

## **Ctrack Limited**

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 04643588



# Ctrack Limited

## Company Information

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<b>Directors</b>	I J Holt S C Thomas
<b>Company secretary</b>	M E Leach
<b>Registered number</b>	04643588
<b>Registered office</b>	Park House Victoria Road, Headingley Leeds LS6 1PF
<b>Independent auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	Barclays Bank Plc United Kingdom House 180 Oxford Street London W1D 1EA

# **Ctrack Limited**

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# Ctrack Limited

## Strategic Report For the Year Ended 31 December 2017

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The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2017.

### Business review

The company's principal activity is the supply and support of telematics systems to companies and organisations in the UK.

Profit for the year, after taxation, was £21,585 (18 month period 2016 - £16,534) after a depreciation charge of £141,972 (18 month period 2016 - £143,755).

The company has continued to adjust its business model to increase the quantity of devices being supplied on a rental basis in order to increase the consistency of regular recurring revenue as well as the depreciation cost of capitalised equipment. The impact of this reflects through the EBITDA measure which is used as a key performance indicator by the company.

As outlined in previous strategic reports, Ctrack broadly operates through two legal entities, Ctrack Limited and Ctrack UK Limited, both subsidiaries of Ctrack Europe Holdings Ltd. Ctrack UK Limited was established in April 2010 on the acquisition of the trade and assets of an unrelated loss making entity, Minorplanet Limited, whose business model at the time meant that the acquired customer contracts would continue to be loss making for several years after acquisition with service costs being incurred in excess of the revenue generated. This loss making period has come to an end and the business is now delivering sustained profitable trading.

Ctrack Limited and Ctrack UK Limited are subsidiaries within a wider global group that was acquired in October 2015 and is now headed by the US parent company Inseego Corp. that is a listed company on the NASDAQ (INSG). Within the Inseego group the Ctrack business still reports through the Digicore Holdings Ltd structure in South Africa and so despite the change in ultimate parent we still have close links with the Digicore South African business. The relationship of the subsidiaries in the group is a close one with hardware and software developments and the growth within geographic markets being supported within and across the group structure.

The strategy of the management of Ctrack Limited and Ctrack UK Limited is to operate in a way which both protects and also maximises the benefits for the trading entities as well as their customers and other stakeholders by utilising the expertise and efficiency of common resources to service the separate businesses. Management of the Ctrack business in the UK remain keenly focused on developing new business opportunities by delivering solutions that recognise the unique needs of our target markets, on renewing customer contracts on competitive terms and on controlling the level of overhead costs. The effect of this approach has been an increasing level of new business contracted in a way which generates a higher level of ongoing recurring revenues for the UK business, rather than upfront revenue. Management continues to believe that this delivers a stronger sustainable business model albeit with a short term impact on revenue levels. As a result of this, in monitoring the performance of the UK business, the management consider the combined ratios of Ctrack Limited and Ctrack UK Limited to be of particular relevance.

# Ctrack Limited

## Strategic Report (continued) For the Year Ended 31 December 2017

### Principal risks and uncertainties

The principal risks affecting the company arise from the level of competition and product pricing in the vehicle telematics space and as a technology product the speed of development of the product and its capabilities. Competition continues to be extremely tough across the full spectrum of the market, however Ctrack has an excellent reputation, strong cash generation and with numerous blue chip reference customers, Ctrack has demonstrated that it is well placed to be successful in this competitive environment in terms of both price and product capability. This is achieved by working closely with both existing customers and prospective customers to understand their requirements and how these can be best served in order to deliver a positive return on their investment into vehicle telematics. As a product which has the capability to easily pay for itself it has relevance in both a buoyant as well as a more difficult economic climate.

The stockholding risk in this rapidly moving technology business is minimised by delivering new functionality through software development rather than through redesign of hardware. As the product hardware is purchased from within the DigiCore group it is possible to minimise local stockholding levels to minimise risk of holding obsolete stock and at the same time older models of hardware can still be utilised by customers who wish to maintain product consistency within their vehicle fleets.

### Foreign Currency Risk

The product hardware is purchased from a South African based fellow subsidiary of DigiCore Holdings Ltd. In order to minimise the foreign currency risk these transactions are priced in US \$, however, as this is an intergroup transaction this can lead to exchange gains or losses in the UK entities although these are offset at group level as it is effectively hedged internally within the Group.

