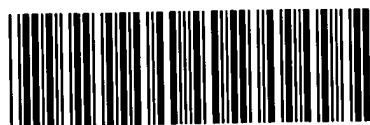


**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	Robin Adrian Bryson (appointed 31 December 2018, resigned 18 September 2019) Owen Thomas Henry Pagan (appointed 31 December 2018, resigned 18 September 2019) Timothy Gingell (resigned 31 December 2018) Peter George Harverson (resigned 12 November 2018) Riccardo Ettore Petti (resigned 31 December 2018) Darren Taylor (appointed 18 September 2019) Clare Colhoun (appointed 18 September 2019)
<b>Registered number</b>	04489603
<b>Registered office</b>	St. Andrew's House St. Andrew's Road Chesterton Cambridge Cambridgeshire CB4 1DL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge CB4 0FY

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors present their report and the Financial Statements for the year ended 31 December 2018.

**Directors**

The Directors who served during the year were:

Robin Adrian Bryson (appointed 31 December 2018, resigned 18 September 2019)  
Owen Thomas Henry Pagan (appointed 31 December 2018, resigned 18 September 2019)  
Timothy Gingell (resigned 31 December 2018)  
Peter George Harverson (resigned 12 November 2018)  
Riccardo Ettore Petti (resigned 31 December 2018)  
Darren Taylor (appointed 18 September 2019)  
Clare Colhoun (appointed 18 September 2019)

**Directors' Indemnity Arrangements**

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

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

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Results and dividends**

Ubisense Limited provided research and manufacturing services to entities in the Ubisense group, which historically included two divisions, RTLS SmartSpace and Geospatial.

In 2018 the Ubisense group underwent reorganization and the two divisions were separated into separate corporate entities in the jurisdictions the group operates in, which included the creation of new legal entities within US and Canada and the disposal of the Geospatial business.

The reported results include the results of Ubisense Limited for the whole year and the results of the newly acquired entities as set out in note 28 for December 2018.

The restructured RTLS SmartSpace business group headed by Ubisense Ltd was acquired by Abyssinian Bidco Ltd on 31 December 2018.

Discontinued operations relate to the Geospatial business.

**Revenue**

Disregarding the impact of the reorganization on reported results, the actual comparative trading performance of the RTLS business in 2018 is:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Total Revenue	<b>15,519</b>	10,796
Gross Profit	<b>8,117</b>	4,486
Gross Margin	<b>52%</b>	42%

The above proforma numbers are extracted from the Financial Statements of Ubisense Group plc and are based on the RTLS business which was an operating segment for financial reporting purposes.

**Profit**

The profit for the year, after taxation, amounted to £10.6m (2017 - loss £1.7m).

**Dividends**

The Directors do not recommend payment of a dividend for the year (2017 - £nil).

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Principal risks and uncertainties**

The Group has exposure to three main areas of risk; foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the Group is exposed to interest rate risk.

**Foreign exchange transactional currency exposure**

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

**Liquidity risk**

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group seeks to manage this risk by monitoring scheduled debt serving payments for long-term financial liabilities, regularly reviewing forecast inflows and outflows due in day-to-day business and investing cash assets safely and profitably.

Rolling cash flow forecasts are used by the Group to monitor liquidity requirement to ensure it has sufficient cash to meet operational needs.

**Customer credit exposure**

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt of a specified due date. This risk is mitigated by the following factors:

- Strong on-going customer relationships
- The regular review of credit limits that are set on the basis of payment history and third party credit references
- Many of the Group's customers are large blue-chip companies that are a low credit risk.

**Interest rate risk**

The Group's exposure to interest rate risk relates primarily to the Group's loan from its new parent company of £2.6m which is partially offset by cash held at variable rates. Interest is payable at LIBOR plus 4% on the £2.6m outstanding at 31 December 2018 (2017: £nil).

In the prior year, the Group's exposure to interest rate risk related primarily to the Group's variable rate bank loan facilities of £2.5m which are partially offset by cash held at variable rates. Interest is payable at LIBOR plus 3% on the £2.5m outstanding at 31 December 2017.

**Research and development activities**

The Group is committed to research and development activities in order to secure the continued growth of the Group and to maintain its position in its market place. Research and development expenditure of £2.1 million (2017: £2.5 million) was charged to the profit and loss account during the year.

**Intellectual property**

The Group 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.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**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.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 18 SEPTEMBER 2019 and signed on its behalf.



**Darren Taylor**  
Director

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors are responsible for preparing 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 judgements 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.



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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UBISENSE LIMITED AND ITS  
SUBSIDIARY UNDERTAKINGS**

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**Opinion**

We have audited the Financial Statements of Ubisense Limited and its subsidiary undertakings (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity and the related notes, 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 Group's and of the parent Company's affairs as at 31 December 2018 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.

