Company Registration No. 07968005 (England and Wales)

THE FLOOW LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

THE FLOOW LIMITED

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THE FLOOW LIMITED

COMPANY INFORMATION

Directors

A Monteforte
A Moneta
R Birtles (resigned 27 September 2017)
H Tomlinson
S Chapman
I Peters

Secretary

D James

Company number

07968005

Registered office

The Floow Campus
Wicker Lane
Sheffield
S3 8HQ

Accountants

Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Independent auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

THE FLOOW LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their Strategic Report for The Floow Limited for the year ended 31 August 2018.

Principle activities and business review
The Floow continues to support the global motor insurance industry through:

a) Device-agnostic mobility data capture
b) Mobility data predictive behavioural analytics
c) Driver risk estimation and actuarial support
d) Digital platforms and programs that increase driver loyalty and engagement
e) End user services that increase driver safety and enhance risk reduction.

These capabilities draw from fine-grained mobility behavioural data captured from different types of telematics sensing device including: smartphone-as-sensors, black-boxes, on board diagnostic, and in vehicle sensor integrations. The Floow undertake advanced analytics upon this collated data to deliver actionable insights underpinning innovative motor insurance product lines in multiple markets worldwide.

To meet increased demand in a growing market sector an issue of preferred ordinary and preference shares in March 2017 realised an equity input of £13m from three external investors. The investment, as intended, has begun to support the group's ambitious growth and technical infrastructure plans. This has included a substantial increase in headcount in the year.

During the year The Floow has expanded along the following dimensions:

- Development of a productised and "off-the-shelf" market offerings to meet the needs of clients who favour a product approach. This has resulted in the delivery of FloowDrive, FloowKit and FloowFleet suite of products. These new products are now available in the market and are aiming to widen market share.
- Strengthen market lead in technical and analytics areas to maintain and grow market differentiators.
- Customer facing teams to take advantage of market growth and further extending client lists and strengthen support systems for clients.
- Back-end support functions
- Focused geographic operations: to take advantage of substantial opportunities in the US market a 100% owned subsidiary was formed in early 2018 with the recruitment of an industry experienced team. The US office will support the Group's existing US clients and market its products and services to other potential customers in North America.

Future Developments
Future strategy beyond the current activities targets improved market support for new and evolving global insurance and risk products. This activity will primarily continue to support new and evolved product lines in the Insurance sector to better support existing client markets.

However as the sector is rapidly evolving The Floow remain actively engaged in shaping direct and adjacent emerging sectors such as new mobility solutions, autonomous and connected vehicles and mobility as a service platforms.

Key Performance indicators
Management use a range of internal performance measures to monitor and manage the business such as financial performance versus forecast. A key success factor for the group is volume growth, client volumes are continually monitored by the business.

THE FLOOW LIMITED

STRATEGIC REPORT (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Principal Risks and Uncertainties
The directors meet regularly and formally review the principal risks facing the business. Our principle risks and uncertainties are as follows:

Operational Risks
The stability and robustness of our technology platform is crucial to providing 24 hour service to our clients. Hence we have a variety of failsafe and redundancy systems which aim to ensure our systems are available during any adverse events.

Financial Risks
Financial risks are managed through strict internal management controls, accurate and timely management information and KPI reporting.

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

Aldo Monteforte
Director

Date 13th December 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their report and audited consolidated financial statements for the year ended 31 August 2018.

The directors have not recommended the payment of a dividend (2017:£nil).

Principal activities

The Floow Limited ("The Floow") design and manufacture telematics systems and provide data analytics services for the automotive and insurance industries. Refer to the strategic report for future developments.

Directors

The directors of the group who were in office during the year and up to the date of signing the financial statements were:

A Monteforte
A Moneta
H Tomlinson
S Chapman
I Peters

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE FLOOW LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Qualifying third party indemnity provision for the benefit of one or more of the directors of the group and company was in force during the year ended 31 August 2018 and at the date of approval of the financial statements.

There were no political donations for the year and the group and company did not incur any political expenditure.

Independent auditors

During the year, PricewaterhouseCoopers LLP continued in their capacity as auditors of the group and company and have indicated their willingness to continue in office.

