customers in the year with Michigan State (US\$766k contract) and Federal Highways Administration (an initial value of US\$339k, or US\$540k if the option to extend is exercised).

#### *Focus on key sectors and significant new potential sector in facilities management*

We have stayed focussed on three key sectors during the year to maintain deep domain expertise and manage resources efficiently. During the year, we have identified that selling our software as part of a solution to address an industry or customer's business needs is having more success than selling a rules engine to cleanse spatial data. Our key sectors are Government (National mapping/Data providers), Utilities and Transportation agencies.

Transportation was a new sector for this financial year and we had particular success in the US, working with four State Departments of Transport. We also had success with a proof of concept for a major rail infrastructure company in the UK, which, once contracts are finalised, is likely to be a significant revenue stream for the UK business during the coming financial year. The US operation has not focussed on the utilities sector yet but this is a definite opportunity for growth in the future.

During the year, we performed a strategically important proof of concept for US\$80k with a significant US technology vendor to help them clean and integrate their CAD data (computer-aided design) data into their Geographic Information System (GIS). Using 1Integrate, we were able to identify and correct the issues and integrate the data into the GIS system. Two previous companies had been engaged to do this and had failed. We are now in the process of engaging with this client on a more formal basis to perform work on a number of their campuses worldwide. Given this success and another two opportunities that have now arisen in this sector we will consider adding Facilities Management as a fourth go-to-market sector for the next financial year, which we believe has the potential to gain traction globally.

#### *Broad geographic reach*

We have offices and direct sales operations in UK, Ireland, USA, France, Belgium and Australia. Our overall strategy is to provide the software solutions as noted above but there are slight differences in the go-to-market approach in each market given competition, market needs and scale.

An example of this is within the US, where there are significant opportunities for our software in the government sector, at the Federal level as well as in the states, cities and counties where the specific spatial data issues are concentrated. Given the volumes of data collected and need for automation within the processes, it is the environment where our software and current business model work best. Within our US business, we had three clients in 2015 and 20 clients at 31 January 2018. We have won three new clients during the first quarter of 2019 with an average sales value of \$120,000. Invariably the significant benefits that we are providing to customers in each government department spreads by word of mouth to other departments and it is providing a platform for growth.

#### **Organisational structure aligned to strategy**

In my last report, I stated that ensuring the alignment of organisation structure and strategy would be key to future success and I believe that the structure we now have in place is optimal. During the year, roles and responsibilities with clear accountabilities have been set out. There are now country-focussed structures with top level direction and sharing of information being provided by myself and my top team including my CFO, CTO, COO and the new role of CSO (Chief Solutions Officer) that I put in place this year to support our solutions strategy.

#### **Drive revenue growth**

##### *Focus on new and existing customers*

Our key focus for this financial year was to drive revenue growth from both existing and new customers, which we achieved. Our enhanced sales team and market focussed customer centric solutions approach saw revenues increasing by 13% from £15.1m to £17m. There were no losses to our recurring support and maintenance base during the year.

Key wins in the year, demonstrating progress with new customers include:

- UK – Northern Gas Networks: a key utility framework contract for 1Spatial which has grown in value by four times since the time of signing
- US – Two US Federal Government contracts with FHWA and NOAA, for software and services
- US – Five State contracts with Michigan, Nebraska, New Jersey and Arkansas, for software and services
- US – Four Department of Transport contracts with Kansas, Arizona, District of Columbia and Arkansas, for software and services
- France/Belgium – European Satellite Centre, for software and services

We see further significant opportunities to work with our customers to provide additional benefits beyond the initial scope of work.

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### *Business model*

Our solutions are based on technology (our own technology or partner technology) plus services, which are generally for implementation/configuration. The US business has a larger proportion of software sales in its revenue compared with services, whereas in Europe, the solutions contain a larger proportion of services. Since May 2018, we have made some changes to our business model and pricing to stop perpetual licencing and move to subscription and term licencing. This change is aligned to the rest of the industry and but also protects our core 1Integrate asset which we have, in past, not always monetised appropriately given the value that our clients and customers receive.

### *Focussed innovation*

To continue our growth plans we must continue to innovate our technology and solutions. All innovation in the business is now focussed, customer-led and our strategy of being close to our customers enables us to work with them on these innovation ideas that can then be replicated across the industry sectors.

The innovation does not just mean being innovative with our own technology but also how we can integrate and be innovative with our partners such as Esri. Under the leadership of my CTO and CSO, we now have a very exciting roadmap and opportunities for innovation during the next financial year.

Innovations during the year to January 2018 included the release of our Data Gateway product, which is an extension of our 1Integrate product and is a simple web interface, which provides easy access for users to upload and validate spatial data files and download the results. We also added a number of new data types to our core 1Integrate technology e.g. CAD data that has allowed us to get into the potential new market of facilities management.

Through innovation, we have also identified several market-led solutions where we can embed our core 1Integrate software including some hosted SaaS solutions. There should be exciting developments and revenue generating opportunities in relation to these solutions during the next financial year when we release them to the market. If we put the customer at the heart of the business and work to address their business need and provide them with the most appropriate solution then this should be a winning formula.

### *Outlook*

We have continued to build on our success in FY2018 into Q1 of the current year. We deepened our existing customer relationship with Land & Property Services (the Northern Irish Mapping Agency) in April 2018 with a new contract to provide software and services for up to another 10 years. We have also continued to drive forward in the US business with another three new customer wins.

We are committed to investing in innovation and working with our partners to provide the best solution for our customers and are excited about the new opportunities that are emerging through the partnership approach with our clients such as facilities management and location master data management.

Our backlog of orders and pipeline is continuing to grow and we look forward to an exciting year of continued profitable growth as well as focussing on new innovations which we believe could significantly enhance shareholder value in the longer term.

Claire Milverton  
Chief Executive Officer

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**CFO review**

The financial year to 31 January 2018 bears out the focussed execution on the turnaround programme, with improvements in continuing operations' revenues and adjusted EBITDA, and operating cash inflows where these were outflows last year.

**Results**

The Board focusses on adjusted EBITDA as a key KPI as it reflects the underlying performance of the business. It is also a measure used by its broker and the rest of the financial markets including other brokers and analysts. A summary of the continuing operations compared to the previous year are set out below.

	2018			2017		
	Central costs £m	Geospatial £m	Total £m	Central costs £m	Geospatial £m	Total £m
Revenue	-	16.9	16.9	-	15.1	15.1
Cost of sales	-	(8.0)	(8.0)	-	(6.8)	(6.8)
<b>Gross profit</b>	-	<b>8.9</b>	<b>8.9</b>	-	<b>8.3</b>	<b>8.3</b>
<b>Gross profit %</b>		<b>53%</b>	<b>53%</b>		<b>55%</b>	<b>55%</b>
Administrative expenses *	(1.6)	(6.9)	(8.5)	(2.4)	(6.8)	(9.2)
<b>Adjusted * EBITDA</b>	<b>(1.6)</b>	<b>2.0</b>	<b>0.4</b>	<b>(2.4)</b>	<b>1.5</b>	<b>(0.9)</b>
<b>Loss before tax</b>	<b>(1.8)</b>	-	<b>(1.8)</b>	<b>(5.3)</b>	<b>(10.4)</b>	<b>(15.7)</b>

\*Adjusted for strategic, integration, other irregular items and share-based payment charge

Geospatial revenue includes the provision of software and services for the management of geospatial data, as well as a number of recurring revenue contracts from large customers with well-established relationships.

The revenue split is as follows:

	2018 £m	proportion	2017 £m	proportion
Licences – own	1.2	7%	0.6	4%
Licences – third-party	1.3	8%	0.9	6%
Services	7.2	42%	6.6	43%
Support and maintenance – own	6.2	37%	6.2	41%
Support and maintenance – third-party	1.0	6%	0.8	6%
	<b>16.9</b>		<b>15.1</b>	

Licence revenues have grown significantly on the previous year, across all territories, with our own licence revenues doubling to £1.2m and third-party licence revenues up by close to 50% on the previous year at £1.3m. Our own higher-margin licence revenues are a greater proportion of total licence revenues, growing from 40% last year to 48% this year.

Service revenues have grown 9% in the year and make up the significant proportion of our revenue at 42% of the total, with substantial revenues in the year coming from the Rural Payments Agency and the US Census Bureau (contributing just over 20% to total service revenues).

Our own support and maintenance revenues remain strong and third-party support and maintenance revenues have shown a 25% improvement – we have approximately 380 customers on support and maintenance.

The gross profit percentage for the year was down slightly on the prior year, from 55% to 53%. The Group's accounting policy is to capitalise development costs to the statement of financial position, based on qualifying criteria, but had these development costs (£1m in the current year, £3.5m in the previous year), been expensed, the gross profit percentage would have improved from 32% to 47% year on year (the capitalised development costs relate to staff that work on both commercial and development projects).

Admin expenses in the Geospatial segment have increased 1% on the previous year.

Overall, the adjusted EBITDA trading results for the Geospatial division have improved by £0.5m (33%) to £2m, being a testament to our people, our products and the execution of our strategy.

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Central costs have been pared back to £1.6m, a decrease of 33% on the previous year due mainly to the restructuring of the Board of Directors. The resulting overall loss before tax from continuing operations has improved by £13.9m to a £1.8m loss and adjusted EBITDA from continuing operations is £0.4m – a significant improvement on the previous year of £1.3m.

As noted in the CEO review, the Board resolved to dispose of its controlling stake in the Enables IT UK operations (the decision was made by the year-end, albeit the sale wasn't completed until March 2018) for two reasons; due to an increasing level of risk associated with the recurring revenues of Enables IT, and to allow management to focus on the higher-margin Geospatial business.

Enables IT met the definition as being held for sale at the year-end, so its results are presented as a single line in the statement of comprehensive income, as 'Loss for the year from discontinued operations', together with the tail-end of the Storage Fusion operations at the start of the financial year, after it was closed down in December 2016, and Enables IT Inc. just before the Group's controlling interest was sold to US management in March 2017.

**Overall result for the year**

	<b>2018</b>	<b>2017</b>
	<b>£m</b>	<b>£m</b>
<b>Adjusted* EBITDA profit/(loss)</b>	<b>0.4</b>	<b>(0.9)</b>
Depreciation	(0.2)	(0.3)
Amortisation and impairment of intangible assets	(1.5)	(11.3)
Share-based payment credit/(charge)	0.5	(0.6)
Strategic, integration and other irregular items	(1.0)	(2.6)
<b>Operating loss</b>	<b>(1.8)</b>	<b>(15.7)</b>
Net finance cost	(0.2)	-
Share of associates' results	-	(0.2)
<b>Loss before tax</b>	<b>(2.0)</b>	<b>(15.9)</b>
Tax	0.8	1.0
<b>Loss for the year – continuing operations</b>	<b>(1.2)</b>	<b>(14.9)</b>
<b>Loss for the year – discontinued operations</b>	<b>(1.3)</b>	<b>(3.4)</b>
<b>Result for the year</b>	<b>(2.5)</b>	<b>(18.3)</b>

\* Adjusted EBITDA is stated net of certain strategic, integration, other irregular costs and share option credit/charge. See note 7 to the Accounts for further information.

**Amortisation and impairment of intangible assets**

The most significant line item in the classifications below adjusted EBITDA is the amortisation and impairment of intangible assets. £1.6m relates to amortisation (2017: £1.9m), £0.4m relates to impairment (2017: £9.4m), and £0.5m relates to impairment reversals (2017: £nil). £0.2m of the impairment relates to acquired intangibles of Sitemap Ltd, being software that was impaired due to the Group's strategy not currently prioritising resources on this product. The remaining £0.2m impairment relates to the capitalised development costs of 1Spatial Group due to there being limited sales and pipeline to support their carrying value. The £0.5m impairment reversal relates to capitalised development costs of 1Spatial Belgium, based on the improvement in the company's expected future cashflows. Further details on this are provided in note 10 to the Annual Report.

**Share-based payment credit/(charge)**

The share option charge represents the 'non-cash' charge under IFRS 2 attributable to issuing share options this financial year. The credit is due to the effect of leavers in the year.

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**Strategic, integration and other irregular items**

	<b>2018</b>	<b>2017</b>
	<b>£m</b>	<b>£m</b>
Costs associated with corporate transactions and other strategic costs	0.1	0.2
Integration costs associated with Enables IT and 1Spatial Inc. business	-	0.1
System development costs	-	0.1
Restructuring and redundancy costs	0.9	0.9
Write off of accrued revenue on settlement of a contractual dispute	0.1	-
Gain on bargain purchase	(0.1)	-
(Release of amount payable to)/provision for amount receivable from Sitemap Ltd	(0.0)	1.3
<b>Total</b>	<b>1.0</b>	<b>2.6</b>

Given the Group's involvement in corporate transactions, it incurs irregular costs that affect the overall underlying results of the business. Where possible the Group seeks to separate these out along with any other irregular items that the Board believe should be shown separately in this category.

A summary of key transactions within this category, are set out above with further details provided in note 7. The overall figure has decreased compared to the previous year with the majority of the decrease stemming from the £1.3m provision in the previous year for amounts receivable from its associate company, Sitemap Ltd, that were of a funding nature.

**Tax**

The tax credit for the Group is £0.8m (2017: £1.0m). This is largely a result of the deferred tax impact on the impairments in the year.

**Loss for the year from discontinued operations**

The losses for the year from discontinued operations relate to the closure of Storage Fusion, the sale of the controlling interest in Enables IT Inc. (US business) in March 2017, and the sale of the controlling interest in the Enables IT UK business that occurred in March 2018. The controlling interest in Enables IT was sold after the year-end but was classified as discontinued given that the Board had made a decision to sell this prior to the year-end.

**KPIs**

Key income statement KPIs are set out below. There are no non-financial KPIs.

<b>Continuing operations</b>	<b>2018</b>	<b>2017</b>	<b>Variance</b>	<b>Variance</b>	<b>KPI met</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
<b>Growth in revenues</b>					
- Geospatial actual	16.9	15.1	1.8	12%	Yes
<b>Growth in gross profit</b>					
- Geospatial actual	8.9	8.3	0.6	7%	Yes
<b>Increase in gross profit margin</b>					
- Geospatial actual	53%	55%	(2%)	(4%)	No *
<b>Increase in adjusted* EBITDA</b>					
- Geospatial actual	2.0	1.5	0.5	33%	Yes

\* The Group's accounting policy is to capitalise development costs to the statement of financial position, based on qualifying criteria, but had these development costs (£1m in the current year, £3.5m in the previous year), been expensed, the gross profit margin would have improved from 32% to 47% year on year and the KPI would have been met.

## **Statement of financial position**

### **Non-current assets**

#### *Intangible assets including goodwill*

Goodwill and intangible assets decreased by £1.4m in the year. The impact of discontinued operations that are not included in the current year balances is £1.2m. The remaining decrease in the year of £0.2m relates to £1m additions to development costs, £0.2m software arising on the acquisition of Sitemap Ltd, net of amortisation charges of £1.6m, impairment charges of £0.4m and impairment reversals of £0.5m.

#### *Property, plant and equipment*

Property, plant and equipment decreased by £0.7m in the year. The impact of discontinued operations that are not included in the current year balances is £0.3m; after these are taken into account, the remaining £0.4m decrease is due to £0.4m of depreciation charges (£0.2m of which relate to continuing operations).

### **Current assets**

#### *Trade and other receivables*

Trade and other receivables balances are £5.5m at the year-end, a decrease of £3.4m on the prior year balance of £8.9m. The impact of discontinued operations that are not included in the current year balances is £1.6m. The remaining £1.8m decrease relates to a £1.1m decreases in trade receivables, together with a £0.7m decrease in accrued income.

#### *Cash balance*

Net funds reduced from £0.6m in the prior year to £0.3m. The analysis of this is discussed in the cash flow section below.

#### *Assets and liabilities of disposal group classified as held for sale*

In accordance with IFRS.5, the assets and liabilities of Enables IT Group Limited and Enables IT Limited (which was identified as a disposal group held for sale) were written down to their fair value less costs to sell of £1.

### **Current liabilities**

Trade and other payables balances are £9m, a decrease of £3.1m on the prior year balance of £12.1m. The impact of discontinued operations that are not included in the current year balances is £2.7m. The remaining £0.4m decrease is a £0.6m decrease in deferred income net of increases of £0.1m each in trade payables and other taxation and social security balances.

### **Non-current liabilities**

The decrease of £0.2m in the deferred tax liability is mainly attributable to the impact of the impairments in the year referred to in the Tax section above.

### **Share capital and reserves**

Share capital increased by £0.3m in the year as a result of the shares issued to acquire the remaining 27% of 1Spatial Inc. and controlling interest of Sitemap Ltd in April 2017. Accumulated losses increased £2.5m with the loss for the year as noted above.

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**Cash flow**

The year-end cash and cash equivalents position was £1.3m (2017: £1.3m). The Group had net funds of £0.3m (2017: £0.6m).

A cash flow bridge is presented below which reconciles the adjusted\* EBITDA to the year-end cash balance. This is a different format to the presentation shown in the Accounts on page 42.

	<b>2018</b>
	<b>£m</b>
Adjusted* EBITDA profit – continuing operations	0.4
Adjusted* EBITDA profit – discontinuing operations	0.5
Tax and interest	0.6
Exceptional items (paid)	(0.8)
Expenditure on product development and intellectual property capitalised	(1.0)
Working capital movements	(0.2)
Disposal of subsidiary	0.1
Effect of forex	0.3
<b>Net cash outflow</b>	<b>(0.1)</b>
Cash and cash equivalents in assets held for sale (Enables IT)	(0.2)
Opening net funds	0.6
<b>Closing net funds</b>	<b>0.3</b>

\* Adjusted EBITDA is stated net of certain strategic, integration, other irregular costs and share option charge. See note 7 to the Accounts for further information

The net cash outflow in the year of £0.1m is significantly reduced on the net cash outflow in the previous year (£4.8m). This is mainly due to improved Adjusted \* EBITDA, less expenditure on product development and less net purchases of property, plant and equipment.

**1Spatial Inc. (previously LSI)**

In February 2016, the Group exercised its option to acquire a further 26% of 1Spatial Inc. for the sum of US\$1.3m (£0.9m). The Group funded this acquisition through a small fund raise of £0.9m. This brought 1Spatial plc's total holding in 1Spatial Inc. to 73%. During the year, in April 2017, the Group exercised its final option to acquire the remaining 27% for US\$0.9m (£0.7m) through the issue of shares, taking its ownership to 100%. This acquisition positions us to achieve our strategic goals across the Group. The US is an area of focus for growth and we continue to work alongside key customers and partners such as US Census and ESRI to achieve progress in this region.

**Sitemap**

In April 2017, 1Spatial acquired the 51% of Sitemap Ltd that it did not already own for £0.2m through the issue of shares. The Company's investment in Sitemap to date has funded the development of a solution that locates and visualises sites that best fit commercial and residential property developer needs. The offering is still under development with market analysis, research and business development opportunities being reviewed.

With the final increase in our interests of 1Spatial Inc. and Sitemap Ltd to 100%, we now have full control of the strategic direction of all companies across the Group and a clear roadmap to drive profitable growth.

Nicole Payne  
Chief Financial Officer

## **Principal risks and uncertainties**

The management of the business and the execution of the Group's strategies are subject to a number of risks. In the opinion of the Board, the key business risks affecting the Group are as follows:

### ***Economic and political changes and impact on customers***

**Risk:** Due to BREXIT and the continuing slow growth cycle in Western economies, companies and, in particular, government agencies are under more pressure to cut costs. They may require a robust business case before investing in IT products and services that can have the effect of lengthening deal sales cycles and reducing deal size.

**Mitigation:** Whilst this is a risk, it is also an opportunity for 1Spatial. Our automated technology enables customers to achieve greater internal efficiencies and therefore should reduce customers' costs in the long run. The Group is also mitigating this risk by diversifying the industry sectors and geographies in which it works.

### ***Key management and employees may leave the business***

**Risk:** There is a risk that key management and employees leave the business, having a detrimental effect on the operations of the business.

**Mitigation:** In order to mitigate this risk, the Group aims to create a rewarding working environment that will attract staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation.

### ***Reliance on key customers***

**Risk:** The Group has some reliance on certain key customers; however, this risk is decreasing as more partnerships are entered into.

**Mitigation:** The management team maintains good relationships with its customers through continued communication throughout the year. The Group's strategy of diversifying into different industry and geographic markets will reduce the Group's over-reliance on a small set of customers.

