Registered No: 11559043

IQGeo UK Limited

Financial Statements

For the Year ending 31 December 2020

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Contents

IQGeo UK Limited

Officers and Professional Advisers

Directors	S Tongish R Petti H Chapman
Registered office	Nine Hills Road Cambridge Cambridgeshire CB2 1GE
Company number	11559043
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 101 Cambridge Science Park Cambridge CB4 0FY

IQGeo UK Limited

Directors' report

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The company was incorporated on 7 September 2018. On 30 November 2018, the company commenced trading following the acquisition of the geospatial business from Ubisense Limited. The principal activity of the company during the period was the development, marketing and selling of geospatial software products.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is committed to research and development activities in order to secure the continued growth of the Company and to maintain its position in its marketplace. Research and development expenditure of £1.6 million (2019: £1.9 million) was charged to the profit and loss account during the period.

INTELLECTUAL PROPERTY

The Company owns intellectual property both in its software tools and the products derived from them. The Directors consider such properties to be of significant value to the business.

DIRECTORS

The Directors who served during the period are as follows:

T Gingell (resigned 15 June 2020)

R Petti

On 15 June 2020 S Tongish was appointed as a Director of the Company.

On 23 September 2020 H Chapman was appointed as Director of the Company.

DIRECTORS' IMDEMNITY ARRANGEMENTS

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

The Company has purchased and maintained throughout the period Directors' & Officers' liability insurance in respect of itself and its Directors.

DIVIDENDS

The Directors do not recommend payment of a dividend for the period.

AUDITOR

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. In accordance with normal practice, the Directors will be authorised to determine the Auditor's remuneration.

In preparing this report, the directors have taken advantage of the small companies' exemption in Part 15 of the Companies Act 2006.

POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

Approved by the Board of Directors and signed on behalf of the Board.

H Chapman
Director
IQGeo UK Limited
Registered Number: 11559043
23 June 2021

IQGeo UK Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 and 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.
- state whether applicable UK accounting standards have been followed; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on behalf of the Board.

H Chapman
Director
IQGeo UK Limited
Registered Number: 11559043
23 June 2021

Independent auditor's report to the members of IQGeo UK Limited

Opinion

We have audited the financial statements of IQGeo UK Limited (the 'company') for the year ended 31 December 2020, which comprise the Profit and Loss account, Balance sheet and Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, *including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK* and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frameworks (United Kingdom Accounting Standards and Companies Act 2006) and the relevant UK tax compliance regulations which is the jurisdiction in which the company operates. We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud.
- We made enquiries of management and the group audit committee concerning the company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet; and
  - potential management bias in determining accounting estimates.
- Our audit procedures involved:
  - gaining an understanding of the company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;

- assessing the design effectiveness of controls management has in place to prevent and detect fraud and the adequacy of procedures for authorisation of transactions and internal review procedures;
- challenging assumptions and judgements made by management where significant accounting estimates arise; and
- journal entry testing, with a focus on material manual journals, including those with unusual account combinations.

- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intention misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding the legal and regulatory requirements specific to the company.

Use of our report

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

Grant Thornton UK LLP

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
25 June 2021

IQGeo UK Limited

Profit and loss account for the year ended 31 December 2020

	Notes	12 months ended 31 December 2020 £'000	Period from 7 Sept 2018 to 31 December 2019 £'000
Turnover	5	**3,019**	3,865
Cost of sales		**(102)**	(74)
Gross profit		**2,917**	3,791
Administrative expenses		**(8,686)**	(10,831)
Operating loss	6	**(5,769)**	(7,040)
Net finance charges		**-**	-
Loss on ordinary activities before taxation		**(5,769)**	(7,040)
Income tax credit	8	**399**	-
Retained loss for the financial period		**(5,370)**	(7,040)

All amounts relate to continuing activities.

There were no recognised gains or losses in the period ended 31 December 2020 other than those included in the profit and loss account.

There was no other comprehensive income for period ending 31 December 2020.

The notes on pages 11 to 22 are an integral part of these financial statements.