On behalf of the board

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A Monteforte
Director

13th December 2018

Independent auditors' report to the members of The Floow Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Floow Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 August 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company statements of financial position as at 31 August 2018; the consolidated income statement, the consolidated and company statements of changes in equity and the consolidated cash flow statement for the year then ended ; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other

Independent auditors' report to the members of The Floow Limited (Continued)

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of The Floow Limited (Continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
13th December 2018

THE FLOOW LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018	Restated 2017
		£	£
Turnover	6	4,794,006	4,630,372
Cost of sales		(3,150,208)	(2,563,763)
Gross profit		1,643,798	2,066,609
Administrative expenses		(4,934,136)	(4,373,749)
Operating loss before exceptional items		(3,192,990)	(1,624,172)
Exceptional items	7	(97,348)	(682,968)
Operating loss	7	(3,290,338)	(2,307,140)
Interest receivable and similar income	8	34,546	12,044
Loss before taxation		(3,255,792)	(2,295,096)
Tax on loss	10	307,051	173,819
Loss for the financial year		(2,948,741)	(2,121,277)

The 2017 figures include a reclassification of salaries from cost of sales to admin expenses. Previously Cost of Sales were £4,466,591. There is no impact on the profit for the year as a result of the restatement. A review of the services undertaken by employees took place during the year, previously certain staff providing non cost of sale activities had been posted to direct costs, the restatement to the financial statements adjusts these costs to indirect costs.

The activities of the group relate entirely to operations which are continuing operations.

The group has no comprehensive income.

The group has elected to take the exemption under section 408 of the Companies Act from presenting the parent company profit and loss account

The notes on pages 13 to 25 form part of these financial statements.

THE FLOOW LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

		Group		Company	
		As at 31st August		As at 31st August	
		2018	2017	2018	2017
	Note	£	£	£	£
Fixed assets					
Intangible Assets	11	606,632	-	606,632	-
Tangible Assets	12	443,544	402,582	443,544	402,582
		1,050,176	402,582	1,050,176	402,582
Current assets					
Debtors	13	1,333,567	845,217	1,333,567	845,217
Cash at bank and in hand		9,227,449	13,296,870	9,206,391	13,296,870
		10,561,016	14,142,087	10,539,958	14,142,087
Creditors: amounts falling due within one year	14	(1,034,530)	(1,155,614)	(1,035,248)	(1,155,614)
Net current assets		9,526,486	12,986,473	9,504,710	12,986,473
Total assets less current liabilities		10,576,662	13,389,055	10,554,886	13,389,055
Provisions for other liabilities	15	(39,000)	-	(39,000)	-
Net Assets		10,537,662	13,389,055	10,515,886	13,389,055
Capital and reserves					
Called up share capital	17	634	634	634	634
Share premium account		15,709,293	15,709,293	15,709,293	15,709,293
Reserves/Share Options		101,012	3,664	101,012	3,664
Profit and loss account		(5,273,277)	(2,324,536)	(5,295,053)	(2,324,536)
Total shareholders' funds		10,537,662	13,389,055	10,515,886	13,389,055

The notes on pages 13 to 25 form part of these financial statements.

Included in the profit and loss account is a loss of £2,970,517 (2017: £2,121,277 loss) for the company.

These financial statements have been prepared in accordance with the provisions applicable to medium-sized companies and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements on pages 9 to 25 were approved by the Board of Directors on

13th December 2018. and signed on its behalf by:

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A Monteforte
Director
The Floow Limited, Registered No. 07968005

THE FLOOW LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018

	Called up share capital	Share premium account	Reserves/ Share Options	Profit & loss account	Total shareholders' funds
	£	£	£	£	£
Balance at 1 September 2016	316	2,709,840	-	(203,259)	2,506,897
Changes in Equity					
Total Comprehensive Expense	-	-	-	(2,121,277)	(2,121,277)
Movement in Share Capital	318	-	-	-	318
Movement in Share Premium	-	12,999,453	-	-	12,999,453
Movement in Share Options	-	-	3,664	-	3,664
Balance at 31 August 2017	634	15,709,293	3,664	(2,324,536)	13,389,055
Changes in Equity					
Total Comprehensive Expense	-	-	-	(2,948,741)	(2,948,741)
Movement in Share Options	-	-	97,348	-	97,348
Balance at 31 August 2018	634	15,709,293	101,012	(5,273,277)	10,537,662

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018

	Called up share capital	Share premium account	Reserves/ Share Options	Profit & loss account	Total shareholders' funds
	£	£	£	£	£
Balance at 1 September 2016	316	2,709,840	-	(203,259)	2,506,897
Changes in Equity					
Total Comprehensive Expense	-	-	-	(2,121,277)	(2,121,277)
Movement in Share Capital	318	-	-	-	318
Movement in Share Premium	-	12,999,453	-	-	12,999,453
Movement in Share Options	-	-	3,664	-	3,664
Balance at 31 August 2017	634	15,709,293	3,664	(2,324,536)	13,389,055
Changes in Equity					
Total Comprehensive Expense	-	-	-	(2,970,517)	(2,970,517)
Movement in Share Options	-	-	97,348	-	97,348
Balance at 31 August 2018	634	15,709,293	101,012	(5,295,053)	10,515,886

The notes on pages 13 to 25 form part of these financial statements.