### ***A major technology failure may adversely disrupt operations***

**Risk:** There could be a major technology failure that adversely affects operations.

**Mitigation:** 1Spatial plc prepares recovery plans for all foreseeable situations so that business operations can continue should a major failure occur. In terms of IT, all files are backed up off site and all staff have access to laptops to continue working should such an incident occur. The Group is close to completing the move of most IT infrastructure to third-party providers. This will reduce the risk and cost of managing the infrastructure and of reliance on key individuals in the team. In addition, the Group has insurance to cover periods adversely affected by such failures.

### ***Reliance on key customers***

**Risk:** The Group works with key partners in each geospatial market to provide customers with software and services. Our software tools can be bought stand-alone or within our partners' platforms. The Group therefore has reliance on maintaining good relationships with key partners to provide software and services to customers.

**Mitigation:** The Group's management team works to maintain good relationships with its partners in each country, including regular meetings throughout the year. The management team work with each partner to identify points of collaboration to achieve wherever possible a win for both companies.

### ***Loss of intellectual property***

**Risk:** Failure to protect the Group's intellectual property may result in another party using its proprietary technology without authorisation.

**Mitigation:** The Group's intellectual property is protected in the USA by a patent. In order to minimise the disclosure of intellectual property outside the organisation, the Group relies on confidentiality agreements with its employees, customers, suppliers, consultants and others to protect its intellectual property rights.

**Liquidity**

Risk: The Group is reliant on its £2.5m overdraft facility with Natwest plc. to provide sufficient working capital for the Group to operate as a going concern.

Mitigation: The overdraft facility was renewed in May 2018 and Natwest plc has confirmed that this will remain in place for the foreseeable future.

**Currency fluctuation**

Risk: Currency exposures on revenue and purchases in foreign currencies.

Mitigation: The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency.

**Future developments**

Future developments have been described throughout this report. We are on a journey to realise significant shareholder value by more effectively leveraging our expertise, intellectual capital and partner relationships.

Future developments will follow this path.



Signed by order of the Board

N Payne  
21 May 2018

## **Directors' report**

The Directors present their annual report on the affairs of the Company and the Group, together with the audited consolidated financial statements and the independent auditors' report for the year ended 31 January 2018 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The information in the Chairman's report, the Corporate Governance report and the Directors' Responsibilities Statement form part of the Directors' report.

The Directors' report contains certain forward-looking statements and forecasts with respect to the financial condition, results, operations and business of 1Spatial plc that may involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Annual Report to shareholders should be construed as a profit forecast.

## **Principal activities**

The principal activity of the Group is the development and sale of IT software along with related consultancy and support. The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

1Spatial plc is a company incorporated in England and Wales. The registered office of the Company is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, England, CB4 0WZ.

Details of the business activities during the year can be found in the strategic report on pages 8 to 17.

## **Results and dividends**

The results for the Group for the year and the Group and Company's financial position at the end of the year are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend (2017: £nil).

## **Business review and future developments**

The requirements of the business review have been considered within the Chairman's report on pages 6 to 7 and the strategic report on pages 8 to 17.

## **Principal risks and uncertainties**

For further details on principal risks and uncertainties, refer to page 16.

## **Financial instruments**

### ***Financial risk management objectives and policies***

During the year the Group's principal financial instruments are bank overdrafts and cash. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments have been cash flow and interest rate risk, credit risk, liquidity risk, price risk and capital risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### ***Cash flow and interest rate risk***

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to risk for changes in interest rates is related primarily to the Group's overdraft. Overdraft interest is charged on a variable rate basis. The Group's exposure to interest rate risk is limited given the level of debt in place. Should substantial facilities be put in place in the future, then the Board will consider the impact of such facilities and whether it will be appropriate to hedge the interest rate risk.

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#### ***Credit risk***

The Group trades only with recognised, creditworthy third parties and independent credit checks and credit limits are managed by the trading entities. Credit limits can only be exceeded if authorised by the 1Spatial plc Board. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant, especially given past payment history of longstanding customers. There are no significant concentrations of credit risk within the Group.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

#### ***Liquidity risk***

The Group's objective is to maintain sufficient funds to support the ongoing strategic and trading activities of the Group. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast. The Group forecasts are compared to available facilities to ensure that sufficient headroom is anticipated. In May 2018, the Group's overdraft facility was renewed at £2.5m by their bankers, Natwest plc. These facilities remain intact at the date of signing this annual report and Natwest have confirmed that they will remain in place for the foreseeable future.

#### ***Capital risk management***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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 Group may issue new shares or sell assets/businesses to reduce debt. The Group monitors capital on the basis of the gearing ratio.

#### ***Research and development***

The Group performs research and development activities as described within the strategic report on pages 8 to 17. The Group expenses research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria. During the year, £1m was capitalised (2017: £3.5m) and £1.4m (2017: £0.5m) was expensed. In addition to this, £0.2m was impaired, all of which relates to continuing operations (2017: £3.7m, of which £2.8m related to continuing operations and £0.9m related to discontinued operations).

#### ***Employees***

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group.

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements that cannot objectively be justified. Entry into, and progression within the Group, is solely determined based on work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

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**Changes in share capital**

Details of movements in share capital are set out in note 21 to the financial statements.

**Directors**

The Directors who served throughout the year and up to the date of approval of the financial statements, unless otherwise stated, were as follows:

Name	Age	Position	Date of Appointment
A Roberts *	65	Non-Executive Chairman	19 September 2016
C Milverton **	44	Chief Executive Officer	9 October 2017
N Payne ***	38	Chief Financial Officer	9 October 2017
F Small	60	Non-Executive Director	1 August 2017
N Habgood ****	53	Non-Executive Director	26 October 2015

\* A Roberts was appointed Non-Executive Chairman on 19 September 2016 and on 1 January 2017 he was made Executive Chairman until 31 January 2018 when he reverted to Non-Executive Chairman.

\*\* C Milverton was CFO and acting CEO until 9 October 2017 when she was appointed Chief Executive Officer.

\*\*\* N Payne was FD and acting CFO until 9 October 2017 when she was appointed Chief Financial Officer.

\*\*\*\* N Habgood resigned on 14 March 2018.

Details of the current Directors' experience and expertise can be found on the Company's website [www.1spatial.com](http://www.1spatial.com) which does not form part of this report.

**Directors' interests**

Details of the share interests of the Directors, their service contracts and terms of appointment are shown in the Remuneration Report.

**Directors' indemnities and insurance**

The Company provides an indemnity to all its Directors with respect to liabilities arising from the fulfilment (or lack thereof) of their duties as Directors. The Company also has in place liability insurance covering the Directors. Both the indemnity and insurance were in force during the year ended 31 January 2018.

**Substantial interests**

The Directors have been notified of the following substantial shareholdings in excess of 3% of the voting share capital of the Company as at 17 May 2018:

Name	Number of shares	Percentage of issued share capital
Columbia Threadneedle Investments	115,422,820	15.11%
Hargreave Hale Ltd	110,721,342	14.50%
Azini Capital Partners	94,731,819	12.41%
Legal & General Investment Management	78,178,972	10.24%
J O Hambro Capital Management	75,500,000	9.89%
Octopus Investments	26,248,980	3.44%
Hargreaves Lansdown Asset Management	26,215,844	3.43%
Harwood Capital LLP	25,000,000	3.27%

Except as referred to above, the Directors are not aware of any person who was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

**Acquisition of the Company's own shares**

The Company did not acquire any of its shares during the year ended 31 January 2018 (year ended 31 January 2017: nil).

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**Post balance sheet events**

***Enables IT (UK).***

In January 2018 the Board approved the disposal of 80.1% of Enables IT as a standalone business to its management for £1 in March 2018. To assist Enables' working capital requirements, the Company has agreed to make an interest free £85,000 loan which is repayable by Enables in 10 equal monthly payments, with the first repayment due on the last day of September 2019, and the final repayment date on 30 June 2020.

***Enables IT Inc.***

Pursuant to the Stock Purchase Agreement ("SPA") dated 3 March 2017, the US management of Enables IT Inc. ("the buyers") purchased 80.1% of Enables IT Inc. from Enables IT Group Limited for total consideration of £100,000, payable on 3 March 2019. In addition to this, the buyers retained an option to purchase the remaining 19.9% of Enables IT Inc. for £250,000.

The SPA was amended on 14 March 2018 as part of the sale by 1Spatial plc of the controlling interest (80.1%) in Enables IT Group Limited on 15 March 2018, to Champall Consultancy Limited, an entity which is owned and controlled by the management of Enables IT Group Limited. The amendment to the SPA provides that the total consideration noted above (£100,000) for the disposal of the 80.1% of Enables IT Inc. is to be paid to 1Spatial plc.

In addition, on 14 March 2018, the terms of the SPA were amended such that the exercise price of the option to purchase the remaining 19.9% was reduced and receivable by 1Spatial plc. A total consideration of \$241,200 for both the 80.1% interest and the option exercise is receivable in eighteen equal monthly instalments of \$13,400 with the first receipt due on 1 February 2019 and the final receipt due on 1 September 2020.

***Overdraft facility***

In May 2018 the bank reduced the Group's £3m overdraft facility by £0.5m and renewed the facility at £2.5m.

**Independent auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Board to determine the auditors' remuneration will be proposed at the 2018 Annual General Meeting.

**Annual General Meeting**

Notice of the Annual General Meeting to be held on 24 July 2018 is set out in the circular included with this document.

### **Directors' Responsibilities Statement**

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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively;
- 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 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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.

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Signed by order of the Board

A handwritten signature in black ink, appearing to be 'Susan Wallace', with a long horizontal line extending to the right.

Susan Wallace  
Company Secretary  
21 May 2018  
Registered Office:  
Tennyson House  
Cambridge Business Park  
Cowley Road  
Cambridge  
Cambridgeshire CB4 0WZ

## **Corporate Governance Report**

### ***An Introduction from the Chairman***

I have pleasure in introducing the Corporate Governance Statement.

In 2017 we renewed our commitment to raising the standard of corporate governance and focussing on encouraging and enforcing integrity and transparency at all levels across all aspects of the Group. We continue to ensure the Board and its committees function effectively, and that all Directors provide strong and valuable contributions and that no individual or group dominates the Board's decision-making process. The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out in this report.

During this year, the Board adopted the high standards of corporate governance contained in the Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Code) and, where relevant, the UK Corporate Governance Code issued by the Financial Reporting Council. This report provides a description of how the Group applied the QCA Code.

### ***The Board***

#### ***Composition***

The composition of the Board is shown on page 25. The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise.

#### ***The Role and Operations of the Board***

The role of the Board is to ensure delivery of the business strategy and long-term shareholder value. The general obligations of the Board and the roles and responsibilities of the Chairman and the CEO are set out in a formal Board responsibilities statement approved by the Board. The Board fulfils its role by approving the annual strategic plan and monitoring business performance throughout the year. The Board held 12 formal scheduled Board meetings during the financial year and in addition held a number of unscheduled ad-hoc meetings, typically by conference call. There is in place a schedule of matters reserved for Board approval that can be found on the Company's website ([www.1spatial.com](http://www.1spatial.com)).

The Board have approved an annual Board calendar setting out the dates, location and standing agenda items for each formal scheduled Board and Committee meeting and scheduled Board calls. Board papers are circulated to Directors in advance of scheduled and unscheduled meetings, which are of an appropriate quality to enable the Directors to fulfil their obligations and adequately monitor the performance of the business. Directors who are unable to attend a meeting are expected to provide their comments to the Chairman, the CEO, or the Company Secretary as appropriate. The Board also receives management information on a regular basis that sets out the performance of the business. The CEO and CFO are invited to attend the Audit and Remuneration Committee meetings, if appropriate.

During the year, the topics subject to Board discussion at formal scheduled Board meetings included: -

- Strategic plan and annual forecast and budget;
- Investor relations;
- Financial and operational performance;
- Project updates;
- Market and competitor reports;
- Acquisitions and Group structure changes;
- Financing activities and facility agreements;
- Approval of annual and half year reports;
- Industry regulatory and compliance developments;
- Risk and internal controls;
- General Data Protection Regulation (GDPR);
- The EU Market Abuse Regulations; and
- Related party transactions.

Attendance at scheduled Board Meetings during the year is shown below:

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Director	Formal Scheduled Board Meetings during the year ended 31 January 2018	
	Maximum Possible Attendance	Meetings Attended
A Roberts (Chairman)	12	12
C Milverton	12	12
N Payne	11	11
F Small	6	6
N Habgood	12	12

***Advice, insurance and indemnities***

All Directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties. The Company provides indemnity insurance cover for its Directors and officers, which is reviewed and renewed annually.

***Conflicts***

Consideration of Directors' interests is a standing agenda item at each formal scheduled Board meeting. Each Director is required to disclose any actual or potential conflicts of interest and a register of Directors' interests is maintained by the Company Secretary. If there is a conflict of interest or a matter relating to a particular Director or a related party transaction, then the Board understands that the relevant Director shall excuse themselves from the discussion.

***Board Evaluation***

As part of a comprehensive governance review, a formal evaluation of the performance and effectiveness of the Board and its Committees will be conducted in 2018.

***Board Development***

All new Directors appointed to the Board receive a comprehensive induction and the Board will be implementing an on-going structured training and development programme. The Company's Nomad is invited to attend a Board meeting each year to update the Board on their general and statutory duties and current best practice governance issues.

***Succession Planning***

Succession continues to be a key priority for the Board at both management and Board level, including Non-Executive Directors. Following the resignation of N Habgood, the current Directors are looking at appointing another Non-Executive Director to strengthen the composition of the Board.

***Reappointment of Directors at the Annual General Meeting***

The Articles of Association provides that a third of Directors retire annually by rotation and, if eligible, offer themselves for re-election. However, in accordance with good governance principles, at each AGM all the Directors retire and, subject to being eligible, offer themselves for re-election.

***Relations with investors***

The Company produces an Annual Report that is available on the investor relations section of the Company's website and distributed to those shareholders who have requested to continue to receive hard copies. The company's website ([www.1spatial.com](http://www.1spatial.com)) contains information on the Group, matters reserved for the Board, the Company's articles of association, the Committee terms of references, copies of all documents sent to shareholders and all market and regulatory announcements.

The Board ensures that financial reporting and operational updates are communicated to the market on a timely basis and give an accurate and balanced assessment of the business. The Company's share dealing policy sets out how the Directors meet their obligations under the AIM rules in this regard and how the advisers are involved in the market communications process coordinated by the Company Secretary.

***Board Committees***

The terms of reference of the Board's committees as summarised below are all available in full in Investor Relations' section of the Company's website at [www.1spatial.com](http://www.1spatial.com).

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**Nomination committee**

Membership

A Roberts (Chairman)

F Small (Member)

N Habgood (Member until his resignation on 14 March 2018)

In the year ended 31 January 2018, all Board and senior management appointments, as well as all succession plans, were dealt with by the entire Board. The recruitment process involved both the Non-Executive and Executive Directors to ensure that any appointments made strengthened and diversified the composition and skill set of the existing Board. As such, the appointment of Francis Small as Non-Executive Director, on 1 August 2017 was considered and approved by the whole Board.

In the year ending 31 January 2019, the Board has agreed to hold at least two nomination committee meetings to compile a formal recruitment and succession plan in line with the Group strategy, to deliver an on-going training plan and conduct annual Board evaluation exercises.

The key responsibilities of the Nomination Committee are:

- i. Recommending Director nominees to the Board;
- ii. Recommending Committee chairs and membership to the Board and Committees;
- iii. When appropriate, taking into account the current stage of the Company's development, reviewing succession plans for the Board and Committees;
- iv. Making recommendations to the Board in respect of the re-appointment of any Non-Executive Director at the conclusion of their specified term of office taking into account their performance and their contribution together with the knowledge, skills, leadership and experience requirements of the Board and Committees;
- v. Regularly reviewing the structure, size and composition (including the balance of skills, diversity, knowledge and experience) required for the Board and making recommendations to the Board with regard to any changes.

**Remuneration committee**

Full information on the composition, role, operation and meeting attendance of the Remuneration Committee is set out in the Remuneration Report on page 28.

**Audit committee**

Membership

F Small (Chairman from his appointment on 1 August 2017)

A Roberts (Member)

N Habgood (member until his resignation 14 March 2018)

The Committee has a calendar of activities agreed each year. Senior management and the external auditors (PricewaterhouseCoopers LLP) may attend meetings at the request of the Committee. Attendance at scheduled Committee Meetings during the year is shown below. Additional ad-hoc meetings by conference call were also held during the year.

Director	Maximum Possible Attendance	Meetings Attended
F Small (Chairman)	1	1
A Roberts	3	3
N Habgood	3	3

## 1Spatial plc Annual Report for the year ended 31 January 2018

The key responsibilities of the Audit Committee are:

- i. Monitoring the integrity of financial statements, including approving any material changes in accounting policy, reviewing the financial statements, and any market announcements relating to the Group's financial performance;
- ii. Reviewing the integrity of internal financial control and risk management systems and codes of corporate conduct and ethics and any published statements regarding these systems and codes;
- iii. Making recommendations to the Board regarding the engagement of the external auditors, approving their terms of engagement, monitoring their objectivity and performance and setting policy regarding the provision of non-audit services by the external auditors;
- iv. Reviewing the plan, scope and results of the annual audit, the external auditors' letter of comments and management's response thereto; and
- v. Receiving reports from internal audit relating to risk control and management's response to internal audit review findings.

During the year, the topics subject to Committee discussion at formal scheduled Committee meetings included:

- Receipt and consideration of reports from the external auditors regarding the scope and findings of their audit of the annual report and review of the half year report;
- Recommendation of the annual report and half-year report to the Board for approval, together with the management representation letter and audit fees;
- Review of audit and non-audit related fees paid to the external auditors and monitoring the independence of the external auditors; and
- Review and consideration of accounting treatment policy changes in line with industry practice, as recommended by external auditors.

To ensure the objectivity and independence of the external auditors, any service provided by the external auditors must be approved in accordance with the Group's policy on auditor independence and the provision of non-audit services, which is consistent with the UK Auditing Practices Board's Ethical Standards for Auditors.

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity. In accordance with relevant professional standards, the external auditors have confirmed their independence as auditors in a letter to the Directors. Details of fees paid to the external auditors for both audit and non-audit services are given in the note 6(a) to the financial statements.

### Internal Control

The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatements and loss. The day-to-day management and monitoring of the Group's systems of internal control is delegated to the Chief Financial Officer.

The Chief Financial Officer ensures that the Group's risk management framework and control culture are embedded within the business, the executive Directors provide assurance to the Board, through the audit committee, that risks are monitored, appropriately escalated and managed within the risk appetite of the Board.

The systems of internal control are designed to cover all business, financial, reputational and legal risks of the Group and are embedded within the day to day operations of the Group.

The financial reporting controls in place are designed to maintain proper accounting records and provide reasonable assurance concerning the accuracy and integrity of financial information reported both internally and externally.

In accordance with the QCA Code and best practice guidance for Directors on internal controls issued by the Financial Reporting Council, the Board, with the advice of the audit committee, has reviewed the effectiveness of the systems of internal control for the year to 31 January 2018. As part of this review, the Board received assurances from the Chief Executive Officer and the Chief Financial Officer of 1Spatial plc that the Directors' Responsibilities Statement on page 22 is founded on a sound system of risk management and internal controls and that the systems of internal controls are operating effectively in all material respects in relation to reporting financial risks and the mitigation of material business risks.

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**Going concern**

The Group used a significant amount of cash during the year ended 31 January 2017. Since January 2017, there has been a renewed focus on the business and this has resulted in a much reduced cash outflow of £0.3m in the year ended 31 January 2018 compared to an outflow of £4.4m last year. Working capital required to support the growth strategy is aided by the £2.5m overdraft facility that was renewed in May 2018.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 8 to 17 along with the Company's financial position and its cash flows. In addition, note 3 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Remuneration Report**

On behalf of the Board, I am pleased to present the 2018 Directors' Remuneration Report, setting out the remuneration policy and the remuneration paid to the Directors for the year to 31 January 2018.

***The Remuneration Committee***

**Membership**

F Small (Chairman)

A Roberts (Member)

N Habgood (Chairman until he resigned on 14 March 2018)

Senior management attend meetings at the request of the Committee and recuse themselves from discussions and decisions taken by the Remuneration Committee in respect of their own remuneration.

Attendance at scheduled Committee Meetings during the year is shown below. Additional ad-hoc meetings by conference call were also held during the year.

Director	Maximum Possible Attendance	Meetings Attended
F Small (Chairman)	3	3
A Roberts	4	3
N Habgood	4	4

The Remuneration Committee determines and agrees with the Board the broad policy for the remuneration of the Group's employees, as well as reviewing the ongoing appropriateness and relevance of the Group's remuneration policy, ensuring that it is structured in a way that aligns reward with performance, shareholder interests and the long-term interests of the business.