Balance Sheet as at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-Current Assets			
Intangible assets	9	3,533	7,365
Property, plant and equipment	10	26	33
Current Assets			
Debtors	11	2,869	1,739
Corporate tax receivable		399	-
Cash at bank and in hand		52	725
		3,320	2,464
Creditors: Amounts Falling Due Within One Year	12	(19,080)	(16,767)
Net Current Liabilities		(15,760)	(14,303)
Net Liabilities		(12,201)	(6,905)
Capital and Reserves			
Called up share capital	13	-	-
Share based payment reserve	14	209	135
Profit and loss account	14	(12,410)	(7,040)
Equity Shareholders' Funds		(12,201)	(6,905)

The notes on pages 11 to 22 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 June 2021 and signed on their behalf by:

H Chapman
Director
IQGeo UK Limited
Registered Number: 11559043

Statement of Changes in Equity for the for the year ended 31 December 2020

	Share Capital £'000	Share Based Payment Reserve £'000	Profit and Loss account £'000	Total £'000
At 7 September 2018	-	-	-	-
Loss for the period	-	-	(7,040)	(7,040)
Reserve credit for equity settled share-based payment	-	135	-	135
At 31 December 2019	-	135	(7,040)	(6,905)
Loss for the period	-	-	(5,370)	(5,370)
Reserve credit for equity settled share-based payment	-	74	-	74
At 31 December 2020	-	209	(12,410)	(12,201)

The notes on pages 11 to 22 are an integral part of these financial statements.

1. COMPANY INFORMATION

The Company is a limited company that is incorporated and domiciled in the United Kingdom. The registered office and principal place of business is: Nine Hills Road, Cambridge, Cambridgeshire, CB2 1GE.

IQGeo UK Limited develops and sells geospatial software solutions that integrate data from any source – geographic, real-time asset, GPS, location, corporate and external cloud-based sources – into a live geospatial common operating picture, empowering all users in the customer's organisation to access, input and analyse operational intelligence to proactively manage their networks, respond quickly to emergency events and effectively manage day-to-day operations.

IQGeo UK Limited is a subsidiary of IQGeo Group plc.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102, as it is a qualifying entity, and its financial statements are included in the consolidated financial statements of IQGeo Group plc.

- The requirements of Section 4 Statement of Financial Position 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows.
- The requirements of Section 3 Financial Statement Presentation paragraph 3;
- The requirements of financial instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that this is a qualifying entity and the consolidated financial statements of IQGeo Group includes the Company's cash flows.

Going Concern

The Directors have adopted the going concern basis in preparing the financial statements. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant information about the current status of the business operations, including the impact of the COVID-19 global pandemic. The Directors have a reasonable expectation that the IQGeo Group headed by IQGeo Group plc ('the Group') has adequate resources to continue operations for the foreseeable future and for at least 12 months following the approval of these accounts. This expectation is arrived at following a review of cash resources, cashflow projections, customer order book, and pipeline of future projects. The Directors monitor the cash position of the Group regularly and in reaching the going concern conclusion, the Directors have considered the following points:

- The Group had cash of £11.1 million as of 31 December 2020, with £0.6 million bank debt.
- The Company has continued support of its parent company, IQGeo Group plc.

Taking account of the above, the Directors consider that the assumptions made are appropriate and are satisfied that the Company is a going concern.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

Carrying value of intangible assets

The Company is loss making and this is an indicator for potential impairment of the intangible assets. In undertaking impairment reviews, management is required to make assumptions of the future cash flows generated from its operations. This includes consideration of both the current business pipeline and estimations beyond the existing pipeline.

Amortisation period of intangible assets

Intangible assets are amortised over a three year period which is management's estimate of the useful life. In reaching this conclusion, management have made assumptions in respect of future customer requirements and developments within the industry. These estimates have a high level of uncertainty and are matters outside of management's control.

Revenue recognition

Significant management judgement is applied in determining the distinct performance obligations included within contracts involving multiple deliverables. Additionally, for each identified significant performance obligation management are required to determine which obligations meet the criteria to recognise revenue over time. As revenue from fixed price services agreements is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. This requires an estimate of the time and value to deliver the services to be provided, based on historical experience with similar contracts. In a similar way, recognising revenue requires the estimated number of hours required to complete the promised work.

4. PRINCIPAL ACCOUNTING POLICIES

a) *Turnover*

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities, exclusive of value added tax and other similar sales taxes. Revenue is measured by reference to the fair value of consideration received or receivable.

Revenue earned from sales under licence agreements is recognised when the software is made available. When the sale includes a period of support and maintenance, a proportion of the revenue is deferred and recognised rateably over the period of support.

Software sold on a non-perpetual basis consists of two performance obligations: a licence obligation for the temporary right to use the software and a post contract customer support obligation for the right to receive updates, enhancements, error corrections and support throughout the contracted term. The customer obtains the right to use the software once the licence has been delivered and the licence period starts. Revenue for the licence obligation is recognised at the point in time when the licence is delivered, whereas the maintenance and support obligation is satisfied over time and the associated revenue recognised on a straight-line basis over the term of the contract. Revenue not recognised in the profit and loss is classified as deferred revenue in the balance sheet.

