

COMPANY REGISTRATION NUMBER 04785688

**1SPATIAL GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**31 JANUARY 2013**



**1SPATIAL GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 2013**

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**1SPATIAL GROUP LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	M N Hanke C Milverton Dr M S Sanderson D J Guthrie S R Berry
<b>Company secretary</b>	St Johns Square Secretaries Limited
<b>Registered office</b>	Tennyson House Cambridge Business Park Cowley Road Cambridge CB4 0WZ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 9 Greyfriars Road Reading Berkshire RG1 1JG

# **1SPATIAL GROUP LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 JANUARY 2013**

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 January 2013

The comparative period is for the seven months from 1 July 2011 to 31 January 2012

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

##### **Principal activities**

ISpatial Group Limited is a software development company which provides location based software and related services. The majority of the business comprises the sale of its own ISpatial software products and related services. It is also a reseller of other location based software products. For more than 35 years, ISpatial Business has been delivering solutions and services to public and private sector organisations who handle petabyte volumes of location based business critical data.

##### **Business review**

The ISpatial Business has a strong customer base in some of the world's largest National Mapping Agencies ("NMAs") and these relationships have been built over many years throughout the history of the company. The ISpatial Business product manages data for many of the NMAs and this puts ISpatial Business as a strategic partner and provider of technology in this market. The business will put a continued focus on product development and the innovation of its intellectual property and offerings, providing both on-premise and Cloud solutions through its recently launched ISpatial Cloud platform.

ISpatial Group Limited holds the Intellectual property for the group and is the parent undertaking of the principle trading subsidiaries of ISpatial Ireland Limited and ISpatial Australia Pty Limited.

The results of ISpatial Group Limited are included in the 31 January 2013 results of ISpatial plc.

The Directors review the underlying performance of the business using a performance measure which is the adjusted\* Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA). In the year to 31 January 2013 this was a profit of £1,159,885 which is a marked improvement on the profit for the prior period of £491,637. The overall profit for the year after tax was £419,324 (31 January 2012 loss of £1,170,894). The Directors have not recommended a dividend (2012 £nil). The key reconciling items between the adjusted\* EBITDA profit for the year and the overall results are explained in more detail below.

(\*Adjusted for management recharges and other one-off items)

Management recharges of £622,652 (2012 £330,924) in the year relate to recharges made by ISpatial plc and ISpatial Holdings plc in the year.

One off costs mainly relate to non-cash items which are not costs attributable to the underlying trading business. The most significant cost in 2012 was the provision against intercompany indebtedness mainly in relation to the subsidiary in Australia. This is a prudent view as management believe that the Australia business will be cash generative in the foreseeable future.

The provision against investments in 2012 is also in relation to the Australian subsidiary for the reasons noted above.

**1SPATIAL GROUP LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 JANUARY 2013**

ISpatial Group is a part of the wider ISpatial Business which includes AON Spasui Limited and ISpatial Australia Pty Limited. The results of this wider group are included in the results of ISpatial plc and it can be noted from the Segmental reporting note in consolidated financial statements that the adjusted\*\* EBITDA for the 12 months to 31 January 2013 was £1,386,000 and that the consolidated net assets are £5.8m which includes the value of the intellectual property. The balance sheet for ISpatial Group has a cash at bank balance of £1,068,416 and net asset position of £785,209.

A more detailed review of the ISpatial Business and its strategy can be found in the Chairman's Statements and Business Review accompanying the ISpatial plc annual report to 31 January 2013.

(\*\*Adjusted for strategic, integration and other one-off items)

**STRATEGY AND OBJECTIVES OF THE BUSINESS**

As noted in the ISpatial plc annual report, our business strategy is to continue to pursue growth, both organically and acquisitively, and to convert this growth into higher profit and cash flow for distribution to our shareholders.