The key responsibilities of the Committee are:

- i. Determining the total individual remuneration packages, including pension arrangements, of the Executive Directors and senior management;
- ii. Reviewing and approving share incentive plans and non-material changes to them;
- iii. Approving and determining targets including the annual discretionary bonus scheme; and
- iv. Reviewing and approving the scope of any termination payments and severance terms for Executive Directors, ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The full terms of reference of the Remuneration Committee are available on the Company's website ([www.1spatial.com](http://www.1spatial.com)) and on request from the Company Secretary.

The Committee has access to the advice and views of the Chairman and the Chief Executive as well as the use of external consultants, if required. No external consultants were engaged by the Committee during the period.

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**Remuneration Policy**

The Board considers that appropriate remuneration policies are a key driver of performance and a central element of corporate strategy. The Group remuneration policy aims to:

- provide market competitive total compensation;
- motivate, retain and promote individual and corporate outperformance;
- differentiate on merit and performance;
- emphasise variable performance-driven remuneration;
- ensure adherence to the Group's Code of Conduct;
- align senior management with shareholders' interests; and
- deliver clarity, transparency and fairness of process.

The Group remuneration policy has a strong focus on variable compensation as the Board believes that the interests of the business, shareholders and employees are best served by containing fixed remuneration costs and maximising the proportion of total remuneration that is directly performance related.

Element	Structure	Purpose	Performance Measure
Basic Salary	Fixed	Base salary for the role	N/A
Other benefits	Fixed	Benefits in kind	N/A
Annual Bonus	Variable	Executives and senior management bonuses are determined by the Remuneration Committee based on the performance of the business	Business performance
Share Option Grants	Variable	Share awards aim to align total remuneration with the growth of the business and shareholder value.	Business performance

**Basic salary**

Salaries are reviewed annually for the Chief Executive Officer and the Chief Financial Officer.

**Annual bonus**

The Committee has the discretion and flexibility to take into account factors other than business performance in determining any bonus. Each element of the Executive Directors' reward package supports the achievement of key business measures and rewards outperformance.

**Share Option Plans**

The EMI share option plan and Executive unapproved share option plan were introduced in 2010. Under the schemes, the Board of Directors of 1Spatial Plc can grant options over the shares of the Company to Directors and employees. Options are typically granted at a fixed price equal to the market price of the shares under option at the date of grant. The contractual life of the option was 10 years. Awards under the scheme are reserved for employees who are deemed to be critical to the future success of the Company. The vesting period of the options typically is three to four years. Exercise of an option is subject to continuing employment.

**Benefits and benefits in kind**

The Directors, both Executive and Non-Executive, also benefit from indemnity arrangements in respect of their services as Directors, and from Directors' and Officers' indemnity insurance.

**Directors' Service Contracts**

The Chief Executive Officer and the Chief Financial Officer have a service agreement with the Company, which is terminable by either party on not less than 12 months' and six months' notice respectively. There are no provisions for remuneration payable on early termination.

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**Non-Executive Directors**

The remuneration of the Non-Executive Directors is determined by the Board, with the Non-Executives removing themselves from discussions concerning their remuneration. The Non-Executive Directors serve the Company under formal letters of appointment that are terminable on six month's written notice which sets out their role, obligations as a director and the expected time commitment required.

During the year, the annual fee payable to each Non-Executive Director was:

	Fee £
N Habgood	30,000
F Small	40,000

**Directors' interests in share awards**

As at 31 January 2018, the Directors held the following share options (refer to note 6(c) of the consolidated financial statements for more detail):

Name	1 February 2017	EMI share option number	Scheme Executive unapproved share option number	Exercise price per share (pence)	31 January 2018
C Milverton	2,429,150	2,429,150	-	4.94p	2,429,150
C Milverton	5,000,000	1,575,758	3,424,242	6p	5,000,000
C Milverton	6,000,000	-	-	1p	-
N Payne	303,644	303,644	-	5.35p	303,644
<b>Total</b>	<b>13,732,794</b>	<b>4,308,552</b>	<b>3,424,242</b>		<b>7,732,794</b>

**Directors' emoluments and compensation**

Details of individual Executive Directors' remuneration for those Directors that served during the current year are as follows (full disclosures are presented in note 6(c) of the consolidated financial statements):

	Emoluments £'000	Pension contributions £'000	Total 2018 £'000	Emoluments £'000	Pension contributions £'000	Total 2017 £'000
C Milverton (Note 1)	241	25	266	199	23	222
A Roberts	255	-	255	20	-	20
N Payne* (Note 1)	94	4	98	-	-	-
	<b>590</b>	<b>29</b>	<b>619</b>	<b>219</b>	<b>23</b>	<b>242</b>

Note 1: Included within directors' emoluments above are non-contractual bonuses amounting to £90,000 (2017: £nil).

\* N Payne was appointed as Finance Director and made an Executive Director of the Board on 13 March 2017.

Details of individual Non-Executive Directors' fees for those Directors that served during the current year are as follows:

	2018 £'000	2017 £'000
N Habgood (resigned 14 March 2018)	31	31
A Roberts (Executive director from 1 January 2017)	-	17
F Small (appointed 1 August 2017)	20	-
	<b>51</b>	<b>48</b>

**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

***Directors' share interests***

The interests of the Directors in shares of the company as at 31 January 2018 are shown below:

	Ordinary Shares held at 31 January 2018
A Roberts	3,100,000
C Milverton	3,079,833
N Habgood*	94,731,819

*\*N Habgood has an interest in 94,731,819 ordinary shares held by Azini Capital Partners LLP as he is one of the founders and a Managing Partner of Azini Capital Partners LLP*

Approved and signed on behalf of the Board

Francis Small  
Remuneration Committee Chairman

# Independent auditors' report to the members of 1Spatial plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- 1Spatial plc'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 January 2018 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 January 2018; the consolidated statement of comprehensive income, the consolidated statement of cash flows, 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

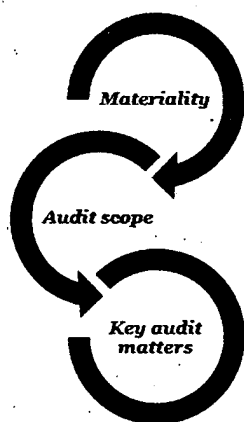
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview



- Overall group materiality: £169,000 (2017: £210,000), based on 1% of revenue.
- Overall company materiality: £117,000 (2017: £90,000), based on 5% of loss before tax.
- We conducted audits of the complete financial information of 1Spatial Plc, 1Spatial Group Limited, 1Spatial France SAS, 1Spatial Belgium SA and 1Spatial Inc.
- We performed specified audit procedures over certain account balances and transaction classes at other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 93% of revenue.
- Capitalisation and valuation of development costs (Group).
- Carrying value of investments (Company).
- Carrying value of goodwill and other intangible assets (Group).
- Going concern (Group and company).
- Risk of error in revenue recognition (Group).

*The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Capitalisation and valuation of development costs - Group</i></p> <p>The Group had capitalised development costs of £4,844,000 at 31 January 2018. The amount capitalised in the current year of £1,005,000 is significantly lower than in previous years. However, given that capitalisation of such costs directly impacts loss for the period, there is a risk that costs are inappropriately capitalised as a means of achieving a certain result.</p> <p>The Directors performed individual reviews of each project for which costs were capitalised to estimate any potential impairment charge. The main inputs into this assessment are future sales forecasts for individual products or, for platform technologies, for groups of products.</p> <p>There is therefore judgement in the valuation of the capitalised development costs, owing to the estimation uncertainty that exists around future sales forecasts.</p>	<p>We considered whether costs capitalised in the year had been appropriately and accurately capitalised and whether the criteria for capitalisation had been met. For a sample of projects, we recalculated the amounts capitalised, being hours worked multiplied by the hourly rate. In addition we agreed, on sample basis, the hours worked to timesheets and hourly rates to payroll records.</p> <p>We obtained the impairment assessment prepared by the Directors, which considered the future benefits associated with each individual project, checked its mathematical accuracy and discussed the status of each project with the Group's technical management. We assessed the reasonableness of the Directors' future sales forecasts by considering, on a sample basis, whether projected level of sales are supported by either purchase orders or correspondence with customers.</p> <p>We found no material exceptions in our testing.</p>
<p><i>Carrying value of goodwill and other intangible assets - Group; Carrying value of investments - Company</i></p> <p>The Group had goodwill of £4,497,000 at 31 January 2018, which materially all relates to the 1Spatial cash generating unit ('CGU'). The directors have performed the required annual impairment assessment of goodwill as at 31 January 2018 using the value in use model and concluded that no impairment should be recorded.</p> <p>In addition, the Directors have reversed £484,000 of impairment previously recorded against intangible assets in the 1Spatial France/Belgium CGU, having completed a value in use calculation which showed that partial reversal of the previous impairment was justified. Using the same assumptions, the Directors have reversed £1,541,000 of impairment previously recorded against the company's investment in 1Spatial Belgium.</p> <p>Judgement is required in the impairment assessment, specifically in forecasting the future cash flows. Judgement is also required in determining the discount rate to be applied to future cash flows.</p>	<p>We assessed the level at which impairment testing was performed. Based on our knowledge of the business, including the use of assets and internal reporting, we agreed with the Directors' judgement that, for the assessment of the impairment of goodwill and other intangible assets, the Group has two CGUs. Only the 1Spatial CGU has significant goodwill associated with it.</p> <p>We obtained the Directors' impairment analysis for the two CGU's and gained an understanding of the key assumptions and judgements underlying the assessment. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the model, with no exceptions identified.</p> <p>We assessed the key assumptions, including:</p> <ul style="list-style-type: none"> <li>- Future revenue streams: We compared forecast revenues and EBITDA to the Group's budget for the year ending 31 January 2019, which we also assessed as part of our assessment of going concern. We specifically considered the reasonableness of: <ul style="list-style-type: none"> <li>(i) The increase in revenue and associated profit compared to the year ended 31 January 2018, understood the main drivers for the increase and found these to be reasonable;</li> <li>(ii) The forecast growth rates in subsequent years and the terminal growth rate and found these to</li> </ul> </li> </ul>

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
	<p>be reasonable when compared with projected industry growth rates;</p> <ul style="list-style-type: none"> <li>- The cash flows for capital expenditure on products which are currently being developed by comparing to those cash flows in the year ended 31 January 2018 and found these to be reasonable;</li> <li>- Other cash flows including working capital adjustments and tax and understood the main drivers for the changes and found these to be reasonable;</li> <li>- The discount rate by recalculating the expected discount rate using publicly available information, and considered the rate used to be materially in line with our recalculated rate.</li> </ul> <p>In the case of the 1Spatial CGU, we also performed our own sensitivities reflecting what we believed to be a range of reasonably individually possible alternative outcomes over the forecast cash flows and discount rates, the results of which did not indicate an impairment to goodwill.</p> <p>In the case of the reversals of impairment in the 1Spatial France/Belgium CGU and the company's investment in 1Spatial Belgium, we found the Directors' assumptions to be reasonable.</p>
<p><i>Going concern – Group and company</i></p> <p>At 31 January 2018 the Group had cash and cash equivalents of £1,319,000 (Company: £9,000) and an overdraft of £1,051,000 (Company: £1,378,000). The company is reliant on the cash inflows generated by its subsidiaries to fund its operations. The Group continues to have cash outflows from operating activities and expenditure on development costs and is reliant on its recently renewed overdraft facility.</p> <p>The directors have prepared monthly cash flow forecasts for the group, using board approved plans, which show that the £2.5m overdraft facility renewed in May 2018 should be sufficient to meet the Group's working capital requirements for at least twelve months from the date of approval of the financial statements.</p>	<p>We reviewed the Directors' model supporting the going concern assumption, tested mathematical accuracy and considered the reasonableness of the assumptions made and the available headroom throughout the twelve month period from the date of approval of the financial statements. Our procedures included:</p> <ul style="list-style-type: none"> <li>- Understanding and evaluating the drivers for the increase in revenue and profit compared to the year ended 31 January 2018;</li> <li>- Considering the extent to which forecast revenue was supported by the order pipeline;</li> <li>- Assessing the projected cash flows for capital expenditure by comparing to equivalent cash flows in the year ended 31 January 2018; and</li> <li>- Assessing the assumptions made in relation to cash receipts from customers and payments to suppliers.</li> </ul> <p>We also considered the actions available to management to delay or reduce cash outflows if actual cash inflows significantly differ from those included in the forecast.</p> <p>Our conclusion on management's use of the going concern basis of preparation is included in the 'conclusions relating to going concern' section below.</p>
<p><i>Risk of error in revenue recognition – Group</i></p> <p>The Group has a number of software development contracts with customers for which revenue is recognised based upon the stage of completion.</p> <p>The percentage of completion is calculated based on the costs incurred to date as a proportion of total expected costs. Estimating costs to complete involves judgement. Where revenue recognised under the percentage of completion method is in excess of invoices raised to that customer, accrued revenue is recorded. The Directors make judgements in relation to the recoverability of these accrued revenue balances.</p> <p>The Group also sells perpetual licences which do not require significant modification services. In such cases, revenue is recognised on delivery of the product. Where the Group sells term licences and provides support and</p>	<p>For a sample of software development contracts, we tested that revenue had been appropriately recognised in accordance with the underlying agreements and the Group's policy by:</p> <ul style="list-style-type: none"> <li>- Agreeing hours recorded to date to timesheet records;</li> <li>- Agreeing the hourly rates used in the calculation of costs incurred to date and future costs to payroll records; and</li> <li>- Reviewing the directors' estimates of future hours.</li> </ul> <p>We found no material exceptions in our testing.</p> <p>In relation to accrued revenue, we considered the Group's historical experience with the customers with whom significant accrued revenue balances had arisen, as well as considering invoicing and cash receipts after</p>

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>maintenance, revenue is recognised over the contractual term. There is a risk that the revenue recognised is not in accordance with the contractual terms and the Group's accounting policy.</p>	<p>the balance sheet date. We concurred with the Directors' assertion that the past payment history of these customers was such that no provision against accrued revenue balances was required.</p> <p>For licensing and support and maintenance contracts, we tested on a sample basis whether the criteria for recognition of revenue under the Group's accounting policy had been met, by (i) checking that perpetual licences had been delivered prior to the recognition of the relevant revenue and (ii) checking that revenue under term licences and support and maintenance contracts had been spread over the contractual term, where relevant checking that the underlying licence had been delivered.</p> <p>We found no material exceptions in our testing.</p>

#### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We conducted audits of the complete financial information of 1Spatial Plc, 1Spatial Group Limited, 1Spatial France, 1Spatial Belgium and 1Spatial Inc., which were individually significant and accounted for 93% of the Group's revenue. We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group at two further reporting units.

Our involvement in the work of the component auditors in France and Belgium included regular communication with formal meetings arranged following the performance of the procedures. In addition, members of the Group engagement team met with the component auditors and performed a review of their working papers.

Taken together, the Group companies over which we performed our audit procedures accounted for 93% of revenue.

#### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<i>Group financial statements</i>	<i>Company financial statements</i>
<b>Overall materiality</b>	£169,000 (2017: £210,000).	£117,000 (2017: £90,000).
<b>How we determined it</b>	1% of revenue.	5% of loss before tax.
<b>Rationale for benchmark applied</b>	The earnings are volatile and fluctuate widely from year to year, therefore the overall materiality was calculated as a percentage of the Group's revenue from continuing operations which is one of the Group's KPIs.	The company does not generate any revenue, therefore, we consider the loss before tax to be an appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £86,000 and £160,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £8,000 (Group audit) (2017: £11,000) and £6,000 (Company audit) (2017: £5,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

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.

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### **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.

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 January 2018 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.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement, 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](http://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.

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## Other required reporting

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### 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.



Simon Ormiston (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge  
21 May 2018

**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

**Consolidated statement of comprehensive income**  
**For the year ended 31 January 2018**

	Note	2018 £'000	2017 £'000
<b>Continuing operations</b>			
Revenue	5	16,938	15,133
Cost of sales		(7,994)	(6,868)
<b>Gross profit</b>		<b>8,944</b>	<b>8,265</b>
Administrative expenses		(10,749)	(23,915)
		(1,805)	(15,650)
Adjusted* EBITDA		403	(874)
Less: depreciation	11	(231)	(297)
Less: amortisation and impairment of intangible assets	10	(1,474)	(11,323)
Add/less: share-based payment charge	23	538	(566)
Less: strategic, integration and other irregular items	7	(1,041)	(2,590)
<b>Operating loss</b>	<b>6(a)</b>	<b>(1,805)</b>	<b>(15,650)</b>
Finance income	8	36	176
Finance costs	8	(187)	(201)
Net finance cost	8	(151)	(25)
Share of net loss of associates accounted for using the equity method	12	-	(266)
<b>Loss before tax</b>		<b>(1,956)</b>	<b>(15,941)</b>
Income tax credit	9	753	1,081
<b>Loss for the year from continuing operations</b>	<b>5</b>	<b>(1,203)</b>	<b>(14,860)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations (attributable to equity holders of the company)	15	(1,255)	(3,442)
<b>Loss for the year attributable to:</b>			
<b>Equity shareholders of the Parent</b>		<b>(2,458)</b>	<b>(18,423)</b>
<b>Non-controlling interest</b>		-	<b>121</b>
		<b>(2,458)</b>	<b>(18,302)</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be reclassified to profit or loss:</b>			
Actuarial losses arising on defined benefit pension, net of tax	19	(2)	(36)
Exchange differences arising on translation of net assets of foreign operations		366	281
Other comprehensive profit for the year, net of tax		364	245
<b>Total comprehensive loss for the year</b>		<b>(2,094)</b>	<b>(18,057)</b>
<b>Total comprehensive (loss)/profit attributable to:</b>			
<b>Equity shareholders of the Parent</b>		<b>(2,094)</b>	<b>(18,169)</b>
<b>Non-controlling interest</b>		-	<b>112</b>
		<b>(2,094)</b>	<b>(18,057)</b>
<b>Total comprehensive loss attributable to equity shareholders of the Parent arises from:</b>			
• Continuing operations		(1,030)	(14,359)
• Discontinued operations		(1,064)	(3,698)
		<b>(2,094)</b>	<b>(18,057)</b>

**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

**Consolidated statement of comprehensive income *continued***  
**For the year ended 31 January 2018**

	Note	2018 £'000	2017 £'000
<b>(Loss)/earnings per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year (expressed in pence per ordinary share):</b>			
<b>Basic (loss)/earnings per share</b>		<b>(0.32)</b>	<b>(2.51)</b>
From continuing operations	26	(0.15)	(2.04)
From discontinued operations	26	(0.17)	(0.47)
<hr/>			
<b>Diluted (loss)/earnings per share</b>		<b>(0.32)</b>	<b>(2.51)</b>
From continuing operations	26	(0.15)	(2.04)
From discontinued operations	26	(0.17)	(0.47)

\* Adjusted for strategic, integration, other irregular items (note 7) and share-based payment charge.

