

Financial Statements

Clearview Intelligence Group Limited

For the Year Ended 31 March 2017



Registered number: 03131861

Company Information

Directors

N Lanigan
Sir J Madejski OBE DL DLitt
I Smith
W Stant

Company secretary

IM Wood-Smith

Registered number

03131861

Registered office

Unit A4
Telford Road
Bicester
Oxfordshire
OX26 4LD

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Senior Statutory Auditor
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
Oxfordshire
OX4 2WB

Bankers

Barclays Bank plc
Blenheim Gate
22-24 Upper Marlborough Road
St Albans
AL13AL

Contents

	Page
Group strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Company statement of financial position	9
Consolidated statement of changes in equity	10
Company statement of changes in equity	11
Consolidated Statement of cash flows	12
Notes to the financial statements	13 - 35

Group Strategic Report

For the Year Ended 31 March 2017

Business review

During the year ended 31 March 2017, overall revenues decreased by 7.5% to £8.30m (2016 - increase of 2.7% to £8.97m)

The Gross Margin percentage also demonstrated a decrease of 5.2% in the year (2016 - decrease of 1.6%) and the Group achieved an Operating Profit of £118,000 (2016 £350,000).

The directors have continued to invest significantly in Research and Development and also in Digital Marketing, to broaden awareness of the Clearview Intelligence business and enhance the sales funnel.

The company has successfully retained some of the long term DBFO maintenance concessions during this financial year, resulting in a contracted term value in excess of £12m. However, the unforeseen termination of a major traffic signal upgrade programme with Transport for London following the change in London administration impacted revenues in this FY by up to £1m, which proved challenging to replace.

However, Clearview did secure places on a number of Lots on the Highways England Traffic Management Technology framework (TMT), which is expected to contribute significant revenues in the next Financial Year across both the Highways and Parking sectors following mobilisation in October 2016.

The group made an investment in R&D of £0.75m in the year (2016 - £0.53m) in continuing to develop its cloud based Insight data intelligence platform and next generation of active solar powered road studs to support future development of Connected and Autonomous Vehicle (CAV) technology.

The business had continued to exploit opportunities and deliver solutions to optimise Parking assets in sectors such as Retail, Rail, Commercial HQs and Local Authorities whilst developing partnerships with a number of major Parking operators. However, this market growth has taken longer than anticipated owing to protracted project lifecycles and pressures on capital expenditure in certain sectors.

Clearview has also developed a new revenue stream in the Highways sector, via the delivery of Intelligent Junction Safety schemes. These simple yet smart solutions to addressing accident blackspots, have generated in excess of £675k in revenue during this FY, primarily in Scotland. The directors believe that this revenue stream will continue to grow during 2017/18, when these are rolled out further across the UK.

The directors envisage that the ongoing development of their Solutions based strategy underpinned by the Insight platform and leading edge suite of technology will continue to enhance Clearview's reputation as the 'go-to' business in the field of Intelligent Mobility for delivering smart solutions to often complex problems.

Key financial performance indicators

	2017	2016	Measure
Return on assets	2.93%	8.37%	Operating profit/ tangible & current assets
Sales per employee (£000)	141	166	Turnover/ average no. of employees
Gross Profit Margin	43.05%	45.40%	Gross profit/ turnover

Group Strategic Report

For the Year Ended 31 March 2017

Principal risks and uncertainties

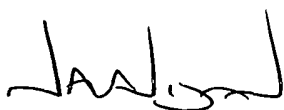
It has been apparent that the move into providing higher value solutions has been impacted by lengthy gestation periods and prolonged decision making processes, this could have potential implications on cash-flow compared to the traditional OEM model.

It has been critical, therefore that that Clearview did maintain the broad mix of revenue streams and different business models to mitigate these risks associated with the above, whilst developing new opportunities such as the Junction Safety schemes.

There is no doubt that the impact of ongoing reductions on infrastructure project spend by the likes of Transport for London will have some impact on revenues in the next 2 years and the impact of Brexit, whilst not yet fully understood, is clearly affecting exchange rates and creating uncertainty in the market.