**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 Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UBISENSE LIMITED AND ITS  
SUBSIDIARY UNDERTAKINGS (CONTINUED)**

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**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.

**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 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.

**Matters on which we are required to report by exception**

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

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 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; or
- the Directors were not entitled to prepare the Financial Statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UBISENSE LIMITED AND ITS  
SUBSIDIARY UNDERTAKINGS (CONTINUED)**

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**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**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**

Chartered Accountants  
Senior Statutory Auditor

101 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0FY

Date: 24 September 2019

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>Continuing operations 2018 £000</b>	<b>Discontinued operations 2018 £000</b>	<b>Total 2018 £000</b>	<b>Continuing operations 2017 £000</b>	<b>Discontinued operations 2017 £000</b>	<b>Total 2017 £000</b>
	<b>Note</b>						
Turnover	4	7,399	2,120	9,519	5,482	1,425	6,907
Cost of sales		(3,069)	(462)	(3,531)	(2,326)	(376)	(2,702)
<b>Gross profit</b>		<b>4,330</b>	<b>1,658</b>	<b>5,988</b>	<b>3,156</b>	<b>1,049</b>	<b>4,205</b>
Administrative expenses		(4,787)	(1,234)	(6,021)	(5,324)	(818)	(6,142)
Exceptional administrative expenses	12	(534)	(346)	(880)	-	-	-
Exceptional other operating income		-	11,060	11,060	-	-	-
<b>Operating profit/(loss)</b>	5	<b>(991)</b>	<b>11,138</b>	<b>10,147</b>	<b>(2,168)</b>	<b>231</b>	<b>(1,937)</b>
Interest receivable and similar income	9	-	-	-	373	-	373
Interest payable and expenses	10	(60)	-	(60)	(109)	-	(109)
<b>Profit/(loss) before taxation</b>		<b>(1,051)</b>	<b>11,138</b>	<b>10,087</b>	<b>(1,904)</b>	<b>231</b>	<b>(1,673)</b>
Tax on profit/(loss)	11	514	-	514	-	-	-
<b>Profit/(loss) for the financial year</b>		<b>(537)</b>	<b>11,138</b>	<b>10,601</b>	<b>(1,904)</b>	<b>231</b>	<b>(1,673)</b>
<b>Other comprehensive income for the year</b>							
Currency translation differences				98			-
<b>Total other comprehensive income for the year</b>				<b>98</b>			<b>-</b>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Total  
comprehensive  
income for the  
year**

10,699

(1,673)

**Profit/(loss)  
for the year  
attributable  
to:**

Owners of the  
parent  
Company

(537)

11,138

10,601

(1,904)

231

(1,673)

(537)

11,138

10,601

(1,904)

231

(1,673)

**Total  
comprehensive  
income for the  
year  
attributable to:**

Owners of the  
parent Company

10,699

(1,673)

10,699

(1,673)

There were no recognised gains and losses for 2018 or 2017 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 04489603**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	14	12,900	92
Tangible assets	15	510	324
		<u>13,410</u>	<u>416</u>
<b>Current assets</b>			
Stocks	17	1,294	1,343
Debtors	18	6,017	17,560
Cash at bank and in hand	19	2,313	4,706
		<u>9,624</u>	<u>23,609</u>
Creditors: amounts falling due within one year	20	(6,677)	(3,213)
<b>Net current assets</b>		<u>2,947</u>	<u>20,396</u>
<b>Total assets less current liabilities</b>		<u>16,357</u>	<u>20,812</u>
Creditors: amounts falling due after more than one year	21	(35)	(24,449)
<b>Provisions for liabilities</b>			
Other provisions	24	(134)	(179)
		<u>(134)</u>	<u>(179)</u>
<b>Net assets/(liabilities)</b>		<u><u>16,188</u></u>	<u><u>(3,816)</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	13	13
Share premium account	26	6,368	6,368
Foreign exchange reserve	26	98	-
Share based payment reserve	26	-	429
Other reserve	26	9,139	-
Profit and loss account	26	570	(10,626)
		<u><u>16,188</u></u>	<u><u>(3,816)</u></u>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 04489603**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on  
18 September 2019



