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AVISEN GROUP LTD  
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1Spatial plc

Annual Report for the year ended 31 January 2014

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## **Overview of 1Spatial plc**

### **1Spatial plc**

1Spatial plc is listed on AIM, and is a group of innovative and market leading software and solutions companies trading under individual brands, 1Spatial Group, Avisen and Storage Fusion. During the year 1Spatial acquired Star-Apic which was rebranded from 1 February 2014 as 1Spatial Group.

The common link between the three companies, is Big Data, providing software solutions that ensure data quality, management, evaluation and efficiency.

Big Data is a term applied to data sets whose size is beyond the ability of commonly used software tools to capture, manage, and process. Big data has increased the demand for information management specialists and software firms specialising only in data management and analytics, this industry is valued at several billion dollars globally and continues to grow significantly each year.

### **1Spatial Group**

1Spatial Group is focused on geospatial software solutions and services that manage the world's largest spatial Big Data. We work with users and creators of the largest geospatial databases on earth, helping them collect, plan, store, manage and interpret location-specific information.

Our clients include national mapping and cadastral agencies (land registration organisations), utility and telecommunications companies, and government departments including emergency services, defence and census bureaus. A leader in our field, we have over forty years' experience and a record of continual innovation and development. Today, with an ever increasing reliance on spatial and location-critical data, demand for our expertise has never been greater.

### **Avisen**

Avisen is the exclusive distributor of Acorn's enterprise software performance solutions, working with major organisations such as Unilever and Tesco Direct helping them improve profitability and supply management on a global basis.

### **Storage Fusion**

Storage Fusion's software specialises in the delivery of automated storage reporting and analytics. With the increasing demand on storage environments, they work with organisations to help them evaluate and optimise their storage landscape.

## **Chairman's Statement**

I am pleased to present the results for 1Spatial plc for the year ended 31 January 2014. The Group reports revenue of £17.3m and an Adjusted EBITDA of £1.1m. These results represent growth in both revenue and profit. The Group enters the next financial year with an order backlog in excess of £7m as well as a healthy pipeline of opportunities.

Following the fund-raising described below, the company has a strong balance sheet to support its strategy for future growth.

### **Corporate transactions**

In June 2013, the company raised £17.1m through an over-subscribed placing of shares. The money was raised to support our growth strategy to acquire Star-Apic and to provide working capital to strengthen geographical, industry and product coverage. As stated in the circular to shareholders, we will look to make further acquisitions to extend our geographic reach. A number of opportunities were identified during the year, which are under review.

### **Strategy and performance**

In my report last year, I described a year of achieving focus and clarity on the company's strategic direction. This year, ended 31 January 2014, we have laid the foundations for building on our position by establishing structures to support our future growth. In June 2013, we acquired 90% of Star-Apic (with the remaining 10% being purchased in January 2014) and throughout the year we have focused on four important areas: our organisational structure, our geographical coverage, our product and service offerings, and our brand. Significant progress has been made in all areas.

### **Star-Apic**

Star-Apic is a leading European provider of Geographic Information Systems (GIS) software and solutions. We have worked to integrate the business into 1Spatial, which is now almost complete. Post the year end, Star-Apic was rebranded as 1Spatial in February 2014. The firm specialises in land and infrastructure management. The acquisition brings highly complementary products and services as well as access to the markets of French-speaking North Africa.

### **Organisational structure**

With the acquisition of Star-Apic, the company has established a world-wide business infrastructure that covers product development, strategy, marketing, finance and commercial activities. Our local offices focus on sales and generating demand within their markets. We have also hired important new roles to further strengthen the business including a Head of Development and additional members of the sales team focusing on specific sectors.

### **Geographical coverage**

The group's headquarters are in Cambridge, UK, our offices in France and Belgium (acquired as part of Star-Apic) cover French-speaking markets, especially in North Africa. We also have an Asia-Pacific office in Sydney, Australia, an office in Ireland and are supported by a global network of partners that includes USA, Malaysia and Brazil. We see growth opportunities in the Middle-East, Africa (beyond French-speaking North Africa), the MINT countries (the fast-developing economies of Mexico, Indonesia, Nigeria and Turkey) and USA. We already have key customers in the Middle-East and North Africa and continue to work with potential partners in all regions.

### **Product and service offerings**

Our core off-the-shelf product offering, 1SMS (1Spatial Management Suite), was delivered to our first customer during the year ended 31 January 2014 and is continuing to gain significant traction in the market and we will develop industry-specific applications for the suite as part of our development road-map.

The acquisition of Star-Apic broadened our range of product and service offerings and these are being integrated into, or consolidated within, our current range. Potential new products have also been identified and development plans are in progress.

Our Storage Fusion and Avisen divisions continue to focus on their core competencies in each relevant market. Both companies enjoy long-term relationships with key customers such as Unisys and Unilever and continue to innovate with their product offerings. Storage Fusion provides unique software that analyses data storage across multi-vendor resources. Avisen provides profitability improvement services.

### **Brand**

Star-Apic has been re-branded as a 1Spatial company from 1 February 2014. This will be reflected across all international markets.

We have also invested in building 1Spatial's brand "reach" across new and existing markets, both geographic and industry. The company has participated in events in Netherlands, Spain, France, Belgium, UK and Malaysia. As mentioned above, we see particular interest and opportunity in the Middle-East, Africa and MINT economies.

In addition, we see growing international interest in the concept of "Smart Cities", cities with digitally enabled and enhanced infrastructure and services. This is a field in which spatial data makes a critical contribution and 1Spatial is raising its profile at related events.

### **Customers and trading**

Improving our brand reach and establishing local sales structures is creating a healthy pipeline of opportunities as we enter 2014/15

Our newly extended product offering has brought new opportunities in North Africa and with global utilities companies. We greatly value our long-term relationships with established customers. Many of these have developed over several years and are testament to the skills and knowledge of 1Spatial's people. The year ended 31 January 2014 has seen some significant contract extensions from major clients including Ordnance Survey GB and the US Census Bureau.

### **Board and people**

In June 2013, we strengthened our board of directors with the appointment of David Richards as Deputy Non-Executive Chairman. David is CEO of WANDisco plc and brings 15 years' experience of the software industry to the board. His knowledge of the US market is especially valuable to us as our project with US Census Bureau opens more opportunities in America.

During the year, share options were issued to executive directors and key members of the management team. The decision to issue share options has been taken as part of the company's strategy to attract, motivate and retain talent within the business.

Since the year-end, we have also announced organisational structure changes and the addition of some key hires, including a Head of Development to manage our growing global software team, and additional hires in Sales focusing important vertical markets such as the Utilities, and Defence sectors, and a new General Manager for 1Spatial Asia Pacific Region from our offices in Sydney, Australia. As part of our strategy we are increasingly focusing on certain vertical markets and regions where we see demand and future opportunities – these organizational changes and key hires support that approach.

1Spatial's success – the business relationships it has built and the reputation it enjoys within the field of spatial Big Data – is entirely due to its management team and employees across the world. 1Spatial people are approachable, smart, innovative and agile. As we look forward to future growth, I would like to take this opportunity to thank them all for their continuing hard work and dedication.

### **Conclusion**

The year ended 31 January 2014 has been one of building for future growth. Adjusted profits were in line with expectations, showing good growth and improvements have been made in the overall result for the year which is a loss after tax of £2.2m compared to a £4.4m loss in 2013. At the same time, we raised significant funding, completed a major acquisition and put in place the structure to support further growth. It was particularly pleasing to see 1Spatial plc recognised by the London Stock Exchange as one of the "1,000 Companies to Inspire Britain".

We will continue to focus on developing our international network of partners with the launch of a new partner programme. As noted above, our important target geographies are Africa, the Middle-East, MINT countries and the USA. Our target industry verticals are national mapping and land registry agencies, utility companies, defence departments, transport, telecommunications and emergency services.