Clearview will continue to seek alternative sources of funding through innovation grants to help support its ongoing programme of R&D. The AMSCI funding that the business secured in 2014, will end in early 2018, so it is important that the business mitigates any risks associated with this, via continued top line and bottom line growth during the next financial year.

This report was approved by the board on 21/11/2017 and signed on its behalf.



N Lanigan
Director

Directors' Report

For the Year Ended 31 March 2017

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

Principal activity

The principal activities of the group are the development and sale of intelligent road studs, remote intelligence data collection systems, intelligence management systems and transportation data collection.

Results and dividends

The profit for the year, after taxation, amounted to £133,000 (2016 - £335,000).

The directors do not recommend the payment of a dividend (2016: £100,000).

Directors

The directors who served during the year were:

A Burton (resigned 31 December 2016)

R Sood (resigned 31 March 2017)

N Lanigan

Sir J Madejski OBE DL DLitt

I Smith

W Stant

Matters covered in the strategic report

Information in respect of likely future developments and financial risk management policies and procedures is given in the Strategic report.

Directors' Report (continued)

For the Year Ended 31 March 2017

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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

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

Auditor

Grant Thornton UK LLP were appointed as auditors during the period to fill a casual vacancy and will be proposed for reappointment with section 485 of the Companies Act 2006.

This report was approved by the board on 21/11/2017 and signed on its behalf.



N Lanigan
Director



Independent Auditor's Report to the Members of Clearview Intelligence Group Limited

We have audited the financial statements of Clearview Intelligence Group Limited for the year ended 31 March 2017, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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



Independent Auditor's Report to the Members of Clearview Intelligence Group Limited (continued)

Opinion 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

A handwritten signature in black ink, appearing to read "Amrisha Shah".

Amrisha Shah BSc FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
Oxford
Date: 22 November 2017

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000	Continuing operations 2016 £000	Discontinued operations 2016 £000	Total 2016 £000
Turnover	4	8,297	3	8,300	8,964	8	8,972
Cost of sales		(4,725)	(2)	(4,727)	(4,894)	(5)	(4,899)
Gross profit		3,572	1	3,573	4,070	3	4,073
Administrative expenses		(3,446)	22	(3,424)	(3,635)	(88)	(3,723)
Operating profit	5	126	23	149	435	(85)	350
Interest receivable and similar income	9	2	-	2	3	-	3
Interest payable and expenses	10	(5)	-	(5)	(11)	-	(11)
Profit before taxation		123	23	146	427	(85)	342
Tax on profit	11	(13)	-	(13)	(7)	-	(7)
Profit for the year		110	23	133	420	(85)	335
Other comprehensive income				-			-
Total comprehensive income for the year				133			335
Profit for the year attributable to:							
Owners of the parent Company		110	23	133	420	(85)	335
		110	23	133	420	(85)	335

The notes on pages 13 to 35 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	14	40	75
		<u>40</u>	<u>75</u>
Current assets			
Stocks	16	545	734
Debtors: amounts falling due within one year	17	2,355	1,762
Cash at bank and in hand	18	1,084	1,612
		<u>3,984</u>	<u>4,108</u>
Creditors: amounts falling due within one year	19	(1,678)	(1,982)
Net current assets		<u>2,306</u>	<u>2,126</u>
Total assets less current liabilities		<u>2,346</u>	<u>2,201</u>
Provisions for liabilities			
Other provisions	22	(118)	(106)
Net assets		<u>2,228</u>	<u>2,095</u>
Capital and reserves			
Called up share capital	24	250	250
Profit and loss account	25	1,978	1,845
Shareholders' funds		<u>2,228</u>	<u>2,095</u>

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



21/11/2017

N Lanigan
Director

The notes on pages 13 to 35 form part of these financial statements.