**Darren Taylor**  
Director

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 04489603**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	14	89	92
Tangible assets	15	428	324
Investments	16	16,926	-
		<u>17,443</u>	<u>416</u>
<b>Current assets</b>			
Stocks	17	1,031	1,343
Debtors	18	952	17,560
Cash at bank and in hand	19	771	4,706
		<u>2,754</u>	<u>23,609</u>
Creditors: amounts falling due within one year	20	(4,564)	(3,213)
<b>Net current (liabilities)/assets</b>		<u>(1,810)</u>	<u>20,396</u>
<b>Total assets less current liabilities</b>		<u>15,633</u>	<u>20,812</u>
Creditors: amounts falling due after more than one year	21	-	(24,449)
<b>Provisions for liabilities</b>			
Other provisions	24	(134)	(179)
		<u>(134)</u>	<u>(179)</u>
<b>Net assets/(liabilities)</b>		<u>15,499</u>	<u>(3,816)</u>
<b>Capital and reserves</b>			
Called up share capital	25	13	13
Share premium account	26	6,368	6,368
Share based payment reserve	26	-	429
Other reserve	26	9,139	-
Profit and loss account brought forward		(10,626)	(8,953)
Profit/(loss) for the year		10,011	(1,673)
Other changes in the profit and loss account		594	-
<b>Profit and loss account carried forward</b>		<u>(21)</u>	<u>(10,626)</u>
		<u>15,499</u>	<u>(3,816)</u>



**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 04489603**

**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on  
18 September 2019



**Darren Taylor**  
Director

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Share Based payment Reserve £000	Other reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	13	6,368	-	429	-	(10,626)	(3,816)
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	10,601	10,601
Currency translation differences	-	-	98	-	-	-	98
<b>Other comprehensive income for the year</b>	-	-	98	-	-	-	98
<b>Total comprehensive income for the year</b>	-	-	98	-	-	10,601	10,699
<b>Contributions by and distributions to owners</b>							
Transfer to/from profit and loss account	-	-	-	(595)	-	595	-
Reserve credit for equity settled share based payment	-	-	-	166	-	-	166
Share issue	-	-	-	-	9,139	-	9,139
<b>Total transactions with owners</b>	-	-	-	(429)	9,139	595	9,305
<b>At 31 December 2018</b>	<b>13</b>	<b>6,368</b>	<b>98</b>	<b>-</b>	<b>9,139</b>	<b>570</b>	<b>16,188</b>

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	13	6,368	260	(8,953)	(2,312)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,673)	(1,673)
<b>Total comprehensive income for the year</b>	-	-	-	(1,673)	(1,673)
<b>Contributions by and distributions to owners</b>					
Reserve credit for equity settled share based payment	-	-	169	-	169
<b>Total transactions with owners</b>	-	-	169	-	169
<b>At 31 December 2017</b>	<b>13</b>	<b>6,368</b>	<b>429</b>	<b>(10,626)</b>	<b>(3,816)</b>

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Other reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	13	6,368	429	-	(10,626)	(3,816)
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	10,011	10,011
<b>Total comprehensive income for the year</b>	-	-	-	-	10,011	10,011
<b>Contributions by and distributions to owners</b>						
Transfer to/from profit and loss account	-	-	(594)	-	594	-
Reserve credit for equity settled share based payment	-	-	165	-	-	165
Share issue	-	-	-	9,139	-	9,139
<b>Total transactions with owners</b>	-	-	(429)	9,139	594	9,304
<b>At 31 December 2018</b>	<b>13</b>	<b>6,368</b>	<b>-</b>	<b>9,139</b>	<b>(21)</b>	<b>15,499</b>

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	13	6,368	260	(8,953)	(2,312)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,673)	(1,673)
<b>Total comprehensive income for the year</b>	-	-	-	(1,673)	(1,673)
<b>Contributions by and distributions to owners</b>					
Reserve credit for equity settled share based payment	-	-	169	-	169
<b>Total transactions with owners</b>	-	-	169	-	169
<b>At 31 December 2017</b>	<b>13</b>	<b>6,368</b>	<b>429</b>	<b>(10,626)</b>	<b>(3,816)</b>

The notes on pages 21 to 53 form part of these Financial Statements.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	10,601	(1,673)
<b>Adjustments for:</b>		
Amortisation of intangible assets	270	75
Depreciation of tangible assets	125	221
Foreign exchange	98	-
Loss on disposal of tangible assets	18	-
Interest paid	60	109
Interest received	-	(373)
Taxation charge	(514)	-
Decrease/(increase) in stocks	349	(532)
(Increase)/decrease in debtors	(496)	215
(Decrease)/increase in creditors	(252)	1,098
(Decrease)/increase in amounts owed to groups	(11,958)	5,111
(Decrease)/increase in provisions	(45)	-
Share-based payment	166	169
Corporation tax received	514	-
<b>Net cash generated from operating activities</b>	<b>(1,064)</b>	<b>4,420</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(161)	(51)
Purchase of tangible fixed assets	(248)	(61)
Sale of tangible fixed assets	2	-
Net cash, acquired on purchase of subsidiaries	1,638	-
Interest received	-	373
<b>Net cash from investing activities</b>	<b>1,231</b>	<b>261</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(2,500)	(750)
Repayment of/new finance leases	-	(1)
Interest paid	(60)	(109)
<b>Net cash used in financing activities</b>	<b>(2,560)</b>	<b>(860)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,393)</b>	<b>3,821</b>
Cash and cash equivalents at beginning of year	4,706	885
<b>Cash and cash equivalents at the end of year</b>	<b>2,313</b>	<b>4,706</b>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,313	4,706
	<u>2,313</u>	<u>4,706</u>

The notes on pages 21 to 53 form part of these Financial Statements.