Services and training revenue from time and materials contracts is recognised in the period that the services and training are provided based on time worked at agreed contractual rates and as direct expenses are incurred. Revenue from fixed price, long-term customer specific contracts, including customisation and modification, is recognised on the stage of completion of each assignment at the period end date compared to the total estimated service to be provided over the entire contract where the outcome can be estimated reliably. If a contract outcome cannot be estimated reliably, revenues are recognised equal to costs incurred, to the extent that costs are expected to be recovered. An expected loss on a contract is recognised immediately in the income statement.

ACCOUNTING POLICIES (CONTINUED)

b) *Research and development*

Expenditure on all research and development is charged to the profit and loss account as incurred.

c) *Pension costs*

Where the Company makes contributions to personal defined contribution pension schemes of its employees, contributions are charged in the profit and loss account in the period to which they relate.

d) *Operating Leases*

Rentals under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

e) *Intangible fixed assets, tangible fixed assets, amortisation and depreciation*

Intangible fixed assets and tangible fixed assets are initially recorded at cost and subsequently amortised to write off the cost less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

Computer equipment	3 years
IQGeo software products	3 years
Other acquired software	3 years

Intangible assets are considered for impairment annually.

f) *Deferred taxation*

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

g) *Share based remuneration*

The Company has applied the requirements of FRS102 section 7. Employees and Directors are granted options over the shares of IQGeo Group plc, the parent company. These options are measured at fair value at the date of grant, and this fair value is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is measured by use of an appropriate pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

h) *Foreign currency translation*

In preparing the financial statements, transactions in currencies other than the functional currency of the Company (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

ACCOUNTING POLICIES (CONTINUED)

i) Debtors

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

j) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

k) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

l) Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises. Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence. The provision has been included within accruals at the period end.

m) Business Combinations

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets and liabilities acquired.

5. TURNOVER

The Company develops software solutions that integrate data from any source – geographic, real-time asset, GPS, location, corporate and external cloud-based sources – into a live geospatial common operating picture, empowering all users in the customer's organisation to access, input and analyse operational intelligence to proactively manage their networks, respond quickly to emergency events and effectively manage day-to-day operations. The Company generates revenue from licencing software products to customers on a subscription or perpetual basis or through receipt of Distribution payments when fellow Group companies' licence IQGeo software to the end users. Services revenue includes management recharges made to fellow Group companies.

The following table presents the different revenue streams of the Geospatial business unit:

	12 months ended 31 December 2020	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
Services	1,953	2,576
Distribution payments	935	1,220
Software	8	27
Subscription	117	37
Maintenance and support	6	5
	3,019	3,865

The following table represents the Company's continuing operational revenue by geographical region:

	12 months ended 31 December 2020	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
United Kingdom	936	1,740
Europe	58	198
North America	1,504	1,755
Japan	521	172
	3,019	3,865

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss is stated after charging / (crediting):	12 months ended 31 December 2020	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
Depreciation & amortisation	3,851	4,153
Auditor remuneration – audit	12	12
- tax and other services	25	15
Operating lease rental charges – land and buildings	175	193
Research and development costs	1,644	1,901
Share-based payments charge	74	135
Net foreign exchange gains	56	103

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Staff costs for all employees, including Directors, consist of:	**12 months ended 31 December 2020**	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
Wages & salaries	1,662	1,398
Social security costs	215	216
Pension costs	150	182
Share-based payments	74	135
	2,101	1,931

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.

The average numbers of employees, including Directors, during the period were:	**12 months ended 31 December 2020**	Period from 7 September 2018 to 31 December 2019
	Number	Number
Research & Development	8	7
Sales & Marketing	4	4
General & Administrative	6	6
	18	17

Remuneration in respect of directors:	**12 months ended 31 December 2020**	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
Emoluments	529	592
Pension contributions to money purchase schemes	38	32
	567	624

During the period 4 directors participated in the money purchase pension scheme and of those 3 held interests in options over Ordinary Shares in IQGeo Group plc as at 31 December 2020. A proportion of Directors remuneration is recharged to other Group companies. Total remuneration is shown above. Prior to the Company commencing trading on 30 November 2018, Directors remuneration was borne by a fellow group company.