In addition, we will continue to develop our Smart Cities initiative as this has a clear resonance across geographies (both developed and emerging markets) and sectors (central government, local government, mapping agencies, utilities, telecommunications, transport etc).

### **Outlook**

1Spatial is entering an exciting period of growth, well-funded and with the structures in place to evolve and execute on our strategy. The year ended 31 January 2015 will see us continue to develop our product and service offerings and to develop new geographic and industry markets to harness that potential.

It is the Board's view that the company is well placed to capitalise on opportunities in the spatial Big Data market and Smart Cities markets, that view is supported by our robust order back-log and healthy pipeline of future opportunities. We have a strong team in place, an exceptional product offering and an impressive and growing customer base. The Board is encouraged by the progress made during the start of the current financial year and looks forward to the future with confidence.

# Strategic report

## Objectives

Our prime objective is to generate value for our shareholders. 1Spatial has a heritage through which it has evolved substantial capabilities that are unique in the marketplace. The Board sees that the greatest opportunity to deliver value comes through leveraging the company's intellectual property, its expertise, reputation and experience in a market that demands increasingly sophisticated management of geospatial data.

1Spatial provides the software solutions and services that manage the world's largest spatial Big Data. We work with users and creators of the largest geospatial databases on earth, helping them collect, store, manage and interpret location-specific information.

A leader in our field, we have over forty-five years' experience and a record of continual innovation and development. The company enjoys deep, long-standing relationships with major customers around the world and, as a consequence, we enjoy an unparalleled reputation in the field.

## Strategy and business model

The 1Spatial management team is working to realise the true value of our heritage and intellectual property (IP).

Historically, the company's expertise has been delivered for relatively few, very large, clients —the custodians of the largest (and most critical) geospatial databases on earth. This has been achieved through bespoke projects leveraging resource-constrained professional services built on a fragmented code-base of software.

In the year ended 31 January 2013, we developed a new strategy and business model to better capitalise on our IP assets.

The world's store of geospatial data is growing exponentially and the economic value of this data is enormous. McKinsey, the management consultants, estimates that personal location data alone could deliver as much as \$700 billion per year in global value by 2013.

Of course, vast oceans of data are only useful if they can be navigated. 1Spatial provides the tools that help organisations collect, store, manage and interpret their data.

Recent years have seen a significant growth in demand for spatial data. As more people have sought to do more things with a greater amount of information, the understanding of the potential power and uses for "Big Data" has increased. But, vast oceans of data are only useful if they can be navigated. 1Spatial provides the tools that support "Big Data" in a way that very few companies do, helping organisations collect, store, manage and interpret their data.

1Spatial's strategy is to help more clients do more with their geospatial Big Data, effectively helping them to make their world smarter.

The strategic change decided in 2012/13, the beginning of our journey, was to develop a set of commercial, off-the-shelf (OTS) software products, packaging over 40 years of innovation and expertise so that it can be effectively deployed for repeated and scalable use.

Effectively, we have inverted our historic business model from one grounded in ad hoc, bespoke and constrained consulting services drawing on a fragmented code-base to one where a robust and repeatable software model enables added-value professional services.

1SMS, the 1Spatial Management Suite, was delivered to our first customer during the year ended 31 January 2014 and is continuing to gain significant traction. Bespoke projects continue, of course, and many complex projects – requiring significant additional professional services revenue – are now grounded in the 1SMS package. However, the new model enables us to focus our team of developers on a single, central code-base, an approach which yields technological advances that would not have been available under the previous approach of wholly ad hoc, bespoke projects.

We now have a business model that is repeatable and affordably scalable. Core functionality and re-usable IP can be re-sold as packaged product and our valuable, highly-skilled people can be better deployed at the cutting edge, delivering innovation for our customers.

Valuable, reusable IP developed by our developers and consultants working on bespoke projects can be captured and fed into the development cycle for future iterations of our packaged software.

While core 1Spatial revenue grew by 10% year-on-year, 1Spatial's EBITDA increased by 72%.

The acquisition of Star-Apic has brought another packaged software offering with the Elyx suite of products

We are confident that our strategy affords the best opportunity to realise the greatest value from 1Spatial's IP assets – a legacy of expertise and innovation that has remained under a bushel for too long. Others seem to think so too. In December 2013, the London Stock Exchange recognised 1Spatial plc as one of "1,000 Companies to Inspire Britain" in landmark research that identified the "UK's most exciting and dynamic small and medium-sized enterprises"

## **Markets**

We see enormous opportunity to grow our core, geospatial business along three dimensions

- New geographic markets,
- New industry markets,
- New scenarios

### **Geographic markets**

Since prehistoric times, even before the advent of writing, geographic data has been an enabler of economic development. History's most famous explorers were creating maps of the world, opening trade routes and fuelling the great economies of their day. The same is true today. As economies develop, they require increasingly accurate geospatial data to locate natural resources, to record and enable the property rights for individuals and to plan new infrastructure. Demand comes from government and from the private sector: utilities, telecommunications and transport companies.

Often, developing countries are starting with little more than a room full of outdated maps and dusty records. 1Spatial's core constituency has been in National Mapping and Land Registry (cadastral) agencies. We already have a number of important customers in emerging markets around the world and see a tremendous growth in interest from other regions. As noted in the Chairman's Statement, we intent to build on footholds in the following markets:

#### **The Middle-East and North Africa (MENA)**

The acquisition of Star-Apic – now re-branded as 1Spatial – has brought the company some key customers in French-speaking North Africa. Our French offices have the local market knowledge (and language skills) to drive further demand in these markets.

We have a major government customer in the Middle-East and are recruiting a partner with local market knowledge to service the Middle-East market.

The World Bank forecasts GDP in MENA countries to grow by 2.8 – 3.5% per annum over the next three years.

#### **Sub-Saharan Africa**

Some countries in sub-Saharan Africa show huge potential and we are in discussion with a potential customer in Nigeria, one of the high-growth MINT (Mexico, Indonesia, Nigeria and Turkey) economies.

The World Bank forecasts GDP growth of between 5.3% and 5.5% per annum over the next three years for the whole of the region. Growth in Nigeria is forecast to be significantly higher at 6.7 – 6.8% per annum.

#### **MINT countries**

Economic growth forecasts for the other three MINT countries are in the range of 3.5 to 5.5% per annum. Again, the high levels of growth are driving demand for better geospatial information and we are responding to enquiries and pursuing opportunities in all of these markets. As noted in the Chairman's Statement, we have an Asia-Pacific office in Sydney to address this market.

#### **United States**

1Spatial has several important customers in the US, including the US Census Bureau and US Army. Our work there has given rise to further enquiries and we are keen to build on this. The knowledge that David Richards brings to the board will be hugely important to us here.

### **Industry markets**

1Spatial's traditional core market has been with national mapping and cadastral (land registry) agencies. 1Spatial's tools run the largest geospatial database in the world, that of Ordnance Survey GB. Ordnance Survey Ireland is also a major customer. We continue to innovate in this market and enjoy deep, long-standing relationships with many agencies around the world. As noted above, we see increasing demand from developing economies for our skills in this sector. In addition to developing this sector further, we will increasingly develop other industry markets.

## **Utilities**

1Spatial already enjoys success in the utilities sector with major customers such as United Utilities plc, Lyonnaise des Eaux and Sonede (the national water utility of Tunisia). The acquisition of Star-Apic, which specialises in land and infrastructure management, has brought further key customers in this sector. The Elyx product set supports the design, management and operation of utility networks and includes specialist products dedicated to Electricity, Gas, Water and Cabling sectors. This significantly boosts 1Spatial's capabilities in this sector and it is one of our prime target markets. Specialist functionality from Elyx is also being integrated with 1SMS as part of our development road-map.