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## UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. General information

The Company is a limited company that is incorporated and domiciled in the United Kingdom. The registered office and principle place of business is: St Andrew's House, St Andrew's Road, Chesterton, Cambridge, CB4 1DL.

Ubisense Limited delivers Enterprise Location Intelligence solutions that enable customers with complex operations to track the precise location of assets across their business in real-time and is proven to deliver efficiencies, increase flexibility, quality and reduce costs. We offer in-depth knowledge of the sectors in which we operate and have long-standing relationships with many of our customers across target markets including automotive, aerospace, logistics, communications and utilities.

The Financial Statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these Financial Statements are rounded to the nearest £'000.

#### 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.

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 judgement in applying the Group's accounting policies (see note 3).

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 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 Balance Sheet, 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 January 2014.



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

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**2. Accounting policies (continued)**

**2.3 Going concern**

In determining the basis for preparing the Consolidated Financial Statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the Consolidated Financial Statements.

**Assessment**

In conducting our assessment of the appropriateness of the going concern basis, management has considered the following sources of information:

- The Group cash balance of £2.3m as at 31 December 2018 as disclosed in note 19
- 13-week cash flow forecast
- Revenue pipeline

**13- week cash flow forecast**

The Group prepares a detailed 13-week cash flow forecast which is reviewed by the Board on a regular basis. The forecast is used to project timing and amounts of cash inflows and outflows. The latest cash flow forecast indicates that the Company has sufficient resources to be able to meet its financial obligations when they are due. To enable the Group to continue to invest, the Group has received support from its parent entity, amounting to £2.6m at 31 December 2018. Further financial support has been advanced in 2019.

Based on current trading and the cash flow forecast prepared by management, together with the continuing financial support from its parent entity, the Board is satisfied that the Company has adequate resources to operate for the foreseeable future, a period of not less than twelve months from the date of this report. For this reason, the Company continues to adopt the going concern basis in preparing the Consolidated Financial Statements.

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<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.4 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.

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.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.5 Revenue**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Revenues on product sales are recognised at the time that units are shipped, except for shipments under arrangements involving significant acceptance requirements. Under such arrangements revenue is recognised when the Group has substantially met all of its performance obligations.

Revenue earned from sales under licence arrangements 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. For licence rental fees, amounts are recognised over the period of the contract, commencing from when the software is available for use.

Services and training revenue from time and materials contracts is recognised in the period that the services and training are provided on the basis of 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.

Where bundled sales including a combination of some or all of the above are made, the revenue attributable to the deal is apportioned across the constituents of the bundle and then recognised according to the policies stated above.

**2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.8 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.9 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.

**2.10 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 Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.11 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 Balance Sheet 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.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.12 Taxation**

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 balance sheet 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 Balance Sheet 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 balance sheet date.

**2.13 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.14 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	1 - 5 years
Software	-	3 years

**2.15 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.

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.

The estimated useful lives range as follows:

Fixtures and fittings	- 3 - 5 years, or over the period of the lease if shorter
Computer equipment	- 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.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.16 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.17 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. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet 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.

**2.18 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.

**2.19 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.

**2.20 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.

**2.21 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.22 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 Balance Sheet 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 Balance Sheet.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**2.23 Financial instruments**

The Group only enters into basic financial instrument 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 the 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.

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.

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 balance sheet date.



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<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.23 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will be 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 addressed below.

**Revenue recognition**

Significant management judgement is applied in determining the allocation and timing of the recognition of the revenue on fixed price, long-term customer specific contracts. In this process management takes into account milestones, hardware supplied, actual work performed and further obligations and costs expected to complete the work.

**Stocks**

The provision for obsolete, slow-moving or defective inventory is based on management's estimation of the commercial life of inventory lines and is applied on prudent basis. In assessing this, management takes into consideration the sales history of products and the length of time that they have been available for resale.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Goods	4,221	2,763
Services	2,371	1,615
Royalties income	2,898	2,418
Rental income	29	111
	<u>9,519</u>	<u>6,907</u>

Analysis of turnover by country of destination:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	1,780	786
Rest of Europe	6,230	2,821
Rest of the world	1,509	3,300
	<u>9,519</u>	<u>6,907</u>

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Research & development costs	2,134	2,529
Net foreign exchange (gains)/losses	(559)	802
Other operating lease rentals	207	148
Depreciation & amortisation of intangible and tangible fixed assets	395	296
Auditor remuneration	35	16
Inventory recognised as an expense	2,976	2,366
Profit/(loss) on disposal of tangible fixed assets	18	-
Share based payment	166	169
	<u>166</u>	<u>169</u>