The management team undertook a full strategic review of the business in 2012 and set the following objectives:

- *Improve organic growth in ISpatial Group Ltd by*
  - Growing revenue with existing customers through customer care programmes, increase product offering and migration,
  - Targeting new customers within current known sectors of NMAs, utilities and defence,
  - Developing a suite of products to sell to existing and new customers,
  - Re-branding and re-defining our corporate messaging,
  - Strengthening our strategic partnership channel
- *Identify key acquisition targets which complement existing businesses*

**PRINCIPAL RISKS**

With respect to our stated strategy:

- *Improve organic growth in the ISpatial Group Ltd business*

The principal market risks are that the current slowdown may continue and that competition may reduce the Company's market share and margins. In order to mitigate these risks, the Company constantly monitors the market through participation in industry groups and monitoring of competitors. This information enables us to make informed decisions about where we should be targeting and aids our discussions with suppliers.

Due to the recent recession and the continuing slow growth cycle in Western economies, companies may require a robust business case before investing in IT products and services. This may have the effect of increasing deal cycles and reducing deal size. However, we believe this will be offset against an increase in demand for consulting services to support the clients through this process.

**1SPATIAL GROUP LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 JANUARY 2013**

- *Identify key acquisition targets which complement the current existing businesses*

There is a risk that the Company may not identify suitable acquisitions for merging with the existing business. The Board believes that this risk is low as the Company has a pipeline of opportunities compiled through constantly researching in the market and networking by the Board with its advisors and other industry contacts.

There is a risk that acquisitions identified may not be successful, either because the acquisition itself was not as expected or because of poor integration. In respect of the acquisition itself, the Board undertakes the appropriate due diligence in advance. With respect to the successful integration and operation of the acquired businesses, this risk is mitigated by a very structured approach to the integration process, dedicated teams and careful monitoring of performance post acquisition.

In addition to the above, the company also faces the following principal risks:

*Unfavourable economic conditions*

In the case of unfavourable economic conditions the Company would need to assess the ongoing costs of the business and rationalise where appropriate. If these steps were not sufficient to make businesses commercially viable then the Board would have to reconsider the Company's overall strategy.

*Key management and consultants may leave the business*

In order to mitigate this risk, the Company 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 free thinking and innovation.

*Reliance on key customers*

The Company has reliance on certain key customers. The management team maintains good relationships with its customers through continued communication throughout the year. Should a key customer choose not to contract with us again, we may need to re-consider our overall strategy and our cost base.

*A major technology failure may adversely disrupt operations*

The Company prepares recovery plans for all foreseeable situations so that business operations can continue should a major failure occur. In terms of IT, all files etc. are backed up off site and all staff have access to laptops to continue working should such an incident occur. The Company is approaching completion of moving all IT infrastructure to third party providers. This will reduce the risk and cost of managing the infrastructure and the sole reliance on key individuals in the team.

**Price risk, credit risk, liquidity risk and cash flow/interest rate risk**

*Price risk*

The main price risk that the Company is exposed to is changes in the price of third party software and maintenance that it uses in the solutions it supplies to customers. When quoting for business the Company always obtains fixed price quotations from suppliers before submitting a price to the customer.

**1SPATIAL GROUP LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 JANUARY 2013**

*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 Company's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Company.

*Liquidity risk*

The Company's objective is to maintain sufficient funds to support the ongoing strategic and trading activities of the Company. Detailed forecasting is carried out at local level in the operating companies and this is combined into a group cash flow forecast. The Group forecasts are compared to available facilities to ensure that sufficient headroom is anticipated.

*Cash flow and interest rate risk*

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

**DIRECTORS**

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

Dr M S Sanderson

D J Guthrie

S R Berry

M N Hanke

(Appointed 21 February 2012)

C Milverton

(Appointed 21 February 2012)

P C Bullock

(Resigned 26 June 2012)

N J Snape

(Resigned 14 June 2012)

**DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The parent company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of the company and its directors.

