Company Registration No. 04785688 (England and Wales)

1SPATIAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2016

1SPATIAL GROUP LIMITED

COMPANY INFORMATION

Directors	M N Hanke C Milverton Dr M S Sanderson D J Guthrie
Secretary	Capita Company Secretarial Services Limited
Company number	04785688
Registered office	Tennyson House Cambridge Business Park Cowley Road Cambridgeshire CB4 0WZ
Independent auditors	PricewaterhouseCoopers LLP Abacus House Castle Park Cambridge CB3 0AN

1SPATIAL GROUP LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

The Directors present the Strategic report and audited financial statements for the year ended 31 January 2016.

These are the first published financial statements of the Company prepared in accordance Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). The financial statements were previously prepared under UK Generally Accepted Accounting Practice ("UK GAAP").

Objectives

Our prime objective is to generate value for our shareholders. 1Spatial Group Limited is a UK subsidiary of 1Spatial plc which is an AIM-listed company. 1Spatial Group Limited is the parent undertaking of Aon Spásúil Limited (Ireland) and 1Spatial Australia Pty Limited.

1Spatial Group Limited has a heritage through which it has evolved substantial capabilities that are unique in the marketplace. The Board sees that the greatest opportunity to deliver value comes through leveraging the Company's intellectual property, its expertise, reputation and experience in a market that demands increasingly sophisticated management of geospatial data.

1Spatial Group Limited provides the software solutions and services that manage the world's largest spatial Data. We work with users and creators of the largest geospatial databases on earth, helping them collect, store, manage and interpret location-specific information.

A leader in our field, we have many years of experience and a record of continual innovation and development. The Company enjoys deep, long-standing relationships with major customers around the world and, as a consequence, we enjoy an unparalleled reputation in the field.

Strategy and business model

Our objective is to release the untapped potential of 1Spatial's IP and rich heritage in the management of geospatial data. We are a leader in our field with almost fifty years' experience and continue to be at the forefront of innovation with the value of our products being increasingly recognised by large international customers.

There is a growing demand by all organisations and corporations for the location-driven insights that can be derived from geospatial data.. While organisations typically meet this demand by acquiring a GIS package, such solutions pre-suppose an adequate quality in the underlying geospatial data. In reality, this is seldom the case. 1Spatial's traditional customer base met this challenge by engaging 1Spatial to help manage the quality of their data; its collection, validation, correction, maintenance, extraction, publication and interpretation of geospatial data.

Historically, the Company's expertise was the delivery of solutions for relatively few, very large, clients — the creators and users of some of the largest (and most critical) geospatial databases globally. This was achieved through bespoke projects leveraging resource-constrained professional services built on a fragmented code-base of software.

Since 2012, we have invested in the development of modular, "off-the-shelf" software, packaging 45 years of innovation and expertise so that it can be effectively deployed for repeated and scalable use. Effectively, we have inverted our historic business model from one grounded in ad hoc, bespoke and constrained consulting services that drew on a fragmented code-base, to one where a robust and repeatable software model enables added-value professional services.

The first of these products was 1SMS, the 1Spatial Management Suite, which we launched in 2012/13. Bespoke projects continue, of course, and many complex projects – requiring significant additional professional services revenue – are now grounded in the 1SMS package. However, the new model enables us to focus our team of developers on a single, central code-base, an approach which yields technological advances that would not have been available under the previous approach of wholly ad hoc, bespoke projects.

We now have a business model that is repeatable and affordably scalable. Core functionality and reusable IP can be re-sold as packaged product and our valuable, highly-skilled people can be better deployed at the cutting edge; delivering innovation for our customers.

Valuable, reusable IP developed by our developers and consultants working on bespoke projects can be captured and fed into the development cycle for future iterations of our packaged software.

Open technology – at the heart of complex solutions

The nature of 1Spatial's expertise means that our solutions are often found at the heart of complex installations, working alongside and inter-operating with the technology of other vendors.

Strong partnerships with other industry leaders have always been an important part of the 1Spatial strategy. However, as the use of GIS grows outside of specialist geospatial organisations, we see increasing demand for different solutions to work together ever more seamlessly. Consequently, we have committed ourselves to provide software solutions that are 'open' and which work well with key vendors in the field. We have seen two important developments with such vendors during the year; ESRI and HERE.

ESRI

In October 2014, we announced an important partnership with GIS market leader ESRI. ESRI, a privately held US company sometimes known as Environmental Systems Research Institute, has a 43% share of the GIS market and around 350,000 organisations use its core ArcGIS software.

The first product of this partnership is 1Integrate for ArcGIS. This strategically important product makes 1Spatial's unique technology available directly from within the ESRI user interface. 1Integrate for ArcGIS opens up ESRI's entire customer base to 1Spatial.

HERE

HERE, previously known as Navteq, is a leader in the field of location intelligence, delivering precise and up-to-date maps and "location experiences" across multiple screens and operating systems.