<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. Auditor's remuneration**

	<b>2018 £000</b>	<b>2017 £000</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual Financial Statements	35	16
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	7	-
Other services relating to taxation	115	-
All other services	-	8
	122	8

**7. Employees**

Staff costs were as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
Wages and salaries	3,377	2,612
Social security costs	337	292
Cost of defined contribution scheme	413	350
Share-based payments	167	167
	4,294	3,421

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

	<b>2018</b>	<b>2017</b>
Technical Consultants	12	2
Research & Development	10	20
Sales & Marketing	14	8
General & administrative	8	15
	44	45

<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The actual number of employees, including Directors as at 31 December was as follows:

	<b>2018</b>	<b>2017</b>
Technical Consultants	17	2
Research & Development	20	20
Sales & Marketing	13	8
General & administrative	11	11
	61	41

**8. Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	685	569
Pension contributions to money purchase schemes	53	56
	738	625

The highest paid Director received remuneration of £369k (2017 - £299k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £37k (2017 - £37k).

During the year 3 directors participated in the money purchase pension scheme and of these 3 held interests in options over ordinary shares in the former parent, IQGeo Group plc as at 31 December 2018. A proportion of Directors remuneration is recharged to other group companies. The total remuneration is shown above.

<b>UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Key management compensation**

The key management have been assessed to be the Directors of the Company during the 2018 period. The compensation paid or payable to key management for employee services is shown below:

	<b>2018 £000</b>	<b>2017 £000</b>
Wages and salaries	680	565
Social security costs	65	66
Other benefits	5	4
	<u>750</u>	<u>635</u>
Contributions to defined contribution pension arrangements	53	56
Equity-settled share-based payments	173	178
	<u>977</u>	<u>869</u>

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

**9. Interest receivable**

	<b>2018 £000</b>	<b>2017 £000</b>
Interest receivable from group companies	-	345
Other interest receivable	-	28
	<u>-</u>	<u>373</u>

**10. Interest payable and similar expenses**

	<b>2018 £000</b>	<b>2017 £000</b>
Bank interest payable	60	109
	<u>60</u>	<u>109</u>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(514)	-
<b>Total current tax</b>	<u>(514)</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) on ordinary activities before tax	<u>10,087</u>	<u>(1,673)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	1,916	(318)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	230	56
Fixed asset differences	7	-
Adjustments to tax charge in respect of prior periods	(514)	-
Non-taxable income	(2,101)	-
Difference on tax treatment of share options	-	32
Other tax adjustments, reliefs and transfers	601	-
Other movements	(17)	-
Unrecognised deferred tax movements	(636)	230
<b>Total tax charge for the year</b>	<u>(514)</u>	<u>-</u>

**Factors that may affect future tax charges**

The Group takes advantage of the enhanced tax deductions for research & development expenditure and expects to continue to be able to do so. Further to the claim for research & development tax credits in previous years, losses available as at 31 December 2018 were approximately £3.9million (2017: £6.5 million). This asset can be used against suitable future profits in the Group and will reduce the overall tax charge when utilised. Deferred tax assets have not been recognised in respect of these losses as future taxable profits are uncertain.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Exceptional administrative expenses**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Restructuring Costs	336	-
Bonuses	10	-
France Debt Forgiveness	534	-
	<u>880</u>	<u>-</u>

The Company incurred the above exceptional expenses following the restructure of RTLS SmartSpace business in 2018 and subsequent acquisition by Abyssinian Bidco Ltd on 31 December 2018.

**13. Exceptional other operating income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Gain on sale of Geospatial business	11,060	-
	<u>11,060</u>	<u>-</u>

Included in the exceptional other operating income figure above are gain on sale of myWorld division and transfer of assets to IQGeo Group Plc on 30 October 2018.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. Intangible assets**

**Group**

	<b>Computer software £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2018	297	-	297
Additions	161	12,891	13,052
On acquisition of subsidiaries	26	-	26
At 31 December 2018	<u>484</u>	<u>12,891</u>	<u>13,375</u>
<b>Amortisation</b>			
At 1 January 2018	205	-	205
Charge for the year	62	208	270
At 31 December 2018	<u>267</u>	<u>208</u>	<u>475</u>
<b>Net book value</b>			
At 31 December 2018	<u>217</u>	<u>12,683</u>	<u>12,900</u>
At 31 December 2017	<u>92</u>	<u>-</u>	<u>92</u>

Amortisation is included in administrative expenses in the statement of comprehensive income.



UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Intangible assets (continued)

Company

	Computer software £000
<b>Cost</b>	
At 1 January 2018	297
Additions	49
At 31 December 2018	346
<b>Amortisation</b>	
At 1 January 2018	205
Charge for the year	52
At 31 December 2018	257
<b>Net book value</b>	
At 31 December 2018	89
At 31 December 2017	92

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Tangible fixed assets**

**Group**

	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2018	680	281	961
Additions	196	52	248
Acquisition of subsidiary	38	46	84
Disposals	-	(104)	(104)
Exchange adjustments	1	(3)	(2)
At 31 December 2018	915	272	1,187
<b>Depreciation</b>			
At 1 January 2018	400	236	636
Charge for the year on owned assets	98	27	125
Disposals	-	(84)	(84)
At 31 December 2018	498	179	677
<b>Net book value</b>			
At 31 December 2018	417	93	510
At 31 December 2017	280	44	324

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Tangible fixed assets (continued)**

**Company**

	<b>Fixtures and fittings £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
At 1 January 2018	680	281	961
Additions	196	52	248
Disposals	-	(104)	(104)
At 31 December 2018	<u>876</u>	<u>229</u>	<u>1,105</u>
<b>Depreciation</b>			
At 1 January 2018	400	236	636
Charge for the year on owned assets	98	27	125
Disposals	-	(84)	(84)
At 31 December 2018	<u>498</u>	<u>179</u>	<u>677</u>
<b>Net book value</b>			
At 31 December 2018	<u>378</u>	<u>50</u>	<u>428</u>
At 31 December 2017	<u>280</u>	<u>44</u>	<u>324</u>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
Additions	16,926
At 31 December 2018	<u>16,926</u>

**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Ubisense America LLC	999 18th Street, Suite 901, Denver, CO 80202, United States	Location solutions	Ordinary	100%
Ubisense GmbH	Franz-Rennefeld-Weg 6, 40472 Dusseldorf, Germany	Location solutions	Ordinary	100%
Ubisense SAS	52 Boulevard de Sebastopol, 75003 Paris, France	Locations solutions	Ordinary	100%
Ubisense Canada Inc	250 Howe Street, Suite 1400, Vancouver, BC V6C3S7	Location solutions	Ordinary	100%
Ubisense Inc	2nd Floor, Hongo TK Bldg, 1-28-10 Hongo Bunkyo-ku, Tokyo 113- 0033, Japan	Intermediate holding company	Ordinary	100%

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**16. Fixed asset investments (continued)**

**Direct subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Ubisense America LLC	985	(970)
Ubisense GmbH	4,306	(2,499)
Ubisense SAS	309	(14)
Ubisense Canada Inc	12	(2)
Ubisense Inc	(120)	50

**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Binary Star Developments K.K	2nd Floor, Hongo TK Bldg, 1-28-10 Hongo Bunkyo-ku, Tokyo 113- 0033, Japan	Non-trading	Ordinary	100%
Ubisense Japan K.K	2nd Floor, Hongo TK Bldg, 1-28-10 Hongo Bunkyo-ku, Tokyo 113- 0033, Japan	Location solutions	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Binary Star Developments K.K	(2)	2
Ubisense Japan K.K	3,411	(1,297)

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Stocks**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Raw materials and consumables	674	404	674	404
Finished goods and goods for resale	620	939	357	939
	<u>1,294</u>	<u>1,343</u>	<u>1,031</u>	<u>1,343</u>

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

The balance as at 31 December 2018 includes an impairment provision of £466k (2017: £492k).

**18. Debtors**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
<b>Due after more than one year</b>				
Amounts owed by related parties/group undertakings	-	6,373	-	6,373
<b>Due within one year</b>				
Trade debtors	2,642	129	75	129
Amounts owed by related parties/group undertakings	-	10,429	-	10,429
Other debtors	1,078	285	333	285
Prepayments and accrued income	594	342	482	342
Amounts recoverable on long term contracts	1,697	2	62	2
Tax recoverable	6	-	-	-
	<u>6,017</u>	<u>17,560</u>	<u>952</u>	<u>17,560</u>

Trade debtors are stated after provision for impairment of £1,239k (2017: £1,327k).

**19. Cash and cash equivalents**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Cash at bank and in hand	2,313	4,706	771	4,706
	<u>2,313</u>	<u>4,706</u>	<u>771</u>	<u>4,706</u>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Creditors: Amounts falling due within one year**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Bank loans	-	750	-	750
Payments received on account	-	9	-	9
Trade creditors	1,100	1,278	917	1,278
Amounts owed to related parties/group undertakings	2,615	416	2,806	416
Other taxation and social security	279	88	49	88
Other creditors	751	-	-	-
Accruals and deferred income	1,932	672	792	672
	<u>6,677</u>	<u>3,213</u>	<u>4,564</u>	<u>3,213</u>

The amounts owed to related parties / group undertakings relate to a loan from the parent company granted at 31 December 2018 which is repayable upon written demand and subject to interest at LIBOR plus 4%.