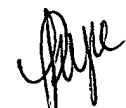
**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

Registered company number (England): 5429800<sup>5</sup>

**Consolidated statement of financial position**  
**As at 31 January 2018**

	Note	2018 £'000	2017 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets including goodwill	10	10,540	11,968
Property, plant and equipment	11	333	1,057
Interests in associates	12	-	-
<b>Total non-current assets</b>		<b>10,873</b>	<b>13,025</b>
<b>Current assets</b>			
Trade and other receivables	13	5,510	8,929
Current income tax receivable		221	-
Cash and cash equivalents	14	1,319	1,285
<b>Total current assets</b>		<b>7,050</b>	<b>10,214</b>
Assets of disposal group classified as held for sale	15	1,031	547
<b>Total assets</b>		<b>18,954</b>	<b>23,786</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank borrowings		(1,051)	(681)
Trade and other payables	16	(9,003)	(12,072)
Current income tax liabilities		(32)	(23)
Obligations under finance leases	17	-	(11)
Provisions	18	(148)	(242)
<b>Total current liabilities</b>		<b>(10,234)</b>	<b>(13,029)</b>
<b>Non-current liabilities</b>			
Obligations under finance leases	17	-	(53)
Defined benefit pension obligation	19	(635)	(614)
Deferred tax	20	(264)	(421)
<b>Total non-current liabilities</b>		<b>(899)</b>	<b>(1,088)</b>
Liabilities of disposal group classified as held for sale	15	(1,031)	(447)
<b>Total liabilities</b>		<b>(12,164)</b>	<b>(14,564)</b>
<b>Net assets</b>		<b>6,790</b>	<b>9,222</b>
<b>Share capital and reserves</b>			
Share capital	21	16,705	16,449
Share premium account	21	22,931	22,931
Own shares held	21	(303)	(303)
Equity-settled employee benefits reserve	22	2,716	3,254
Merger reserve	22	16,030	15,347
Reverse acquisition reserve	22	(11,584)	(11,584)
Currency translation reserve	22	224	(142)
Accumulated losses		(39,452)	(36,992)
Purchase of non-controlling interest reserve	22	(477)	-
<b>Total equity attributable to shareholders of the parent</b>		<b>6,790</b>	<b>8,960</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>262</b>
<b>Total equity</b>		<b>6,790</b>	<b>9,222</b>

The financial statements on pages 38 to 93 were approved and authorised for issue by the Board on 21 May 2018 and signed on its behalf by:



N Payne  
 Director

1Spatial plc  
Annual Report for the year ended 31 January 2018

Consolidated statement of changes in equity

For the year ended 31 January 2018 £'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accumulated losses	Total equity attributable to shareholders of the parent	Non-controlling interest	Total equity
Balance at 1 February 2016	16,223	22,264	(306)	2,688	15,347	(11,584)	(432)	-	(18,533)	25,667	-	25,667
<b>Comprehensive (loss)/income</b>												
Loss for the year	-	-	-	-	-	-	-	-	(18,423)	(18,423)	121	(18,302)
<b>Other comprehensive (loss)/income</b>												
Actuarial losses arising on defined benefit pension	-	-	-	-	-	-	-	-	(36)	(36)	-	(36)
Exchange differences on translating foreign operations	-	-	-	-	-	-	290	-	-	290	(9)	281
Total other comprehensive income/(loss)	-	-	-	-	-	-	290	-	(36)	254	(9)	245
<b>Total comprehensive income/(loss)</b>	-	-	-	-	-	-	290	-	(18,459)	(18,169)	112	(18,057)
<b>Transactions with owners</b>												
Exercise of share options	-	11	3	-	-	-	-	-	-	14	-	14
Proceeds from shares issued (note 21) net of share issue costs of £23k	226	656	-	-	-	-	-	-	-	882	-	882
Recognition of share-based payments	-	-	-	566	-	-	-	-	-	566	-	566
	226	667	3	566	-	-	-	-	-	1,462	-	1,462
<b>Transactions with non-controlling interest</b>												
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	-	150	150
Balance at 31 January 2017	16,449	22,931	(303)	3,254	15,347	(11,584)	(142)	-	(36,992)	8,960	262	9,222
<b>Comprehensive loss</b>												
Loss for the year	-	-	-	-	-	-	-	-	(2,458)	(2,458)	-	(2,458)
<b>Other comprehensive (loss)/income</b>												
Actuarial losses arising on defined benefit pension (note 19)	-	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Exchange differences on translating foreign operations	-	-	-	-	-	-	366	-	-	366	-	366
Total other comprehensive income/(loss)	-	-	-	-	-	-	366	-	(2)	364	-	364
<b>Total comprehensive (loss)/income</b>	-	-	-	-	-	-	366	-	(2,460)	(2,094)	-	(2,094)
<b>Transactions with owners</b>												
Issue of shares to acquire remaining interest in Sitemap Ltd	56	-	-	-	144	-	-	-	-	200	-	200
Acquisition of shares in 1Spatial Inc	200	-	-	-	539	-	-	(477)	-	262	(262)	-
Recognition of share-based payments	-	-	-	(538)	-	-	-	-	-	(538)	-	(538)
	256	-	-	(538)	683	-	-	-	-	(76)	-	(338)
Balance at 31 January 2018	16,705	22,931	(303)	2,716	16,030	(11,584)	224	(477)	(39,452)	6,790	-	6,790

**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

**Consolidated statement of cash flows**  
**For the year ended 31 January 2018**

	Note	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Cash from/(used in) operations	(a)	245	(1,061)
Interest received		3	3
Interest paid		(170)	(169)
Tax received		751	425
<b>Net cash generated from/(used in) operating activities</b>		<b>829</b>	<b>(802)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary (net of cash acquired)	25	15	(852)
Cash disposed with subsidiary		-	(48)
Disposal of subsidiary		100	-
Purchase of property, plant and equipment		(96)	(574)
Proceeds from sale of property, plant and equipment		80	84
Expenditure on product development and intellectual property capitalised		(1,019)	(3,552)
<b>Net cash used in investing activities</b>		<b>(920)</b>	<b>(4,942)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(5)	-
Net proceeds of share issue	21	-	896
<b>Net cash (used in)/generated from financing activities</b>		<b>(5)</b>	<b>896</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(96)</b>	<b>(4,848)</b>
Cash and cash equivalents at start of year		604	4,996
Less cash and cash equivalents in assets held for sale		(226)	(51)
Effects of foreign exchange on cash and cash equivalents		(14)	507
<b>Cash and cash equivalents at end of year</b>	<b>(b)</b>	<b>268</b>	<b>604</b>

*Cash flows of discontinued operations included above*

	2018 £'000	2017 £'000
Net cash generated from operating activities	101	434
Net cash used in investing activities	(33)	(668)
<b>Total</b>	<b>68</b>	<b>(234)</b>

1Spatial plc  
Annual Report for the year ended 31 January 2018

Notes to the consolidated statement of cash flows

(a) Cash generated from/(used in) operations

	Note	2018 £'000	2017 £'000
Loss before tax including discontinued operations		(3,424)	(19,455)
<b>Adjustments for:</b>			
Share of net loss of associates		-	266
Net finance cost		167	176
Depreciation		376	795
Amortisation and impairment of intangible assets		1,558	14,445
Impairment of assets held for sale	15	1,220	-
Share-based payment charge	23	(538)	566
Net foreign exchange movement		271	(544)
Loss on disposal of assets held for sale		199	-
Loss on disposal of property, plant and equipment		9	33
Gain on bargain purchase	25	(100)	-
Decrease in trade and other receivables		2,791	2,233
(Decrease)/increase in trade and other payables		(2,205)	538
Increase/(decrease) in provisions		(83)	(155)
Increase in defined benefit pension obligation		4	41
<b>Cash generated from/(used in) operations</b>		<b>245</b>	<b>(1,061)</b>

(b) Reconciliation of net cash flow to movement in net funds

	2018 £'000	2017 £'000
Decrease in cash in the year	(96)	(4,848)
Net cash outflow in respect of borrowings paid	-	-
<b>Changes resulting from cash flows</b>	<b>(96)</b>	<b>(4,848)</b>
Less cash and cash equivalents in assets held for sale	(226)	(51)
Effect of foreign exchange	(14)	507
<b>Change in net funds</b>	<b>(336)</b>	<b>(4,392)</b>
Net funds at beginning of year	604	4,996
<b>Net funds at end of year</b>	<b>268</b>	<b>604</b>

**Analysis of net funds**

Cash and cash equivalents classified as:

Current assets	1,319	1,285
Bank and other loans	(1,051)	(681)
<b>Net funds at end of year</b>	<b>268</b>	<b>604</b>

c) Reconciliation of movement in liabilities from financing activities

	Finance leases due within 1 year £'000	Finance leases due after 1 year £'000	Bank overdraft £'000	Total £'000
Debt as at 1 February 2016	-	-	-	-
Acquisitions - finance lease	17	62	-	79
Cashflows	(6)	-	681	675
<b>Debt as at 31 January 2017</b>	<b>11</b>	<b>62</b>	<b>681</b>	<b>754</b>
Cashflows	(5)	-	370	365
Disposals - finance lease	(6)	(62)	-	(68)
<b>Debt as at 31 January 2018</b>	<b>-</b>	<b>-</b>	<b>1,051</b>	<b>1,051</b>

# **1Spatial plc**

## **Annual Report for the year ended 31 January 2018**

### **Notes to the financial statements**

#### **For the year ended 31 January 2018**

#### **1. General information**

The consolidated financial statements of the Group for the year ended 31 January 2018 comprise 1Spatial plc ('the Company') and its subsidiaries (together 'the Group').

The principal activities of the Company and its subsidiaries are described within the Directors' report on page 18.

The Company is a public limited company which is listed on the AIM London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, England, CB4 0WZ.

#### **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

#### **Basis of preparation**

The consolidated financial statements of 1Spatial plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS IC (International Financial Reporting Interpretations Committee) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

#### **Going concern**

Taking into account the cash flow projections approved by the Board of Directors which have been appropriately sensitised, and the availability of a £2.5m overdraft facility, which was confirmed in May 2018, the Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

#### **Audit exemption**

Subsidiary undertakings Storage Fusion Limited, 1Spatial Holdings Limited and Sitemap Ltd have claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2018. The Group parent company, 1Spatial plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby 1Spatial plc will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 January 2018. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2018. The Group parent company, 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2018.

**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

**Adoption of new and revised International Financial Reporting Standards (IFRSs)**

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2017, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

**(i) New standards, amendments and interpretations affecting amounts reported in the financial statements**

There have been only minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time for the financial year beginning on 1 February 2017 which have been adopted by the Group with no impact on its consolidated results or financial position as they impact certain presentational and disclosure matters.

- Annual improvements 2012. These amendments include changes from the 2010–12 cycle of the annual improvements project, that affect the following standards:
  - IFRS 2, 'Share-based payment'
  - IFRS 3, 'Business combinations'
  - IFRS 8, 'Operating segments'
  - IFRS 13, 'Fair value measurement'
  - IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
  - Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets' and
  - IAS 39, 'Financial instruments – Recognition and measurement'
- Annual improvements 2014. These amendments impact the following standards:
  - IFRS 5, 'Non-current assets held for sale and discontinued operations', regarding methods of disposal
  - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
  - IAS 19, 'Employee benefits', regarding discount rates
  - IAS 34, 'Interim financial reporting', regarding disclosure of information

**(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2017 and not adopted early**

- IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and is effective for accounting periods beginning on or after 1 January 2018. The Group will apply the standard for the first time in the half year report ending 31 July 2018 and the annual report ending 31 January 2019.

The new standard will replace existing accounting standards used to determine the measurement and timing of revenue recognition and requires an entity to align the recognition of revenue to the transfer of goods and services at an amount that then entity expects to be entitled to in exchange for those goods and services.

Initial assessment of the new standard indicates:

- For software licencing revenue, that the performance obligations are satisfied at a point in time rather than being satisfied over time, and therefore upon adoption of IFRS 15, revenue from both perpetual and term licences will be recognised in full once the performance obligation has been satisfied;
- For professional services revenue, that the revenue recognition pattern for professional services will not change on adoption of IFRS 15, as these are recognised at a point in time once the Company has a contractual right to the revenue; and
- For software development service revenue which is currently recognised over time, that this recognition pattern will continue to be appropriate under IFRS 15, except where the Company does not have a contractual right to receive payment for the services. In this case, the adoption of IFRS 15 will result in a step-recognition of these software development service revenues, (i.e. at a point in time), as milestones are achieved, with the related costs being recognised at the same time.

The adoption of IFRS 15 is not expected to have a significant impact on the Group's recognition of its support and maintenance revenue which contributes approximately 37% of the Group's revenue.

1Spatial will adopt the standard on its mandatory effective date, and the standard will be applied on a modified retrospective basis, recognising the cumulative effect, if material, of initially applying the standard as an adjustment to the opening balance of retained earnings.

**1Spatial plc**  
**Annual Report for the year ended 31 January 2018**

**(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2017 and not adopted early (continued)**

- IFRS 9 'Financial instruments'. This standard replaces the guidance in IAS 39 and is effective for accounting periods beginning on or after 1 January 2018. The Group will apply the standard for the first time in the half year report ending 31 July 2018 and the annual report ending 31 January 2019. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group expects there to be an immaterial impact on the financial statements on adoption of IFRS 9.
- IFRS 16, 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. It is effective for accounting periods beginning on or after 1 January 2019. The Group will apply the standard for the first time in the half year report ending 31 July 2019 and the annual report ending 31 January 2020. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and lease of low-value assets. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Directors are assessing the impact of this.
- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions (effective 1 January 2018). This amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- Annual improvements 2014 – 2016. These amendments impact 3 standards:
  - IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  - IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- IFRIC 22, 'Foreign currency transactions and advance consideration'. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency.

### **Basis of consolidation**

The results and net assets of all subsidiary undertakings acquired are included in the statement of comprehensive income and consolidated statement of financial position using the purchase method of accounting from the effective date at which control is obtained by the Group. Subsidiary undertakings cease to be consolidated from the date at which the Group no longer retains control, or from the date that the subsidiary is classified within disposal groups held for sale. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All inter-company balances and transactions are eliminated in full. Accounting policies of subsidiaries are changed where necessary to ensure consistent policies across the Group.

### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Where there is deferred consideration payable in cash, the amount is discounted to its present value. The present value of deferred cash consideration is included within the Group's financial statements as a liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is as transactions with owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is regarded as equity.

Where a business combination is achieved in a series of transactions, the business combination's cost is the aggregate of the fair values of the assets given, liabilities assumed and equity instruments issued by the acquirer at the date of each transaction in the series. The previously held interest is re-measured to fair value at the acquisition date, and a gain or loss is recognised in the statement of comprehensive income.

### **Disposal of subsidiaries**

The date of disposal of a subsidiary is the date on which control passes. The consolidated income statement includes the results of a subsidiary up to the date of disposal; the gain or loss on disposal is the difference between (a) the carrying amount of the net assets plus any attributable goodwill and amounts accumulated in other comprehensive income; and (b) the proceeds of sale.

### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors which makes the Group's strategic decisions.

**Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UK sterling which is the Company's functional and presentation currency. Foreign currency adjustments arise on translating the overseas subsidiaries into the Group's presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised as a separate component of equity.

**(d) Goodwill and intangibles**

Goodwill and intangibles adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for software licences, support and maintenance, professional services and software development services in the ordinary course of the Group's activities. Revenue is recognised when the risks and rewards of ownership have passed to the customer and is shown net of Value Added Tax, rebates, discounts and after eliminating sales within the Group. Where a sale includes multiple elements, where the fair value of each element can be reliably valued, the elements are separated. Where this is not possible the revenue is spread over the period relating to the element with the longest recognition period.

The fair value of the revenue for each element of the arrangement is then accounted for in accordance with the policies described below.

#### *Software licence revenue*

Revenue is recognised when the software is delivered and accepted by the customer. Software revenue is recognised depending on licensing terms:

1. For a licence in perpetuity, where there are no further obligations and there is determination that collection of fee is reasonably assured, the revenue is recognised at the time the licence is delivered; and
2. For a licence that has a fixed term, where there are further obligations the revenue is recognised over the term of the licence.

#### *Support and maintenance*

Where the support and maintenance is sold for a fixed term and there is a continuing performance obligation, then the revenue is deferred and recognised over the term of the agreement on a straight-line basis.

Where fees for support and maintenance are bundled with the licence fee, they are unbundled using the Group's objective evidence of the fair value of the elements represented by the Group's customary pricing for each element in separate transactions.

#### *Professional services*

Revenue is recognised as the work is carried out and the Group has the contractual right to receive the consideration.

#### *Software development services*

Revenue is recognised upon stage of completion of the software project. The percentage of completion of the project is arrived at by a considered objective review as to the work that has been carried out, against that which is yet to be completed, to allow the project to be delivered to the customer. These reviews are carried out throughout the project.

### **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### **Deferred costs and deferred revenues**

To the extent that the cost and revenue recognition differs from the contractual billing terms, costs are included in deferred costs or accruals and revenue is included in accrued income or deferred income.

# 1Spatial plc

## Annual Report for the year ended 31 January 2018

### Strategic, integration and other irregular items

The Group has certain strategic, integration and other irregular items, e.g. acquisition costs, compromise agreements and redundancy payments. Management has disclosed these separately to enable a greater understanding of the underlying results of the trading business so that the underlying run rate of the businesses can be established and compared on a like-for-like basis each year.

The policy of the Group is to separately disclose the following:

- Strategic costs, e.g. costs of due diligence on acquisitions which cannot be capitalised under IFRS.3 (revised) and costs of other strategic items such as aborted due diligence costs.
- Integration costs, such as bonuses, duplicated costs, or redundancy and compromise payment costs.
- Irregular items that will affect the underlying profitability of the business.

Adjusted EBITDA is the profit prior to the charge of share options, depreciation, amortisation and strategic, integration and other irregular items.

### Current and deferred income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from loss as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Tax relief is available for certain qualifying research and development ("R&D") expenditure incurred by group companies. During the year, the Group elected to claim R&D relief under the Finance Act 2013 Schedule 14 R&D Expenditure Credit ("RDEC") scheme on qualifying expenditure incurred from 1 April 2013. The irrevocable election provides an 11% R&D expenditure credit, which is included in the income statement and is subject to tax.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

A deferred tax liability is provided on intangible assets acquired as part of a business combination. This results in an increase in residual goodwill by the same amount. This liability has been recognised in accordance with IAS12. This liability is only payable if the intangible asset is sold separately and this is not expected to happen.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the financial year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the financial year, to recover or settle that carrying amount of its assets and liabilities.

**Intangible assets**

**(a) Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit and loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income and is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to the operating segment.

**(b) Other intangible assets**

Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Expenditure on internally developed intangible assets, excluding development costs, is taken to the statement of comprehensive income in the year in which it is incurred. Development expenditure is recognised as an intangible asset only if all of the following conditions are met: an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; it is technically feasible that the asset can be completed so that it will be available for use or sale and there are sufficient available resources to complete it; and the development costs can be measured reliably. The types of costs capitalised include employee costs and subcontractor costs directly associated with development activity.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the statement of comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated impairment losses. Internally generated intangible assets consist of development costs.

Amortisation is charged to profit or loss. Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, as follows:

- Brands – 5 to 15 years
- Customer and related contracts – 5 to 15 years
- Software and intellectual property – 3 to 10 years
- Development costs – 2 to 5 years
- Website costs – 3 years

**Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Leasehold property improvements	-	straight line over period of lease
Motor vehicles	-	33% per annum – straight line
Fixtures, fittings and equipment	-	20% to 33% per annum – straight line

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### **Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, 'Non-current assets held for sale and discontinued operations'.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in the associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36, 'Impairment of assets' are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

**Non-current assets or disposal groups classified as held for sale**

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

**Financial assets**

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

**(a) Trade and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the provision for impairment of trade receivables, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

**(b) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **Financial liabilities**

The Group classifies its financial liabilities as trade and other payables and borrowings according to the substance of the contractual arrangements entered into.

#### **(a) Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **(b) Borrowings**

All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost; any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

#### **(a) Restructurings**

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

#### **(b) Loss-making contracts**

Present obligations arising under loss-making contracts are recognised in full on identification of the contract being loss-making and measured as onerous contract provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share options or share warrants are shown in equity as a deduction, net of tax, from the proceeds.

**Employee benefits**

**(a) Pensions**

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, dependent on factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period (there are no plan assets). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability. Past-service costs are recognised immediately in the income statement.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) 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 (options) of the Group. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

**(c) Other**

Wages, salaries and social contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

**Leases**

Assets held under leases that result in group companies receiving substantially all the risks and rewards of ownership are classified as finance leases and capitalised as property, plant and equipment at the lower of cost and the estimated present value of the underlying lease payments. Rentals under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### 3. Financial instruments

#### Financial assets and financial liabilities

The Group holds the following financial instruments:

	At 31 January 2018 £'000	At 31 January 2017 £'000
<b>Financial assets (loans &amp; receivables)</b>		
Trade and other receivables *	4,982	8,112
Cash and cash equivalents	1,319	1,285
	<b>6,301</b>	<b>9,397</b>
<b>Financial liabilities (amortised cost)</b>		
Bank borrowings	1,051	681
Trade and other payables **	2,620	3,644
Obligations under finance leases	-	64
	<b>3,671</b>	<b>4,389</b>

\* excluding prepayments and VAT

\*\* excluding deferred income as there is no obligation to pay cash. This also excludes statutory liabilities such as other taxation and social security.

#### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the finance team under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, foreign exchange risk and use of derivative financial instruments and non-derivative financial instruments.

3. Financial instruments (continued)

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

During the year, the Group had operating subsidiaries in Australia, the United States, Belgium, France and Ireland, whose revenues and expenses are denominated in Australian dollars, US dollars or euros.

The sterling statement of financial position is exposed to potential foreign currency losses on translation of the net assets of these subsidiaries. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows (CU being Currency Unit):

	Net assets			
	At 31 January 2018 £'000	At 31 January 2017 £'000	At 31 January 2018 CU'000	At 31 January 2017 CU'000
Euros	1,283	2,310	1,463	2,693
Australian dollars	(53)	130	(93)	215
US dollars	353	534	501	668
New Zealand dollars	-	2	-	4
Canadian dollars	13	20	23	32
Moroccan dirham	202	192	2,609	2,389
Tunisian dinar	30	14	102	39
Kuwaiti dinar	-	13	-	5
	<b>1,828</b>	<b>3,215</b>		

The following table details the Group's sensitivity to a 10% strengthening of the currency unit (CU) against sterling. The sensitivity adjusts their translation at the year end. 10% represents management's assessment of the reasonably possible movement in exchange rates.