Drawing on more than 80,000 sources of data, HERE offers maps, voice guided navigation and live traffic information. With investment from Audi AG, BMW Group and Daimler AG, the business provides mapping solutions to consumers, the automotive sector and enterprise in general.

Announced in January 2016, our partnership will enable customers to use 1Spatial technology to easily combine their own data with HERE's high quality map data yielding significant operational efficiencies.

Operational review

A summary of the results compared to the prior year, are set out below:

	2016	2015	Variance	Variance
	£	£	£	%
Revenues	9,198,383	8,910,169	288,214	3%
Gross profit	5,384,453	5,677,503	(293,050)	(5%)
Gross profit %	59%	64%		
Adjusted* EBITDA	2,728,982	3,347,599	(618,617)	(18%)
Profit before tax	648,923	1,573,444	(924,521)	(59%)
Profit after tax for the financial year	840,638	1,374,599	(533,961)	(39%)

*Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge. See note 7 to the financial statements for further information.

Development of its off the shelf suite of software products that can work seamlessly with other technologies

The Company has invested significantly in its suite of software products in the year, in particular in its main 1SMS product and making this more readily able to be deployed onto other companies' solution platforms. This development is key in securing long-term growth for the business.

The total amount spent in the year on this development and other development in the Company was £1,370,082 (2015: £1,070,117) all of which has been capitalised in the Company's balance sheet.

A short-term consequence of this investment is that that there has been some negative impact on revenues in the year compared to the initial budget. This is because the development team has become resource-constrained and therefore the Company has had to be selective over certain revenue-generating projects that it has entered into. The Company retains strict criteria when assessing projects and these will only be entered into if they achieve a target gross margin or are of strategic importance to the Company, in which case a lower margin will be accepted.

Establishing long-term sales pipeline and recurring revenues

The Company is constantly reviewing and evolving its sales model so it aligns with the Group's strategy. The sales model has been developed and adapted for the current financial year to January 2017 with a split of the teams between major accounts (large traditional accounts with mapping agencies/data providers where more bespoke software and services are provided) and non-major accounts where the sales are more transactional and will align to the 1Integrate for ArcGIS sales.

During the second half of the year the Company was successful in executing on a number of sales which will give rise to revenue in the next financial year and will create a platform for further sales growth in the future. These were:

- US$1m contract with a US Federal Government Agency
- 1Integrate contract for US$1.1m with HERE USA
- rolling contract with one of the UK's leading transport infrastructure operators

In addition, the Company announced a significant strategic partnership with HERE, a leader in navigation and mapping. The combination of 1Spatial's software and services with HERE's high grade maps and content will enable end-customers to benefit from significant improvements in operational performance whilst providing substantial incremental sales opportunities for the Company.

At the end of the year, the Company had a strong growing pipeline of opportunities and a secured order book of opportunities to execute on.

Revenues

Revenue has increased marginally by £288,214 compared to the prior year. Management are still very confident with the future prospects of the business and envisage sales of the 1Integrate for ArcGIS product (particularly in the US market) having a positive impact on the numbers to 31 January 2017. A number of new sales were also closed prior to the year end and just after the year end; however, due to orders taken but products or services not delivered, these could not be recognised in the financial year to January 2016. Other key reasons for the smaller increase in the year are as follows:

- Deployment of the software development team onto the development of the products rather than being able to deliver service revenues for the Company
- Only engaging on contracts yielding target margin levels given resource constraints in development team (except in cases where the customer is strategically advantageous)
- 1Integrate for ArcGIS being launched later in the year than expected and therefore not having an impact on the results until the year ended 31 January 2017

The Company continues to have a strong support and maintenance renewal, which is still at a renewal rate in excess of 95%.

The key revenue streams are:
- Licences – these are generally perpetual licences with an annual support and maintenance fee in the region of 20% of the upfront licence fee
- Services – development and consultancy services to existing and new clients, utilising our Geospatial domain expertise
- Support and maintenance – which have arisen on the back of perpetual licence sales

The revenue streams are split as follows:

	2016	2015
Licences	22%	21%
Services	47%	46%
Support and maintenance	31%	33%

The future revenue strategy is to increase the proportion of licence sales of the new product and these products would be sold on a subscription basis rather than a perpetual licence basis.

Gross profit and adjusted EBITDA*

With revenue growth lower than expected, gross margins have declined, from 64% to 59%. Key objectives for the management and commercial teams have been to:
- Maintain 1Spatial's strong recurring support and maintenance revenues
- Improve project management and margins on some of the longer term projects
- Implement strict processes and procedures on Bid/No Bid decisions for new contracts to ensure good gross margins are achieved
- Drive revenue mix towards more profitable licence sales

Overall result for the year

	2016	2015
	£	£
Adjusted* EBITDA	2,728,982	3,347,599
Depreciation	(143,323)	(84,582)
Amortisation of intangible assets	(319,972)	(282,849)
Share-based payment charge	(262,309)	(86,485)
Management recharges	(1,201,281)	(1,185,410)
Strategic, integration and other one-off items	(146,165)	(127,746)
Operating profit	**655,932**	**1,580,527**
Net finance cost	(7,009)	(7,083)
Profit before tax	**648,923**	**1,573,444**
Tax	191,715	(198,845)
Profit for the financial year	**840,638**	**1,374,599**

* Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge. See note 7 to the financial statements for further information.