## **Defence departments and emergency services**

These sectors make critical, life-and-death decisions based on the accuracy of the topological data at their finger-tips. The sector's needs range in scale from accurately assessing territorial waters and national airspace down to the ability to direct police and ambulance services along the correct country track towards an incident. 1Spatial has important international customers including police forces in the UK and the armies of US, Brazil and Saudi Arabia.

## **Transport and telecommunications**

The accurate location of both linear assets (roads, railways, telephone lines etc.) and small "point" assets (such as mobile phone masts, drainage outlets and signals) is critical to many industries. The same experience, skills and IP that 1Spatial has used for mapping agencies and utility companies can be redeployed to transport and telecommunications companies. The decreasing cost of hardware also means that it becomes cost-effective for such companies to track moving assets such as railway engines and delivery trucks. These have become important target markets for 1Spatial, sectors where we can deploy our IP with limited incremental cost to realise enormous value for customers. In these sectors, we are currently working with Orange in France and with Cross-rail in the UK.

## **Additional scenarios**

The third dimension along which we can develop the 1Spatial business, leveraging the new business model, is in applying our existing technology to new use-case scenarios. Just as the lower cost of hardware enables the tracking of moving assets, so the emergence of the "Internet of Things" (connecting hitherto non-digital objects such as refrigerators or valves on a pipeline to the internet using wi-fi or cloud technology) will create new demand and opportunities for 1Spatial's protected IP.

## **Indoor location management**

This is one scenario in which 1Spatial is currently investing research funds. Traditionally, the use of geospatial data has been conceived as an outdoor activity. However, the same concepts and skills can be taken indoors and applied to the tracking of assets within a building. Beyond simply recording the precise location of assets, this technology can be used in scenarios such as manufacturing or hospital work-flows to improve process management and resource allocation.

## **Storage Fusion**

Our investment in the SRA software during the year ended 31 January 2014 will enable us to support our existing customer base as well as seek new sales opportunities in the storage vendor sector.

## **Avisen**

We have a long term relationship and ongoing project with Unilever which will continue into the foreseeable future and during the financial year ended 31 January 2015 we are looking at working with partners to increase exposure to new customers and projects.

## **Our journey**

The above describes our journey to leverage 1Spatial's heritage – and the significant competitive advantage that this represents – to generate value for our shareholders. The Board firmly believes that we are at a unique point in time where we can drive a greater return on existing assets within a rapidly expanding market. The year in review represents our first full year on this journey, and as outlined in the Chairman's Statement, this has been a year of building.



## Operational review

An overview of each of the business units is set out below

Key performance figures

	Revenue	Revenue	Adjusted*	Adjusted*
	2014	2013	EBITDA	EBITDA
	£m	£m	£m	£m
1Spatial	10.7	9.7	2.4	1.4
Star-Apic (7.5 months)	4.7	N/A	0.6	N/A
Avisen	1.5	2.0	0.2	-
Storage Fusion	0.4	0.4	0.1	-
Head office	-	-	(2.2)	(2.0)
	<b>17.3</b>	<b>12.1</b>	<b>1.1</b>	<b>(0.6)</b>

\* Adjusted EBITDA is stated net of certain strategic, integration, other one-off costs and share option charge. See the Note 7 to the Accounts for further information.

## Overview

Trading across the Group was strong with an improved Adjusted EBITDA of £1.1m compared to a loss of £0.5m in the prior year period. This is largely as a result of improved profitability in the core 1Spatial business and the contribution from Star-Apic from mid June 2013.

Total revenues have increased by over 42% to £17.3m from £12.1m which can be attributed to good growth in the core 1Spatial business as well as the contribution from Star-Apic of 7.5 months of results. These improvements were achieved despite a drop in revenue in the Avisen business, which is discussed in more detail below.

## Geospatial businesses 1Spatial and Star-Apic (rebranded as 1Spatial from 1 February 2014)

The main focus of management during the year has been on the geospatial businesses, 1Spatial and Star-Apic.

The share placing in June 2013 gave the Group the funds to acquire Star-Apic. It also provided further working capital and cash to support the growth of the combined 1Spatial and Star-Apic businesses. During the year, we have done considerable work on the structure and strategy of the combined organisation, as summarised in the Chairman's statement. A lot of work has been focused on the integration of the businesses, to maximise opportunities and efficiencies. There is further work to be done in 2014/15, but we are pleased with our progress to date.

We start the new financial year with a healthy pipeline of sales opportunities. We also have a strong order back-log, in both 1Spatial and Star-Apic, in excess of £7m. (Backlog refers to orders taken but not yet invoiced.)

Taking each business in turn

### 1Spatial

Trading during the financial year in 1Spatial improved from both a revenue and Adjusted EBITDA perspective, compared to 2012/13. Revenue increased by 10% or £0.9m and Adjusted EBITDA increased by 72% or £1m. This improvement was achieved against the back-drop of significant time and investment into the 1Spatial Management Suite, management structure changes and the integration of Star-Apic.

The increase in revenue was predominately due to licence sales, in line with the Company's strategy and business model. Software revenue has increased whilst services revenue has remained relatively flat. Holding services revenue flat is a positive result as developer resources that would have directly generated revenue during the year ended 31 January 2014 were allocated to development projects. Support and maintenance revenue was flat compared with the previous year which was a good result as many key public sector customers came under budget pressures.

During the year we continued to work with all of our key customers, we were awarded a contract extension by Ordnance Survey GB in January 2014, by US Census Bureau in November 2013, to provide additional services in preparation for 2020 Census and widen the use of our technology within the organisation, Ordnance Survey Ireland where they are now actively using our entire 1SMS solution and other key customers such as United Utilities, the Aeronautic Information Documents Unit (AIDU) and the German National Mapping Agency (ADV)

Adjusted EBITDA has improved by £1m (72%) The main driver of this is the increased gross margin of £1.2m (from 43.7% to 50.8%), reflecting the increased licence sales and the scale benefits of the company's software-led strategy Overhead costs grew mainly because of further investment in sales and marketing 1Spatial hired three new sales people during the second half of the financial year

#### **Star-Apic**

Star-Apic contributed £4.7m of revenue and £0.6m of Adjusted EBITDA to the Group results in the year This is for 7.5 months since mid-June 2013

Star-Apic's customers are mainly in the utilities sector and in French-speaking markets During the last twelve months Star-Apic has won some significant contracts to supply, install and maintain Elyx software These are long-term contracts and revenue will be recognised over the next three years This revenue is included in the back-log figure noted in the Overview Among the important contract wins were Sonede (the national water utility of Tunisia) and a number of cities in Morocco The company also continues to support its extensive existing customer base which includes Lyonnaise des Eaux, the French mapping agency (IGN France), Northumbrian Water and Walloon Water

#### **Avisen**

Avisen contributed £1.5m of revenue and £0.2m of Adjusted EBITDA to the Group results Revenue comprised services revenue and support and maintenance revenues Management anticipated the slight reduction reported compared to 2013, so adjusted the cost base accordingly, which resulted in a positive Adjusted EBITDA contribution for the year Avisen's main focus during the period was on the continuing roll out of Unilever's 'Cost to Serve' project which has been progressing well We have an order backlog in respect of this project for at least the next twelve months with the support and maintenance revenues building well as each country goes live, providing future annuity revenues

#### **Storage Fusion**

Storage Fusion contributed £0.4m of revenue and a break even position to the Group results in the year Revenue comprised licence revenue from the sale of the company's SRA software, the majority of this is renewal revenue from the existing customer base We are looking to invest marketing and sales resource in Storage Fusion during the year ended 31 January 2015 to achieve revenue growth As all revenue is licence revenue, each additional sale goes straight to profit There is no cost of sale attached to the revenue The cost base at Storage Fusion is relatively stable and during 2013 we moved the Storage Fusion team out of their separate premises and into the Cambridge office This should have a positive impact on results in the year ended 31 January 2015