	Australian dollar currency impact		Euro currency impact		US dollar currency impact	
	At 31 January 2018 £'000	At 31 January 2017 £'000	At 31 January 2018 £'000	At 31 January 2017 £'000	At 31 January 2018 £'000	At 31 January 2017 £'000
Loss	(8)	(11)	(109)	(16)	(57)	(5)
Net assets/(liabilities)	124	129	(383)	(1,010)	(286)	(272)

The Board does not consider it appropriate to borrow in Australian dollars, in euros or in US dollars in order to hedge against this translation risk as they consider any hedging benefits would be outweighed by the creation of an interest rate risk on the borrowings.

3. Financial instruments (continued)

Financial risk factors (continued)

(b) Cash flow and interest rate risk

The Group's exposure to risk for changes in interest rates relates primarily to its overdraft facility of £2.5m. No interest is charged on the total of debit balances equal to the total of credit balances on the agreed facility accounts, and 4% p.a. is charged over base rate on the remainder.

There is no interest on trade and other payables at 31 January 2018 (2017: nil).

*Sensitivity analysis*

The Group does not consider the cash flow and fair value interest rate risk to be significant. Should substantial debt be put in place in the future the Board will consider whether it would be appropriate to hedge the cash flow and interest rate risk. However, no such instrument has been taken out in the current or prior year. The Board will continue to keep this position under review.

	At 31 January 2018 £'000	At 31 January 2017 £'000
<b>Financial assets</b>		
Cash and cash equivalents	1,319	1,285
<b>Financial liabilities</b>		
Bank borrowings	(1,051)	(681)

	At 31 January 2018 £'000	At 31 January 2017 £'000	At 31 January 2018 CU'000	At 31 January 2017 CU'000
<b>Cash and cash equivalents</b>				
Sterling	-	122	-	122
Euros	1,043	824	1,188	960
Australian dollars	79	209	138	345
US dollars	89	15	126	19
Canadian dollars	-	6	-	9
Tunisian dinar	29	1	96	4
Moroccan dirham	79	108	1,024	1,352
	<b>1,319</b>	<b>1,285</b>		
<b>Bank borrowings</b>				
Sterling	(1,103)	(907)	(1,103)	(907)
Euros	48	83	56	98
US dollars	4	143	5	179
	<b>(1,051)</b>	<b>(681)</b>		

Cash and cash equivalents are placed upon deposit at the best market rates available (subject to the Group's credit risk policy below) should an excess above that required for working capital be held.

Other financial assets comprise trade receivables and other receivables as detailed in note 13.

3. Financial instruments (continued)

Financial risk factors (continued)

(c) Credit risk

Credit risk is managed by the trading entities. Credit risk arises from exposure to outstanding customer receivables. Credit checking is used; however, if there is no independent rating, management will assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The table below shows the ageing of customer receivables at the reporting date (shown net of provision of impairment). Refer to note 13 for further details.

	2018 £'000	2017 £'000
Current	1,961	3,808
Up to 3 months overdue	315	1,025
3 to 6 months overdue	35	12
6 to 12 months overdue	19	81
> 12 months overdue	44	-
	<b>2,374</b>	<b>4,926</b>

(d) Liquidity risk

Liquidity is managed so that sufficient funds are maintained to support the ongoing strategic and trading activities of the Group. Management monitors rolling forecasts of the Group's expected cash flow. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>At 31 January 2018</b>	<b>Less than one year £'000</b>	<b>Between one and two years £'000</b>
Bank borrowings	1,051	-
Obligations under finance leases	-	-
Trade and other payables*	2,620	-
	<b>3,671</b>	<b>-</b>

<b>At 31 January 2017</b>	<b>Less than one year £'000</b>	<b>Between one and two years £'000</b>
Bank borrowings	681	-
Obligations under finance leases	11	53
Trade and other payables*	3,644	-
	<b>4,336</b>	<b>53</b>

\*Excludes deferred income as it is not a financial liability as there is no obligation to pay cash. This also excludes statutory liabilities such as other taxation and social security.

**3. Financial instruments (continued)**

**Financial risk factors (continued)**

**(e) Capital risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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 Group may issue new shares or sell assets/businesses to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net funds/(debt) divided by total capital. Net funds are calculated as cash and cash equivalents less total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). Total capital is calculated as 'equity' as shown in the consolidated statement of financial position sheet plus net debt.

During the year ended 31 January 2018, the Group's strategy, which is unchanged from the previous year, was to maintain the gearing ratio below 50% and this has been maintained.

#### **4. Significant accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Defined benefit pension scheme*

The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, leaver assumptions and the discount rate on corporate bonds. Management estimates these factors in determining the pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 19 for the disclosures of the defined benefit pension scheme.

##### *Impairment of goodwill and reversal of impairment of other intangible assets*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. In addition, in the prior year, other intangible assets (as well as goodwill) were impaired in the 1Spatial France / Belgium CGU, following an impairment review. In the current year, part of the impairment recorded in respect of other intangible assets was reversed. The recoverable amounts of cash-generating units have been determined based on value in use. Management has also had to make significant estimates and judgements when putting together the budgets and projections and in determining an appropriate discount rate, which are used in the value in use calculations. These calculations require the use of estimates as further detailed in note 10.

##### *Capitalisation of development expenditure*

Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. In addition, judgements are made in relation to the impairment of capitalised expenditure based on the projected revenues and margins to be earned from the related products.

Other estimates and assumptions include:

- Revenue recognition
- Determining disposal groups held for sale and discontinued operations
- Acquisition accounting
- Provisions

These areas of estimates and assumptions are not considered significant, however do require management to exercise judgement. The above areas are considered to be non-significant on the basis that judgement and estimate methods used have not materially altered year on year and they have not materially affected the reported numbers. The assumptions used are also not considered to be materially uncertain. Estimates and judgements are made with reference to the Group's accounting policies and relevant financial reporting standards.

#### **5. Segmental information**

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The United Kingdom is the home country of the Group. For management purposes during the year, the Group was organised into the following operating divisions – Central costs, Geospatial (1Spatial Group including France and Belgium and 1Spatial Inc.) and Cloud (Enables IT and Storage Fusion, which are both included within discontinued operations, and Sitemap). These divisions are the basis on which the Group reports its segmental information. The Geospatial business represents the core 1Spatial business which has offices in the UK (Cambridge), Ireland, France, Belgium, Australia and the USA (Washington DC). The Cloud Services division represents the Enables IT business plus the two smaller businesses operated by the Group, of Storage Fusion and Sitemap. Enables IT and Storage Fusion have been treated as discontinued operations in these financial statements, within the Cloud segment. The Central costs mainly represent costs associated with 1Spatial plc including costs of the Board of Directors and other costs which are not specific to any of the other segments. Examples of cost include the Group accounting function and marketing. It also includes costs associated with being an AIM listed company and other statutory costs including audit fees.

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of strategic, integration and other one-off items from the operating segments.

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**5. Segmental information (continued)**

The segment information provided to the Board for the reportable segments for the year ended 31 January 2018 is as follows:

31 January 2018	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Revenue	-	16,938	-	16,938
Cost of sales	-	(7,994)	-	(7,994)
<b>Gross profit</b>	<b>-</b>	<b>8,944</b>	<b>-</b>	<b>8,944</b>
Total administrative expenses	(1,742)	(8,874)	(133)	(10,749)
Adjusted EBITDA	(1,601)	2,035	(31)	403
Less: depreciation	(15)	(215)	(1)	(231)
Less: amortisation and impairment of intangible assets	-	(1,274)	(200)	(1,474)
Add/Less: share-based payment charge	551	(13)	-	538
Less: strategic, integration and other irregular items	(677)	(463)	99	(1,041)
<b>Total operating (loss)/profit</b>	<b>(1,742)</b>	<b>70</b>	<b>(133)</b>	<b>(1,805)</b>
Finance income	-	36	-	36
Finance cost	(124)	(63)	-	(187)
<b>Net finance cost</b>	<b>(124)</b>	<b>(27)</b>	<b>-</b>	<b>(151)</b>
Share of net loss of associates accounted for using the equity method	-	-	-	-
<b>Loss before tax</b>	<b>(1,866)</b>	<b>43</b>	<b>(133)</b>	<b>(1,956)</b>
Tax	-	748	5	753
<b>(Loss)/profit for the year</b>	<b>(1,866)</b>	<b>791</b>	<b>(128)</b>	<b>(1,203)</b>
Loss for the year from discontinued operations	(166)	-	(1,089)	(1,255)
<b>(Loss)/profit for the year attributable to:</b>				
Equity holders of the parent	(2,032)	791	(1,217)	(2,458)
Non-controlling interest	-	-	-	-
	<b>(2,032)</b>	<b>791</b>	<b>(1,217)</b>	<b>(2,458)</b>
<b>(Loss)/profit for the year from:</b>				
- Continuing operations	(1,866)	791	(128)	(1,203)
- Discontinued operations	(166)	-	(1,089)	(1,255)
	<b>(2,032)</b>	<b>791</b>	<b>(1,217)</b>	<b>(2,458)</b>
31 January 2018	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Segment assets	69	17,632	1,253	18,954
Segment liabilities	(2,705)	(8,382)	(1,077)	(12,164)
<b>Segment net (liabilities)/assets</b>	<b>(2,636)</b>	<b>9,250</b>	<b>176</b>	<b>6,790</b>

The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Board in the year ended 31 January 2018 with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset. Liabilities are allocated based on the operations of the segment.

**5. Segmental information (continued)**

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31 January 2017	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Revenue	-	15,133	-	15,133
Cost of sales	-	(6,868)	-	(6,868)
<b>Gross profit</b>	<b>-</b>	<b>8,265</b>	<b>-</b>	<b>8,265</b>
Total administrative expenses	(5,157)	(18,758)	-	(23,915)
Adjusted EBITDA	(2,352)	1,478	-	(874)
Less: depreciation	(57)	(240)	-	(297)
Less: amortisation and impairment of intangible assets	-	(11,323)	-	(11,323)
Less: share-based payment charge	(550)	(16)	-	(566)
Less: strategic, integration and other irregular items	(2,198)	(392)	-	(2,590)
<b>Total operating loss</b>	<b>(5,157)</b>	<b>(10,493)</b>	<b>-</b>	<b>(15,650)</b>
Finance income	-	176	-	176
Finance cost	(116)	(85)	-	(201)
<b>Net finance (cost)/income</b>	<b>(116)</b>	<b>91</b>	<b>-</b>	<b>(25)</b>
Share of net loss of associates accounted for using the equity method	-	(39)	(227)	(266)
<b>Loss before tax</b>	<b>(5,273)</b>	<b>(10,441)</b>	<b>(227)</b>	<b>(15,941)</b>
Tax	-	1,081	-	1,081
<b>Loss for the year</b>	<b>(5,273)</b>	<b>(9,360)</b>	<b>(227)</b>	<b>(14,860)</b>
Loss for the year from discontinued operations	-	-	(3,442)	(3,442)
<b>(Loss)/profit for the year attributable to:</b>				
Equity holders of the parent	(5,273)	(9,481)	(3,669)	(18,423)
Non-controlling interest	-	121	-	121
	<b>(5,273)</b>	<b>(9,360)</b>	<b>(3,669)</b>	<b>(18,302)</b>
<b>Loss for the year from:</b>				
- Continuing operations	(5,273)	(9,360)	(227)	(14,860)
- Discontinued operations	-	-	(3,442)	(3,442)
	<b>(5,273)</b>	<b>(9,360)</b>	<b>(3,669)</b>	<b>(18,302)</b>

31 January 2017	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Segment assets	323	19,422	4,041	23,786
Segment liabilities	(2,304)	(8,966)	(3,294)	(14,564)
<b>Segment net assets</b>	<b>(1,981)</b>	<b>10,456</b>	<b>747</b>	<b>9,222</b>

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**5. Segmental information (continued)**

The following table provides an analysis of the Group's non-current assets located in all countries in which the entity holds assets.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom (being the Company's country of domicile)	6,132	8,965
Europe	2,235	1,498
United States	2,501	2,556
Rest of World	5	6
	<b>10,873</b>	<b>13,025</b>

No customer of the Group is considered to be a major customer where revenues exceed 10% of the Group's revenue.

The Group's operations are located in the United Kingdom, Europe (Ireland, France and Belgium) the United States and Australia. The following table provides an analysis of the Group's revenue by geographical destination.

	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
United Kingdom	5,004	5,441	10,445	4,359	7,498	11,857
Europe	7,302	-	7,302	6,480	2	6,482
United States	2,590	137	2,727	2,653	1,738	4,391
Rest of World	2,042	-	2,042	1,641	229	1,870
	<b>16,938</b>	<b>5,578</b>	<b>22,516</b>	<b>15,133</b>	<b>9,467</b>	<b>24,600</b>

The following table provides an analysis of the Group's revenue by country of domicile.

	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
United Kingdom	5,671	5,441	11,112	5,510	7,729	13,239
Europe	7,151	-	7,151	6,121	-	6,121
United States	2,556	137	2,693	2,262	1,738	4,000
Rest of World	1,560	-	1,560	1,240	-	1,240
	<b>16,938</b>	<b>5,578</b>	<b>22,516</b>	<b>15,133</b>	<b>9,467</b>	<b>24,600</b>

The following table provides an analysis of the Group's revenue by category.

	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>	<b>Continuing</b>	<b>Discontinued</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Licences	2,515	-	2,515	1,458	69	1,527
Services	7,178	1,281	8,459	6,571	2,296	8,867
Support and maintenance	7,228	1,377	8,605	7,104	2,889	9,993
Products	17	2,920	2,937	-	4,213	4,213
	<b>16,938</b>	<b>5,578</b>	<b>22,516</b>	<b>15,133</b>	<b>9,467</b>	<b>24,600</b>

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**6. (a) Operating loss**

	2018 Continuing £'000	2018 Discontinued £'000	2018 Total £'000	2017 Continuing £'000	2017 Discontinued £'000	2017 Total £'000
Operating loss is stated after charging:						
Wages and salaries	9,084	1,475	10,559	9,438	2,682	12,120
Social security costs	1,761	161	1,922	1,854	272	2,126
Other pension costs	430	49	479	550	76	626
Termination benefits	-	-	-	375	-	375
Share-based payment charge	(538)	-	(538)	566	-	566
<b>Staff costs including Executive Directors and compromise agreements</b>	<b>10,737</b>	<b>1,685</b>	<b>12,422</b>	<b>12,783</b>	<b>3,030</b>	<b>15,813</b>
Depreciation of property, plant and equipment - owned assets	231	145	376	297	327	624
Amortisation and impairment of intangible assets	1,474	1,202	2,676	11,324	2,238	13,562
Net foreign exchange (gains)/losses	97	4	101	(561)	(276)	(837)
Loss on disposal of tangible assets	9	-	9	25	-	25
Gain on bargain purchase	(100)	-	(100)	-	-	-
Operating lease payments	448	83	531	489	206	695
Research activities expensed	1,403	-	1,403	463	8	471
<b>Auditors' remuneration:</b>						
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	124	-	124	126	-	126
Fees payable to the Company's auditors and its associates for other services:						
– The audit of the Company's subsidiaries	5	-	5	13	-	13

6. (b) Average monthly number of personnel employed (including Executive Directors)

	2018 Continuing	2018 Discontinued	2018 Total	2017 Continuing	2017 Discontinued	2017 Total
Software developers	59	-	59	74	4	78
Consulting	49	-	49	52	3	55
Sales and marketing	24	7	31	26	12	38
Administration	24	8	32	24	10	34
Professional services	-	10	10	-	11	11
Support	11	11	22	13	17	30
Directors	3	-	3	3	-	3
	<b>170</b>	<b>36</b>	<b>206</b>	<b>192</b>	<b>57</b>	<b>249</b>

6. (c) Directors' emoluments

Details of individual Executive Directors' remuneration for the year are as follows:

	Emoluments £'000	Pension contributions £'000	Total 2018 £'000	Emoluments £'000	Pension contributions £'000	Total 2017 £'000
C Milverton (Note 1)	241	25	266	199	23	222
A Roberts	255	-	255	20	-	20
N Payne* (Note 1)	94	4	98	-	-	-
M Hanke**	452	-	452	650	13	663
M Sanderson***	-	-	-	190	1	191
	<b>1,042</b>	<b>29</b>	<b>1,071</b>	<b>1,059</b>	<b>37</b>	<b>1,096</b>

Note 1: Included within directors' emoluments above are non-contractual bonuses amounting to £90,000 (2017: £nil).

\* N Payne was appointed as Finance Director and made an Executive Director of the Board on 13 March 2017.

\*\* M Hanke resigned as an Executive Director of the Board on 30 December 2016.

\*\*\* M Sanderson resigned as an Executive Director of the Board on 31 January 2017.

No Directors as at 31 January 2018 and 2017 were accruing benefits under a money purchase or defined benefit pension scheme and no Directors exercised options in either 2018 or 2017.

The highest paid director in the current year was C Milverton (2017: M Hanke) and the amounts paid in each of the years to those directors are disclosed above. As M Hanke resigned as an Executive director on 30 December 2016, amounts paid in the current year represent those while not under directorship.

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**6. (c) Directors' emoluments (continued)**

Details of options for Directors who served during the year are as follows:

	1 February	Granted	Lapsed	31 January	Scheme		Exercise price
	2017*	Number	Number	2018	EMI share option	Executive unapproved share option	
	Number	Number	Number	Number	Number	Number	
C Milverton	2,429,150	-	-	2,429,150	2,429,150	-	4.94p
C Milverton	5,000,000	-	-	5,000,000	1,575,758	3,424,242	6p
C Milverton	6,000,000	-	(6,000,000)	-	-	-	1p
N Payne *	303,644	-	-	303,644	303,644	-	5.35p
	<b>13,732,794</b>	<b>-</b>	<b>(6,000,000)</b>	<b>7,732,794</b>	<b>4,308,552</b>	<b>3,424,242</b>	

\* The opening number of shares for N Payne is as at the date of her appointment, on 13 March 2017.

Details of the share option schemes in the table above are included in note 23. The share option charge in the year relating to Directors is £114,000 (2017: £453,000)

Details of individual Non-Executive Directors' fees for the year are as follows:

	2018	2017
	£'000	£'000
M Yeoman (resigned 11 January 2017)	-	33
D Richards (resigned 31 August 2016)	-	25
N Habgood	31	31
A Roberts (Executive Director from 1 January 2017 to 31 January 2018)	-	17
F Small (appointed 1 August 2017)	20	-
	<b>51</b>	<b>106</b>

There are no other personnel that meet the definition of key management personnel under IAS 24, other than the Directors.

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**7. Strategic, integration and other irregular items**

In accordance with the Group's policy for strategic, integration and other irregular items, the following charges were included in this category for the year:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Costs associated with corporate transactions and other strategic costs	101	228
Integration costs associated with Enables IT and 1Spatial Inc. business	-	121
System development costs	-	105
Restructuring and redundancy costs	946	832
Write-off of accrued revenue on settlement of a contractual dispute	138	-
Gain on bargain purchase	(100)	-
(Release of amount payable to)/provision for amount receivable from Sitemap Ltd	(44)	1,334
Other	-	(30)
<b>Total</b>	<b>1,041</b>	<b>2,590</b>

Corporate transactions and other strategic costs comprise broker costs, due diligence and other advisory fees. In addition, and in line with our stated strategy, the Company assessed other potential acquisitions during the year and used various advisers to assist with this process and the overall strategic direction of the Company.

Integration costs incurred in the prior year on the acquisition of Enables IT and 1Spatial Inc. include rebranding costs and other costs of aligning operating strategies and sales and marketing strategies.

Substantial cost was incurred over the current and prior year to restructure the Group and the Board of Directors and is included within restructuring and redundancy costs.

Write-off of accrued revenue comprises revenue which was accrued in prior years, but due to a contract dispute which arose towards the end of the current year, was not ultimately recoverable as part of the settlement agreement reached with the customer. Disputes of this nature, and particularly this magnitude, occur very infrequently.

The gain on bargain purchase arose on acquisition of the controlling interest in Sitemap Ltd.

In advance of the Group's purchase of the remaining 51% interest in Sitemap Ltd, the Group received a waiver of £44,000 in respect of an amount owed by the Group to Sitemap Ltd.