Overall, amortisation of intangible assets has increased on the prior year by £37,123. The main reason for the increase is amortisation of development costs which have had a full year of amortisation in the current year compared to part of the year in 2015. The amortisation starts as the product development finishes and the products are launched to market. There will be an increase in amortisation in future financial years given the extent of product development that has taken place with products starting to be launched to market.

The share option charge represents the 'non-cash' charge attributable to issuing share options. The increase in this charge is due to some new share options that were issued to management in March 2015. This is part of the Group's strategy to attract, motivate and retain talent within the business.

The Company incurs one-off costs which impact the overall underlying results of the business. Where possible the Company seeks to separate these out along with any other one-off items which 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 Company recognised a tax credit of £191,715 (2015: £198,845 tax charge). This is partially as a result of research and development claims in the year, and partially as a result of deferred tax recognised on tax losses.

The Company has a strong statement of financial position at 31 January 2016 with net assets of £4,602,611 (2015: £3,499,664) including a cash balance of £1,430,717 (2015: £2,513,998). The overall 1Spatial plc business has a strong statement of financial position with an asset position of £25,667,000 (2015: £21,008,000) including a cash balance of £4,996,000 (2015: £8,250,000). These numbers are extracted from the 1Spatial plc consolidated financial statements to 31 January 2016, which does not form part of this report.

A more detailed review of the overall 1Spatial plc business can be found in the Chairman's report and Strategic report accompanying the 1Spatial plc annual report to 31 January 2016.

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 Company are as follows:

Customer budget cutbacks/economic conditions

Risk: Due to the recent recession 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 which 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 Company is also mitigating this risk by diversifying the industry sectors 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 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 a culture of free thinking and innovation. During the year, share options were issued to Executive Directors and key members of the management team. The decision to issue share options has been taken as part of the Company's strategy to attract, motivate and retain talent within the business and further mitigate this risk

Reliance on key customers

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

Mitigation: The management team maintains good relationships with its customers through continued communication throughout the year. The Company's strategy of acquisition and diversifying into different industry and geographic markets will reduce the Company'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 which 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.

Currency fluctuation

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

Mitigation: The Company 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.

C Milverton
Director

Approved by the Directors

Date 20/10/2016

The Directors present their report and audited financial statements for the year ended 31 January 2016.

Principal activities

1Spatial 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 1Spatial software products and related services. It is also a reseller of other location-based software products. For almost fifty years, the 1Spatial 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 1Spatial 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 1Spatial business product manages data for many of the NMAs and this puts 1Spatial 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 1Spatial Cloud platform.

1Spatial Group is the parent undertaking of the principal trading subsidiaries of Aon Spásúil Limited and 1Spatial Australia Pty Limited.

The results of 1Spatial Group Limited are included in the 31 January 2016 results of 1Spatial plc.

Results

The Company's profit for the financial year was £840,638 (2015: £1,374,599).

Financial risks

Credit risk

The Company 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 Company forecasts are compared to available facilities to ensure that sufficient headroom is anticipated.

Cash flow and interest rate risk

The Company'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.

Currency risk

Foreign exchange exposures arising from transactions in various currencies are reduced through a policy of matching, as far as possible, receipts and payments in each individual currency.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

M N Hanke
C Milverton
Dr M S Sanderson
D J Guthrie
S R Berry (resigned 2 February 2016)

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.

Independent auditors

PricewaterhouseCoopers LLP have been re-appointed as auditor for the ensuing year in accordance with Section 485 of the Companies Act 20016.

Statement of disclosure to auditors

We, the Directors of the Company, who held office at the date of the 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 auditors are 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 auditors are aware of that information.

On behalf of the Board

C Milverton
Director

Date 20/10/2016

1SPATIAL GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JANUARY 2016

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 prepared the financial statements in accordance with UK Accounting Standards and applicable law - UK Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

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 estimates that are reasonable and prudent;
- notify the Company's shareholders in writing about the use of disclosure exemptions of FRS 101 used in the preparation of the financial statements;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

1SPATIAL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1SPATIAL GROUP LIMITED

Report on the financial statements

Our opinion
In our opinion, 1Spatial Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2016 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.