The amounts set out above include remuneration in respect of the highest paid director as follows:	**12 months ended 31 December 2020**	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
Emoluments	334	362
Pension contributions to money purchase schemes	9	19
	343	381

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

Key management compensation

The key management have been assessed to be the Directors of the Company during the period. The compensation paid or payable to key management for employee services is shown below:

Short-term employee benefits	**12 months ended 31 December 2020**	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
Wages and salaries	522	584
Social security costs	85	73
Other benefits	7	8
	614	665
Post-employment employee benefits		
Contributions to defined contribution pension arrangements	38	32
Share-based payments		
Equity-settled share-based payments	66	135
	718	832

A proportion of remuneration is recharged to other Group companies. The total remuneration is shown above.

8. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the loss for the period and represents:

	12 months ended 31 December 2020	Period from 7 September 2018 to 31 December 2019
	£'000	£'000
UK Corporation tax on ordinary activities at 19.0%	-	-
Research and development tax credit	(399)	-
Tax on results on ordinary activities	(399)	-

The tax credit for the period differs from the standard rate of corporation tax in the UK for the period of 19% (2019: 19%) for the following reasons:

Loss on ordinary activities before tax	(5,769)	(7,040)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19.0%	(1,096)	(1,338)
Expenses not deductible for tax purposes	747	876
Difference on tax treatment of share options	14	26
Research and development tax credit – prior years	(399)	-
Unrecognised deferred tax movements	335	436
Tax on results of ordinary activities	(399)	-

Factors that may affect future tax charges

Deferred tax assets have not been recognised in respect of £6.1 million (2019: £4.2 million) of tax losses as future taxable profits are uncertain

9. INTANGIBLE ASSETS

	IQGeo software products £'000	Other acquired software £'000	Total software intangibles £'000
Cost			
Transfer from fellow group companies	11,374	-	11,374
Additions	-	124	124
At 31 December 2019	11,374	124	11,498
Additions	-	2	2
At 31 December 2020	11,374	126	11,500
Accumulated depreciation			
Charge for the 2019 period	4,107	26	4,133
At 31 December 2019	4,107	26	4,133
Charge for the 2020 period	3,791	43	3,834
At 31 December 2020	7,898	69	7,967
Net book amount			
At 31 December 2020	**3,476**	**57**	**3,533**
At 31 December 2019	7,267	98	7,365

IQGeo UK Limited is a subsidiary of IQGeo Group plc. During 2018, the IQGeo Group headed by IQGeo Group plc ("the Group") completed a reorganisation process. The purpose of the reorganisation was to facilitate disposal of certain trade and assets of the Group.

As part of this reorganisation, the UK geospatial business was transferred from Ubisense Limited, a fellow subsidiary at the date of reorganisation, to IQGeo UK Limited for a consideration of £11.1 million on 30 November 2018. The assets transferred included the myWorld intellectual property. On 31 December 2018, Ubisense Limited was sold by IQGeo Group plc.

10. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
Transfer from fellow group companies	-	31	31
Additions	-	30	30
At 31 December 2019	-	61	61
Additions	3	7	10
At 31 December 2020	3	68	71
Accumulated depreciation			
Transfer from fellow group companies	-	8	8
Charge for the year	-	20	20
At 31 December 2019	-	28	28
Charge for the year	-	17	17
At 31 December 2020	-	45	45
Net book amount			
At 31 December 2020	**3**	**23**	**26**
At 31 December 2019	-	33	33

11. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	**23**	4
Amounts recoverable on contracts	**33**	5
Amounts owed by group companies	**2,580**	1,443
Other debtors	**75**	81
Prepayments	**158**	206
	2,869	1,739

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Payments received on account	**10**	8
Trade creditors	**2**	72
Amounts owed to group companies	**18,510**	16,220
Other taxation and social security payable	**-**	48
Accruals	**558**	419
	19,080	16,767

13. CALLED UP SHARE CAPITAL

	Period from 07 Sept 18 to 31 Dec 20	
	Number	**Value**
Authorised		
Ordinary shares of £1 each	1	£1
Called up, allotted and fully paid		
Ordinary shares of £1 each	1	£1

Share Options

Employees are eligible to participate in the parent company share option scheme.

14. RESERVES

Called-up share capital – represents the nominal value of shares that have been issued.

Share based payment reserve – comprises the fair value of options and recognised as an expense.

Retained earnings – includes all current and prior period retained profits and losses.