8. Finance income and costs

	2018 Continuing £'000	2018 Discontinued £'000	2018 Total £'000	2017 Continuing £'000	2017 Discontinued £'000	2017 Total £'000
<b>Finance income</b>						
Bank interest receivable	2	-	2	4	-	4
Foreign exchange gains on intercompany funding	34	-	34	172	-	172
	<b>36</b>	<b>-</b>	<b>36</b>	<b>176</b>	<b>-</b>	<b>176</b>
<b>Finance costs</b>						
Interest expense						
- Bank borrowings (including overdrafts)	(30)	-	(30)	(3)	(5)	(8)
- Hire purchase and finance leases	(10)	-	(10)	(13)	-	(13)
- Bank charges	(120)	(7)	(127)	(94)	(13)	(107)
- Interest cost on defined benefit pension obligation	(9)	-	(9)	(10)	-	(10)
Foreign exchange losses on intercompany funding	(18)	-	(18)	(81)	-	(81)
	<b>(187)</b>	<b>(7)</b>	<b>(194)</b>	<b>(201)</b>	<b>(18)</b>	<b>(219)</b>
<b>Net finance cost</b>	<b>(151)</b>	<b>(7)</b>	<b>(158)</b>	<b>(25)</b>	<b>(18)</b>	<b>(43)</b>

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**9. Income tax charge/(credit)**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax</i>		
UK corporation tax on income for year	-	-
Foreign tax	49	33
Adjustments in respect of prior years	(720)	(22)
<b>Total current tax</b>	<b>(671)</b>	<b>11</b>
<i>Deferred tax (note 20)</i>		
Origination and reversal in temporary differences	(111)	(1,053)
Effect of decreased tax rate on opening deferred tax position	29	(39)
<b>Total deferred tax</b>	<b>(82)</b>	<b>(1,092)</b>
<b>Total tax credit</b>	<b>(753)</b>	<b>(1,081)</b>

Factors affecting the tax credit for the year:

The tax credit for the year is higher (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	(1,956)	(15,941)
	<b>(1,956)</b>	<b>(15,941)</b>
Loss on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 19.16% (2017: 20%)	(375)	(3,188)
<b>Effect of:</b>		
Expenses not deductible for tax purposes	153	1,667
Income not taxable	(40)	-
Overseas tax rates higher than UK tax rates	(30)	(7)
Tax losses for which no deferred tax asset was recognised	202	485
Adjustments in respect of prior years	(720)	(22)
Impact of change in tax rate	57	(16)
<b>Total tax credit for year</b>	<b>(753)</b>	<b>(1,081)</b>

The adjustment in respect of prior years arose due to the group electing to receive an R&D tax credit in relation to the periods 31 January 2016 and 2017 in the form of cash during the year.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These changes included amongst other things, the reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020, so the relevant deferred tax balances have been re-measured at 17% for the current year end.

10. Intangible assets including goodwill

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Website costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 February 2017	16,409	232	3,660	4,195	12,632	30	40	37,198
Arising on acquisition	-	-	-	200	-	-	-	200
Additions	-	-	-	-	1,005	-	11	1,016
Reclassified as held for sale	(480)	-	(850)	-	-	-	-	(1,330)
Disposals	-	-	-	-	-	-	-	-
Effect of foreign exchange	79	-	37	25	100	-	-	241
<b>At 31 January 2018</b>	<b>16,008</b>	<b>232</b>	<b>2,847</b>	<b>4,420</b>	<b>13,737</b>	<b>30</b>	<b>51</b>	<b>37,325</b>
<b>Accumulated impairment and amortisation</b>								
At 1 February 2017	11,432	119	2,499	3,171	7,979	30	-	25,230
Reclassified as held for sale	-	-	(213)	-	-	-	-	(213)
Amortisation – continuing operations	-	23	179	246	1,139	-	2	1,589
Amortisation – discontinued operations	-	-	85	-	-	-	-	85
Impairment – continuing operations	-	-	-	183	186	-	-	369
Reversal of prior year impairment – continued operations	-	-	-	-	(484)	-	-	(484)
Effect of foreign exchange	79	-	32	25	73	-	-	209
<b>At 31 January 2018</b>	<b>11,511</b>	<b>142</b>	<b>2,582</b>	<b>3,625</b>	<b>8,893</b>	<b>30</b>	<b>2</b>	<b>26,785</b>
<b>Net book amount at 31 January 2018</b>	<b>4,497</b>	<b>90</b>	<b>265</b>	<b>795</b>	<b>4,844</b>	<b>-</b>	<b>49</b>	<b>10,540</b>

The impairments and reversal of prior year impairments recorded in the year for software and development costs arose on the review of the Group's expected future cash flows that would arise from the assets. A product return on investment assessment was also performed for assets within development costs to identify the current and future profitability of these assets.

In the case of software, the asset arising on acquisition was fully impaired. In the case of the impairment of development costs, a value in use calculation for the asset in question was performed using a pre-tax discount rate of 16% and forecast revenue and costs to complete. If revenues were 10% lower than the impairment charge would have been £37,000 larger.

In the prior year, certain development cost assets (as well as goodwill) were impaired in the 1Spatial France / Belgium CGU, following an impairment review. In the current year, part of the impairment recorded in respect of other intangible assets was reversed. The key assumptions used in the value in use calculation were the pre-tax discount rate applied (17%) and the forecast growth in sales. Growth is forecast at 10% for the years ending 31 January 2020 and the next three years and 2% thereafter.

The rates used in the above assumptions are consistent with management's knowledge of the industry and strategic plans going forward.

The terminal growth rate of 2% does not exceed the long-term growth rate for the business in which the CGU operates. Discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The forecasts are most sensitive to changes in revenue and overhead assumptions.

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**10. Intangible assets including goodwill (continued)**

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Website costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 February 2016	14,510	232	3,680	4,059	8,718	30	26	31,255
Arising on acquisition	2,310	-	250	-	-	-	-	2,560
Additions	-	-	-	11	3,527	-	14	3,552
Reclassified as held for sale	(469)	-	(458)	-	-	-	-	(927)
Disposals	(339)	-	-	-	-	-	-	(339)
Effect of foreign exchange	397	-	188	125	387	-	-	1,097
<b>At 31 January 2017</b>	<b>16,409</b>	<b>232</b>	<b>3,660</b>	<b>4,195</b>	<b>12,632</b>	<b>30</b>	<b>40</b>	<b>37,198</b>
<b>Accumulated impairment and amortisation</b>								
At 1 February 2016	6,355	96	859	2,370	2,645	30	-	12,355
Reclassified as held for sale	-	-	(69)	-	-	-	-	(69)
Amortisation – continuing operations	-	23	281	436	1,212	-	-	1,952
Amortisation – discontinued operations	-	-	131	-	307	-	-	438
Impairment – continuing operations	5,077	-	1,214	281	2,799	-	-	9,371
Impairment – discontinued operations	-	-	-	-	874	-	-	874
Effect of foreign exchange	-	-	83	84	142	-	-	309
<b>At 31 January 2017</b>	<b>11,432</b>	<b>119</b>	<b>2,499</b>	<b>3,171</b>	<b>7,979</b>	<b>30</b>	<b>-</b>	<b>25,230</b>
<b>Net book amount at 31 January 2017</b>	<b>4,977</b>	<b>113</b>	<b>1,161</b>	<b>1,024</b>	<b>4,653</b>	<b>-</b>	<b>40</b>	<b>11,968</b>

The net book amount of development costs includes £4,844,000 (2017: £4,653,000) internally generated capitalised software development costs that meet the definition of an intangible asset. The amortisation charge of £1,674,000 (2017: £2,390,000) is included in the administrative expenses in the statement of comprehensive income.

10. Intangible assets including goodwill (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs). The basis of the allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Although the 1Spatial and the 1Spatial France/Belgium CGUs are both in the Geospatial segment, they use different technologies and generate largely independent cash flows. A summary of the goodwill allocation is presented below.

	2018				2017			
	Enables IT £'000	1Spatial £'000	1Spatial France / Belgium £'000	Total £'000	Avisen & Enables IT £'000	1Spatial £'000	1Spatial France / Belgium £'000	Total £'000
Goodwill Opening carrying value	480	4,493	4	4,977	1,073	3,960	3,122	8,155
Arising on acquisition	-	-	-	-	-	2,310	-	2,310
Reclassified as held for sale	(480)	-	-	(480)	(254)	(215)	-	(469)
Disposal	-	-	-	-	(339)	-	-	(339)
Impairment	-	-	-	-	-	(1,562)	(3,515)	(5,077)
Foreign exchange	-	-	-	-	-	-	397	397
<b>Closing carrying value</b>	<b>-</b>	<b>4,493</b>	<b>4</b>	<b>4,497</b>	<b>480</b>	<b>4,493</b>	<b>4</b>	<b>4,977</b>

Subsequent to Enables IT being classified as held-for-sale, goodwill relating to Enables IT has been impaired to £nil and the impairment charge amounting to £480,000 has been included within profit/loss from discontinued operations for the year.

*Basis for calculation of recoverable amount*

The Group has prepared, and formally approved, a five-year plan for each CGU. The detailed plan put together by the management team and the Board makes judgements and assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historic success of winning new work and has been prepared in accordance with IAS 36, 'Impairment of Assets'.

The key assumptions used in the value in use calculations were the pre-tax discount rates applied (16%) for all CGUs and the growth assumptions for each CGU. 1Spatial (excluding France and Belgium) has forecast growth in sales and corresponding costs for the year ending 31 January 2019 of (18% and 6% respectively). Growth is forecast at 10% for the following three years, 5% in year four and 2% thereafter.

The rates used in the above assumptions are consistent with management's knowledge of the industry and strategic plans going forward. The assumptions noted above have been given in terms of revenue and overhead percentage growth. For 2019 and subsequent years, the assumption has been provided in terms of growth on the prior year EBIT. The terminal growth rate of 2% for 1Spatial does not exceed the long-term growth rate for the business in which the CGUs operate. Discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The forecasts are most sensitive to changes in revenue and overhead assumptions (taken together as the EBIT).

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**11. Property, plant and equipment**

	Leasehold property improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 February 2017	614	252	1,282	2,148
Additions	-	-	96	96
Disposals	-	(240)	-	(240)
Arising on acquisition of Sitemap	-	-	8	8
Reclassified as held for sale	(262)	-	(408)	(670)
Exchange adjustment	10	-	(8)	2
<b>At 31 January 2018</b>	<b>362</b>	<b>12</b>	<b>970</b>	<b>1,344</b>
<b>Accumulated depreciation</b>				
At 1 February 2017	190	87	814	1,091
Charge for the year – continuing operations	32	16	183	231
Charge for the year – discontinued operations	35	-	110	145
Disposals	-	(91)	-	(91)
Arising on acquisition of Sitemap	-	-	6	6
Reclassified as held for sale	(89)	-	(279)	(368)
Exchange adjustment	3	-	(6)	(3)
<b>At 31 January 2018</b>	<b>171</b>	<b>12</b>	<b>828</b>	<b>1,011</b>
<b>Net book amount at 31 January 2018</b>	<b>191</b>	<b>-</b>	<b>142</b>	<b>333</b>
<b>Cost</b>				
At 1 February 2016	804	294	1,500	2,598
Additions	5	92	541	638
Disposals	-	(150)	(168)	(318)
Arising on acquisition of 1Spatial Inc.	-	13	23	36
Reclassified as held for sale	(229)	-	(648)	(877)
Exchange adjustment	34	3	34	71
<b>At 31 January 2017</b>	<b>614</b>	<b>252</b>	<b>1,282</b>	<b>2,148</b>
<b>Accumulated depreciation</b>				
At 1 February 2016	169	69	722	960
Charge for the year – continuing operations	33	60	204	297
Charge for the year – discontinued operations	97	-	230	327
Disposals	-	(43)	(158)	(201)
Reclassified as held for sale	(98)	-	(158)	(256)
Exchange adjustment	(11)	1	(26)	(36)
<b>At 31 January 2017</b>	<b>190</b>	<b>87</b>	<b>814</b>	<b>1,091</b>
<b>Net book amount at 31 January 2017</b>	<b>424</b>	<b>165</b>	<b>468</b>	<b>1,057</b>

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**11. Property, plant and equipment (continued)**

Depreciation expense on continuing operations of £231,000 (2017: £297,000) has been charged in administrative expenses and depreciation expense on discontinued operations of £145,000 (2017: £327,000) has been charged to the loss for the year on discontinued operations. Motor vehicles includes a net book amount of £nil (2017: £79,000) where the Group is a lessee under a finance lease.

**12. Interests in associates**

Investments in associates are stated at cost less provision for any impairment.

Associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 2.

	2018 £'000	2017 £'000
Carrying value recognised in the statement of financial position at 31 January	-	-
Share of net loss recognised in the statement of comprehensive income:	-	266

Details of the associate at 31 January 2018 are as follows:

Name	Principal activity	Place of incorporation (or registration) and operation	Proportion of ownership interest		Proportion of voting power held	
			31 January 2018	31 January 2017	31 January 2018	31 January 2017
Sitemap Ltd (Note 1)	Location-based software	United Kingdom	100%	49%	100%	49%
1Spatial Inc. (Note 2)	Location-based software	United States	100%	73%	100%	73%

Note 1: A 49 per cent. share of Sitemap Ltd was first acquired on 30 January 2015. On 11 April 2017, the Group acquired the remaining 51 per cent. of Sitemap Ltd that it did not already own for a consideration payable in shares, taking the Group's total holding in Sitemap Ltd to 100 per cent.

Sitemap Ltd became a subsidiary from 11 April 2017 and was included as part of consolidated results from that date.

Note 2: 1Spatial Inc. – 47 per cent. of 1Spatial Inc. was first acquired on 3 February 2015 by 1Spatial Holdings Limited (a wholly-owned subsidiary of 1Spatial plc). On 29 February 2016, the Group acquired a further 26 per cent. shareholding in 1Spatial Inc., taking the total shareholding up to 73 per cent. On 11 April 2017, the Group exercised its call option to acquire a further 27 per cent. of 1Spatial Inc., payable in shares, taking the Group's total holding in 1Spatial Inc. to 100 per cent.

1Spatial Inc. became a subsidiary from 29 February 2016 and was included as part of consolidated results from that date.

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**12. Interests in associates (continued)**

**Summarised financial information for associates**

The financial information reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts).

*Summarised statement of financial position*

<b>Sitemap Ltd</b>		
<b>As at</b>		
	<b>11 April 2017</b>	<b>31 January 2017</b>
	<b>£'000</b>	<b>£'000</b>
	(Note 3)	
Current assets	146	54
Non-current assets	202	1,055
Current liabilities	(1,311)	(1,395)
Non-current liabilities	(34)	-
<b>Net liabilities</b>	<b>(997)</b>	<b>(286)</b>

*Summarised statement of comprehensive income*

<b>Sitemap Ltd</b>		
<b>For the period ended</b>		
	<b>11 April 2017</b>	<b>31 January 2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	-	-
<b>Gross profit</b>	-	<b>(120)</b>
Administrative expenses	(876)	(274)
<b>Adjusted EBITDA</b>	<b>(1)</b>	<b>(124)</b>
Less: depreciation	(1)	(4)
Less: amortisation and impairment of intangible assets	(874)	(111)
Less: strategic, integration and other one-off items	-	(155)
Operating loss	(876)	(394)
Net finance cost	-	-
<b>Pre-tax loss from continuing operations</b>	<b>(876)</b>	<b>(394)</b>
Taxation	165	-
<b>Post-tax profit/(loss) from continuing operations</b>	<b>(711)</b>	<b>(394)</b>

There are no items in other comprehensive income or expense.

Note 3: The investment in Sitemap Ltd was made on 30 January 2015. It became a subsidiary in April 2017 when the Group purchased a further 51% of the share capital of Sitemap Ltd. The summarised statement of financial position relating to Sitemap Ltd above is as at the date before it ceased to be an associate, and the summarised statement of comprehensive income relating to Sitemap Ltd above is for the period that it was an associate.

13. Trade and other receivables

	2018 £'000	2017 £'000
<b>Current</b>		
Trade receivables	2,412	5,552
Less: provision for impairment of trade receivables	(38)	(626)
	<b>2,374</b>	<b>4,926</b>
Other taxes and social security	38	144
Other receivables	1,351	1,278
Prepayments and accrued income	1,747	2,581
	<b>5,510</b>	<b>8,929</b>

The fair value of the Group's trade receivables and other receivables is the same as its book value stated above. No interest is charged on overdue receivables.

At 31 January 2018, trade receivables of £1,961,000 (2017: £3,808,000) were fully performing. The Group has provided fully for all receivables which are not considered recoverable. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

At 31 January 2018, trade receivables of £413,000 (2017: £1,118,000) were past due but not impaired. The ageing analysis of these customers is set out below. There has been no change in the credit quality of these balances; they relate to customers where there is no history of default and are still considered fully recoverable.

	2018 £'000	2017 £'000
Up to 3 months overdue	315	1,025
3 to 6 months overdue	35	12
6 to 12 months overdue	19	81
> 12 months overdue	44	-
	<b>413</b>	<b>1,118</b>

As of 31 January 2018, trade receivables of £38,000 were impaired (2017: £626,000) and provided for.

The ageing of these receivables is as follows:

	2018 £'000	2017 £'000
Up to 3 months overdue	-	114
3 to 6 months overdue	-	33
6 to 12 months overdue	-	352
> 12 months	38	127
	<b>38</b>	<b>626</b>

Movements on the Group provision for impairment of trade receivables are as follows:

	2018 £'000	2017 £'000
At 1 February	626	45
Creation of provision	6	581
Utilisation of provision	(594)	-
<b>At 31 January</b>	<b>38</b>	<b>626</b>

The creation of the provision for impaired receivables has been included in administrative expenses in the statement of comprehensive income.

**13. Trade and other receivables (continued)**

The other classes within trade and other receivables do not contain impaired assets and the Group expects to recover these in full. There are no financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable noted above and accrued income amounting to £1.257m. The Group does not hold any collateral as security.

**14. Cash and cash equivalents**

	2018 £'000	2017 £'000
Cash at bank and in hand	1,319	1,285
	<b>1,319</b>	<b>1,285</b>

The fair value of the Group's cash and cash equivalents is the same as its book value stated above.

**15. Assets classified as held for sale and discontinued operations**

**Asset classified as held for sale**

The assets and liabilities related to Enables IT Group Limited and Enables IT Limited have been presented as held for sale following the decision by the Board to seek buyers for the business during the year. The Board approved the disposal with the completion date for the transaction being after the year-end, on 15 March 2018. In accordance with IFRS 5, the assets and liabilities held for sale were written down to their fair value less costs to sell of £1 (at present value).

Assets of disposal group classified as held for sale:

	2018 £'000
Property, plant and equipment	302
Goodwill	480
Intangible assets	637
Other non-current assets	125
Impairment to fair value less costs to sell	(1,220)
Other current assets (including £226,000 cash and cash equivalents)	707
<b>Total</b>	<b>1,031</b>

Liabilities of disposal group classified as held for sale:

	2018 £'000
Trade and other payables	270
Other current liabilities	657
Other long-term liabilities	93
Provisions	11
<b>Total</b>	<b>1,031</b>

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**15. Assets classified as held for sale and discontinued operations (continued)**

**Discontinued operations**

**Enables IT Group Limited**

Enables IT Group Limited, and its wholly owned subsidiary Enables IT Limited, was sold on 15 March 2018 to the management of the company. Its results were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	5,442	6,932
Expenses	(5,258)	(6,739)
Profit before tax of discontinued operations	184	193
Tax	16	(93)
<b>Profit after tax of discontinued operations</b>	<b>200</b>	<b>100</b>
Pre-tax result recognised on re-measurement of assets of disposal group	(1,220)	-
Tax	-	-
After tax result recognised on the re-measurement of assets of disposal group	<b>(1,220)</b>	-
<b>(Loss)/profit for the year from discontinued operations</b>	<b>(1,020)</b>	<b>100</b>

Included within 1Spatial plc are expenses attributable to the discontinued operations of Enables IT amounting to £166,000.