Storage Fusion has spent time during the year ended 31 January 2014 developing a new version of its SRA software which significantly refines and adds new functionality to its existing SRA software This should place the company in a good position going forwards

#### **Head office costs**

Head office costs excluding share option charge, strategic, integration and other one off costs were £2.2m in the year, an increase of £0.2m This reflects the year ended 31 January 2014 as a year of building and is largely the result of increased investment in central marketing, HR and IT costs With the central infrastructure now in place, we do not expect head office costs to increase significantly as the group gets larger We have a head office structure and management team in place to execute on the Group's strategy

## Overall result for the year

	2014 £m	2013 £m
<b>Adjusted* EBITDA</b>	<b>1.1</b>	<b>(0.5)</b>
Depreciation	(0.3)	(0.2)
Amortisation and impairment of intangible assets	(0.6)	(0.9)
Impairment of intangible assets	-	(2.6)
Share based payment charge	(0.6)	-
Strategic, integration and other one off items	(1.8)	(0.6)
<b>Operating loss</b>	<b>(2.2)</b>	<b>(4.8)</b>
Net finance income/(cost)	(0.1)	-
<b>Loss before tax</b>	<b>(2.3)</b>	<b>(4.8)</b>
Tax	-	0.4
<b>Loss for the year</b>	<b>(2.3)</b>	<b>(4.4)</b>

The loss in the year of £2.3m is an improvement (reduced loss) of £2.1m (48%) from the prior year. This is mainly the result of an improved Adjusted EBITDA result, increased Strategic, integration and other one off items, and a decrease in impairment of intangible assets.

### Amortisation and impairment of intangibles

Overall amortisation of intangible assets was down on the prior year by £0.3m. This is mainly the result of a reduction in Storage Fusion's intangible amortisation of £0.5m (compared to the prior year) off-set by an increase of c£0.2m on the Star-Apic intangible assets acquired in the year.

During 2013, intangible assets in relation to Avisen and Storage Fusion were impaired, resulting in the £2.6m impairment charge. No such impairment charge was required during the year ended 31 January 2014 following the impairment review carried out by management.

### Share based payment charge

The share option charge represents the 'non-cash' charge under IFRS 2 attributable to issuing share options this financial year. This is part of the company's strategy to attract, motivate and retain talent within the business.

### Strategic, integration and other one off items

These costs reflect the Group's acquisition related activities and have been high compared to 2013. Analysis of these costs is as follows:

	2014 £m	2013 £m
Strategic, integration and other one off items		
Costs associated with acquisitions/aborted acquisitions	0.8	-
Integration of Star-Apic	0.5	-
Implementation of new ERP system	0.3	-
Restructuring and redundancy	0.1	0.6
Other	0.1	-
	<b>1.8</b>	<b>0.6</b>

A high proportion of the cost associated with acquisitions and aborted acquisitions is in relation to the successful acquisition of Star-Apic. In addition, and in line with our stated strategy, we have assessed other potential acquisitions during the year. The cost of undertaking appropriate due diligence is included in this figure. Some of the due diligence work highlighted:

issues that precluded us taking particular transactions forward. However, some cost relates to potential acquisitions that are still under review. These may result in acquisitions during the financial year beginning 1 February 2014.

During the year, we largely completed the integration of Star-Apic into the 1Spatial business. The costs above are those specifically attributable to this and include office move costs (to new premises in Paris), redundancy costs, rebranding costs and the costs of aligning development, sales and marketing strategies. In addition, the cost of developing 1Spatial's new global and multi-lingual website are included here. The website went live in early May 2014. During the year ended 31 January 2015, further integration costs will be incurred, particularly with regard to the integration of the two companies' development teams.

To support our growth strategy, we have implemented a new ERP system. This went live in August 2013 in the UK, Ireland and Australia and is due to go live in France and Belgium during May 2014.

Other restructuring and redundancy costs relate to costs elsewhere in the Group, including 1Spatial, Avisen and Storage Fusion. The cost in 2012/13 was mainly in relation to the re-structuring of the 1Spatial trading business.

## **Tax**

This is Nil (2013: £0.4m credit). This comprises a current tax charge of £0.1m together with a deferred tax credit of £0.1m. Refer to note 9 for further analysis.

## **Statement of Financial Position**

The Group has a strong balance sheet at 31 January 2014 with net assets of £22m (2013: £6.8m) following the share placing and acquisition of Star-Apic in June 2013.

Non-current assets increased by £8m, mainly as a result of the acquisition of Star-Apic which included a freehold property in Belgium valued at £1.1m.

Current assets also significantly increased as a result of the acquisition and share placing and the cash balance at the end of the year was £11.2m (2013: £3.2m). At 31 January 2014, the company had net current assets of £9.0m compared to just £0.4m at 31 January 2013.

Current liabilities increased by £3.3m and long term liabilities (mainly deferred tax) increased by £1.3m as a result of the acquisition.

## **Cash flow**

The year-end cash position of £11.2m (2013: £3.2m) was strong.

The cash outflow from operating activities of £2.3m was mainly driven by the large amount of exceptional costs during the year. In addition we anticipated working capital outflows as a result of the Star-Apic acquisition where there are some substantial long term contracts with upfront investment.

During the year, there were net cash outflows of £3.9m and £0.6m on acquisitions (principally Star-Apic), purchase of property, plant and equipment of £0.6m (mainly in relation to the new office opened in Paris and IT costs) and £1.7m of cost to develop our core products: 1SMS (1Spatial), Elyx (Star-Apic) and SRA (Storage Fusion).

Cash flows from financing represented £17.1m from the share placing coupled with small movements on the loans in France/Belgium.

The overall net increase in cash in the year was £7.9m (2013: £0.5m).

At the end of the year there was a net cash position of £10.8m as a result of netting off the small French/Belgium loans (2013: £3.2m).

## Key Performance Indicators (KPIs)

The table below shows the main KPI's used to manage the group's performance during the year. These are Growth in Revenue, Growth in Total Gross Profit and Growth in Total Adjusted EBITDA. Taking the business overall, we met our KPIs. However, since Star-Apic is included for the year ended 31 January 2014 but not in the year ended 31 January 2013, we have broken out the KPI's on a segment basis below.

Overall	KPI Met	Total 2014 £'000	Total 2013 £'000	Variance £'000	%
Revenue	Yes	17,266	12,079	5,187	43%
Gross profit	Yes	8,203	5,106	3,097	61%
Adjusted EBITDA	Yes	1,067	(533)	1,600	301%

1Spatial	KPI Met	1Spatial 2014 £'000	1Spatial 2013 £'000	Variance £'000	%
Revenue	Yes	10,629	9,687	942	10%
Gross profit	Yes	5,412	4,231	1,181	28%
Adjusted EBITDA	Yes	2,383	1,386	997	72%

Avisen	KPI Met	Avisen 2014 £'000	Avisen 2013 £'000	Variance £'000	%
Revenue *	No	1,502	1,995	(493)	-25%
Gross profit *	No	377	478	(101)	-21%
Adjusted EBITDA	Yes	246	29	217	748%

Storage Fusion	KPI Met	Storage Fusion 2014 £'000	Storage Fusion 2013 £'000	Variance £'000	%
Revenue**	No	386	397	(11)	-3%
Gross profit**	No	386	397	(11)	-3%
Adjusted EBITDA	Yes	40	8	32	344%

Star-Apic	KPI Met	Star-Apic 2014 £'000	Star-Apic 2013 £'000	Variance £'000	%
Total revenue	N/A	4,749	-	4,749	N/A
Gross profit	N/A	2,028	-	2,028	N/A
EBITDA	N/A	593	-	593	N/A