### Financial key performance indicators

The key performance indicators utilised by management for the combined UK business in Ctrack Limited and Ctrack UK Limited are set out below:

	Year ended 31 December 2017	18 months ended 31 December 2016 12 mth pro rated	Year ended 30 June 2015
Turnover	£7,099,717	£6,932,717	£6,451,201
Gross Profit	£5,816,047	£5,047,459	£4,302,310
Profit / (Loss) before Tax	£274,414	£(90,234)	£33,782
EBITDA	£1,578,154	£1,580,689	£866,232
Recurring Revenue Ratio	80.0%	71.9%	64.8%
Gross Profit %	81.9%	72.8%	66.7%
Overhead Expense Ratio	78.1%	74.1%	66.2%

These results reflect the achievement from the changing business model and demonstrates positive underlying business performance and therefore these indicators have been chosen as it is felt that the EBITDA and underlying level of recurring revenue, which has grown in both percentage and real terms, is a better reflection of progress made in growing the overall UK business.

This report was approved by the board on 4 JULY 2018 and signed on its behalf.

I J Holt  
Director



# Ctrack Limited

## Directors' Report For the Year Ended 31 December 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

### Results and dividends

The profit for the year, after taxation, amounted to £21,585 (18 month period 2016 - £16,534).

The directors do not recommend the payment of a final dividend.

### Directors

The directors who served during the year were:

J H Wisdom (resigned 30 November 2017)  
I J Holt  
S C Thomas (appointed 21 November 2017)

### Matters covered in the strategic report

Details of the principal activities and future developments of the company are covered in the Strategic Report on pages 1 and 2.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on **4 JULY 2018** and signed on its behalf.

  
I J Holt  
Director

# **Ctrack Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2017**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Ctrack Limited**

## **Independent Auditor's Report to the Members of Ctrack Limited**

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### **Opinion**

We have audited the financial statements of Ctrack Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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



# **Ctrack Limited**

## **Independent Auditor's Report to the Members of Ctrack Limited (continued)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

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

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

# Ctrack Limited

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

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### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of this report

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

BDO LLP

**Linda Cooper** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds  
United Kingdom

4 July 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Ctrack Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2017

	Note	Year ended 31 December 2017 £	18 month period 31 December 2016 £
Turnover	4	1,259,845	2,527,818
Cost of sales		(312,500)	(1,235,477)
<b>Gross profit</b>		<b>947,345</b>	<b>1,292,341</b>
Administrative expenses		(928,090)	(1,275,807)
<b>Operating profit</b>	5	<b>19,255</b>	<b>16,534</b>
<b>Profit before tax</b>		<b>19,255</b>	<b>16,534</b>
Tax on profit	7	2,330	-
<b>Profit for the financial year</b>		<b>21,585</b>	<b>16,534</b>
<b>Total comprehensive income for the year/period attributable to the owners of the parent company</b>		<b>21,585</b>	<b>16,534</b>

There was no other comprehensive income for 2017 (2016: £Nil).

The notes on pages 11 to 19 form part of these financial statements.

**Ctrack Limited**  
Registered number: 04643588

**Statement of Financial Position**  
**As at 31 December 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	8	246,971	219,726
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	4,826,381	5,225,194
Cash at bank and in hand	6	440,249	
		<u>4,826,387</u>	<u>5,665,443</u>
Creditors: amounts falling due within one year	10	(1,633,104)	(2,464,170)
<b>Net current assets</b>		<u>3,193,283</u>	<u>3,201,273</u>
<b>Total assets less current liabilities</b>		<u>3,440,254</u>	<u>3,420,999</u>
<b>Provisions for liabilities</b>			
Deferred taxation	11	-	(2,330)
<b>Net assets</b>		<u><u>3,440,254</u></u>	<u><u>3,418,669</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	86,840	86,840
Share premium account	13	613,160	613,160
Profit and loss account	13	2,740,254	2,718,669
<b>Total equity attributable to the owners of the parent company</b>		<u><u>3,440,254</u></u>	<u><u>3,418,669</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
**4 JULY 2018**

I J Holt  
Director



The notes on pages 11 to 19 form part of these financial statements.

# Ctrack Limited

## Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 July 2015</b>	<b>86,840</b>	<b>613,160</b>	<b>2,702,135</b>	<b>3,402,135</b>
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	16,534	16,534
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>16,534</b>	<b>16,534</b>
<b>At 1 January 2017</b>	<b>86,840</b>	<b>613,160</b>	<b>2,718,669</b>	<b>3,418,669</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	21,585	21,585
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>21,585</b>	<b>21,585</b>
<b>At 31 December 2017</b>	<b>86,840</b>	<b>613,160</b>	<b>2,740,254</b>	<b>3,440,254</b>

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

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### 1. General information

Ctrack Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities is disclosed in the Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The presentation currency is GB Pounds.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Inseego Corp. as at 31 December 2017 and these financial statements may be obtained from 9605 Scranton Road, San Diego, California, 92121, United States of America.