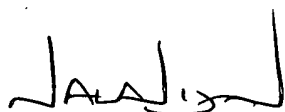
Company Statement of Financial Position

As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	15	1,783	1,783
		<u>1,783</u>	<u>1,783</u>
Current assets			
Stocks	16	185	249
Debtors: amounts falling due within one year	17	311	604
Cash at bank and in hand	18	111	36
		<u>607</u>	<u>889</u>
Creditors: amounts falling due within one year	19	(1,564)	(1,380)
Net current liabilities		<u>(957)</u>	<u>(491)</u>
Total assets less current liabilities		<u>826</u>	<u>1,292</u>
Provisions for liabilities			
Other provisions	22	(95)	(83)
Net assets		<u>731</u>	<u>1,209</u>
Capital and reserves			
Called up share capital	24	250	250
Profit and loss account		481	959
Shareholders' funds		<u>731</u>	<u>1,209</u>

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

21/11/2017



N Lanigan
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2016	250	1,845	2,095
Comprehensive income for the year			
Profit for the year	-	133	133
Total comprehensive income for the year	-	133	133
At 31 March 2017	250	1,978	2,228

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2015	250	1,610	1,860
Comprehensive income for the year			
Profit for the year	-	335	335
Total comprehensive income for the year	-	335	335
Dividends: Equity capital	-	(100)	(100)
At 31 March 2016	250	1,845	2,095

The notes on pages 13 to 35 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2016	250	959	1,209
Comprehensive income for the year			
Loss for the year	-	(478)	(478)
Total comprehensive income for the year	-	(478)	(478)
At 31 March 2017	250	481	731

Company Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2015	250	942	1,192
Comprehensive income for the year			
Profit for the year	-	117	117
Total comprehensive income for the year	-	117	117
Dividends: Equity capital	-	(100)	(100)
At 31 March 2016	250	959	1,209

The notes on pages 13 to 35 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	133	335
Adjustments for:		
Depreciation of tangible assets	60	127
Profit on disposal of tangible assets	(4)	-
Interest paid	5	11
Interest received	(2)	(3)
Taxation charge	13	(7)
Decrease/(increase) in stocks	190	(88)
(Increase) in debtors	(573)	(46)
(Decrease)/increase in creditors	(311)	1
Increase in provisions	12	11
Corporation tax (paid)	(13)	(31)
Net cash generated from operating activities	(490)	310
Cash flows from investing activities		
Purchase of tangible fixed assets	(25)	(74)
Sale of tangible fixed assets	4	-
Interest received	2	3
Net cash from investing activities	(19)	(71)
Cash flows from financing activities		
Repayment of/new finance leases	(14)	(32)
Dividends paid	-	(175)
Interest paid	(5)	-
Net cash used in financing activities	(19)	(207)
Net (decrease)/increase in cash and cash equivalents	(528)	32
Cash and cash equivalents at beginning of year	1,612	1,580
Cash and cash equivalents at the end of year	1,084	1,612
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,084	1,612
	1,084	1,612

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. General information

Clearview Intelligence Group Limited ('the Company') is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Unit A4, Telford Road, Bicester, Oxon, OX26 4LD.

The Group consists of Clearview Intelligence Group Limited and all of its subsidiaries.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The consolidated financial statements are presented in sterling which is also the functional currency of the company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2015.

2.3 Going concern

The directors have reviewed the net current liabilities position of the Group and Company. They have considered the forecasts for the forthcoming 12 months from the signing of these accounts and based on the existing cash and projected income and expenditure they are satisfied the Group and Company has adequate resources to continue in operations for the foreseeable future. Accordingly the going concern basis has been used in preparing these accounts.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	- Over the period of the lease
Motor vehicles	- 3 years
Fixtures and fittings	- 2-3 years
Plant and equipment	- 2-3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 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.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.11 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Creditors

Short term 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.

2.13 Government grants

Income from Government and other grants is recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants are recognised as income when the associated performance conditions are met. This income is net off in administration expenses against the related costs incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.17 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated statement of comprehensive income is charged with fair value of goods and services received.

2.18 Leases

Operating Leases

Rental costs under operating leases are charged to the Statement of comprehensive income on a straight line basis over the term lease.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

Leasing and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge in the net obligations outstanding in each period.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Warranty obligations

When turnover is recognised for the sale of goods, a provision is made for the estimated cost of the warranty obligation. The provision is measured based on the probability weighting of all possible outcomes.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.22 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.23 Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

2.24 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit and loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Notes to the Financial Statements

For the Year Ended 31 March 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimate and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 year are discussed below.