What we have audited
The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 January 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statemenots, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

1SPATIAL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1SPATIAL GROUP LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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) ("ISAs (UK & 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 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.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Simon Ormiston

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

24 October 2016

1SPATIAL GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	2015 £
Revenue	5	9,198,383	8,910,169
Cost of sales		(3,813,930)	(3,232,666)
Gross profit		5,384,453	5,677,503
Administrative expenses		(4,728,521)	(4,096,976)
Adjusted* EBITDA		2,728,982	3,347,599
Depreciation	12	(143,323)	(84,582)
Amortisation	11	(319,972)	(282,849)
Management charges		(1,201,281)	(1,185,410)
One-off costs	7	(146,165)	(127,746)
Share-based payments		(262,309)	(86,485)
Operating profit on ordinary activities before interest and income tax	6	655,932	1,580,527
Finance income	9	628	1,129
Finance costs	9	(7,637)	(8,212)
Profit on ordinary activities before income tax		648,923	1,573,444
Income tax credit/(expense) on ordinary activities	10	191,715	(198,845)
Profit for the financial year		840,638	1,374,599
Other comprehensive income for the year, net of tax		-	-
Profit and total comprehensive income for the year		840,638	1,374,599

* Adjusted: Before share-based payment charges, management charges and one-off items.

1SPATIAL GROUP LIMITED

Company Registration No. 04785688

STATEMENT OF FINANCIAL POSITION

AT 31 JANUARY 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	11	3,135,355	2,068,818
Tangible assets	12	256,957	133,047
Investments in subsidiaries	13	445,527	445,527
		3,837,839	2,647,392
Current assets			
Debtors	14	5,223,307	3,379,782
Cash at bank and in hand	15	1,430,717	2,513,998
		6,654,024	5,893,780
Current liabilities			
Creditors: Amounts falling due within one year	16	(5,519,516)	(4,665,032)
Net current assets		1,134,508	1,228,748
Total assets less current liabilities		4,972,347	3,876,140
Provisions for liabilities	17	(369,736)	(376,476)
Net assets		4,602,611	3,499,664
Capital and reserves			
Called up share capital	20	11,666	11,666
Share premium		30,243	30,243
Capital redemption reserve		4,005	4,005
Share-based payment reserve		515,479	253,170
Profit and loss account		4,041,218	3,200,580
Shareholders' funds		4,602,611	3,499,664

The notes on pages 15 to 34 are an integral part of these financial statements.

These financial statements on pages 12 to 34 are approved by the Board of Directors and authorised for issue on 20 October 2016 and are signed on its behalf by:

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C Milverton
Director

1SPATIAL GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2016

	Called up Share Capital £	Share premium £	Capital redempt--ion reserve £	Share-based payment reserve £	Profit and loss account £	Total equity £
Balance as at 1 February 2014	11,666	30,243	4,005	166,685	1,825,981	2,038,580
Profit for the financial year	-	-	-	-	1,374,599	1,374,599
Total comprehensive income for the year	-	-	-	-	1,374,599	1,374,599
Credit relating to equity settled share-based payments	-	-	-	86,485	-	86,485
Total transactions with owners recognised directly in equity	-	-	-	86,485	-	86,485
Balance as at 31 January 2015	11,666	30,243	4,005	253,170	3,200,580	3,499,664
Profit for the financial year	-	-	-	-	840,638	840,638
Total comprehensive income for the year	-	-	-	-	840,638	840,638
Credit relating to equity settled Share-based payments	-	-	-	262,309	-	262,309
Total transactions with owners recognised directly in equity	-	-	-	262,309	-	262,309
Balance as at 31 January 2016	11,666	30,243	4,005	515,479	4,041,218	4,602,611

1. General information

The principal activity of the Company is that of software development, providing location-based software and related services.

The Company is a private company limited by shares and it is incorporated and domiciled in the UK. The address of its registered office is Tennyson House, Cambridge Business Park, Cowley Road, Cambridgeshire, CB4 0WZ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. They have, unless otherwise stated, been applied consistently to all periods presented.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities at fair value through profit or loss, and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

An explanation of how the transition to FRS 101 has affected the financial position and financial performance of the Company is provided in note 25.

Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the group financial statements of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a cash flow statement and related notes;
- A reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- Comparative period reconciliations for share capital, investments, tangible fixed assets and intangible fixed assets;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income; and
- Presentation of a third statement of financial position for retrospective adjustments, reclassifications and at the date of transition to IFRS.

Going concern

The Company meets its day-to-day working capital requirements through its cash reserves. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Consolidation

The financial statements present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by section 400 of the Companies Act 2006, as it is a subsidiary undertaking of 1Spatial plc, a Company incorporated in England and Wales, and is included in the consolidated financial statements of 1Spatial plc. The consolidated financial statements of 1Spatial plc are available from 40 Dukes Place, London, EC3A 7NH.

Foreign and functional currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement. All other foreign exchange gains and losses are presented in the income statement within 'Administrative expenses.'

Tangible assets

All tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Computer equipment	3 years
Fixtures, fittings & equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the income statement.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

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.