Head Office	KPI Met	Head Office 2014 £'000	Head Office 2013 £'000	Variance £'000	%
Total revenue	N/A	N/A	N/A	N/A	N/A
Gross profit	N/A	N/A	N/A	N/A	N/A
Adjusted EBITDA***	No	(2,195)	(1,956)	(239)	-12%

\* Avisen revenues and gross profit down on prior year however this was anticipated and overhead base adjusted accordingly and therefore a positive variance on the prior year at Adjusted EBITDA level

\*\* Storage Fusion revenues and gross profit broadly the same as in prior year however positive variance on prior year at Adjusted EBITDA level due to overhead reduction

\*\*\* Head office costs increased to provide additional infrastructure to support growth strategies

## Principal Risks and Uncertainties

The management of the business and the execution of the group's strategies are subject to a number of risks. In the opinion of the Board, the key business risks affecting group are as follow

### Customer budget cut backs/economic conditions

**Risk** Due to the recent recession and the continuing slow growth cycle in Western economies, companies and, in particular, government agencies are under more pressure to cut costs. They may require a robust business case before investing in IT products and services which can have the effect of lengthening deal sales cycles and reducing deal size

**Mitigation** Whilst this is a risk, it is also an opportunity for 1Spatial. Our automated technology enables customers to achieve greater internal efficiencies and therefore should reduce customers' costs in the long run. The group is also mitigating this risk by diversifying the industry sectors in which it works

### Identification and integration of synergistic acquisitions

**Risk** There is a risk that the company may not identify suitable acquisitions for merging with the existing business. There is also a risk that acquisitions identified may not be successful, either because the acquisition itself was not as expected or because of poor integration

**Mitigation** The Board believes that this risk is low. The group has a pipeline of opportunities compiled through constantly researching the market and through networking by the Board with its advisors and other industry contacts. In respect of the acquisition itself, the Board undertakes appropriate due diligence in advance. With respect to the successful integration and operation of the acquired businesses, this risk is mitigated by a very structured approach to the integration process, dedicated teams and careful monitoring of performance post acquisition

### Key management and employees may leave the business

**Risk** There is a risk that key management and employees leave the business, having a detrimental effect on the operations of the business

**Mitigation** In order to mitigate this risk, the Group aims to create a rewarding working environment that will attract staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation. During the year, share options were issued to executive directors and key members of the management team. The decision to issue share options has been taken as part of the company's strategy to attract, motivate and retain talent within the business and further mitigate this risk

### **Reliance on key customers**

**Risk** The group has some reliance on certain key customers. However this risk is less than in previous years due to the acquisition of Star-Apic

**Mitigation** The management team maintains good relationships with its customers through continued communication throughout the year. The company's strategy of diversifying into different industry and geographic markets will reduce the company's over-reliance on a small set of customers. This has already started with the acquisition of Star-Apic whose customer base is in different sectors and countries from the traditional 1Spatial business

### **A major technology failure may adversely disrupt operations**

**Risk** There could be a major technology failure which adversely affects operations

**Mitigation** 1Spatial plc prepares recovery plans for all foreseeable situations so that business operations can continue should a major failure occur. In terms of IT, all files are backed up off site and all staff have access to laptops to continue working should such an incident occur. The Group is close to completing the move of most IT infrastructure to third party providers. This will reduce the risk and cost of managing the infrastructure and of reliance on key individuals in the team. In addition, the Group has insurance to cover periods adversely affected by such failures

### **Future developments**

Future developments have been described throughout this report. We are on a journey to realise significant shareholder value by more effectively leveraging the skills, expertise, intellectual capital and reputation of our business. Future developments will follow this path. In particular, the company will continue to seek suitable, complementary acquisition targets to accelerate our business growth. We will continue to expand our core business – through acquisition, direct entry and through partnerships – into carefully selected target geographies, industry sectors and use-scenarios such as Indoor Location Management

We are at an exciting point in time. The company is well-funded and it has the core structures and key talent in place to seize the opportunities presented by a world hungering for better ways to manage increasing amounts of geospatial big data. In every way, we believe that 1Spatial is well-placed to make your world smarter

Signed by order of the Board



Claire Milverton  
12 May 2014

## **Directors' report**

The Directors present their annual report on the affairs of the Company and the Group, together with the audited consolidated financial statements and the independent auditors' report for the year ended 31 January 2014 in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU

### **Principal activities**

The principal activity of the Group is the development and sale of IT software along with related consultancy and support. The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

1Spatial plc is a company incorporated in England and Wales. The registered office of the Company is Pannell House, Park Street, Guildford, Surrey, GU1 4HN.

Details of the business activities during the year can be found in the strategic report on pages 5 to 14.

### **Results and dividends**

The results for the Group for the year and the Group and company's financial position at the end of the year are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend (2013: £Nil).

### **Business review and future developments**

The requirements of the business review have been considered within the Chairman's statement on pages 3 to 4 and the strategic report on pages 5 to 14.

### **Research and development**

The group performs research and development activities. The group expenses research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria. During the year, £1.7m was capitalised (2013: £0.7m) and £1.3m (2013: £0.1) was expensed.

### **Changes in share capital**

Details of movement in share capital are set out in note 17 to the financial statements.

### **Post balance sheet events**

There were no post balance sheet events to be reported.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 5 to 14 along with the Company's financial position and its cash flows. In addition, note 3 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party 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 Company also purchased and maintained throughout the financial year Directors' and officers' liability insurance in respect of itself and its Directors.



**Employees**

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements, which cannot objectively be justified. Entry into, and progression within the Group, is solely determined on the basis of work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

**Directors**

The Directors who served the Company during the year or have been appointed thereafter, are shown below

M Hanke

C Milverton

M Sanderson

S Berry (Non-Executive Chairman)

D Richards (Non-Executive Deputy Chairman) – Appointed 12 June 2013

M Battles (Non-Executive) – Resigned 21 May 2013

M Yeoman (Non-Executive)

At the forthcoming Annual General Meeting in accordance with the Company's Articles of Association Marcus Hanke and Michael will be retiring as directors and, being eligible, offering themselves for re-election as a director of the Company.

### Substantial interests

The Directors have been notified of the following substantial shareholdings in excess of 3% of the ordinary share capital of the Company as at 23 April 2014

Name	Number of Shares	Percentage of Issues Shared Capital
Hargreave Hale Ltd	82,829,073	12.73%
J O Hambro Capital Management	60,700,000	9.33%
Liontrust Asset Management	48,418,344	7.44%
Legal & General Investment Management	41,660,000	6.41%
Mike Sanderson	37,665,764	5.75%
Marcus Hanke	29,124,641	4.48%
Hargreaves Lansdown Asset Management	27,357,228	4.21%
Fidelity Worldwide Investment	27,250,000	4.19%
M&G Investments	27,250,000	4.19%
Investec Asset Management	25,005,506	3.84%
SFM UK Management LLP	20,000,000	3.08%
Pictet Asset Mgmt, Geneva	19,754,167	3.04%

Except as referred to above, the Directors are not aware of any person who was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control

### Directors' responsibilities statement in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company 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 prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively, and

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 enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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.

The Directors are responsible for the maintenance and integrity of the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Principal risks and uncertainties

For further details on principal risks and uncertainties, refer to the strategic report on pages 5 to 14.

### Financial instruments

#### Financial risk management objectives and policies

During the year the Group's principal financial instruments are bank loans, bank overdrafts and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments have been cash flow and fair value interest rate risk, credit risk, liquidity risk, price risk and capital risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### **Cash flow and interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to risk for changes in interest rates related primarily to the Group's bank loan and overdraft obligations. Bank loan and overdraft interest is charged on a variable rate basis. The Group's exposure to interest rate risk is limited given the level of debt in place. Should substantial facilities be put in place in the future then the board will consider the impact of such facilities and whether it will be appropriate to hedge the interest rate risk.