**1SPATIAL GROUP LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 JANUARY 2013**

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 prepared 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above, each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditor is unaware, and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the directors



C Milverton  
Director

Approved by the directors on 28/10/13.



# **1SPATIAL GROUP LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF 1SPATIAL GROUP LIMITED**

**YEAR ENDED 31 JANUARY 2013**

We have audited the financial statements of 1Spatial Group Limited for the year ended 31 January 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's shareholder 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.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2013 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.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **1SPATIAL GROUP LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF 1SPATIAL GROUP LIMITED *(continued)***

**YEAR ENDED 31 JANUARY 2013**

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



MILES SAUNDERS (Senior Statutory Auditor)  
For and on behalf of  
PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants & Statutory Auditors

9 Greyfriars Road  
Reading  
Berkshire  
RG1 1JG



**1SPATIAL GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JANUARY 2013**

		Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
<b>TURNOVER</b>	Note <b>2</b>	<b>6,106,502</b>	<b>2,704,454</b>
Cost of sales		<u>(2,866,767)</u>	<u>(1,106,139)</u>
<b>GROSS PROFIT</b>		<b>3,239,735</b>	<b>1,598,315</b>
Administrative expenses		<u>(2,821,171)</u>	<u>(2,143,155)</u>
<b>EBITDA, management recharges and one off costs</b>			
		<b>1,159,885</b>	<b>491,637</b>
Depreciation		<u>(73,516)</u>	<u>(32,424)</u>
<b>EBITA, management recharges and one off costs</b>		<b>1,086,369</b>	<b>459,213</b>
Management recharges		<u>(622,652)</u>	<u>(330,924)</u>
One off costs	<b>6</b>	<u>(45,153)</u>	<u>(673,129)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>418,564</b>	<b>(544,840)</b>
Interest receivable and similar income	<b>7</b>	<b>819</b>	<b>1,389</b>
Amounts written off investments	<b>8</b>	<b>-</b>	<b>(522,482)</b>
Interest payable and similar charges	<b>9</b>	<b>(59)</b>	<b>-</b>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>419,324</b>	<b>(1,065,933)</b>
Tax on profit/(loss) on ordinary activities	<b>10</b>	<b>-</b>	<b>(104,961)</b>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR / PERIOD</b>	<b>23</b>	<b>419,324</b>	<b>(1,170,894)</b>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the profit/(loss) for the year/period as set out above

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year/period stated above and their historical cost equivalents

The notes on pages 11 to 22 form part of these financial statements

# 1SPATIAL GROUP LIMITED

## BALANCE SHEET

31 JANUARY 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	11	132,805	122,658
Investments	12	445,527	445,527
		<u>578,332</u>	<u>568,185</u>
<b>CURRENT ASSETS</b>			
Stocks	13	10,615	19,926
Debtors	14	1,690,216	1,452,043
Cash at bank and in hand		1,068,416	707,875
		<u>2,769,247</u>	<u>2,179,844</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(2,562,370)</u>	<u>(2,247,282)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>206,877</u>	<u>(67,438)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>785,209</u>	<u>500,747</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	–	(134,862)
<b>NET ASSETS</b>		<u>785,209</u>	<u>365,885</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	11,666	11,666
Share premium account	23	30,243	30,243
Capital redemption reserve	23	4,005	4,005
Profit and loss account	23	739,295	319,971
<b>TOTAL SHAREHOLDERS' FUNDS</b>	24	<u>785,209</u>	<u>365,885</u>

These financial statements were approved by the directors and authorised for issue on 28/10/13 ..  
and are signed on their behalf by



C Milverton  
Director

Company Registration Number 04785688

The notes on pages 11 to 22 form part of these financial statements.

**1SPATIAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 2013**

**1 ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, have been set out below.

**Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA. Under the provision of Section 400 of the Companies Act 2006 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity. These financial statements therefore represent only the parent company's results and financial position.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of 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.

- 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
- For a licence that has a fixed term, where there are further obligations the revenue is recognised over the term of the licence.