Amortisation is recognised on a straight-line basis over their estimated useful lives, as follows:

Intellectual property	10 years
Development costs	2 - 5 years
Computer software	3 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets

At each year end, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of non-financial assets

Assets that are subject to 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise receivables and cash in the balance sheet.

Financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Cash at bank and in hand

Cash at bank and in hand in the statement of financial position includes cash in hand, deposits held at call with banks and cash equivalents. 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 at bank and in hand. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

Share capital

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

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost using the effective interest method. The Company has the following non-derivative financial liabilities: loans and trade and other payables. The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired. Where an existing financial liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts are recognised in profit or loss.

Trade and other creditors

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

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax relief is available for certain qualifying research and development ("R&D") expenditure incurred. During the year, the Company 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 a 10% R&D expenditure credit, which is included in revenue and is subject to tax. Qualifying expenditure incurred up to 31 March 2013 has been claimed under the super-deduction regime set out in CTA 2009 Part 13.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pensions

The Company operates a defined contribution pension scheme for employees. Contributions are paid as 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. 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.

Share-based payments

The Company operates an equity-settled, share-based compensation plan, under which the Company receives services from employees as consideration for equity instruments (options) of the ultimate parent company, 1Spatial plc. The awards are granted by the parent and the Company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' funds. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised the Company is recharged the options' original fair value as of the grant date from 1Spatial plc. This recharge is accounted for as a deduction from shareholders' funds.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

When 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 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.

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 Company's objective evidence of the fair value of the elements represented by the Company's customary pricing for each element in separate transactions.

Professional Services
Revenue is recognised as the work is carried out and the Company 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 recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Research and development

Expenditure on research is written off against profits in the year in which it is incurred. Development expenditure is capitalised when it meets the relevant criteria as referred to under the intangible assets accounting policy.

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 7 to the financial statements.

Pre-contract costs

Pre-contract costs, which are costs which relate directly to a contract and which are incurred once the award of the contract is probable but prior to its award, are capitalised and written off over the period of the contract to match the expected profit profile.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to makes judgements, estimates and assumptions concerning the future which impact the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

Revenue recognition

The contractual arrangements of sales are often complex with multiple elements, e.g. software and maintenance. Management has to make appropriate judgements and estimates in relation to the fair value of each of these elements in accordance with the guidance set out in IAS 18.

Where a project extends over a time period, management makes a judgement on the fair value of the work completed in order to be able to recognise revenue in relation to the project in the correct periods. An objective review of each project is undertaken on an individual basis and management's best judgement is used as the basis of completion of the project, thereby defining levels of revenue recognised.

Allocation of fair value – when a bundled service is sold, the Company uses critical judgement to unbundle the service and recognise elements of revenue separately as shown in the revenue recognition accounting policy.

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.

4. Financial instruments

The Company has no financial assets or financial liabilities measured at fair value through profit or loss.

5. Revenue

Revenue is derived from the principal activities of the Company; revenue attributable to each of the Company's geographical markets is as follows:

	2016 £	2015 £
United Kingdom	6,207,100	6,191,390
Other EU countries	1,198,104	1,174,553
Rest of the World	1,793,179	1,544,226
	9,198,383	8,910,169

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

Analysis of revenue by category:

	2016 £	2015 £
Licenses	1,991,246	1,894,408
Services	4,275,045	4,097,940
Support and maintenance	2,763,034	2,917,821
Other	169,058	-
	9,198,383	8,910,169

6. Operating profit

Operating profit is stated after charging:

	2016 £	2015 £
Wages and salaries	4,079,812	3,143,617
Social security costs	415,308	325,931
Other pension costs	269,328	163,894
Share-based payments	262,309	86,485
Staff costs	5,026,757	3,719,927
Depreciation of tangible fixed assets – owned assets	143,323	84,582
Amortisation of internally generated intangible assets	319,972	282,849
Exchange losses/(gains)	(50,442)	(206,291)
Redundancy costs	23,741	-
Operating lease charges	240,208	254,371
Research expenditure	177,914	267,506
Audit fees payable to the Company's auditor	27,660	26,600

7. One-off costs

	2016 £	2015 £
Strategic costs (a)	-	59,719
Redundancy costs	23,741	-
Training costs associated with new ERP system (b)	11,180	41,479
Premises-related costs	50,000	-
Other (c)	61,244	26,548
	146,165	127,746

(a) A high proportion of the strategic costs related to due diligence on potential acquisitions.

(b) A new ERP system went live in August 2013. Further implementation work on this continued during 2015 and 2016 and is nearing completion.

(c) Other costs include costs relating to work carried out on the Company's intellectual property portfolio.