#### **Credit risk**

The Group trades only with recognised, creditworthy third parties and independent credit checks and credit limits are managed by the trading entities. Credit limits can only be exceeded if authorised by the 1Spatial plc board. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

#### **Liquidity risk**

The Group's objective is to maintain sufficient funds to support the ongoing strategic and trading activities of the Group. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast. The Group forecasts are compared to available facilities to ensure that sufficient headroom is anticipated.

#### **Price risk**

The main price risk that the Group is exposed to is changes in the price of third party software and maintenance that it uses in the solutions it supplies to customers. When quoting for business the Group always obtains fixed price quotations from suppliers before submitting a price to the customer.

#### **Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of return of capital and dividends paid to shareholders, issue new shares or sell assets/businesses to reduce debt. The Group monitors capital on the basis of the gearing ratio.

#### **Disclosure of information to auditors**

Each of the Directors of the Company at the date on which this report has been approved confirms that

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

#### **Independent auditors**

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be re-appointed will be proposed at the Annual General Meeting.

#### **Annual general meeting**

Notice of the annual general meeting to be held on 25 June 2014 is set out in the circular included with this document.

Signed by order of the board



C Milverton (Director)  
12 May 2014

**Independent auditors' report to the members of 1Spatial plc****Report on the group financial statements****Our opinion**

In our opinion the financial statements, defined below

- give a true and fair view of the state of the group's affairs as at 31 January 2014 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

**What we have audited**

The group financial statements (the "financial statements"), which are prepared by 1Spatial plc, comprise

- Consolidated statement of financial position as at 31 January 2014,
- Consolidated statement of comprehensive income for the year then ended,
- Consolidated statement of cash flows for the year then ended,
- Consolidated statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 group'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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Other matters on which we are required to report by exception****Adequacy of information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Directors' responsibilities statement in respect of the annual report and the financial statements set out on page 17, 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 ISAs (UK & 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.

**Other matter**

We have reported separately on the parent company financial statements of 1Spatial plc for the year ended 31 January 2014.



Miles Saunders (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
12 May 2014

# 1Spatial plc

## 1Spatial plc Consolidated statement of comprehensive income Year ended 31 January 2014

	Note	2014 £'000	2013 £'000
Revenue	5	17,266	12,100
Cost of sales		(9,063)	(6,973)
Gross profit		8,203	5,127
Administrative expenses		(10,428)	(9,912)
		(2,225)	(4,785)
Adjusted* EBITDA		1,067	(533)
Less depreciation		(277)	(152)
Adjusted* EBITA		790	(685)
Less amortisation and impairment of intangible assets		(627)	(3,478)
Less share based payment charge		(601)	-
Less strategic, integration and other one off items	7	(1,787)	(622)
Operating loss	6	(2,225)	(4,785)
Finance income	8	44	14
Finance costs	8	(73)	(9)
Net finance (cost)/ income		(29)	5
Loss before tax		(2,254)	(4,780)
Income tax (charge)/credit	9	10	387
Loss for the year	5	(2,244)	(4,393)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange differences arising on translation of net assets of foreign operations	18	22	35
Other comprehensive income for the year, net of tax		22	35
Total comprehensive loss for the year		(2,222)	(4,358)
Total comprehensive loss attributable to Equity shareholders of the Parent		(2,205)	(4,358)
Non-controlling interest		(17)	-
		(2,222)	(4,358)
Loss per ordinary share expressed in pence per ordinary share			
Basic	22	(0.41)	(1.25)
Diluted	22	(0.41)	(1.25)
Adjusted profit/(loss) per ordinary share expressed in pence per ordinary share			
Basic	22	0.15	(0.08)
Diluted	22	0.14	(0.08)

\*Adjusted for amortisation, share option charge and strategic, integration and other one off items (note 7)

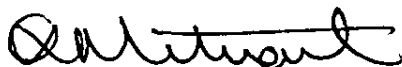
# 1Spatial plc

1Spatial plc  
Consolidated statement of financial position  
As at 31 January 2014

Registered number 5429800

	Notes	2014 £'000	2013 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets including goodwill	10	13,445	6,928
Property, plant and equipment	11	1,712	266
<b>Total non-current assets</b>		<b>15,157</b>	<b>7,194</b>
<b>Current assets</b>			
Inventories		15	14
Trade and other receivables	12	6,861	2,783
Current income tax receivable		42	107
Cash and cash equivalents	13	11,165	3,216
<b>Total current assets</b>		<b>18,083</b>	<b>6,120</b>
<b>Total assets</b>		<b>33,240</b>	<b>13,314</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(8,986)	(5,686)
Current income tax liabilities		(52)	(7)
Borrowings	15	(52)	(49)
<b>Total current liabilities</b>		<b>(9,090)</b>	<b>(5,742)</b>
<b>Non-current liabilities</b>			
Borrowings	15	(268)	-
Deferred tax	16	(1,764)	(748)
<b>Total non-current liabilities</b>		<b>(2,032)</b>	<b>(748)</b>
<b>Total liabilities</b>		<b>(11,122)</b>	<b>(6,490)</b>
<b>Net assets</b>		<b>22,118</b>	<b>6,824</b>
<b>Share capital and reserves</b>			
Share capital	17	15,572	12,572
Share premium account	17	20,608	6,503
Own shares held	18	(306)	(306)
Equity-settled employee benefits reserve	18	988	387
Merger reserve	18	13,900	13,900
Reverse acquisition reserve	18	(11,584)	(11,584)
Currency translation reserve	18	24	2
Accumulated losses	18	(17,084)	(14,650)
<b>Total equity attributable to shareholders of the parent</b>		<b>22,118</b>	<b>6,824</b>

The financial statements on pages 21 to 58 were approved and authorised for issue by the Board on 12 May 2014 and signed on its behalf by



C Milverton  
Director

# 1Spatial plc

## 1Spatial plc Consolidated statement of changes in equity Year ended 31 January 2014

	Share Capital	Share Premium Account	Own Shares Held	Equity- settled Employee Benefits Reserve	Merger Reserve	Reverse Acquisition Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity Attributable to the Equity Shareholders of the Parent	Non- controlling Interest	Total Equity
£'000											
Balance at 1 February 2013	12,572	6,503	(306)	387	13,900	(11,584)	2	(14,650)	6,824	-	6,824
Comprehensive Income								(2,227)	(2,227)	(17)	(2,244)
Loss for the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive Income											
Exchange differences on translating foreign operations	-	-	-	-	-	-	22	-	22	-	22
Total other comprehensive income	-	-	-	-	-	-	22	-	22	-	22
Total comprehensive loss	-	-	-	-	-	-	22	(2,227)	(2,205)	(17)	(2,222)
Transactions with owners											
Shares issued in the year (note 17)	3,000	15,000	-	-	-	-	-	-	18,000	-	18,000
Share issue costs	-	(895)	-	-	-	-	-	-	(895)	-	(895)
Recognition of share based payments	-	-	-	601	-	-	-	-	601	-	601
	3,000	14,105	-	601	-	-	-	-	17,706	-	17,706
Transactions with non-controlling interest											
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	(207)	(207)	(368)	(575)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(207)	(207)	17	(190)
Balance at 31 January 2014	15,572	20,608	(306)	988	13,900	(11,584)	24	(17,084)	22,118	-	22,118