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 1. ACCOUNTING POLICIES *(continued)*

##### *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 license fee, they are unbundled using the Groups objective evidence of the fair value of the elements represented by the Groups 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

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

Research and development is written off in the year in which it is incurred

##### **Fixed assets**

All fixed assets are initially recorded at cost. 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**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, fittings & equipment	- 5 years
Computer equipment & software	- 3 years

The Directors annually review the residual value and estimated useful lives of the 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

# **1SPATIAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

### **YEAR ENDED 31 JANUARY 2013**

#### **1. ACCOUNTING POLICIES *(continued)***

##### **Investments**

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment

After initial recognition, fixed asset listed investments are stated at open market value and unlisted investments are stated at cost less permanent diminution in value. The investments are reviewed annually with any revaluation adjustments taken to the revaluation reserve and any impairment taken directly to the profit and loss account

##### **Work in progress**

Work in progress is the value of the unbilled development time deemed to be recoverable and is stated at the lower of cost, less any ageing provision, and net realisable value

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

##### **Operating lease agreements**

Rentals applicable to operating leases where substantially all the benefits and risks of the ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease. 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. The interest element of the rental obligation is allocated to the accounting periods to reflect a constant rate of interest on the outstanding obligation. The corresponding finance lease obligation is included within payables. These assets are depreciated over the term of the lease or the estimated useful life of the asset, whichever is shorter

##### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 1. ACCOUNTING POLICIES *(continued)*

##### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

##### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

##### One off costs

The directors consider that certain one off costs should be highlighted in order to understand the underlying trading performance of the business. These items are detailed in note 6 to the financial statements

#### 2. TURNOVER

##### Geographic information

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
UK	4,575,065	1,555,585
Europe	842,257	516,533
Rest of the world	689,180	224,068
	<u>6,106,502</u>	<u>2,296,186</u>
Intercompany	-	408,268
	<u>6,106,502</u>	<u>2,704,454</u>

The revenue information above is based on the location of the customer



# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Research and development expenditure written off	471,194	–
Depreciation of owned fixed assets	73,516	32,424
Operating lease costs		
- Plant and machinery	22,181	18,493
- Other	226,380	123,755
Net loss on foreign currency translation	105,969	144,511
<b>Auditors' fees</b>		
Auditors' remuneration - audit of the financial statements	75,355	30,000
Auditors' remuneration - other fees		
- Local statutory audit of parent and subsidiary companies	–	19,500

#### 4. PARTICULARS OF EMPLOYEES

The average monthly number of staff employed by the company during the financial year amounted to

	Year to 31 Jan 13 No	Period from 1 Jul 11 to 31 Jan 12 No
Management	3	1
Administration	9	–
Sales	8	2
Product / marketing	3	2
Consultancy and support	12	8
Development	30	33
	<u>65</u>	<u>46</u>

The aggregate payroll costs of the above were

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Wages and salaries	2,654,022	1,305,867
Social security costs	285,984	135,812
Pension costs	139,184	69,481
	<u>3,079,190</u>	<u>1,511,160</u>

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 5. DIRECTORS' REMUNERATION

Directors' remuneration for the year to 31 January 2013 was charged to the parent undertaking 1Spatial plc except for the compensation for the loss of directorship which was borne by 1Spatial Holdings Limited

Directors' remuneration for the period to 31 January 2012 was charged to the parent undertaking 1Spatial Holdings Limited

#### 6. ONE OFF COSTS

In accordance with the company's policy for one off costs, the following charges were included in this category for the year

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Subsidiary companies debts written off	-	124,227
Provision against amounts owed by group undertakings	-	529,870
Onerous lease costs	-	19,032
Redundancy costs	<u>45,153</u>	<u>-</u>
	<u>45,153</u>	<u>673,129</u>

#### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Bank interest receivable	<u>819</u>	<u>1,389</u>