THE FLOOW LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018	2017
		£	£
Cash flows from operating activities			
Cash used in Operations	21	(3,519,407)	(1,525,132)
Income tax refunds		346,051	173,819
Net cash used in operating activities		(3,173,356)	(1,351,313)
Cash flows from investing activities			
Capitalisation of intangible assets	11	(702,534)	-
Purchase of tangible assets	12	(235,978)	(334,925)
Proceeds from disposal of tangible assets		7,901	-
Interest received		34,546	12,044
Net cash used in investing activities		(896,065)	(322,881)
Cash flows from financing activities			
Income from share issue		-	12,999,771
Net cash generated from financing activities		-	12,999,771
Net (Decrease)/Increase in cash and cash equivalents		(4,069,421)	11,325,577
Cash and cash equivalents at beginning of year	22	13,296,870	1,971,293
Cash and cash equivalents at end of year	22	9,227,449	13,296,870

The company is a qualifying entity for the purposes of FRS102 and has elected to take the exemption under FRS102, para 1.12 (b) not to present the company cash flow statement.

The notes on pages 13 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1 Group Information
The Floow Limited is a private group, limited by shares, which is incorporated and registered in United Kingdom (Registered No. 07968005); its principal place of business and registered office is at The Floow Campus, Wicker Lane, Sheffield S3 8HQ.

The Floow Limited ("the Company") and its subsidiary, The Floow North America, Inc (together "the Group") provide telematics services to the motor insurance and automotive industries in a number of countries across the world.

2 Basis of preparation
These consolidated and separate financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the provisions of the Companies Act 2006 applicable to medium-sized companies and the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the Companies Act 2006.

The Group financial statements are presented in Sterling (£).

The Group's functional and presentation currency is Sterling (£).

Exemptions for qualifying entities under FRS102
FRS102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The Group has taken advantage of the following exemptions in its individual financial statements:

a) not to present the company cash flow statement under FRS102, para 1.12 (b), on the basis that the consolidated cash flow statement, included in these financial statements, includes the Company's cash flows;
b) from financial instrument disclosures as the information is provided in the consolidated financial statement disclosures;
c) from disclosing share-based payment arrangements concerning its own equity instruments as the Group financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein.

Exemptions for qualifying entities under the Companies Act 2006
The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

Going Concern
After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3 Basis of consolidation
The Group consolidated financial statements include the financial statements of the Group and its subsidiary undertaking made up to 31 August 2018.

The subsidiary undertaking is 100% owned and is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Where the subsidiary has different accounting policies (by virtue of its geographical location and local accounting standards), adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.
All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

4 Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of group's sales channels have been met, as described below.

Sale of services
The group sells design services to insurance industry customers. Revenue is recognised in the accounting period in which the services are rendered when the outcome of contract can be estimated reliably. The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

Share Based Payments
During the year the company has issued share options to certain Directors and employees. The fair value of the share-based payments is based on management's estimates of the number of shares that will vest and the associated timings. The Group has used a third-party valuations specialist to calculate the fair value of the share options. Key assumptions used in the calculations were company valuation, volatility, dividend yield and risk-free interest rate.

5 Principal accounting policies
The principal accounting policies, which have been applied consistently, are set out below:

5.1 Turnover
Turnover represents the invoiced value of goods supplied, excluding value added tax. Turnover is recognised on delivery of goods and when the significant risks and rewards of ownership of the goods are transferred to the business partner. Service turnover is recognised in the period in which contracted services are carried out. Where income is invoiced in advance of activity and associated costs, the income is deferred and released to the profit and loss account over the period in which the delivery of the service takes place and costs incurred, and in accordance with the underlying contract.

5.2 Intangible assets
Intangible assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Product Development	33.33% Straight line

Amortisation is included in administrative expenses in the profit and loss account.