**21. Creditors: Amounts falling due after more than one year**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Bank loans	-	1,750	-	1,750
Amounts owed to parent company	-	22,699	-	22,699
Other creditors	35	-	-	-
	<u>35</u>	<u>24,449</u>	<u>-</u>	<u>24,449</u>

The amounts previously owed to the parent company were repaid as part of the group restructure in the current year.

The prior year bank loan was secured on the fixed and floating assets of the Group, attracted an interest charge of LIBOR plus 3% and was subject to an operating covenant linked the "operating cash flow" performance (profit or loss before tax adding back any non-recurring items, finance costs, foreign exchange costs, share based payments, depreciation, amortisation or capitalisation of product development). The covenant required a future repayments of £750k before 31 January 2018 and then £187.5k each quarter starting on 31 March 2019. Following the group restructure the loan was fully repaid on 31 December 2018.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Loans**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
<b>Amounts falling due within one year</b>				
Bank loans	-	750	-	750
	<u>-</u>	<u>750</u>	<u>-</u>	<u>750</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	-	1,500	-	1,500
	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<b>Amounts falling due 2-5 years</b>				
Bank loans	-	250	-	250
	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>
	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>

The prior year bank loan was secured on the fixed and floating assets of the Group, attracted an interest charge of LIBOR plus 3% and was subject to an operating covenant linked the "operating cash flow" performance (profit or loss before tax adding back any non-recurring items, finance costs, foreign exchange costs, share based payments, depreciation, amortisation or capitalisation of product development). The covenant required a future repayments of £750k before 31 January 2018 and then £187.5k each quarter starting on 31 March 2019. Following the group restructure the loan was fully repaid on 31 December 2018.



**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Financial instruments**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	2,313	4,706	771	4,706
Financial assets measured at amortised cost	26,308	17,560	19,940	17,560
	<u>28,621</u>	<u>22,266</u>	<u>20,711</u>	<u>22,266</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(26,729)	(27,574)	(23,503)	(27,574)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by related parties, other debtors, prepayments and accrued income and amounts recoverable on long term contracts.

Financial liabilities measured at amortised cost comprise bank loans, payments received on account, trade creditors, amounts owed to related parties, other creditors, accruals and deferred income.

**24. Provisions**

**Group**

	<b>Dilapidation £000</b>
At 1 January 2018	179
Utilised in year	(45)
<b>At 31 December 2018</b>	<u>134</u>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Company**

	<b>Dilapidation £000</b>	<b>Total £000</b>
At 1 January 2018	179	179
Utilised in year	(45)	(45)
<b>At 31 December 2018</b>	<b>134</b>	<b>134</b>

**25. Share capital**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Authorised</b>		
100,000,000 (2017 - 100,000,000) Ordinary shares shares of £0.01 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1,305,652 (2017 - 1,305,649) Ordinary shares shares of £0.01 each	13	13

**26. Reserves**

**Share premium account**

Includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Foreign exchange reserve**

Includes all exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency.

**Share based payment reserve**

Includes the cumulative charge made in respect of share options granted to the Group's employees under its employee share option plans.

**Other reserves**

Comprise the fair value of shares issued in exchange for shares in subsidiary undertakings.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**27. Share based payments**

Certain Directors and employees of Ubisense Limited participated in share option plans under which options for shares in IQGeo Group plc, the former parent company, were granted.

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

The Group recognised an expense of £166k (2017: £169k) related to equity settled share- based payment transactions during the year.

As at 31 December 2018 the entity was sold by IQGeo Group Plc. At this date, employees of the Group had 4,845,732 (2017: 4,173,366) share options in IQGeo Group plc, the details of which are as follows:

	<b>Weighted average exercise price (pence) 2018</b>	<b>Number 2018</b>	<i>Weighted average exercise price (pence) 2017</i>	<i>Number 2017</i>
Outstanding at the beginning of the year	0.079	4,173,366	0.087	4,196,566
On acquisition of foreign operations	0.186	703,616	-	-
Granted during the year	-	-	-	-
Forfeited during the year	0.178	(381,250)	1.554	(23,200)
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>0.088</b>	<b>4,495,732</b>	<b>0.079</b>	<b>4,173,366</b>

Of the above 4,495,732 (2017: 4,173,366) share options outstanding 295,732 (2017: 322,366) were exercisable as at 31 December 2018.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**27. Share based payments (continued)**

	<i>2017</i>
Option pricing model used	<i>Monte Carlo</i>
Exercise price (pence)	<i>0.02</i>
Weighted average contractual life (years)	<i>4</i>
Expected volatility (%)	<i>45</i>
Expected dividend growth rate (%)	<i>-</i>
Risk-free interest rate (%)	<i>0.45</i>

On 14 December 2016 employees and Directors of Ubisense Limited were granted 3,850,000 options of 2 pence each in IQGeo Group plc with an exercise price set at the nominal value. The options will vest if the IQGeo Group plc's share price exceeds 70p for 60 consecutive calendar days between 2nd and 3rd anniversary of issue and the period of employment continues for over 3 years.