#### 8. AMOUNTS WRITTEN OFF INVESTMENTS

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Impairment charge - investment in subsidiaries	<u>-</u>	<u>522,482</u>

The impairment arose following a review and restructuring of operations in relation to the subsidiaries

#### 9. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Interest payable on bank borrowing	<u>59</u>	<u>-</u>

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

##### (a) Analysis of charge in the year

	Year to 31 Jan 13 £	£	Period from 1 Jul 11 to 31 Jan 12 £
Current tax			
Corporation tax		-	-
Deferred tax			
Origination and reversal of timing differences			
Losses	-		104,961
Total deferred tax (note 18)		-	104,961
Tax on profit/(loss) on ordinary activities		-	104,961

##### (b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 24%(2012 26%)

	Year to 31 Jan 13 £	Period from 1 Jul 11 to 31 Jan 12 £
Profit/(loss) on ordinary activities before taxation	419,324	(1,065,933)
Profit/(loss) on ordinary activities by rate of tax	100,638	(277,143)
Adjustment for dis-allowable/non-taxable amounts	1,724	308,166
Capital allowances for year/period in excess of depreciation	648	3,509
Utilisation of tax losses	-	(34,171)
Unrelieved tax losses	37,216	-
Enhanced research and development expenditure	(140,226)	-
Group loss relief	-	(361)
Total current tax (note 10(a))	-	-

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES *(continued)*

##### (c) Factors that may affect future tax charges

The company has estimated trading losses of £348,000 (2012 - £194,000) to carry forward against future taxable profits. No deferred tax asset has been recognised on the basis that it may not be recoverable within the foreseeable future.

The main rate of UK corporation tax is 24% during the current (2012/13) tax year, it will fall to 23% in 2013/14, 21% the year after and the Budget in March 2013 announced that the rate will reduce to 20% with effect from 1 April 2015. This will reduce the company's future current tax charge accordingly. There is no effect on deferred tax as the company has not recognised any deferred tax asset or liability.

#### 11. TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £	Computer equipment & software £	Total £
<b>COST</b>			
At 1 February 2012	93,750	525,963	619,713
Additions	49,452	34,211	83,663
<b>At 31 January 2013</b>	<b>143,202</b>	<b>560,174</b>	<b>703,376</b>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 February 2012	90,629	406,426	497,055
Charge for the year	8,982	64,534	73,516
<b>At 31 January 2013</b>	<b>99,611</b>	<b>470,960</b>	<b>570,571</b>
<b>NET BOOK AMOUNT</b>			
<b>At 31 January 2013</b>	<b>43,591</b>	<b>89,214</b>	<b>132,805</b>
At 31 January 2012	3,121	119,537	122,658

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 12. INVESTMENTS

	Total £
<b>COST</b>	
At 1 February 2012	2,198,288
Disposals	(597,929)
At 31 January 2013	<u>1,600,359</u>
<b>PROVISION FOR IMPAIRMENTS</b>	
At 1 February 2012	1,752,761
Disposals	(597,929)
At 31 January 2013	<u>1,154,832</u>
<b>NET BOOK AMOUNT</b>	
At 31 January 2013	<u>445,527</u>
At 31 January 2012	<u>445,527</u>

During the year ACN 112 028 592 Pty Limited was struck off and ISpatial Scotland Limited was dissolved on 30 November 2012 (period ended 31 January 2012 EKSIT AS (formerly ISpatial AS) was liquidated during the period and ownership of ISpatial Technologies Limited was transferred to ISpatial Holdings on 1 July 2011)

The company owns 100% of the ordinary share capital of the subsidiary companies listed below, all of whom carry out the principal activities of ISpatial Group Limited

<b>Subsidiary</b>	<b>Country of Incorporation</b>
Socium Limited	England & Wales
Aon Spasuil Limited	Ireland
ISpatial Australia Pty Limited (formerly Lagen Spatial Pty Limited)	Australia