The support costs and capital costs accrued at the year-end for specific customer contracts are based on management's best estimate of the costs incurred at the year-end which have not yet been paid using a model of total expected costs across the life of the contracts.

Provisions have been made for trade debtors and stocks. Management estimates the net realisable value based on sales history and other reliable evidence available at each reporting date. Provisions are made against significantly overdue debtor balances with a specific provision for debtors in financial difficulty.

Warranty Provisions - Management analyse trends in warranty claim rates and associated product problems to estimate the level of warranty claims which are affected to arise on products which have been sold.

4. Turnover

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	7,451	7,950
Rest of Europe	350	805
Rest of the world	499	217
	<u>8,300</u>	<u>8,972</u>
	2017 £000	2016 £000
Discontinued operations included in turnover		
Rest of the world	3	8
	<u>3</u>	<u>8</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

5. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets - Owned	58	106
Depreciation of tangible fixed assets - Leased	2	21
Operating lease costs - Plant and machinery	80	98
Operating lease costs - Other	118	104
Expenditure on research and development	750	528
Grant income received	(878)	(686)
Stock - Amounts expensed to cost of sales	2,599	3,262
Stock - Impairment losses recognised in cost of sales	-	(71)
Profit on sale of fixed assets	4	-
Foreign exchange loss	82	45
	<u>82</u>	<u>45</u>

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	16	20
	<u>16</u>	<u>20</u>
Taxation compliance services	3	5
	<u>3</u>	<u>5</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

7. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	2,505	2,216
Social security costs	288	247
Cost of defined contribution scheme	120	104
	<u>2,913</u>	<u>2,567</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Office and management	24	22
Technical and production	35	32
	<u>59</u>	<u>54</u>

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	427	241
Company contributions to money purchase pension schemes	64	46
Payments on loss of office	30	-
	<u>521</u>	<u>287</u>

During the year retirement benefits were accruing to 4 directors (2016 - 3) in respect of money purchase schemes.

The highest paid director received remuneration of £163,000 (2016 - £127,000).

The value of the company's contributions paid to money purchase schemes in respect of the highest paid director amounted to £39,000 (2016 - £10,000).

Notes to the Financial Statements

For the Year Ended 31 March 2017

9. Interest receivable

	2017 £000	2016 £000
Bank interest	2	3

10. Interest payable and similar charges

	2017 £000	2016 £000
Bank overdraft interest	3	3
Finance leases and hire purchase contracts	2	8
	5	11

11. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	34	12
Adjustments in respect of previous periods	-	(26)
Total current tax	34	(14)
Deferred tax		
Origination and reversal of timing differences	(21)	21
Total deferred tax	(21)	21
Taxation on profit on ordinary activities	13	7

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2017 £000	2016 £000
Profit on ordinary activities before tax	146	342
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	29	68
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18	2
Other adjustments	1	9
Adjustments to tax charge in respect of prior periods	25	(26)
R & D tax credit	(61)	(67)
Fixed asset timing differences	1	21
Total tax charge for the year	13	7

Factors that may affect future tax charges

Subject to agreement with HMRC the group and company has approximate tax losses of £21,048,000 (2016: £21,207,000) and £21,048,000 (2016: £21,207,000) respectively to offset against future trading profits.

The tax rate will reduce at 1 April 2017 to 19% and will reduce again at 1 April 2018 to 18%.

12. Dividends

	2017 £000	2016 £000
Ordinary		
Final paid 0p in relation to 2017 (2016: 40p)	-	100

Notes to the Financial Statements

For the Year Ended 31 March 2017

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £479,000 (2016 - profit £117,000).