5.3 Tangible assets
Property, Plant & Equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% Straight line
Fixtures and fittings	15% Reducing balance
Leasehold Property	20% Straight Line

5.4 Share-based payments
The group operates a number of equity settled, share based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments of the group. The fair value of the of the employee services received in exchange for the grant of the options is recognised as expense. The total amount to be expensed is determined by 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 to consider 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.

At the end of each reporting period, the group will revise its estimates of the number of options that are expected to vest, taking into consideration any leavers during the period who hold share options and other non-market vesting conditions. The impact of any adjustments to the original estimates, if any, will be recognised in the income statement, with a corresponding adjustment to equity.

5.5 Financial instruments
The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.
Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.
Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

5.5 Financial instruments (continued)
Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

5.6 Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

5.7 Foreign currency translation
a) Functional and presentation currency
The group's functional and presentation currency is the pound sterling

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

5.8 Exceptional Items
The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

5.9 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives (if applicable) is recognised as a reduction to the expense recognised over the lease term on a straight-line basis. The group does not currently have any lease incentives.

5.10 Employee benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.
The group administers a defined contribution pension scheme for the benefit of its employees.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

5.11 Taxation
The income tax charge or credit is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions or receivable balances where appropriate on the basis of amounts expected to be paid to or received from the tax authorities.

5.12 Research and development expenditure
In general terms, pure research and development expenditure is written off in the year in which it is incurred.

Applied research and development costs used in specific product development are capitalised if it meets the recognition criteria in full.

6 Turnover

	2018		2017	
	Turnover	**%**	**Turnover**	**%**
UK	2,304,662	48.07%	2,537,305	54.80%
Europe	588,298	12.27%	545,452	11.80%
USA and Canada	1,550,630	32.35%	1,386,244	29.90%
Asia/Rest of World	350,416	7.31%	161,371	3.50%
	4,794,006		4,630,372	

7 Operating loss

	2018	2017
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	165,969	85,068
Amortisation of intangible assets	95,902	-
Lease payments	163,592	84,615
Exceptional items*	97,348	682,968
Auditors' remuneration – Audit fees	29,210	20,500
Non-audit fees	250	32,250

*Exceptional items include the movement in share options (£97,348) in the financial year (2017: £3,664). Prior year exceptional items also include £679,304 costs associated with the issue of shares.

8 Interest receivable and similar income

	2018	2017
	£	£
Bank interest	34,546	12,044

9 Directors and employees

Staff costs during the year were as follows:

Group

	2018	2017
	£	£
Wages and Salaries	5,277,445	3,433,285
Social security costs	543,971	319,966
Other pension costs	92,883	40,053
	5,914,299	3,793,304

Company

	2018	2017
	£	£
Wages and Salaries	5,044,361	3,433,285
Social security costs	525,126	319,966
Other pension costs	92,883	40,053
	5,662,370	3,793,304

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £92,883 (2017: £40,053).

The average number of employees of the company during the year was:

Group

	2018	2017
	No	No
Sales and direct staff	66	46
Support and administration staff	39	21
	105	67

Company

	2018	2017
	No	No
Sales and direct staff	62	46
Support and administration staff	39	21
	101	67

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

9 Directors and employees (continued)
Directors

The directors' emoluments were as follows:

	2018	2017
	£	£
Aggregate remuneration	462,963	527,663
Aggregate amounts received under defined contribution pension schemes	10,281	7,922
	473,244	535,585

The Group and company directors are the same.

Highest paid director

The highest paid directors' emoluments were as follows:

	2018	2017
	£	£
Aggregate remuneration	370,000	444,253
Aggregate amounts received under defined contribution pension schemes	8,942	6,849
	378,942	451,102

The highest paid director has not exercised any share options in the year (2017 Nil).

Key management compensation
The Group is of the opinion that key management includes the directors only as all key decisions are referred to them. Consequently, no separate or additional disclosure is required.

10 Tax on loss on ordinary activities

	2018	2017
	£	£
Current income tax		
UK corporation tax - current year charge	-	-
R&D tax credit - current year tax	(234,295)	(85,000)
R&D tax credit - adjustment in respect of prior year	(111,756)	(88,819)
Deferred Taxation		
Original and reversal of temporary difference	39,000	-
Tax on loss	(307,051)	(173,819)