8. Employees and Directors

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2016 Number	2015 Number
Management	1	2
Administration	12	11
Sales	9	8
Product/Marketing	8	6
Consultancy and support	17	14
Development	34	25
	81	66

Directors' remuneration

	2016 £	2015 £
Aggregate emoluments	139,289	105,291
Pension contributions	12,022	11,903
	151,311	117,194

The remuneration above relates to a single director remunerated by the Company. The remaining directors' remuneration is borne by 1Spatial plc. The Directors do not believe that it is practicable to apportion this amount between their qualifying services as Directors of the Company and their qualifying services as Directors of the holding and fellow subsidiary companies.

9. Finance income and expense

	2016 £	2015 £
Finance income: Bank interest receivable	628	1,129
Finance expense: Bank charges payable	7,637	8,212

10. Income tax

	2016 £	2015 £
Current tax:		
UK Corporation tax on profits of year	6,052	22,095
Adjustment in respect of prior years	(191,027)	-
Total current tax	(184,975)	22,095
Deferred tax:		
Origination and reversal of timing difference	(397,332)	(76,039)
Adjustments in respect of prior periods	409,416	252,789
Impact of change in tax rates	(18,824)	-
Total deferred tax	(6,740)	176,750
Tax on profit on ordinary activities	(191,715)	198,845

Factors affecting tax charge for the year

The tax assessed for the year is lower (2015: lower) than the effective rate of corporation tax as explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	648,923	1,573,444
Profit on ordinary activities multiplied by the effective rate of corporation tax 20.16% (2015: 21.33%)	130,823	335,616
Effects of:		
Non-deductible expenses	3,011	20,732
Non-taxable income	(34,085)	-
Impact of changes in tax rates	(19,563)	(11,753)
Derecognised deferred tax	78,341	-
Group relief	(91,405)	(135,868)
Utilisation of losses not previously recognised	(67,773)	(14,719)
Adjustment in relation to prior years	(191,027)	-
Other tax adjustments	(37)	4,837
Tax (credit)/charge	(191,715)	198,845

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As a result of the change in the UK main rates of corporation tax, the relevant deferred tax balances have been remeasured.

11. Intangible assets

	Intellectual property £	Development costs £	Computer software £	Total £
Cost:				
At 1 February 2015	17,605	2,379,698	149,119	2,546,422
Additions	7,988	-	8,439	16,427
Additions – internally generated	-	1,370,082	-	1,370,082
At 31 January 2016	25,593	3,749,780	157,558	3,932,931
Accumulated amortisation:				
At 1 February 2015	-	332,617	144,987	477,604
Charge for the year	-	315,961	4,011	319,972
At 31 January 2016	-	648,578	148,998	797,576
Net book value:				
At 31 January 2016	25,593	3,101,202	8,560	3,135,355
At 31 January 2015	17,605	2,047,081	4,132	2,068,818

Intellectual property assets comprise of costs for a patent produced by the Company. The creation of the patent is not at a commercial state yet, and as a result no amortisation has been charged on this cost.

Included in the carrying value of development costs are the capitalised costs in respect of internally developed software which is subsequently made available for sale. The development costs capitalised above are amortised over a period of 2 to 5 years which represents the period over which the Directors expect the Company to consume the asset's future economic benefits. The development costs are amortised from the point at which the asset is ready for use within the business.

Intangible assets amortisation is recorded in administrative expenses.

12. **Tangible assets**

	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost:			
At 1 February 2015	594,919	153,881	748,800
Additions	84,177	183,056	267,233
At 31 January 2016	679,096	336,937	1,016,033
Accumulated depreciation:			
At 1 February 2015	473,847	141,906	615,753
Charge for the year	79,255	64,068	143,323
At 31 January 2016	553,102	205,974	759,076
Net book value:			
At 31 January 2016	125,994	130,963	256,957
At 31 January 2015	121,072	11,975	133,047

Tangible assets depreciation is recorded in administrative expenses.

13. **Investments in subsidiaries**

	Shares in subsidiary undertakings £
Cost:	
At 1 February 2015 and 31 January 2016	1,600,359
Impairment:	
At 1 February 2015 and 31 January 2016	1,154,832
Net book value:	
At 31 January 2016	445,527
At 31 January 2015	445,527

The Company's subsidiary undertakings as at 31 January 2016 are set out below:

Name of company	Country of incorporation or registration	Class of shares held	Proportion of class
Socium Limited (dormant)	England & Wales	Ordinary	100%
1Spatial Australia Pty Limited	Australia	Ordinary	100%
Aon Spásúil Limited	Ireland	Ordinary	100%

The active subsidiaries are engaged in location-based software and development and consultancy. Socium Limited was dissolved on 5 July 2016.

13. Investments in subsidiaries (continued)

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 recoverable amount of the investments held is determined from value in use calculations for each cash generating unit (CGU) covering a two 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.

14. Debtors

	2016 £	2015 £
Due within one year:		
Trade debtors	1,363,252	1,262,658
Amounts owed by group undertakings	2,332,959	1,381,313
Corporation tax	184,707	-
Other debtors	495,857	5,860
Prepayments and accrued income	846,532	729,951
	5,223,307	3,379,782

Amounts owed by group undertakings are unsecured, interest free and are payable on demand.