	Share Capital	Share Premium Account	Own Shares Held	Equity- settled Employee Benefits Reserve	Merger Reserve	Reverse Acquisition Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity Attributable to the equity shareholders of the parent	Non- controlling Interest	Total Equity
£'000											
Balance at 1 February 2012	12,556	6,455	(306)	387	13,900	(11,584)	(33)	(10,257)	11,118	-	11,118
Comprehensive Income								(4,393)	(4,393)	-	(4,393)
Loss for the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive Income											
Exchange differences on translating foreign operations	-	-	-	-	-	-	35	-	35	-	35
Total other comprehensive income	-	-	-	-	-	-	35	-	35	-	35
Total comprehensive income	-	-	-	-	-	-	35	(4,393)	(4,358)	-	(4,358)
Transactions with owners											
Shares issued in the year (note 17)	16	48	-	-	-	-	-	-	64	-	64
Balance at 31 January 2013	12,572	6,503	(306)	387	13,900	(11,584)	2	(14,650)	6,824	-	6,824



# 1Spatial plc

## 1Spatial plc Consolidated statement of cash flows Year ended 31 January 2014

	Notes	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	(a)	(2,289)	127
Interest received		44	14
Interest paid		(73)	(9)
Tax received/(paid)		68	(34)
<b>Net cash (used in)/generated from operating activities</b>		<b>(2,250)</b>	<b>98</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries (net of cash acquired)	21	(3,875)	-
Cash received on disposal of subsidiary		-	1,300
Purchase of property, plant and equipment		(566)	(231)
Expenditure on product development capitalised		(1,726)	(671)
Proceeds from sale of property, plant and equipment		-	31
<b>Net cash (used in)/generated from investing activities</b>		<b>(6,167)</b>	<b>429</b>
<b>Cash flows from financing activities</b>			
Increase in borrowings		178	-
Repayment of borrowings		(285)	(51)
Net proceeds of share issue	17	17,105	-
Acquisition of non-controlling interest		(575)	-
<b>Net cash generated from/(used in) financing activities</b>		<b>16,423</b>	<b>(51)</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,006</b>	<b>476</b>
Cash and cash equivalents at start of year		3,216	2,734
Effects of foreign exchange on cash and cash equivalents		(57)	6
<b>Cash and cash equivalents at end of year</b>	(b)	<b>11,165</b>	<b>3,216</b>

## 1Spatial plc

### Notes to the consolidated statement of cash flows

#### (a) Cash generated from/(used in) from operations

	2014 £'000	2013 £'000
Loss before tax	(2,254)	(4,780)
Adjustments for		
Depreciation charge	277	152
Amortisation	627	903
Impairment	-	2,513
Expense recognised in respect of shares issued in exchange for consulting services	-	64
Share based payment charge	601	-
Net foreign exchange movement	233	29
Loss on disposal of property, plant and equipment	94	26
Loss on disposal of goodwill	-	62
(Increase)/decrease in inventories	(1)	27
(Increase)/decrease in trade and other receivables	(1,188)	1,468
Decrease in trade and other payables	(707)	(332)
Finance (income)/cost – net	29	(5)
<b>Cash (used in)/generated from operations</b>	<b>(2,289)</b>	<b>127</b>

#### (b) Reconciliation of net cash flow to movement in net funds

	2014 £'000	2013 £'000
Increase in cash in the year	8,006	476
Net cash outflow from decrease in bank loans	107	51
Changes resulting from cash flows	8,113	527
Loans acquired with subsidiary	(423)	-
Effect of foreign exchange	(12)	8
Change in net funds	7,678	535
Net funds at beginning of year	3,167	2,632
Net funds at end of year	10,845	3,167
<b>Analysis of net funds</b>		
Cash and cash equivalents classified as		
- Current assets	11,165	3,216
Bank and other loans	(320)	(49)
Net funds at end of year	10,845	3,167

## **1Spatial plc**

### **Notes to the financial statements For the year ended 31 January 2014**

#### **1 General information**

The consolidated financial statements of the Group for the year ended 31 January 2014 comprise 1Spatial plc ('the Company') and its subsidiaries (together 'the Group')

The principal activities of the Company and its subsidiaries are described within the Directors' report, pages 15 to 18

The Company is a public limited company which is listed on the AIM London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is Pannell House, Park Street, Guildford, Surrey, GU1 4HN

#### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

##### **Basis of preparation**

The consolidated financial statements of 1Spatial plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC (International Financial Reporting Interpretations Committee) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

##### **Going Concern**

The Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

##### **Audit Exemption**

Subsidiary undertakings Avisen Group Limited, Strategy GPS Limited, Socium Limited, 1Spatial Holdings Limited, Star-Apic UK Limited and 1Spatial Technologies Limited have claimed audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2014. The group parent company, 1Spatial plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby 1Spatial plc will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 January 2014.

##### **Adoption of new and revised International Financial Reporting Standards (IFRS)**

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2014, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

###### **(i) New standards, amendments and interpretations affecting amounts reported in the financial statements**

There have been only minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time for the financial year beginning on or after 1 February 2013 which have been adopted by the Group with no impact on its consolidated results or financial position as they impact certain presentational and disclosure matters.

**(ii) New standards, amendments and interpretations adopted with no significant impact upon amounts reported in the financial statements**

The following amendments to existing standards and new interpretations became effective in the current period, but have no significant impact on the Group's financial statements

- Amendment to IFRS 1, 'First time adoption', on government loans, effective on or after 1 January 2013
- IAS 19, 'Employee benefits', effective on or after 1 January 2013. The impact on the Group will be to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur, to immediately recognise all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset)
- Amendment to IFRS 7, 'Financial instruments Disclosures', on offsetting financial assets and financial liabilities, effective on or after 1 January 2013
- IFRS 10, 'Consolidated financial statements', effective on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance in the determining the control. Amendments for investing entities are effective on or after 1 January 2014
- IFRS 11 'Joint Arrangement', effective on or after 1 January 2013, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is not permitted
- IFRS 12, 'Disclosures of interests in other entities', effective on or after 1 January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Amendments for investing entities are effective on or after 1 January 2014
- IFRS 13, 'Fair value measurement', effective on or after 1 January 2013, aims to improve consistency and reduce complexity by providing a precise definition of fair value, guidance on its application and a single source of fair value measurement and disclosure requirements for use across IFRSs

**(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2013 and not adopted early**

- IFRS 9, 'Financial instruments', effective on or after 1 January 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch

**(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2013 and not adopted early, continued**

- IAS 16 'Property, Plant and Equipment' • IAS 38 'Intangible Assets' • IAS 24 'Related Party Disclosures' • IFRS 1 'First Time Adoption' • IAS 40, 'Investment Property'

## **1Spatial plc**

### **Basis of consolidation**

The results and net assets of all subsidiary undertakings acquired are included in the statement of comprehensive income and consolidated statement of financial position using the purchase method of accounting from the effective date at which control is obtained by the Group. Subsidiary undertakings cease to be consolidated from the date at which the Group no longer retains control, or from the date that the subsidiary is classified within disposal groups held for sale. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from their activities, and is achieved through direct or indirect ownership of voting rights or by way of contractual agreement. All inter-company balances and transactions are eliminated in full. Accounting policies of subsidiaries are changed where necessary to ensure consistent policies across the Group.

### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Where there is deferred consideration payable in cash, the amount is discounted to its present value. The present value of deferred cash consideration is included within the Group's financial statements as a liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is as transactions with owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is regarded as equity.

### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors which makes the Group's strategic decisions.

### **Foreign currency translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UK Sterling which is the Company's functional and presentation currency.

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

#### **(c) Group Companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet,
- ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the

## 1Spatial plc

- transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and
- iii) all resulting exchange differences are recognised as a separate component of equity

### (d) Goodwill and intangibles

Goodwill and intangibles adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate

### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is recognised when the risks and rewards of ownership have passed to the customer and is shown net of Value Added Tax, rebates, discounts and after eliminating sales within the Group. Where a sale includes multiple elements, where the fair value of each element can be reliably valued, the elements are separated. Where this is not possible the revenue is spread over the period relating to the element with the longest recognition period.

The fair value of the revenue for each element of the arrangement is then accounted for in accordance with the policies described below.