14. Tangible fixed assets

Group

	Freehold property £000	Leasehold improvements £000	Plant, equipment and tooling £000	Office equipment and fixtures £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 April 2016	-	62	235	380	32	709
Additions	1	1	1	22	-	25
Disposals	-	-	-	-	(24)	(24)
At 31 March 2017	<u>1</u>	<u>63</u>	<u>236</u>	<u>402</u>	<u>8</u>	<u>710</u>
Depreciation						
At 1 April 2016	-	49	217	338	30	634
Charge for the year on owned assets	-	6	16	36	2	60
Disposals	-	-	-	-	(24)	(24)
At 31 March 2017	<u>-</u>	<u>55</u>	<u>233</u>	<u>374</u>	<u>8</u>	<u>670</u>
Net book value						
At 31 March 2017	<u>1</u>	<u>8</u>	<u>3</u>	<u>28</u>	<u>-</u>	<u>40</u>
At 31 March 2016	<u>-</u>	<u>13</u>	<u>18</u>	<u>42</u>	<u>2</u>	<u>75</u>

Included within the net book value of tangible fixed assets is £nil (2016: £1,997) relating to assets held under finance leases and similar contracts. The depreciation charge for the year on these assets is £1,997 (2016: £21,131).

Notes to the Financial Statements

For the Year Ended 31 March 2017

15. Fixed asset investments

Company

	Shares in group undertakings £000
Cost or valuation	
At 1 April 2016	25,256
Disposals	(13,933)
At 31 March 2017	<u>11,323</u>
Impairment	
At 1 April 2016	23,473
Impairment on disposals	(13,933)
At 31 March 2017	<u>9,540</u>
Net book value	
At 31 March 2017	<u>1,783</u>
At 31 March 2016	<u>1,783</u>

The disposals relate to Astucia Australia and Count On Us Limited

Notes to the Financial Statements

For the Year Ended 31 March 2017

15. Fixed asset investments (continued)

Name	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held
Golden River Limited	England and Wales	Non-trading	1p ordinary	100%
Clearview Intelligence Limited	England and Wales	Development and sale of Intelligence data information systems	£1 ordinary	100%
Golden River Investments Limited	British Virgin Islands	Non-trading	US \$1 ordinary	100%
Golden River (UK) Investments Limited	British Virgin Islands	Non-trading	US \$1 ordinary	100%
Astucia (Aust) Pty. Limited*	Australia	Non-trading	Aus \$1 ordinary	100%
Golden River Traffic Limited	England and Wales	Non-trading	£1 ordinary	100%
Golden River Traffic Surveys Limited*	England and Wales	Non-trading	£1 ordinary	100%

*These entities were dissolved during the financial year.

16. Stocks

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Raw materials and consumables	-	13	-	13
Work in progress (goods to be sold)	9	30	1	4
Finished goods and goods for resale	536	691	184	232
	<u>545</u>	<u>734</u>	<u>185</u>	<u>249</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Notes to the Financial Statements

For the Year Ended 31 March 2017

17. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	1,969	1,443	245	412
Amounts owed by group undertakings	-	-	-	126
Prepayments and accrued income	287	241	13	18
Deferred tax asset (note 21)	99	78	53	48
	<u>2,355</u>	<u>1,762</u>	<u>311</u>	<u>604</u>

18. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	1,084	1,612	111	36
Less: bank overdrafts	-	-	(1,075)	(1,061)
	<u>1,084</u>	<u>1,612</u>	<u>(964)</u>	<u>(1,025)</u>

19. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank overdrafts*	-	-	1,075	1,061
Trade creditors	898	984	155	257
Amounts owed to group undertakings	-	-	239	-
Corporation tax	34	14	-	-
Other taxation and social security	255	164	8	5
Obligations under finance lease and hire purchase contracts	-	14	-	-
Other creditors	15	15	-	-
Accruals and deferred income	476	791	87	57
	<u>1,678</u>	<u>1,982</u>	<u>1,564</u>	<u>1,380</u>

*The group has a right of offset between its cash at bank and bank loans and overdrafts. Therefore in the group figures the overdraft of £1,075,000 (2016: £1,061,000) has been netted off against the cash at bank and in hand.

Obligations under hire purchase contracts are secured against the assets to which they relate.