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

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 exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Ctrack Limited's revenue is generated from:-

- Outright sale of telematic units
- Leasing under operating leases of telematic units
- The provision of telematic support and maintenance services
- Installations and reinstallation of telematic units

Revenue on outright sales of telematic units is recognised when the significant risks and rewards of ownership are transferred to the customer. Revenue in respect of services is recognised when the services are provided.

Amounts received in respect of provisions and leasing of telematics services are recognised evenly over the life of the contract. Amounts received in advance of delivery of the service are deferred and released as the service is provided.

Amounts received in respect of other services are recognised when the service is provided.

#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Ctrack Lease Units	- 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.6 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### 2.7 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

##### Financial assets

The company classifies all of its financial assets as loans and receivables.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

##### At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

#### 2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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



# **Ctrack Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2017**

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### **2. Accounting policies (continued)**

#### **2.9 Operating leases: the company as lessor**

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

#### **2.10 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Management have considered the nature of agreements with customers that provide for the leasing of telematic units and have concluded that these agreements do not result in substantially all the risks and rewards of ownership being transferred to the customers and that they are, in substance, operating leases.

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arose within the United Kingdom.

### 5. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2017 £	18 month period 31 December 2016 £
Depreciation of tangible fixed assets	141,972	143,755
Bad debts expense	265	2,472
Cost of stocks recognised as an expense	312,500	1,235,477

Auditor's remuneration amounting to £45,650 (2016 - £62,635) was paid by a fellow group undertaking.

### 6. Employees

The Company has no employees other than the directors, who were paid by a fellow group undertaking.

### 7. Taxation

	Year ended 31 December 2017 £	18 month period 31 December 2016 £
<b>Total current tax</b>	-	-
Origination and reversal of timing differences	(2,330)	-
<b>Total deferred tax</b>	(2,330)	-
<b>Taxation on profit</b>	(2,330)	-

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 7. Taxation (continued)

#### Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	Year ended 31 December 2017 £	18 month period 31 December 2016 £
Profit before tax	19,255	16,534
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	3,707	3,307
<b>Effects of:</b>		
Movement in deferred tax not recognised	(6,037)	(10,119)
Group relief	-	6,812
<b>Total tax charge for the year/period</b>	<b>(2,330)</b>	<b>-</b>

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 8. Tangible fixed assets

	Ctrack Lease Units £
<b>Cost</b>	
At 1 January 2017	386,278
Additions	169,217
Disposals	(124,401)
At 31 December 2017	431,094
<b>Depreciation</b>	
At 1 January 2017	166,552
Charge for the year	141,972
Disposals	(124,401)
At 31 December 2017	184,123
<b>Net book value</b>	
At 31 December 2017	246,971
At 31 December 2016	219,726

### 9. Debtors

	2017 £	2016 £
Trade debtors	107,541	188,482
Amounts owed by group undertakings	4,679,115	5,035,061
Other taxation and social security	39,725	-
Prepayments and accrued income	-	1,651
	4,826,381	5,225,194

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	42,284	-
Trade creditors	64,896	46,380
Amounts owed to group undertakings	942,614	1,825,272
Other creditors	-	22,457
Accruals and deferred income	583,310	570,061
	<u>1,633,104</u>	<u>2,464,170</u>

### 11. Deferred taxation

	2017 £	2016 £
At beginning of year	2,330	2,330
Charged to profit or loss	(2,330)	-
<b>At end of year</b>	<u>-</u>	<u>2,330</u>

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	28,017	2,330
Tax losses carried forward	<u>(28,017)</u>	<u>-</u>

### 12. Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
86,840 Ordinary shares of £1 each	<u>86,840</u>	<u>86,840</u>

# Ctrack Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 13. Reserves

#### Share capital

Called up share capital reserve represents the nominal value of the shares issued.

#### Share premium account

Excess of consideration received over nominal value of shares issued.

#### Profit and loss account

Profit and loss represents cumulative profits or losses net of dividends paid and other adjustments.

### 14. Operating leases

At 31 December 2017 the company had future minimum lease payments receivable under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	953,046	1,173,308
Later than 1 year and not later than 5 years	457,134	1,381,608
	<u>1,410,180</u>	<u>2,554,916</u>

### 15. Controlling party

The immediate parent company of Ctrack Limited is Ctrack Europe Holdings Limited, a UK incorporated company. The ultimate controlling party of the company is Inseego Corp., a company registered in the United States, by virtue of its shareholding. Consolidated accounts are available from its registered office, 9605 Scranton Road, San Diego, California, 92121, United States of America.