

Registered number: 05185468

AVISEN GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2012



AVISEN GROUP LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | C Milverton M Hanke |
| Company secretary | St Johns Square Secretaries Limited |
| Registered number | 05185468 |
| Registered office | Pannell House Park Street Guildford Surrey GU1 4HN |
| Independent Auditor | PricewaterhouseCoopers LLP 9 Greyfriars Road Reading Berkshire RG1 1JG |

AVISEN GROUP LIMITED

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AVISEN GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

The directors present their report and the audited financial statements for the year ended 31 January 2012

Principal activities

The principal activity of the company in the year under review was that of IT consultancy

Directors

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

C Milverton
M Hanke

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The parent company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of the company and its directors.

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these audited financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AVISEN GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2012**

Provision 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 that director is aware, there is no relevant audit information of which the company's auditor are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor are aware of that information

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 26 October 2012 and signed on its behalf



C Milverton
Director

AVISEN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISEN GROUP LIMITED

We have audited the financial statements of Avisen Group Limited for the year ended 31 January 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 1 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.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

AVISEN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVISEN GROUP LIMITED

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



Miles Saunders (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Reading
Date

26 OCT 2012

AVISEN GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2012**

| | Note | 2012 £ | As restated 2011 £ |
|--|-------------|-----------------------|-----------------------------------|
| TURNOVER | 2 | 47,408 | 27,707 |
| Cost of sales | | <u>(27,976)</u> | <u>(41,654)</u> |
| GROSS PROFIT/(LOSS) | | 19,432 | (13,947) |
| Administrative income/(expenses) | | <u>78,167</u> | <u>(168,629)</u> |
| Adjusted EBITDA | | 87,804 | (171,740) |
| Management recharge | | 1,026 | (47,948) |
| One off items | 9 | 8,769 | 37,112 |
| OPERATING PROFIT/(LOSS) | 3 | 97,599 | (182,576) |
| EXCEPTIONAL ITEMS | | | |
| Profit on disposal of an operation | 7 | <u>-</u> | <u>306,250</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST | | 97,599 | 123,674 |
| Interest receivable and similar income | | 1,809 | - |
| Interest payable and similar charges | 6 | <u>-</u> | <u>(1,590)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 99,408 | 122,084 |
| Tax on profit on ordinary activities | 8 | <u>28,725</u> | <u>96,503</u> |
| PROFIT FOR THE FINANCIAL YEAR | 15 | <u>128,133</u> | <u>218,587</u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents

The notes on pages 7 to 14 form part of these financial statements

AVISEN GROUP LIMITED
REGISTERED NUMBER: 05185468

BALANCE SHEET
AS AT 31 JANUARY 2012

| | Note | £ | 2012 £ | £ | 2011 £ |
|---|------|----------------|------------------|----------------|------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | | - | | - |
| Investments | 11 | | 251,600 | | 251,600 |
| | | | <u>251,600</u> | | <u>251,600</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 164,786 | | 257,605 | |
| Cash at bank | | 29,171 | | 35,378 | |
| | | <u>193,957</u> | | <u>292,983</u> | |
| CREDITORS: amounts falling due within one year | 13 | (350,967) | | (578,126) | |
| NET CURRENT LIABILITIES | | | <u>(157,010)</u> | | <u>(285,143)</u> |
| NET ASSETS/(LIABILITIES) | | | <u>94,590</u> | | <u>(33,543)</u> |
| CAPITAL AND RESERVES | | | | | |
| Share capital | 14 | | 25,151 | | 25,151 |
| Share premium account | 15 | | 328,719 | | 328,719 |
| Profit and loss account deficit | 15 | | <u>(259,280)</u> | | <u>(387,413)</u> |
| TOTAL SHAREHOLDERS' FUNDS/(DEFICIT) | 16 | | <u>94,590</u> | | <u>(33,543)</u> |

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

26 October 2012



C Milverton
Director

The notes on pages 7 to 14 form part of these financial statements

AVISEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, 1Spatial plc. The directors have received confirmation that 1Spatial plc intends to support the company for at least one year after these financial statements are signed.

1.2 Basis of consolidation

The financial statements contain information about Avisen Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, 1Spatial plc, a company registered in England & Wales.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Professional services revenue is recognised as the work is carried out and the company has the contractual right to receive the consideration.

1.5 Research and development

Expenditure on research and development is written off in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised on a straight line basis over the year during which the company is expected to benefit.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

AVISEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2012

1. ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.8 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.9 One off items

The directors consider that certain one off items should be highlighted in order to understand the underlying trading performance of the business. These items are detailed in note 9 to the financial statements

2. TURNOVER

The whole of the turnover is attributable to principal activity

All turnover arose within the United Kingdom and is stated net of VAT in the current and prior financial year

3. OPERATING PROFIT/(LOSS)

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

| | 2012 £ | As restated 2011 £ |
|---|-----------|--------------------------|
| Auditor's remuneration for the audit of the company's annual accounts | 1,000 | 2,000 |
| Difference on foreign exchange | 705 | (9,786) |
| One off items - note 9 | (8,769) | (37,112) |

AVISEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2012

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows.

| | 2012 | 2011 |
|-----------------------|-------------|---------------|
| | £ | £ |
| Wages and salaries | - | 39,672 |
| Social security costs | - | 1,472 |
| | <u>-</u> | <u>41,144</u> |

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

| | 2012 | 2011 |
|-----------|-------------|-------------|
| | No. | No |
| Directors | <u>-</u> | <u>2</u> |

5. DIRECTORS' REMUNERATION

| | 2012 | 2011 |
|------------|-------------|---------------|
| | £ | £ |
| Emoluments | <u>-</u> | <u>39,672</u> |