**Enables IT Inc.**

Enables IT Inc. was sold during the year, on 3 March 2017, to the management of the company for deferred cash consideration of £100,000 due in March 2019. Its results were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	137	1,738
Expenses	(395)	(1,813)
Loss before tax of discontinued operations	(258)	(75)
Tax	-	8
<b>Loss after tax of discontinued operations</b>	<b>(258)</b>	<b>(67)</b>
Pre-tax result recognised on re-measurement of asset of disposal group	9	(1,172)
Tax	-	-
After tax result recognised on the re-measurement of assets of disposal group	<b>9</b>	<b>(1,172)</b>
<b>Loss for the year from discontinued operations</b>	<b>(249)</b>	<b>(1,239)</b>

**15. Assets classified as held for sale and discontinued operations (continued)**

**Discontinued operations (continued)**

**Storage Fusion**

Storage Fusion Limited's trade was discontinued in December 2016. Its results were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	-	69
Expenses	(15)	(1,203)
Loss before tax of discontinued operations	(15)	(1,134)
Tax	195	157
<b>Profit/(loss) after tax of discontinued operations</b>	<b>180</b>	<b>(977)</b>
Pre-tax result recognised on re-measurement of assets of disposal group	-	(157)
Tax	-	-
<b>After tax result recognised on the re-measurement of assets of disposal group</b>	<b>-</b>	<b>(157)</b>
<b>Profit/(loss) for the year from discontinued operations</b>	<b>180</b>	<b>(1,134)</b>

Avisen UK Limited was sold on the 2 December 2016. The loss for the year from the discontinued operation is £nil (2017: £1.169m - loss).

**16. Trade and other payables**

<b>Current</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	1,437	1,824
Other taxation and social security	2,055	2,350
Other payables	552	566
Accrued liabilities	631	1,254
Deferred income	4,328	6,078
	<b>9,003</b>	<b>12,072</b>

The Directors consider that the book value of trade payables, taxation, other payables, accrued liabilities and deferred income approximates to their fair value at the reporting date.

17. Obligations under finance leases

	Minimum lease payments	
	2018 £'000	2017 £'000
<b>Amounts payable under finance leases:</b>		
Within one year	-	11
In the second to fifth years inclusive	-	62
	-	73
Less future finance charges	-	(9)
<b>Present value of lease obligations</b>	-	<b>64</b>

	Present value of minimum lease payments	
	2018 £'000	2017 £'000
<b>Amounts payable under finance leases:</b>		
Within one year	-	11
In the second to fifth years inclusive	-	53
<b>Present value of lease obligations</b>	-	<b>64</b>

	2018	2017
	£'000	£'000
<b>Analysed as:</b>		
Amounts due for settlement within 12 months (shown under current liabilities)	-	11
Amounts due for settlement after 12 months (shown under non-current liabilities)	-	53
	-	<b>64</b>

Amounts payable under finance lease were settled in the current year upon disposal of assets.

18. Provisions

	Provision for long-term contracts £'000	Restructuring provision £'000	Total £'000
At 1 February 2017	119	123	242
Additional provision in the year	-	105	105
Amounts utilised during the year	(108)	(80)	(188)
Transferred to liabilities of discontinued operations held for sale	(11)	-	(11)
Exchange difference	-	-	-
<b>At 31 January 2018</b>	-	<b>148</b>	<b>148</b>
<b>Current</b>	-	<b>148</b>	<b>148</b>
<b>Non-current</b>	-	-	-

**Provision for long-term contracts**

The Group provides for obligations arising under loss-making contracts on identification of the contract being loss-making.

**Restructuring provision**

The restructuring provision represents the cost of employee terminations in the year and has been classified as a provision as there is uncertainty over the timing and amount of settlement of the future obligation.

**19. Pension obligations**

**Defined benefit pension**

1Spatial France SAS, operates a defined benefit pension scheme. The French pension system is operated on a "pay as you go" basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from the defined contribution schemes ARRCO and AGIRC (AGIRC being solely for management). The lump sum retirement allowance must by law be paid by the employer when an employee retires. The allowances to be paid to 1Spatial France's employees are defined by the Collective Bargaining Agreement of the R&D, IT and consulting firms ("Syntec").

The lump sum allowances to be paid on retirement are calculated as follows:

- For service up to 5 years: nil
- For service beyond 5 years: 1 month's basic salary plus 1/5 of a month's basic salary per year of service beyond 5 years

All permanent employees are covered by this scheme. The normal retirement age in France is 62 (62 in 2017). Benefit rights do not vest before the normal retirement age.

The scheme is not externally funded through an insurance contract.

The risks of the scheme are as follows:

(a) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

(b) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(c) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the company pension scheme, using the projected unit basis, was carried out at 31 January 2018 and 31 January 2017 by independent consulting actuaries. The valuations at those dates are based on the following assumptions:

	2018	2017
Expected rate of salary increases	2.00%	2.00%
Discount rate	1.50%	1.50%
Rate of inflation	2.00%	2.00%
Retirement age – management	65	65
Retirement age – others	63	63

Annual staff turnover rates in both years are as follows:

	2018	2017
16 – 24 years	20%	20%
25 – 29 years	15%	15%
30 – 34 years	10%	10%
35 – 39 years	7%	7%
40 – 44 years	5%	5%
45 – 49 years	2%	2%
50 years and above	0%	0%

The turnover rates used are based on statistics over the last few years. These rates project 1.48 (2017: 1.55) resignations over the next 12 months.

**19. Pension obligations (continued)**

**Defined benefit pension (continued)**

Reconciliation of scheme liabilities:

	2018 £'000	2017 £'000
At 1 February	(614)	(457)
Current service cost	5	(32)
Interest expense	(9)	(10)
Re-measurement losses	(3)	(54)
Exchange difference	(14)	(61)
<b>At 31 January</b>	<b>(635)</b>	<b>(614)</b>

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

2018	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 2.9%	Increase of 2.9%

2017	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 3.0%	Increase of 3.1%

Total cost recognised as an expense:

	2018 £'000	2017 £'000
Current service cost – within administrative expenses	5	(32)
Interest cost – within finance costs	(9)	(10)
	<b>(4)</b>	<b>(42)</b>

The cumulative amount recognised in other comprehensive income is:

	2018 £'000	2017 £'000
Re-measurements	(3)	(54)
Deferred tax on re-measurements	1	18
	<b>(2)</b>	<b>(36)</b>

**Defined contribution pension**

The Group operates several defined contribution plans, which receive fixed contributions from group companies. The group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was £474,000 (2017: £626,000).

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**20. Deferred tax**

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current year and prior reporting years.

	Property, plant and equipment £'000	Tax losses £'000	Accelerated tax depreciation £'000	Intangibles £'000	Other temporary differences £'000	Total £'000
<b>At 1 February 2016</b>	<b>46</b>	<b>(1,124)</b>	<b>29</b>	<b>2,338</b>	<b>(167)</b>	<b>1,122</b>
Acquired in the year (under business combination)	-	-	-	100	-	100
Deferred tax charge/(credit) for year in profit or loss – continuing operations	(11)	532	(20)	(1,760)	167	(1,092)
Deferred tax charge for year in profit or loss – discontinuing operations	-	-	-	93	-	93
Deferred tax charge/(credit) for year in other comprehensive income	-	-	-	48	-	48
Disposals in the year	-	221	5	(76)	-	150
<b>At 1 February 2017</b>	<b>35</b>	<b>(371)</b>	<b>14</b>	<b>743</b>	<b>-</b>	<b>421</b>
Acquired in the year (under business combination)	-	-	-	34	-	34
Deferred tax charge/(credit) for year in profit or loss – continuing operations	-	(55)	16	(43)	-	(82)
Deferred tax credit for year in profit or loss – discontinuing operations	(35)	-	-	(14)	-	(49)
Disposals in the year	-	-	-	(60)	-	(60)
<b>At 31 January 2018</b>	<b>-</b>	<b>(426)</b>	<b>30</b>	<b>660</b>	<b>-</b>	<b>264</b>

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise deferred tax assets of £2,598,000 (2017: £3,893,000) in respect to losses amounting to £15,207,000 (2017: £14,214,000) that can be carried forward against future taxable income, on the grounds that their utilisation is not probable.

The deferred tax balance is analysed as follows:

	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000
Recoverable within 12 months	(126)	-	(126)
Recoverable after 12 months	(300)	-	(300)
Settled within 12 months	-	204	204
Settled after 12 months	-	486	486
	<b>(426)</b>	<b>690</b>	<b>264</b>

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**21. Share capital, share premium account and own shares held**

<b>Allotted and fully paid</b>	<b>2018 Number</b>	<b>2017 Number</b>
Ordinary shares of 1p each	763,652,144	738,135,558
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank *pari passu*, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

Deferred shares

The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £1,000,000 in respect of each ordinary share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2016	942,199,186	16,223	22,264	(306)
Exercise of share options	-	-	11	3
Issue of shares	22,636,250	226	679	-
Share issue costs	-	-	(23)	-
<b>At 31 January 2017</b>	<b>964,835,436</b>	<b>16,449</b>	<b>22,931</b>	<b>(303)</b>
Issue of shares	25,516,586	256	-	-
<b>At 31 January 2018</b>	<b>990,352,022</b>	<b>16,705</b>	<b>22,931</b>	<b>(303)</b>

On 11 April 2017, the Group acquired the remaining 27% of 1Spatial Inc. for £739,000 payable in ordinary shares in accordance with the terms set out in the share purchase agreement. 19,991,724 shares were issued for the remaining interest.

On 11 April 2017, the Group acquired the 51% of Sitemap Ltd that it did not already own for £200,000 in ordinary shares. 5,524,862 shares were issued for the remaining interest.

For details of the Group's share option scheme, refer to note 23.

Own shares

As a result of the disposal of Avisen (Pty) SA Limited on 14 July 2010, 3,500,000 shares with a nominal value of 5p each were purchased and held in treasury. The consideration paid was £306,000. On 28 November 2011, the Company subdivided its existing share capital of 5p shares into 1p ordinary shares and 4p deferred shares. At 31 January 2018 the group had 3,500,000 ordinary shares at 1p and 3,500,000 deferred shares of 4p.

## **22. Other reserves**

### **Equity-settled employee benefits reserve**

The equity-settled employee benefits reserve arises from the requirement to reflect the fair value of share options in existence at the reporting date. The equity-settled employee benefits reserve includes the fair value adjustment in respect of warrants issued in previous years. For further detail on share options and warrants see note 23 and 24 respectively.

### **Merger reserve**

The merger reserve arises on the difference between the nominal value of shares issued and the premium payable to acquire shares in another company.

### **Reverse acquisition reserve**

The reverse acquisition reserve is created in accordance with IFRS 3, 'Business combinations'. The reverse acquisition reserve arose during the year ended 31 January 2010 due to the elimination of certain costs in respect of the legal parent (1Spatial plc formerly Avisen Plc and Z Group Plc) and the legal subsidiary (Avisen Group Limited). Since the shareholders of Avisen Group Limited became the majority shareholders of the enlarged Group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's cost is deemed to have been incurred by the legal subsidiary.

### **Currency translation reserve**

The currency translation reserve arises on the translation of foreign entity balances where the functional currency is different from the presentation currency.

### **Purchase of non-controlling interest reserve**

The purchase of non-controlling interest reserve arises on purchase of further shares in a subsidiary of the group already under the control of the parent company, with the effect of increasing the percentage under control and reducing the percentage owned by the non-controlling interest.

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**23. Share-based payments**

The total credit for the year relating to share-based payment plans was £538,000 (2017: charge of £566,000).

The EMI share option plan and Executive unapproved share option plan was introduced in 2010. Under the schemes, the Board of Directors of 1Spatial Plc can grant options over the shares of the Company to Directors and employees. Options are typically granted at a fixed price equal to the market price of the shares under option at the date of grant, although some options granted around the time of the reverse acquisition of Avisen were at a discount to the market price. The contractual life of the option was 10 years. Awards under the scheme are reserved for employees who are deemed to be critical to the future success of the Company. The vesting period of the options typically is three to four years. Exercise of an option is subject to continuing employment. The differences between the two schemes are relatively minor, the main difference residing in the definition of an eligible employee. Under the EMI scheme, an employee must be a full-time employee and a UK resident, whereas part-time and non-resident employees can become members of the unapproved option scheme. Options under both schemes were valued using the Black-Scholes option pricing model.

The expected volatility was based on the historic volatility for the last six months of the period prior to the grant date. The expected volatility of options granted was derived by taking an average of historic share price volatility over those months.

A reconciliation of options over the year to 31 January 2018 is shown below:

	2018		2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding brought forward	71,365,230	4.0p	74,164,980	4.0p
Lapsed during the year	(6,500,000)	1.0p	-	-
Exercised during the year	-	-	(303,644)	4.94p
Forfeited during the year	(37,305,003)	4.12p	(2,496,106)	3.17p
<b>Outstanding carried forward</b>	<b>27,560,227</b>	<b>5.5p</b>	<b>71,365,230</b>	<b>4.0p</b>
<b>Exercisable as at 31 January</b>	<b>27,389,667</b>	<b>5.5p</b>	<b>40,455,838</b>	<b>5.5p</b>

The weighted average remaining contractual life of share options outstanding at the end of the year was 5.6 years (2017: 4.8 years). The exercise prices of the outstanding options range between 4.94p and 12.5p.

**24. Share warrants**

A reconciliation of warrants over the year to 31 January 2018 is shown below:

	Number	Weighted average exercise price
Outstanding brought forward and carried forward	5,054,762	6.00p

The share warrants expire on 13 June 2018.

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**25. Business combinations**

**2018**

On 11 April 2017 the Company acquired the 51% of Sitemap Ltd that it did not already own for £200,000 in shares. The Company's investment in Sitemap to date has funded the development of a solution which locates and visualises sites which best fit commercial and residential property developer needs.

	<b>£'000</b>
Value of consideration – issue of equity instruments	200
<b>Total purchase consideration</b>	<b>200</b>

Fair values of assets and liabilities at the date of acquisition:	<b>£'000</b>
Intangible assets:	
– Developed software	200
Property, plant and equipment	2
Cash and cash equivalents	15
Trade and other receivables	6
Trade and other payables	(14)
Tax asset	125
Deferred tax liabilities	(34)
<b>Total identifiable net assets</b>	<b>300</b>

Gain on bargain purchase	(100)
<b>Total consideration</b>	<b>200</b>

Satisfied by:	
- Equity instruments (5,524,862 ordinary shares of 1Spatial plc)	200
<b>Total consideration transferred</b>	<b>200</b>

Net cash inflow arising on acquisition	
Cash and cash equivalents acquired	15
	<b>15</b>

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**25. Business combinations (continued)**

**2017**

On 3 February 2015 the Group entered into a share purchase agreement to acquire 47% of US distributor 1Spatial Inc. (previously Laser Scan Inc.), the US-based provider of spatial data solutions for cash consideration of US\$2.25m (£1.5m).

On 29 February 2016, the Group exercised its call option to acquire a further 26% shareholding in 1Spatial Inc. for US\$1.3m (£0.9m), payable in cash, taking the Group's total holding in 1Spatial Inc. to 73%. 1Spatial Inc. is the sole distributor of 1Spatial geospatial products and solutions across the Americas, which includes significant contracts with the US Census Bureau. The acquisition strengthens 1Spatial's position within the US market, which is a significant opportunity for the Group and will be a key area of focus for the next financial year.

As part of the agreement signed on 3 February 2015, the Group has the right to acquire the remaining 27% of 1Spatial Inc. from 1 February 2017. On 11 April 2017 the Group acquired the remaining 27% of 1Spatial Inc. for £739,000 (US\$ 918,000) payable in shares in accordance with the terms set out in the original share purchase agreement.

The following table summarises the consideration paid for 1Spatial Inc., non-controlling interests and the fair value of assets acquired and liabilities assumed at the acquisition date:

	<b>£'000</b>
Value of consideration	2,719
<b>Total purchase consideration</b>	<b>2,719</b>
Fair values of assets and liabilities at the date of acquisition:	<b>£'000</b>
Intangible assets	250
Property, plant and equipment	36
Cash and cash equivalents	98
Trade and other receivables	363
Trade and other payables	(87)
Deferred tax liabilities	(100)
<b>Total identifiable net assets</b>	<b>560</b>
– Attributable to non-controlling interests	151
– Attributable to equity shareholders of the parent	409
Goodwill	2,310
<b>Total consideration</b>	<b>2,719</b>
Satisfied by:	
- Cash	2,448
- Share of associate losses	(187)
- Balances due to the group waived on acquisition	458
<b>Total consideration transferred</b>	<b>2,719</b>

Goodwill represents approximately £350,000 in relation to the assembled workforce and £1,960,000 in relation to synergies with the 1Spatial business. The fair value of trade and other receivables is £363,000 and includes trade receivables of £254,000 which is expected to be fully collectable.

Costs relating to the acquisition of £31,000 have been excluded from the consideration stated above and have been recognised as a charge to the statement of comprehensive income within administrative expenses.

The acquired business contributed revenues of £2,368,000 and a net profit of £446,000 to the Group for the period since acquisition to 31 January 2017. If the acquisition had occurred on 1 February 2016, consolidated revenue and consolidated loss for the year ended 31 January 2017 would have been £22,239,000 and £14,674,000 respectively.

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**26. Earnings/(loss) per ordinary share**

Basic (loss)/profit per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss attributable to equity shareholders of the Parent</b>	<b>(2,458)</b>	<b>(18,423)</b>
<b>Add profit attributable to non-controlling interest</b>	<b>-</b>	<b>121</b>
<b>Less loss from discontinued operations</b>	<b>(1,255)</b>	<b>(3,442)</b>
<b>Loss from continuing operations</b>	<b>(1,203)</b>	<b>(14,860)</b>
Adjustments:		
Income tax credit	(753)	(1,081)
Net finance cost	151	25
Share of net loss of associates accounted for using the equity method	-	266
Depreciation	231	297
Amortisation and impairment of intangible assets	1,474	11,323
Share-based payment charge	(538)	566
Integration, strategic and one-off costs	1,041	2,590
<b>Adjusted EBITDA from continuing operations</b>	<b>403</b>	<b>(874)</b>

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
	<b>000s</b>	<b>000s</b>
Basic weighted average number of ordinary shares	758,828	728,895
Impact of share options and warrants	-	-
<b>Diluted weighted average number of ordinary shares</b>	<b>758,828</b>	<b>728,895</b>

	<b>2018</b>	<b>2017</b>
	<b>Pence</b>	<b>Pence</b>
Basic (loss)/earnings per share	<b>(0.32)</b>	<b>(2.51)</b>
- from continuing operations	(0.15)	(2.04)
- from discontinued operations	(0.17)	(0.47)
Diluted (loss)/earnings per share	<b>(0.32)</b>	<b>(2.51)</b>
- from continuing operations	(0.15)	(2.04)
- from discontinued operations	(0.17)	(0.47)
Basic adjusted EBITDA per share	<b>(0.11)</b>	<b>(0.59)</b>
- from continuing operations	0.06	(0.12)
- from discontinued operations	(0.17)	(0.47)
Diluted adjusted EBITDA per share	<b>(0.11)</b>	<b>(0.59)</b>
- from continuing operations	0.06	(0.12)
- from discontinued operations	(0.17)	(0.47)

## 27. Commitments

The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

<i>Operating lease commitments</i>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
No later than one year	838	808
Later than one year but no later than five years	1,307	1,771
Later than five years	-	22
	<b>2,145</b>	<b>2,601</b>

Operating lease payments represent rentals payable by the Group for certain of its office properties and leased vehicles. Operating lease agreements are renewable at the end of the lease period at market rates.

## 28. Contingent liabilities

The Group has given performance guarantees on contracts as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Euro	254	249
Moroccan dirham	38	43
Tunisian dinar	3	4
<b>Total utilised</b>	<b>295</b>	<b>296</b>
<b>Total available</b>	<b>329</b>	<b>322</b>

## 29. Related-party transactions

### (a) Key management compensation

The only key management personnel of the Group are the Directors. Details of the compensation of the key management personnel are disclosed in note 6(c) to the financial statements.

### (b) Controlling party

There is no one party which controls the Group.

### (c) Company and subsidiary

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

#### *Sitemap Ltd*

There were transactions with associate Sitemap Ltd during the year relating to goods and services provided to it of £nil (2017: £497,000). The balance outstanding at the end of the year was £nil (2017: £229,000).

Sitemap became a subsidiary of the Group on the 11 April 2017. Transactions and balances thereafter have been eliminated on consolidation and are not disclosed.