Notes to the Financial Statements

For the Year Ended 31 March 2017

20. Financial instruments

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Financial assets				
Financial assets measured at amortised cost	4,128	4,080	355	538
Financial liabilities				
Financial liabilities measured at amortised cost	(2,419)	(2,533)	(1,509)	(1,338)

Financial assets measured at amortised cost comprise cash, trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amount owed to group undertakings, obligations under finance leases, other creditors and accruals.

21. Deferred taxation**Group**

	2017 £000
At 1 April 2016	78
Charged to profit or loss	21
At 31 March 2017	99

Company

	2017 £000
At 1 April 2016	48
Charged to profit or loss	5
At 31 March 2017	53

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Accelerated capital allowances	64	78	37	48
Short term timing differences	35	-	16	-

Notes to the Financial Statements

For the Year Ended 31 March 2017

21. Deferred taxation (continued)

At the year end the group and company have deferred tax assets which they have chosen not to recognise due to the uncertainty of future recoverability. The full potential asset not recognised is as follows:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Other timing differences	-	16	-	8
Tax losses	3,618	3,817	3,618	3,817
	3,618	3,833	3,618	3,825

The full potential deferred tax asset calculated at 17% (2016: 18%) is disclosed above.

22. Provisions**Group**

	Warranty claims £000	Total £000
At 1 April 2016	106	106
Provided during the year	12	12
At 31 March 2017	118	118

Company

	Warranty claims £000	Total £000
At 1 April 2016	83	83
Provided during the year	12	12
At 31 March 2017	95	95

The above provision represents an estimate of potential warranty claims in respect of products sold under warranty as at 31 March 2017. The provision is expected to be utilised over the next 24 months.

Notes to the Financial Statements

For the Year Ended 31 March 2017

23. Government Grants

The group received grant income of £878,058 (2016: £685,882) from Birmingham City Council for the Advanced Manufacturing Supply Chain Initiative (AMSCI), which aims to repatriate and re-engineer the supply chain of intelligent road studs through the use of solar photovoltaic (PV) and light emitting diode (LED) redesign.

24. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250	250

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

25. Reserves

Profit and loss account

Includes all current and prior periods retained profits and losses.

26. Commitments under operating leases

At 31 March 2017 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 Land and buildings £000	2017 Other items £000	2016 Land and buildings £000	2016 Other items £000
Operating leases which expire:				
Within 1 year	118	14	107	-
Within 2 to 5 years	121	104	266	-
	239	118	373	-

Notes to the Financial Statements

For the Year Ended 31 March 2017

27. Share based payments

Clearview Intelligence Group Limited operate a share option scheme for certain employees (including directors). Options are exercisable at earlier, of the date at which the company ownership changed hands or on the 7th anniversary of the grant of the shares.

Options are forfeited if the employee leaves the company before the options vest.

On 13 August 2013, 13,888 options were granted with an exercise price of £0.216 which expires on 13 August 2020.

Details of the number of share options and the weighted average exercise price (WARP) outstanding during the year are as follows:

	Weighted average exercise price (pence) 2017	Number 2017	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	21.6	13,888	21.6	13,888
Outstanding at the end of the year	21.6	13,888	21.6	13,888

The directors do not consider the value of the options to be material and as such no charge has been recognised in the financial statements.

28. Discontinued operations

On 30 September 2015, the Group discontinued operations in Astucia (Aust) Pty Limited. Astucia (Aust) Pty Limited developed and sold intelligent road studs. During the current financial year this company has been dissolved. The net liabilities of Astucia (Aust) Pty Limited were £nil (2016: £23,000) at year end. The discontinuation of Astucia (Aust) Pty Limited materially affects the consolidated profit. During the year profit of £23,000 (2016: losses of £85,000) were attributable to Astucia (Aust) Pty Limited.

29. Remuneration of key management personnel

Key management personnel in both 2017 and 2016 are considered to be the directors of the Company. Directors remuneration has been detailed in note 8.

	2017 £000	2016 £000
Dividends paid to shareholders	-	100

Notes to the Financial Statements

For the Year Ended 31 March 2017

30. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'related party disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is a wholly owned member of that group.

31. Ultimate controlling party

Sir John Madejski OBE DL is deemed to be the ultimate controlling party as he is the majority shareholder.