The directors receive no emoluments for their services from the company and no recharge is made to the company

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2012 | 2011 |
|--------------------------------------|-------------|--------------|
| | £ | £ |
| Interest payable on overdue taxation | <u>-</u> | <u>1,590</u> |

7. PROFIT ON DISPOSAL OF AN OPERATION

| | 2012 | 2011 |
|--|-------------|----------------|
| | £ | £ |
| Profit on disposal of subsidiary undertaking | <u>-</u> | <u>306,250</u> |

On 14 July 2010 the company transferred the entire interest in Avisen (Pty) SA Limited to K Jones. The fair value of the consideration of £306,250 was recognised against an investment value of £Nil

AVISEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2012

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2012 | 2011 |
|---|-----------------|-----------------|
| | £ | £ |
| Adjustments in respect of prior periods | (28,725) | (96,503) |
| Tax credit on profit/(loss) on ordinary activities | (28,725) | (96,503) |

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

| | 2012 | 2011 |
|--|-----------------|-----------------|
| | £ | £ |
| Profit on ordinary activities before tax | 99,408 | 122,084 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%) | 26,177 | 34,184 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 32,254 |
| Adjustments to tax charge in respect of prior periods | (28,725) | (96,503) |
| Non-taxable income | (4,048) | (7,026) |
| Other tax relief on exceptional items | - | (85,750) |
| Group relief | (58) | 26,338 |
| Tax losses not utilised | (22,071) | - |
| Current tax credit for the year (see note above) | (28,725) | (96,503) |

Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the March 2011 and March 2012 UK Budget Statements. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from April 2011 and a further resolution was passed by Parliament on 26 March 2012 which reduced the main rate of corporation tax to 24% from April 2012. This is in addition to the decrease to 26% enacted in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014.

AVISEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

9. ONE OFF ITEMS

In accordance with the company's policy for one off items, the following (credits)/charges were included in this category

| | 2012 | As restated |
|------------------------------------|-----------------------|------------------------|
| | £ | 2011 |
| | | £ |
| Intercompany loan write back | - | (50,093) |
| Movement in intercompany provision | (8,769) | 12,981 |
| | <u>(8,769)</u> | <u>(37,112)</u> |

The prior year restatement has been made in order to classify certain costs in line with other group companies

10. INTANGIBLE FIXED ASSETS

| | Development costs |
|--|--------------------------|
| | £ |
| Cost | |
| At 1 February 2011 and 31 January 2012 | <u>375,763</u> |
| Amortisation | |
| At 1 February 2011 and 31 January 2012 | <u>375,763</u> |
| Net book amount | |
| At 31 January 2012 | <u>-</u> |
| At 31 January 2011 | <u>-</u> |

On 1 February 2009 the directors impaired the capitalised development costs. This represents a pragmatic view of the directors based on the likelihood of future economic benefits being received in relation to the technology.

AVISEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

11. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £ |
|--|---|
| Cost | |
| At 1 February 2011 and 31 January 2012 | <u>410,880</u> |
| Impairment | |
| At 1 February 2011 and 31 January 2012 | <u>159,280</u> |
| Net book amount | |
| At 31 January 2012 | <u><u>251,600</u></u> |
| At 31 January 2011 | <u><u>251,600</u></u> |

For details of subsidiary companies, see note 17

The directors believe that the carrying value of the investments is supported by the expected cash flows of the business

12. DEBTORS

| | 2012 £ | 2011 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 66,344 | 14,982 |
| Amounts owed by group undertakings | 95,641 | 132,667 |
| Corporation tax recoverable | - | 96,503 |
| Prepayments and accrued income | 2,801 | 13,453 |
| | <u>164,786</u> | <u>257,605</u> |

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

**13. CREDITORS:
Amounts falling due within one year**

| | 2012 £ | 2011 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 1,648 | 6,675 |
| Amounts owed to group undertakings | 334,720 | 509,637 |
| Social security and other taxes | 7,599 | 60,028 |
| Accruals and deferred income | 7,000 | 1,786 |
| | <u>350,967</u> | <u>578,126</u> |

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

AVISEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2012

14. SHARE CAPITAL

| | 2012 £ | 2011 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 2,515,064 (2011 2,515,064) ordinary shares of £0.01 each | <u>25,151</u> | <u>25,151</u> |

15. RESERVES

| | Share premium account £ | Profit and loss account deficit £ |
|-------------------------------|----------------------------------|--|
| At 1 February 2011 | 328,719 | (387,413) |
| Profit for the financial year | | 128,133 |
| At 31 January 2012 | <u>328,719</u> | <u>(259,280)</u> |

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2012 £ | 2011 £ |
|---------------------------------------|----------------|-----------------|
| Opening shareholders' deficit | (33,543) | (252,130) |
| Profit for the financial year | <u>128,133</u> | <u>218,587</u> |
| Closing shareholders' funds/(deficit) | <u>94,590</u> | <u>(33,543)</u> |

17. PRINCIPAL SUBSIDIARIES

| Company name | Country | Percentage Shareholding | Description |
|-----------------------------|-------------------|----------------------------|----------------|
| Avisen UK Limited | England and Wales | 100% Ordinary | IT Consultancy |
| Solution Minds Limited | England and Wales | 100% Ordinary | Dormant |
| Avisen BV | Netherlands | 100% Ordinary | IT Consultancy |
| Solution Minds (UK) Limited | England and Wales | 100% Ordinary | Dormant |

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

AVISEN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date the ultimate parent undertaking and controlling party was 1Spatial plc (formerly Avisen plc), a company incorporated in England and Wales

1Spatial plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 January 2012. The consolidated financial statements of 1Spatial plc are available from Pannell House, Park Street, Guildford, Surrey GU1 4HN.