Trade debtors are stated after provisions for impairment of £Nil (2015: £Nil).

15. Cash at bank and in hand

	2016 £	2015 £
Cash at bank and in hand	1,375,940	2,459,221
Financial assets – restricted access account	54,777	54,777
	1,430,717	2,513,998

The fair value of the cash at bank and in hand is the same as its book value above.

16. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	658,930	484,986
Amounts owed to group undertakings	3,191,185	2,659,863
Corporation tax	-	22,095
Other taxation and social security	333,709	411,857
Other creditors	175,525	163,763
Accruals and deferred income	1,160,167	922,468
	5,519,516	4,665,032

Other creditors include £78,000 (2015: £66,000) in respect of a dilapidation provision. The net charge to profit and loss account during the year was £12,000 (2015: £12,000).

Amounts owed to group undertakings are unsecured, interest free and are payable on demand.

17. Provisions for liabilities

Deferred tax provision	2016 £	2015 £
At 1 February	376,476	199,726
Charge to the income statement	(6,740)	176,750
At 31 January	369,736	376,476

The provision for deferred tax consists of the following deferred tax balances:

	2016 £	2015 £
Differences between depreciation and capital allowances	384,279	416,696
Other timing differences	(14,543)	(40,220)
Total	369,736	376,476
Deferred tax assets due within 12 months	(8,400)	(5,267)
Deferred tax liabilities due within 12 months	79,046	91,626
Total deferred tax (asset)/liability due within 12 months	70,646	86,359
Deferred tax assets due after more than 12 months	(6,143)	(33,336)
Deferred tax liabilities due after more than 12 months	305,233	323,453
Total deferred tax (asset)/liability due after more than 12 months	299,090	290,117
Total deferred tax liability	369,736	376,476

18. Retirement benefit schemes

Defined contribution scheme

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. At the balance sheet date contributions of £44,212 (2015: £32,673) were outstanding.

	2016 £	2015 £
Contributions payable by the Company for the year	269,328	163,894

19. Share-based payments

The EMI (Enterprise Management Incentives) share option plan and Executive unapproved share option plan were introduced in 2011 in the parent Company, 1Spatial plc.

Under the schemes the Board of Directors of 1Spatial plc can grant options over shares of the Company to directors and employees of the group companies.

19. Share-based payments (continued)

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 acquisition were at a discount to the market price. The contractual life of the option is 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 for three 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 in 1Spatial plc using the Black-Scholes option pricing model.

On 3 March 2015, options over 9,785,047 new ordinary shares of 1p each in 1Spatial plc were issued to a number of employees under the Company's EMI share option plan. These EMI options have been used to motivate and tie in key staff within the business and will vest over various intervals based on a number of different conditions including performance targets and time elapsed. The EMI options were granted with an exercise price of 5.35p. These options were valued using the Black-Scholes option pricing model.

In addition, on 3 March 2015, incentive options over 2,250,000 ordinary shares were issued to members of 1Spatial's senior executive team and certain Board Directors. The Board made the award in consultation with its largest shareholders, to incentivise and retain key executives. The incentive options vest solely in the event of a transaction at a minimum par value per share of 12p, at which point 20% of the total Incentive options will vest, and on a straight-line basis thereafter up to a value per share of 24p, at which point all (100%) of the incentive options will vest. These options were valued using the Stochastic model in order to factor in a discount for the probability of achieving the transaction value per share targets.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant-vest	Expiry date:	Exercise price in pence per share option	Share options 2016	Share options 2015
2013 – 2016	2023	4.94p	7,287,449	7,287,449
2015 – 2018	2025	5.35p	9,785,047	-
2015 – 2018	2025	1.00p	2,250,000	-
			19,322,496	7,287,449

The total charge for the year relating to the share-based payment plan was £262,309 (2015: 86,485).

20. Share capital & reserves

	2016 £	2015 £
Allotted, issued and fully paid		
1,166,610 (2015: 1,166,610) ordinary shares of 1p each	11,666	11,666

Ordinary share capital
The ordinary shares carry a right to vote, to receive dividend and, on winding up, capital distribution. They do not confer any rights on redemption.

20. Share capital & reserves (continued)

Reserves

Share premium

The share premium reserve represents consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting period

Share-based payment reserve

The cumulative share-based payment expense.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

21. Commitments under operating leases

At 31 January 2016, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Land and buildings:		
Not later than one year	259,793	237,000
Later than one year and not later than five years	671,131	849,250
Later than five years	-	-
	930,924	1,086,250
Other:		
Not later than one year	26,475	28,576
Later than one year and not later than five years	6,620	9,706
Later than five years	-	-
	33,095	38,282

22. Contingent liabilities

The Company has given guarantees on contracts as follows:

	2016 £	2015 £
Euro	54,777	54,777
Total utilised	54,777	54,777
Total available	54,777	54,777

23. Controlling parties

The Company's immediate parent company is 1Spatial Holdings Limited and the ultimate parent undertaking and controlling party is 1Spatial plc, both companies are incorporated in England and Wales.