15. FINANCIAL COMMITMENTS

The Company's future minimum operating lease payments in respect of premises are as follows:

	2020	2019
	£'000	£'000
Less than 1 year	**140**	166
	140	166

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant periods.

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel and full details of Directors' remuneration are disclosed in note 7.

There were no other related party transactions with Directors of the company during the period.

The company is a wholly owned subsidiary of IQGeo Group plc and has taken advantage of the exemption conferred by FRS102 not to disclose transactions with IQGeo Group plc or other wholly owned subsidiaries within the group.

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2020, the Company's immediate and ultimate parent company was IQGeo Group plc, a public limited company incorporated in England listed on the AIM market of the London Stock Exchange. The largest and smallest group for which consolidated financial statements are drawn up is IQGeo Group plc. Copies of these statements are available from Companies House and the Group's website www.iqgeo.com

18. FINANCIAL RISK MANAGEMENT

The Company has exposure to two main areas of risk – foreign exchange currency exposure and liquidity risk. To a lesser extent the Company is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The Company is exposed to currency exchange rate risk due to a significant proportion of its receivables owed by fellow Group Companies being denominated in non-Sterling currencies. The company's risk management policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Company does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as the Company's currency transactions are not considered significant enough to warrant this.

Liquidity risk

Liquidity risk is the risk arising from the Company not being able to meet its obligations as they fall due. The Company seeks to manage this risk by regularly reviewing forecast inflows and outflows due in day-to-day business. Rolling cash flow forecasts are used by the Company to monitor liquidity requirements to ensure it has sufficient cash to meet operational needs.

19. SHARE BASED PAYMENTS

Certain Directors and employees of IQGeo UK Limited may participate in share option plans under which options for share in IQGeo Group plc, the parent company, are granted.

The right for employees to participate in these schemes was transferred along with the trade and assets of the geospatial business acquired from Ubisense Limited, a fellow group company.

The options generally vest evenly over three years on the anniversary from the date of the grant or entirely on the third anniversary from the date of grant, depending on continuing service during the vesting period. The contractual life of the options is ten years from the date of grant after which they expire if unexercised.

The Company recognised an expense to the profit and loss account of £74,000 related to equity settled share-based payment transactions during the period.
As at 31 December 2020, the employees of the Company had 2,353,750 share options in IQGeo Group plc, the details of which are as follows:

Arrangement	Award date	Vests	Expires	Exercise price	Awards outstanding at 1 Jan 2020	Granted during the year	Exercised during the year	Forfeited during the year	**Awards outstanding at 31 Dec 2020**
	Year	Years	Year	£	Number	Number	Number	Number	**Number**
Options	2013	2014-16	2023	2.055	3,750	-	-	-	3,750
	2016	2017-19	2026	0.020	2,300,000	-	-	2,300,000	-
	2020	2020-23	2030	0.460	-	1,850,000	-	-	1,850,000
	2020	2020-23	2030	0.675	-	500,000	-	-	500,000
Total					2,303,750	2,350,000	-	2,300,000	2,353,750
Weighted average exercise price (£)					0.023	0.506	-	0.020	0.508

20. BUSINESS COMBINATIONS

IQGeo UK Limited is a subsidiary of IQGeo Group plc. During November 2018, the IQGeo Group headed by IQGeo Group plc ("the Group") completed a reorganisation process. The purpose of the reorganisation was to facilitate disposal of certain trade and assets of the Group.

As part of this reorganisation, the UK geospatial business was transferred from Ubisense Limited, a fellow subsidiary, to IQGeo UK Limited for a consideration of £11.1 million on 30 November 2018. The assets transferred included the IQGeo software intellectual property. Consideration was entirely cash with no deferred or contingent consideration. The consideration due has not been settled and is included within Amounts owed to group companies shown in Note 12.

On 31 December 2018, IQGeo Group plc disposed of Ubisense Limited.

Prior to the reorganisation, the UK geospatial business transferred had no customer base, and revenues were generated through Distribution payments made by fellow Group companies as those fellow group subsidiaries made sales of IQGeo software products in overseas jurisdictions. Accordingly, the consideration paid was based on future cash flows generated from the IQGeo software intellectual property.

The profit and loss account presented within these financial statements represents the transferred UK geospatial business.

The amounts recognised at the acquisition date for each class of assets and liabilities were as follows:

	Fair value
	£'000
IQGeo software products	11,374
Computer equipment	23
Prepayments	36
Accruals	(373)
Total consideration paid	11,060

21. POST REPORTING DATE EVENTS

There are no post reporting date events to disclose.