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**28. Business combinations**

On 7 December 2018 the Company acquired 100% of the share capital of Ubisense GmbH. Consideration paid was in the form of equity via a share for share exchange.

On 7 December 2018 the Company acquired 100% of the share capital of Ubisense America LLC for total consideration of £7,787,000. The consideration was paid through the assumption of the Debt owed by Ubisense America LLC to Ubisense Limited amounting to £5,874,834 with the remaining £1,912,166 being owed as a payable.

On 30 November 2018 the Company acquired 100% of the share capital of Ubisense SAS and Ubisense Inc (Japan) and therefore indirectly acquired 100% of the share capital of Binary Star Developments K.K. and Ubisense Japan K.K. Consideration paid was in the form of equity via share for share exchanges.

On 30 November 2018 Ubisense Canada Inc., a subsidiary of the Company established in the year, acquired trade and assets from Ubisense Solutions Inc. Consideration paid was through the assumption of a proportion of the Debt owed by Ubisense Solutions Inc to Ubisense Limited equivalent to the fair value of the assets transferred being £393,000.

**Recognised amounts of identifiable assets acquired and liabilities assumed**

	<b>Book value £000</b>	<b>Fair value £000</b>
Tangible	85	85
Intangible	26	26
	<u>111</u>	<u>111</u>
Stocks	300	300
Debtors	13,258	13,258
Cash at bank and in hand	1,638	1,638
<b>Total assets</b>	<u>15,307</u>	<u>15,307</u>
Creditors	(10,879)	(10,879)
<b>Total identifiable net assets</b>	<u>4,428</u>	<u>4,428</u>
Goodwill		12,891
<b>Total purchase consideration</b>		<u>17,319</u>

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**28. Business combinations (continued)**  
**Consideration**

	<b>£000</b>
Assumption of debt	8,180
Equity instruments	9,139
<b>Total purchase consideration</b>	<b>17,319</b>

The results of the acquired entities since acquisition are as follows:

	<b>Ubisense GmbH £000</b>	<b>Ubisense America LLC £000</b>	<b>Ubisense SAS £000</b>	<b>Ubisense Inc. and subsidiaries £000</b>
Turnover	535	810	57	275
Profit for the year	333	(368)	(45)	(160)

If the reorganisation had occurred at 01 January 2017, the Turnover and Profit would be:

	<b>2018 £000</b>	<b>2017 £000</b>
Total Revenue	15,519	10,796
Gross Profit	8,117	4,486
Gross Margin	52%	42%

**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**29. Discontinued operations**

Ubisense Limited provided manufacturing and research services to all entities in the former Ubisense Group. As a result of the reorganisation and disposal, the services to the Geospatial divisions have been discontinued.

	<b>£000</b>
Cash proceeds	11,060
	<u>11,060</u>
<b>Profit on disposal before tax</b>	<u><u>(11,060)</u></u>

The net inflow of cash in respect of the sale of the Geospatial division is as follows:

	<b>£000</b>
<b>Net inflow of cash</b>	<u><u>-</u></u>

**30. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £413k (2017: £350k).

**31. Commitments under operating leases**

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Group</b>		
Not later than 1 year	517	147
Later than 1 year and not later than 5 years	1,106	785
Later than 5 years	785	982
	<u>2,408</u>	<u>1,914</u>

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant period. The effect on the income statement will differ to the above figures due to the amortisation of rent-free and discounted rent periods in the property leases signed in 2017.

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**UBISENSE LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**32. Related party transactions**

Compensation of key management personnel and full details of Directors' remuneration are disclosed in Note 8.

The company is a wholly owned subsidiary of Abyssinian Bidco Limited. At 31 December 2018, Abyssinian Bidco Limited approved an intercompany loan of £2.6m to Ubisense Ltd Group to enable full repayment of the HSBC loan and settlement of the intercompany balances with IQGeo Group Plc. Under the loan agreement the intercompany loan is a subject of a written demand from Abyssinian Bidco Limited and attracts an interest charge of LIBOR plus 4%.

Until the date of sale on 31 December 2018, the company was 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 or other wholly owned subsidiaries within the group.

There were no other related party transactions with the Company during 2018 and 2017.

**33. Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**34. Controlling party**

At 31 December 2018, the Company's immediate parent company was Abyssinian Bidco Limited, a private limited company incorporated in England.

The Company's ultimate parent company is Investcorp Bank B.S.C, a public limited company incorporated in the Kingdom of Bahrain and listed on the Bahrain Stock Exchange.

Investcorp Bank B.S.C is 50% owned and controlled by SIPCO Limited which is 100% owned by SIPCO Holdings Limited. SIPCO Holdings Limited is owned by a number of private shareholders, none of whom own more than 25% of the issued share capital. Accordingly there is no ultimate controlling party.