The directors believe that the carrying value of the investments is supported by their underlying net assets

#### 13. STOCKS

	2013 £	2012 £
Work in progress	<u>10,615</u>	<u>19,926</u>

**1SPATIAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JANUARY 2013**

**14. DEBTORS**

	2013	2012
	£	£
Trade debtors	747,715	407,018
Amounts owed by group undertakings	787,390	889,715
Other debtors	7,060	7,660
Prepayments and accrued income	148,051	147,650
	<u>1,690,216</u>	<u>1,452,043</u>

**15. CREDITORS: Amounts falling due within one year**

	2013	2012
	£	£
Trade creditors	358,947	257,944
Amounts owed to group undertakings	670,656	589,087
Taxation and social security	277,651	178,223
Other creditors	345,148	377,144
Accruals and deferred income	909,968	844,884
	<u>2,562,370</u>	<u>2,247,282</u>

**16. CREDITORS: Amounts falling due after more than one year**

	2013	2012
	£	£
Deferred consideration	-	134,862
	<u>-</u>	<u>134,862</u>

The deferred consideration was the final cash payment due on the 2nd anniversary of completion in respect of the acquisition of Lagen Spatial Pty Limited

**17. PENSIONS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The cost charge represents contributions payable by the company to the fund. Contributions in the year amounted to £139,184 (2012 - £69,481). At the balance sheet date contributions of £27,554 (2012 - £23,391) were outstanding.

**18. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was

	Year to 31 Jan 13	Period from 1 Jul 11 to 31 Jan 12
	£	£
Provision brought forward	-	(104,961)
Profit and loss account movement arising during the year	-	104,961
Provision carried forward	<u>-</u>	<u>-</u>

# 1SPATIAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 JANUARY 2013

#### 18. DEFERRED TAXATION *(continued)*

No deferred tax asset has been recognised in the financial statements and the amounts not recognised at the end of the year are as follows

	2013 £	2012 £
Tax losses available	(348,000)	(194,000)
Unrecognised deferred tax asset	<u>(348,000)</u>	<u>(194,000)</u>

#### 19. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2013 the company had annual commitments under non-cancellable operating leases as set out below

	2013		2012	
	Other £	Plant and Machinery £	Other £	Plant and Machinery £
Operating leases which expire				
Within 1 year	39,892	7,638	-	-
Within 2 to 5 years	-	13,190	39,892	9,304
After more than 5 years	237,000	-	237,000	-
	<u>276,892</u>	<u>20,828</u>	<u>276,892</u>	<u>9,304</u>

#### 20. CONTINGENCIES

The company has provided an inter-company guarantee to Socium Limited (formerly ISpatial SAAS Limited) for bank borrowings

#### 21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS8 from the requirement to disclose transactions with group companies on the grounds that the company is a wholly owned subsidiary and consolidated financial statements are prepared by the ultimate parent company

#### 22. CALLED UP AND FULLY PAID SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
1,166,610 Ordinary shares of £0.01 each	<u>1,166,610</u>	<u>11,666</u>	<u>1,166,610</u>	<u>11,666</u>

**1SPATIAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JANUARY 2013**

**23. RESERVES**

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	30,243	4,005	319,971
Profit for the year	—	—	419,324
Balance carried forward	<u>30,243</u>	<u>4,005</u>	<u>739,295</u>

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Profit/(loss) for the financial year	419,324	(1,170,894)
Opening shareholders' funds	<u>365,885</u>	<u>1,536,779</u>
Closing shareholders' funds	<u>785,209</u>	<u>365,885</u>

**25. Ultimate parent company**

The company's immediate parent company is ISpatial Holdings Limited and the ultimate parent undertaking and controlling party is ISpatial plc (formerly Avisen plc), both companies are incorporated in England and Wales

ISpatial plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 January 2013. The consolidated financial statements of ISpatial plc are available from Pannell House, Park Street, Guildford, GU1 4HN