THE FLOOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

10 Tax on loss on ordinary activities (continued)

	2018	2017
	£	£
Loss before tax	(3,255,792)	(2,295,096)
Profit multiplied by the standard rate of tax in the UK of 19% (2017: 19.58%)	(618,600)	(449,380)
Tax effect of expenses which are not deductible in determining taxable profit	46,386	125,428
Capital allowances in excess of depreciation	(11,441)	(27,761)
Research and development tax credit	(234,295)	(85,000)
Over provision of tax in previous years	(111,756)	(88,819)
Profits not subject to UK corporation tax	(4,137)	-
Deferred tax charge for the year	39,000	-
Losses carried forward	587,792	351,713
Total taxation credit in the year	(307,051)	(173,819)

The tax rate for the current year is lower than in the prior year due to changes in the UK corporation tax rate. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016. These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

11 Intangible assets - Group and Company

	Product Development Capitalised	Total
	£	£
Cost		
At 1 September 2017	-	-
Additions	702,534	702,534
At 31 August 2018	702,534	702,534
Accumulated Amorisation		
At 1 September 2017	-	-
Charge for the year	95,902	95,902
At 31 August 2018	95,902	95,902
Net book value		
At 31 August 2018	606,632	606,632
At 31 August 2017	-	-

The development costs associated with and the investment in bringing the FloowDrive, FloowKit and FloowFleet suite of products to market have been capitalised in the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible assets - Group and Company

	Computer Equipment	Fixtures and Fittings	Leasehold Property	Total
	£	£	£	£
Cost				
At 1 September 2017	434,065	155,027	40,000	629,092
Additions	159,961	58,729	17,288	235,978
Disposals	(148,886)	(44,992)	-	(193,878)
At 31 August 2018	445,140	168,764	57,288	671,192
Accumulated Depreciation				
At 1 September 2017	193,848	32,329	333	226,510
Charge for the year	130,268	24,533	11,168	165,969
Disposals	(145,038)	(19,793)	-	(164,831)
At 31 August 2018	179,078	37,069	11,501	227,648
Net book value				
At 31 August 2018	266,062	131,695	45,787	443,544
At 31 August 2017	240,217	122,698	39,667	402,582

13 Debtors
Group and Company

	2018	2017
	£	£
Trade debtors	517,861	373,731
Other debtors	478,790	247,281
Prepayments and accrued income	336,916	224,205
	1,333,567	845,217

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

14 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	93,000	161,429	85,596	161,429
Taxation and social security	199,820	144,872	198,844	144,872
Other creditors	88,153	109,738	88,153	109,738
Amounts owed to group undertakings	-	-	29,043	-
Accruals and deferred income	653,557	739,575	633,612	739,575
	1,034,530	1,155,614	1,035,248	1,155,614

15 Provision for other liabilities

	2018	2017
	£	£
Deferred tax liability - capital allowances	39,000	-
	39,000	-

16 Share-based payments

The group has entered into the following share-based payment arrangements:

Share-based payment arrangement Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Employment Management Incentive Scheme	Unapproved Share Option Scheme
Date of Grant	23rd July 2013	3rd July 2014	30th July 2015	2015/16	2016/17	2017/18	3rd July 2014
Number of Employees	4	8	12	5	32	38	1
Shares Category	C Ordinary	C Ordinary	C Ordinary	C Ordinary	C Ordinary	C Ordinary	C Ordinary
Share £ each	£0.0011764	£0.0011764	£0.0011764	£0.0011764	£0.0011764	£0.0011764	£0.0011764
Exercise Price Per Share	£1.88	£1.88	£130.19	£130.19	£202.00	£202.00	£1.88
Earliest Date options may be exercised							
The date of the grant	2,550						
1st Anniversary of the date of grant	1,360	340	250	750	666	332	680
2nd Anniversary of the date of grant	1,360	340	250	750	666	332	680
3rd Anniversary of the date of grant	1,360	349	250	750	666	332	680
4th Anniversary of the date of grant	1,360	357	250	750	666	332	680
5th Anniversary of the date of grant	3,060	357	254	750	666	332	680
Total	11,050	1,743	1254	3750	3,330	1,660	3400

16 Share-based payments(continued)

The options will lapse on the tenth anniversary of the date of the grant.

The share options issued in 2014 and 2015 have been adjusted by 600 shares for employees who have left the group's employment in 2016.

The earliest date on which the option may be exercised are contained in the table above unless an earlier event occurs to cause it to lapse or to become exercisable under the applicable rules.

In order for the options to be exercised on the Employee Management Incentive schemes the option holder must remain an employee of the group or any group which is a 51% subsidiary of the group from the date of the grant to the date the exercise conditions have been met.