Fees are paid to related parties in respect of the Non-Executive Directors' services, for which details are disclosed in note 6(c) to the financial statements. The amounts owed to these related parties at the reporting date are shown below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
N Habgood	23	3
F Small	-	-
	<b>23</b>	<b>3</b>

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**30. Subsidiaries and associates of the Group as at 31 January 2018**

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	-	England & Wales	<u>Holding company</u>	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc.	-	Ordinary 100%	United States		8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial Group Limited	-	Ordinary 100%	England & Wales	Location-based software	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	-	Ordinary 100%	Ireland	development and consultancy	c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
1Spatial Australia Pty Limited	-	Ordinary 100%	Australia		c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
1Spatial Belgium SA	Ordinary 100%	-	Belgium		13, Clos Chanmurly, 4000, Liège, Belgium
1Spatial France SAS	-	Ordinary 100%	France		Immeuble AX02, 23-25 avenue Aristide Briand, 94110, Arcueil, France
Enables IT Group Limited	Ordinary 100%	-	England & Wales	<u>Holding company</u>	Unit 5 Mole Business Park, Randalls Road, Leatherhead, Surrey, KT22 7BA, UK
Enables IT Limited	-	Ordinary 100%	England & Wales	Managed services	Unit 5 Mole Business Park, Randalls Road, Leatherhead, Surrey, KT22 7BA, UK
Sitemap Ltd	Ordinary 100%	-	England & Wales	Location-based software	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Storage Fusion Limited	Ordinary 100%	-	England & Wales	IT business service assurance solutions	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial US Inc.	Ordinary 100%	-	United States	<u>Dormant</u>	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

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**31. Post balance sheet events**

*Disposal of Enables IT Group Limited*

On 15 March 2018, the Group disposed of 80.1 per cent. of its holding in Enables IT Group Limited to Champall Consultancy Limited, an entity which is owned and controlled by the management of the business.

The Group has agreed nominal consideration of £1 in respect of the disposal and to contribute £150,000 to Enables' near term working capital requirements. To further assist Enables' working capital requirements, the Company has agreed to make an interest free £85,000 loan, which is repayable by Enables in 10 equal monthly payments with the first repayment due on the last day of September 2019, and the final repayment date on 30 June 2020.

Under the terms of the share purchase agreement in respect of the disposal, Champall has the option to acquire 1Spatial's remaining 19.9 per cent. holding in Enables' for consideration of £100,000, to expire on the second anniversary date of completion of the Disposal. In addition, under the terms of the SPA, the Group has a contingent consideration right in the event the Enables business is sold within 12 months of completion.

*Enables IT Inc. share option*

Pursuant to the Stock Purchase Agreement ("SPA") dated 3 March 2017, the US management of Enables IT Inc. ("the buyers") purchased 80.1% of Enables IT Inc. from Enables IT Group Limited for total consideration of £100,000, payable on 3 March 2019. In addition to this, the buyers retained an option to purchase the remaining 19.9% of Enables IT Inc. for £250,000.

The SPA was amended on 14 March 2018 as part of the sale by 1Spatial plc of the controlling interest (80.1%) in Enables IT Group Limited on 15 March 2018, to Champall Consultancy Limited, an entity which is owned and controlled by the management of Enables IT Group Limited. The amendment to the SPA provides that the total consideration noted above (£100,000) for the disposal of the 80.1% of Enables IT Inc. is to be paid to 1Spatial plc.

In addition, on 14 March 2018, the terms of the SPA were amended such that the exercise price of the option to purchase the remaining 19.9% was reduced and receivable by 1Spatial plc. A total consideration of \$241,200 for both the 80.1% interest and the option exercise is receivable in eighteen equal monthly instalments of \$13,400 with the first receipt due on 1 February 2019 and the final receipt due on 1 September 2020.

*Overdraft facility*

In May 2018 the £2.5m overdraft facility was renewed.

Company statement of financial position  
As at 31 January 2018

	Note	2018 £'000	2017 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	-	151
Investments	7	10,078	9,702
<b>Total non-current assets</b>		<b>10,078</b>	<b>9,853</b>
<b>Current assets</b>			
Trade and other receivables	8	3,280	4,848
Cash and cash equivalents	9	9	1
<b>Total current assets</b>		<b>3,289</b>	<b>4,849</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank borrowings		(1,378)	(969)
Trade and other payables	10	(1,758)	(1,244)
Obligations under finance leases	11	-	(11)
Provisions	12	(43)	(123)
<b>Total current liabilities</b>		<b>(3,179)</b>	<b>(2,347)</b>
<b>Non-current liabilities</b>			
Obligations under finance leases	11	-	(53)
<b>Total non-current liabilities</b>		<b>-</b>	<b>(53)</b>
<b>Total liabilities</b>		<b>(3,179)</b>	<b>(2,400)</b>
<b>Net assets</b>		<b>10,188</b>	<b>12,302</b>
<b>Shareholders' equity</b>			
Share capital	14	16,705	16,449
Share premium account	14	22,931	22,931
Own shares held	14	(303)	(303)
Share-based payments reserve		3,355	3,893
Merger reserve		16,031	15,347
Currency translation reserve		(125)	(125)
Accumulated losses (of which loss for the year was £2,516,000 (2017: loss of £13,605,000))		(48,406)	(45,890)
<b>Total equity</b>		<b>10,188</b>	<b>12,302</b>

The financial statements on pages 94 to 107 were approved and authorised for issue by the Board on 21 May 2018 and signed on its behalf by



N Payne  
Director

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**Company statement of changes in equity**  
**For the year ended 31 January 2018**

£'000	Share capital	Share premium account	Own shares held	Share-based payments reserve	Merger reserve	Currency translation reserve	Accumulated losses	Total equity
<b>Balance at 1 February 2016</b>	<b>16,223</b>	<b>22,264</b>	<b>(306)</b>	<b>3,327</b>	<b>15,347</b>	<b>(125)</b>	<b>(32,285)</b>	<b>24,445</b>
<b>Comprehensive loss</b>								
Loss for the year	-	-	-	-	-	-	(13,605)	(13,605)
<b>Total comprehensive loss</b>							<b>(13,605)</b>	<b>(13,605)</b>
<b>Transactions with owners</b>								
Exercise of share options	-	11	3	-	-	-	-	14
Shares issued in the year	226	656	-	-	-	-	-	882
Recognition of share-based payments	-	-	-	566	-	-	-	566
	<b>226</b>	<b>667</b>	<b>3</b>	<b>566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,462</b>
<b>Balance at 31 January 2017</b>	<b>16,449</b>	<b>22,931</b>	<b>(303)</b>	<b>3,893</b>	<b>15,347</b>	<b>(125)</b>	<b>(45,890)</b>	<b>12,302</b>
<b>Comprehensive loss</b>								
Loss for the year	-	-	-	-	-	-	(2,516)	(2,516)
<b>Total comprehensive loss</b>							<b>(2,516)</b>	<b>(2,516)</b>
<b>Transactions with owners</b>								
Exercise of share options	-	-	-	-	-	-	-	-
Shares issued in the year (note 14)	256	-	-	-	684	-	-	940
Recognition of share-based payments	-	-	-	(538)	-	-	-	(538)
	<b>256</b>	<b>-</b>	<b>-</b>	<b>(538)</b>	<b>684</b>	<b>-</b>	<b>-</b>	<b>402</b>
<b>Balance at 31 January 2018</b>	<b>16,705</b>	<b>22,931</b>	<b>(303)</b>	<b>3,355</b>	<b>16,031</b>	<b>(125)</b>	<b>(48,406)</b>	<b>10,188</b>

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**Notes to the Company financial statements**  
**For the year ended 31 January 2018**

**1. Summary of significant accounting policies**

**Basis of preparation**

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on industry experience and various other factors that are believed to be reasonable under the circumstances.

The Directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The Directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to changes in estimates or assumptions.

The following exemptions from the requirement of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of cashflows'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, and to disclose compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity
- IFRS 7, 'Financial instruments: Disclosures'
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a statement of comprehensive income in these separate financial statements. The loss attributable to members of the parent company for the year ended 31 January 2018 is £4,933,000 (2017: loss of £13,605,000).

The auditors' remuneration for audit and other services is disclosed in note 6(a) to the consolidated financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

There is no one party which controls the Company.

**Going concern**

Taking into account the cash flow projections approved by the Board of Directors, which have been appropriately sensitised, and the availability of a £2.5m overdraft facility, which was confirmed in May 2018, the Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Company has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

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**Share-based payments**

The Company operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

**Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Motor vehicles	-	33% per annum – straight line
Computer equipment	-	20% to 33% per annum – straight line

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

**Investments**

Investments in group undertakings are carried at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account. Management has used significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 7 for further information.

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**Trade and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the provision for impairment of trade receivables, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle that carrying amount of its assets and liabilities.

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**Foreign currency**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

**Employee pensions**

The Company operates a stakeholder pension plan for which all employees are eligible. No employees have as yet joined the scheme.

**Dividend income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share options or share warrants are shown in equity as a deduction, net of tax, from the proceeds.

**Significant accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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**2. Financial risk management**

The Company's financial instruments comprise amounts due to/from subsidiary undertakings, cash and cash equivalents, other receivables and trade and other payables. The Company's approach to the financial risks is discussed in note 3, Financial Instruments, to the consolidated financial statements.

**Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company's policy is to manage working capital in order to ensure that liquidity is maintained so as to meet peak funding requirements.

**Foreign currency risk**

As at 31 January 2018 and 31 January 2017, there was no significant foreign exchange currency exposure to the Company.

**Borrowing facilities**

The Company has an overdraft facility of £2.5m (2017: £3m) at the reporting date to support working capital requirements.

**3. Directors' emoluments**

Details of Directors' emoluments borne by the Company are disclosed in note 6(c) of the consolidated financial statements. This includes details of the highest paid Director.

**4. Operating loss**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Operating loss is stated after charging:		
Wages and salaries	867	1,157
Social security costs	112	104
Other pension costs	38	60
Termination benefits	-	375
Share-based payment (credit)/charge	(551)	550
<b>Staff costs including Executive Directors and compromise agreements</b>	<b>466</b>	<b>2,246</b>

**5. Average monthly number of personnel employed (including Executive Directors)**

	<b>2018</b>	<b>2017</b>
Directors	3	3
Sales and marketing	2	1
Administration	1	1
	<b>6</b>	<b>5</b>

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6. Property, plant and equipment

	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
<b>At 31 January 2018</b>			
<b>Cost</b>			
At 1 February 2017	19	225	244
Additions	-	-	-
Disposals	-	(225)	(225)
<b>At 31 January 2018</b>	<b>19</b>	<b>-</b>	<b>19</b>
<b>Accumulated depreciation</b>			
At 1 February 2017	18	75	93
Charge for year	1	15	16
Disposals	-	(90)	(90)
<b>At 31 January 2018</b>	<b>19</b>	<b>-</b>	<b>19</b>
<b>Net book amount</b>			
<b>At 31 January 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 January 2017</b>	<b>1</b>	<b>150</b>	<b>151</b>

	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
<b>At 31 January 2017</b>			
<b>Cost</b>			
At 1 February 2016	18	283	301
Additions	1	92	93
Disposals	-	(150)	(150)
<b>At 31 January 2017</b>	<b>19</b>	<b>225</b>	<b>244</b>
<b>Accumulated depreciation</b>			
At 1 February 2016	17	62	79
Charge for year	1	56	57
Disposals	-	(43)	(43)
<b>At 31 January 2017</b>	<b>18</b>	<b>75</b>	<b>93</b>
<b>Net book amount</b>			
<b>At 31 January 2017</b>	<b>1</b>	<b>150</b>	<b>151</b>
<b>At 31 January 2016</b>	<b>1</b>	<b>221</b>	<b>222</b>

Motor vehicles includes a net book amount of £nil (2017: £79,000) where the Company is a lessee under a finance lease.

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**7. Investments**

	<b>Total £'000</b>
<b>Shares in group undertakings</b>	
<b>Cost</b>	
At 1 February 2017	32,854
Additions	200
Capital contribution to subsidiaries	13
<b>At 31 January 2018</b>	<b>33,067</b>
<b>Accumulated amounts provided</b>	
At 1 February 2017	23,152
Impairment	1,378
Reversal of prior year impairment	(1,541)
<b>At 31 January 2018</b>	<b>22,989</b>
<b>Net book amount</b>	
<b>At 31 January 2018</b>	<b>10,078</b>
<b>At 31 January 2017</b>	<b>9,702</b>

	<b>Total £'000</b>
<b>Shares in group undertakings</b>	
<b>Cost</b>	
At 1 February 2016	30,479
Additions	2,359
Capital contribution to subsidiaries	16
<b>At 31 January 2017</b>	<b>32,854</b>
<b>Accumulated amounts provided</b>	
At 1 February 2016	16,775
Impairment	6,377
<b>At 31 January 2017</b>	<b>23,152</b>
<b>Net book amount</b>	
<b>At 31 January 2017</b>	<b>9,702</b>
<b>At 31 January 2016</b>	<b>13,704</b>

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

The addition in the year relates to the purchase of additional shares in Sitemap Ltd.

The recoverable amount of the investments held is determined from value in use calculations for each cash-generating unit (CGU) covering a five-year period. The detailed plan put together by the management team and the Board makes judgements and assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historic success of winning new work. In previous years, the carrying of the company's investment in 1Spatial Belgium SA was impaired. In the current year, the directors have reassessed the value in use of the company's investment in its Belgian subsidiary, resulting in partial reversal of the impairment. Details of the assumptions used are provided in note 10 to the consolidated financial statements.

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**8. Trade and other receivables**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Current</b>		
Amounts owed by group undertakings	3,178	4,639
Taxation and social security	35	39
Other receivables	16	87
Prepayments and accrued income	51	83
	<b>3,280</b>	<b>4,848</b>

The fair value of trade and other receivables is consistent with their book values. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**9. Cash and cash equivalents**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Cash at bank and in hand	9	1

**10. Trade and other payables**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Current</b>		
Amounts owed to group undertakings	374	-
Trade payables	470	219
Taxation and social security	523	301
Other payables	65	54
Accrued liabilities	326	670
	<b>1,758</b>	<b>1,244</b>

The carrying value of trade and other payables is consistent with their book values. It is the Company's policy to settle trade payables within normal credit terms. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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**11. Obligations under finance leases**

	Minimum lease payments	
	2018 £'000	2017 £'000
<b>Amounts payable under finance leases:</b>		
Within one year	-	11
In the second to fifth years inclusive	-	62
After five years	-	-
	-	73
Less future finance charges	-	(9)
<b>Present value of lease obligations</b>	-	<b>64</b>

	Present value of minimum lease payments	
	2018 £'000	2017 £'000
<b>Amounts payable under finance leases:</b>		
Within one year	-	11
In the second to fifth years inclusive	-	53
After five years	-	-
<b>Present value of lease obligations</b>	-	<b>64</b>

	2018 £'000	2017 £'000
<b>Analysed as:</b>		
Amounts due for settlement within 12 months (shown under current liabilities)	-	11
Amounts due for settlement after 12 months	-	53
	-	<b>64</b>

**12. Provisions**

	Restructuring provision £'000
At 1 February 2017	123
Amounts utilised during the year	(80)
<b>At 31 January 2018</b>	<b>43</b>
<b>Current</b>	<b>43</b>
<b>Non-current</b>	-

**Restructuring provision**

The restructuring provision represents the cost of employee terminations in the year and has been classified as a provision as there is uncertainty over the timing and amount of settlement of the future obligation.

**13. Share-based payments**

Disclosures in relation to the share options and warrants in issue are made in notes 23 and 24 to the consolidated financial statements.

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**14. Share capital, share premium account and own shares held**

	2018 Number	2017 Number
<b>Allotted and fully paid</b>		
Ordinary shares of 1p each	763,652,144	738,135,558
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank *pari passu*, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

Deferred shares

The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £1,000,000 in respect of each ordinary share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2016	942,199,186	16,223	22,264	(306)
Exercise of share options	-	-	11	3
Issue of shares	22,636,250	226	679	-
Share issue costs	-	-	(23)	-
<b>At 31 January 2017</b>	<b>964,835,436</b>	<b>16,449</b>	<b>22,931</b>	<b>(303)</b>
Issue of shares	25,516,586	256	-	-
<b>At 31 January 2018</b>	<b>990,352,022</b>	<b>16,705</b>	<b>22,931</b>	<b>(303)</b>

On 11 April 2017, the Group acquired the remaining 27% of 1Spatial Inc. for £739,000 payable in shares in accordance with the terms set out in the share purchase agreement. 19,991,724 shares were issued for the remaining interest. The investment is held within 1Spatial Holdings Limited.

On 11 April 2017, the Group acquired the 51% of Sitemap Ltd that it did not already own for £200,000 in shares. 5,524,862 shares were issued for the remaining interest. The investment is held within 1Spatial plc.

For details of the Group's share option scheme, refer to note 23 to the consolidated financial statements:

*Own shares*

As a result of the disposal of Avisen (Pty) SA Limited on 14 July 2010, 3,500,000 shares with a nominal value of 5p each were purchased and held in treasury. The consideration paid was £306,000. On 28 November 2011, the Company sub-divided its existing share capital of 5p shares into 1p ordinary shares and 4p deferred shares. At 31 January 2018 the company had 3,500,000 ordinary shares at 1p and 3,500,000 deferred shares of 4p.

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**15. Subsidiaries and associates of the Company as at 31 January 2018**

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	-	England & Wales	<u>Holding company</u>	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc.	-	Ordinary 100%	United States		8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial Group Limited	-	Ordinary 100%	England & Wales	Location-based software development and consultancy	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
Aon Spásúil Limited	-	Ordinary 100%	Ireland		
1Spatial Australia Pty Limited	-	Ordinary 100%	Australia		c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
1Spatial Belgium SA	Ordinary 100%	-	Belgium		13, Clos Chanmurlu, 4000, Liège, Belgium
1Spatial France SAS	-	Ordinary 100%	France		Immeuble AX02, 23-25 avenue Aristide Briand, 94110, Arcueil, France
Enables IT Group Limited	Ordinary 100%	-	England & Wales	<u>Holding company</u>	Unit 5 Mole Business Park, Randalls Road, Leatherhead, Surrey, KT22 7BA, UK
Enables IT Limited	-	Ordinary 100%	England & Wales	<u>Managed services</u>	Unit 5 Mole Business Park, Randalls Road, Leatherhead, Surrey, KT22 7BA, UK
Sitemap Ltd	Ordinary 100%	-	England & Wales	<u>Location-based software</u>	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Storage Fusion Limited	Ordinary 100%	-	England & Wales	<u>IT business service assurance solutions</u>	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial US, Inc.	Ordinary 100%	-	United States	<u>Dormant</u>	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

**16. Contingent liabilities**

As disclosed in note 2 of the consolidated financial statements, Summary of significant accounting policies, the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2018. 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2018. The Company guarantees the liabilities of the company at the end of the year until those liabilities have been settled in full. The contingent liability at the year end was £71,000 (2017: £2,000).

## 17. Post balance sheet events

### *Disposal of Enables IT Group Limited*

On 15 March 2018, the Group disposed of 80.1 per cent. of its holding in Enables IT Group Limited to Champall Consultancy Limited, an entity which is owned and controlled by the management of the business.

The Group has agreed nominal consideration of £1 in respect of the disposal and to contribute £150,000 to Enables' near term working capital requirements. To further assist Enables' working capital requirements, the Company has agreed to make an interest free £85,000 loan, which is repayable by Enables in 10 equal monthly payments with the first repayment due on the last day of September 2019, and the final repayment date on 30 June 2020.

Under the terms of the share purchase agreement in respect of the disposal, Champall has the option to acquire 1Spatial's remaining 19.9 per cent. holding in Enables for consideration of £100,000, to expire on the second anniversary date of completion of the Disposal. In addition, under the terms of the SPA, the Group has a contingent consideration right in the event the Enables business is sold within 12 months of completion.

### *Enables IT Inc. share option*

Pursuant to the Stock Purchase Agreement ("SPA") dated 3 March 2017, the US management of Enables IT Inc. ("the buyers") purchased 80.1% of Enables IT Inc. from Enables IT Group Limited for total consideration of £100,000, payable on 3 March 2019. In addition to this, the buyers retained an option to purchase the remaining 19.9% of Enables IT Inc. for £250,000.

The SPA was amended on 14 March 2018 as part of the sale by 1Spatial plc of the controlling interest (80.1%) in Enables IT Group Limited on 15 March 2018, to Champall Consultancy Limited, and entity which is owned and controlled by the management of Enables IT Group Limited. The amendment to the SPA provides that the total consideration noted above (£100,000) for the disposal of the 80.1% of Enables IT Inc. is to be paid to 1Spatial plc.

In addition, on 14 March 2018, the terms of the SPA were amended such that the exercise price of the option to purchase the remaining 19.9% was reduced and receivable by 1Spatial plc. A total consideration of \$241,200 for both the 80.1% interest and the option exercise is receivable in eighteen equal monthly instalments of \$13,400 with the first receipt due on 1 February 2019 and the final receipt due on 1 September 2020.

### *Overdraft facility*

In May 2018 the £2.5m overdraft facility was renewed.

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**Company Information**

**Directors**

C Milverton	Chief Executive Officer
N Payne	Chief Financial Officer
A Roberts	Non-Executive Chairman
F Small	Non-Executive Director

**Telephone**

+44(0) 1223 420 414

**Company secretary**

Ms Susan Margaret Wallace  
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England  
SW1Y 5ED

**Company number**

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