1Spatial plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 January 2016. The consolidated financial statements of 1Spatial plc are available from 40 Dukes Place, London, EC3A 7NH.

24. Related party relationships and transactions

The Company has taken advantage of the exemptions provided by Section 8 of FRS 101 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transactions is wholly owned by a member of that group.

Included within trade debtors is £461,923 (2015: £79,200) due from Sitemap Ltd, a company related by common directors and in which 1Spatial plc has a 49% interest. This balance relates to the sale of maintenance services totalling £421,516 (2015: £341,000) during the year, and is interest free and repayable on demand.

On the 3 February 2015 the parent company, 1 Spatial Holdings Limited, acquired a 47% share in Laser Scan Inc., a company incorporated in the USA. Included within trade debtors is £327,262 (2015: £Nil) due from Laser Scan Inc., relating to the sale of goods and services totalling £962,210 (2015: £Nil) during the year. Included within trade creditors is £88,786 (2015: £Nil) due to Laser Scan Inc., relating to the purchase of goods and services totalling £151,655 (2015: £Nil) during the year. These balances are interest free and repayable on demand.

25. Reconciliation on adoption of FRS 101

	At 1 February 2014 As previously stated	At 1 February 2014 Effect of transition	At 1 February 2014 FRS 101	At 31 January 2015 As previously stated	At 31 January 2015 Effect of transition	At 31 January 2015 FRS 101
	£	£	£	£	£	£
FIXED ASSETS						
Intangible assets	11,840	1,263,945	1,275,785	17,605	2,051,213	2,068,818
Tangible assets	155,105	(15,321)	139,784	137,179	(4,132)	133,047
Investments in subsidiaries	445,527	-	445,527	445,527	-	445,527
	612,472	1,248,624	1,861,096	600,311	2,047,081	2,647,392
CURRENT ASSETS						
Stock	14,570	-	14,570	-	-	-
Debtors	1,709,934	-	1,709,934	3,412,724	(32,942)	3,379,782
Cash at bank and in hand	1,545,541	-	1,545,541	2,513,998	-	2,513,998
	3,270,045	-	3,270,045	5,926,722	(32,942)	5,893,780
CURRENT LIABILITIES						
Creditors due within one year	(2,842,835)	-	(2,842,835)	(4,665,032)	-	(4,665,032)
NET CURRENT ASSETS	427,210	-	427,210	1,261,690	(32,942)	1,228,748
TOTAL ASSETS LESS CURRENT LIABILITIES	1,039,682	1,248,624	2,288,306	1,862,001	2,014,139	3,876,140
Provisions for liabilities	-	(249,726)	(249,726)	-	(376,476)	(376,476)
NET ASSETS	1,039,682	998,898	2,038,580	1,862,001	1,637,663	3,499,664
CAPITAL AND RESERVES						
Called up share capital	11,666	-	11,666	11,666	-	11,666
Share premium	30,243	-	30,243	30,243	-	30,243
Capital redemption reserve	4,005	-	4,005	4,005	-	4,005
Share-based payment reserve	166,685	-	166,685	253,170	-	253,170
Profit and loss account	827,083	998,898	1,825,981	1,562,917	1,637,663	3,200,580
SHAREHOLDERS' FUNDS	1,039,682	998,898	2,038,580	1,862,001	1,637,663	3,499,664

25. Reconciliation on adoption of FRS 101 (continued)

	For the year ended 31 January 2015 (as previously stated) £	Effect of transition £	For the year ended 31 January 2015 as presented under FRS 101 £
Revenue	8,910,169	-	8,910,169
Cost of sales	(4,302,783)	1,070,117	(3,232,666)
Gross profit	4,607,386	1,070,117	5,677,503
Administrative expenses	(3,825,316)	(271,660)	(4,096,976)
Profit on ordinary activities before interest and taxation	782,070	798,457	1,580,527
Finance income	1,129	-	1,129
Finance costs	(8,212)	-	(8,212)
Profit on ordinary activities before taxation	774,987	798,457	1,573,444
Income tax expense on ordinary activities	(39,153)	(159,692)	(198,845)
Profit for the year and total comprehensive income	735,834	638,765	1,374,599

The transition to FRS 101 has resulted in the above adjustments, which relate to the following:

- Development costs previously written off have now been capitalised in intangible assets and are being amortised over their useful life of 2 to 5 years.
- Computer software assets previously recognised within tangible fixed assets have now been recognised under intangible fixed assets.
- Deferred tax has been recognised for the above changes to development costs capitalised. The deferred tax asset recognised prior to these changes was offset against the deferred tax liability arising from these changes.