The Black Scholes options pricing model has been used to arrive at the valuation of the share options issued. The group used a third-party valuation specialist to calculate the fair value of the share options. Key assumptions used in the calculations were company valuation, volatility, dividend yield and risk-free interest rate.

17 Called up share capital
Group and company

	2018	2017
Allotted, called up and fully paid	**£**	**£**
47,473 (2017 - 47,473) Ordinary A shares of £0.0024827 (2017 - £0.0024827) each	118	118
21,250 (2017 - 21,250) Ordinary B shares of £0.0020165 (2017 - £0.0020165) each	43	43
2,125 (2017 - 2,125) Ordinary C shares of £0.0011764 (2017 - £0.0011764) each	2	2
15,000 Preferred Ordinary shares (2017 – 15,000) of £0.01 (2017 - £0.01) each	150	150
6,482 Preferred Ordinary B shares (2017 – 6,482) of £0.01 each (2017 - £0.01) each	65	65
25,617 A Preference shares (2017 – 25,617) of £0.01 each (2017 - £0.01) each	256	256
	634	634

	No. of shares	% of all shares	Voting rights %
Share capital and associated voting rights			
Ordinary A shares	47,473	40.25	57.45
Ordinary B shares	21,250	18.02	24.63
Ordinary C shares	2,125	1.80	-
Preferred Ordinary shares	15,000	12.72	17.92
Preferred Ordinary B shares	6,482	5.49	-
A preference shares	25,617	21.72	-
	117,947	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Share capital – terms and conditions of each class
The holders of Ordinary A and B shares, together with the holders of Preferred Ordinary shares are entitled to receive notice of and speak at General Meetings and vote on shareholders resolutions with the voting rights percentage noted above. They have full dividend rights and are ranked in the order specified in the company's Articles.
The holders of all other share classes shall not be entitled to receive notice of nor speak at General Meetings, nor vote on shareholders resolutions. They have full dividend rights and are ranked in the order specified in the company's Articles.

Subsidiaries and related undertakings

Name	Address of the registered office	Nature of the business	Interest
The Floow North America INC	Suite 250, 20300 Superior Road Taylor MI 48180 USA	Telematics	100% of ordinary shares

18 Financial commitments

At 31 August 2018 the group was committed to making the following payments under non-cancellable operating leases:

	2018	2017
	£	£
Operating leases which expire: within one year	22,242	20,155
between two and five years	24,600	47,205
	46,842	67,360

19 Ultimate controlling party

The ultimate controlling party is A Monteforte, a director and shareholder of the group.

The Floow Ltd is the ultimate parent of the group.

20 Related party transactions

DL Insurance Services Limited, a member of the Direct Line Group has made the following investments in the group:

- £2,650,000 to purchase 15,000 £0.01 preferred ordinary shares on 8 July 2014
- £2,625,145 to purchase 6,482 £0.01 preferred ordinary B shares in March 2017

The Floow provided services to Direct Line Group of £2,255,733 in the current year (2017 - £2,311,167). A debtor balance of £245,115 (2017 - £217,234) remains outstanding at the year-end.

Smart Masterly Limited, invested £1,674,634 to purchase 4,135 £0.01 A preference shares in the group in March 2017. The Floow provided services to Carsmart (Smart Masterly is 100% owned by UEC Hong Kong, which in turn is 100% owned by UEC Beijing, a company registered in China. Carsmart is part owned by UEC Beijing) of nil in the current year (2017 - £8,510). No debtor balance (2017 - nil) remains outstanding at the year-end.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

21 Notes to the Cash Flow Statement

	2018	2017
	£	£
Loss before taxation	(3,255,792)	(2,295,096)
Amortisation of intangible assets	95,902	-
Depreciation of tangible assets	165,969	85,068
Loss on disposal of tangible assets	21,146	-
Finance income	(34,546)	(12,044)
Other movement in reserves	97,348	3,664
	(2,909,973)	(2,218,408)
Working capital movements:		
- (Increase)/Decrease in trade and other Debtors	(488,350)	174,119
- Increase in trade and other creditors	(121,084)	519,157
Cash flows from operating activities	(3,519,407)	(1,525,132)

22 Cash and cash equivalents

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Consolidated Statement of Financial Position amounts:

Year ended 31st August 2018	**31.08.2018**	**31.08.2017**
	£	£
Cash and cash equivalents	9,227,449	13,296,870

Year ended 31st August 2017	**31.08.2017**	**31.08.2016**
	£	£
Cash and cash equivalents	13,296,870	1,971,293