#### *Software Licence Revenue*

Revenue is recognised when the software is delivered and accepted by the customer. Software revenue is recognised depending on licensing terms:

1. For a licence in perpetuity, where there are no further obligations and there is determination that collection of fee is reasonably assured, the revenue is recognised at the time the licence is delivered and
2. For a licence that has a fixed term, where there are further obligations the revenue is recognised over the term of the licence.

#### *Support and Maintenance*

Where the support and maintenance is sold for a fixed term and there is a continuing performance obligation, then the revenue is deferred and recognised over the term of the agreement on a straight line basis.

Where fees for support and maintenance are bundled with the license fee, they are unbundled using the Group's objective evidence of the fair value of the elements represented by the Group's customary pricing for each element in separate transactions.

#### *Professional Services*

Revenue is recognised as the work is carried out and the Group has the contractual right to receive the consideration.

#### *Software Development Services*

Revenue is recognised upon stage of completion of the software project. The percentage of completion of the project is arrived at by a considered objective review as to the work that has been carried out, against that which is yet to be completed, to allow the project to be delivered to the customer. These reviews are carried out throughout the project.

#### *Interest income*

Interest income is accrued on a time basis, by reference to the principle outstanding and at effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## **1 Spatial plc**

### **Deferred costs and deferred revenues**

To the extent that the cost and revenue recognition differs from the contractual billing terms, costs are included in deferred costs or accruals and revenue is included in accrued income or deferred income

### **Pre contract costs**

Costs which relate directly to a contract and which are incurred once the award of the contract is probable, but prior to its award, are capitalised and written off over the period of the contract to match the expected profit profile

### **Strategic, integration and other one off items**

The Group has certain strategic, integration and other one off items e.g. acquisition costs, compromise agreements and redundancy payments. Management has disclosed these separately to enable a greater understanding of the underlying profitability/(loss) of the trading business so that the underlying run rate of the businesses can be established and compared on a like for like basis each year.

The policy of the Group is to separately disclose the following

- Strategic costs e.g. costs of due diligence on acquisitions which cannot be capitalised under IFRS 3 (revised) and costs of other strategic items such as aborted due diligence costs
- Integration costs, such as duplicated costs, or redundancy and compromise payment costs
- One off items that will affect the underlying profitability of the business

Adjusted profit is the profit prior to the charge of share options, amortisation and strategic, integration and other one off items

### **Current and deferred income tax**

The tax charge for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

A deferred tax liability is provided on intangible assets acquired as part of a business combination. This results in an increase in residual goodwill by the same amount. This liability has been recognised in accordance with IAS12. This liability is only payable if the intangible asset is sold separately and this is not expected to happen.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantially enacted by the end of the financial year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the financial year, to recover or settle that carrying amount of its assets and liabilities.

### Intangible assets

#### (a) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit and loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income and is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGU's") for the purpose of impairment testing. The allocation is made to those CGU's that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

#### (b) Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Expenditure on internally developed intangible assets, excluding development costs, is taken to the statement of comprehensive income in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. The types of costs capitalised include employee costs and subcontractor costs directly associated with development activity.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated impairment losses. Internally generated intangibles assets consist of development costs.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

- Brands – 5 to 15 years
- Customer and related contracts – 5 to 15 years
- Software and intellectual property – 3 to 10 years
- Development costs – 3 to 5 years
- Website costs – 3 years

#### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



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### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Leasehold property improvements	-	straight line over period of lease
Motor vehicles	-	33% per annum – straight line
Fixtures, fittings and equipment	-	20% to 33% per annum – straight line
Buildings	-	4% per annum – straight line

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's financial assets comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

#### (a) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the provision for impairment of trade receivables, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

#### (b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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### Financial liabilities

The Group classifies its financial liabilities as trade and other payables and borrowings according to the substance of the contractual arrangements entered into

#### (a) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (b) Borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost, any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share options or share warrants are shown in equity as a deduction, net of tax, from the proceeds.

### Employee benefits

#### (a) Pensions

Pension contributions made into personal or company pension schemes, which are defined contribution schemes, are charged to the statement of comprehensive income as incurred; the group has no further payment obligations once the contributions have been paid.

#### (b) Share based payments

The Group operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### Leases

Assets held under leases that result in group companies receiving substantially all the risks and rewards of ownership are classified as finance leases and capitalised as property, plant and equipment at the lower of cost and the estimated present value of the underlying lease payments. The interest element of the rental obligation is allocated to the accounting periods to reflect a constant rate of interest on the outstanding obligation. The corresponding finance lease obligation is included within payables. These assets are depreciated over the term of the lease or the estimated useful life of the asset, whichever is shorter.

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Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease

### 3 Financial instruments

#### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk

Risk management is carried out by the finance team under policies approved by the board of directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, foreign exchange risk and use of derivative financial instruments and non-derivative financial instruments

#### (a) Foreign currency risk

The Group operates internationally and is exposed to limited foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

During the year, the Group had operating subsidiaries in Australia, Belgium, France and Ireland, whose revenues and expenses are respectively denominated in Australian Dollars and Euros.

The Sterling statement of financial position is exposed to potential foreign currency losses on translation of the net assets of these subsidiaries. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

	Net (Liabilities)/Assets	
	At 31 January	At 31 January
	2014	2013
	CU'000	CU'000
Euros	4,814	663
Australian Dollars	(1)	(697)
US Dollars	149	192
New Zealand Dollars	40	-
Malaysian Ringgits	(10)	281
South African Rands	334	-
Norwegian Kroner	27	355
Turkish Lira	-	(17)
Moroccan Dirham	2,993	-
Swiss Francs	28	-
Tunisian Dinar	2	-

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The following table details the Group's sensitivity to a 10% strengthening of the currency unit (CU) against Sterling. The sensitivity adjusts their translation at the year end. 10% represents management's assessment of the reasonably possible movement in exchange rates.

	Australian Dollar currency impact		Euro currency impact	
	At 31 January	At 31 January	At 31 January	At 31 January
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
(Loss)/profit	26	(8)	(38)	12
Net (liabilities)/assets	174	(51)	(114)	63

The Board do not consider it appropriate to borrow in Australian Dollars or Euros in order to hedge against this translation risk as they consider any hedging benefits would be outweighed by the creation of an interest rate risk on the borrowings.

**(b) Cash flow and fair value interest rate risk**

The Group's exposure to risk in the year ended 31 January 2014 for changes in interest rates related primarily to the Group's bank borrowings relating to a bank loan in Star-Apic Interest is charged at fixed rates between 2.95 – 4.86%. In the year ended 31 January 2013 other borrowings relate to a loan provided by the previous owners of 1Spatial Australia Pty. Interest is charged at a fixed rate of 5%.  
Group exposure to interest rate risk is limited given the level of debt in place

	At 31 January 2014 £'000	At 31 January 2013 £'000
<b>Financial Liabilities</b>		
Fixed rate	320	49
	<b>320</b>	<b>49</b>

There is no interest on trade and other payables at 31 January 2014

**Sensitivity analysis**

Any changes in the base rate in the UK will not impact the borrowings

The Group does not consider the cash flow and fair value interest rate risk to be significant. Should substantial debt be put in place in the future the Board will consider whether it would be appropriate to hedge the cash flow and interest rate risk. However, no such instrument has been taken out in the current or prior year. The Board will continue to keep this position under review.

	At 31 January 2014 £'000	At 31 January 2013 £'000
<b>Financial Assets</b>		
Cash at bank	11,165	3,216

At 31 January 2014, the Group had Sterling cash of £9,626,592 (2013 £2,446,202), Australian cash of AUS\$140,010 (2013 AUS\$136,579), Euro cash of €1,705,984 (2013 €766,014), US\$14,741 (2013 \$10,411) and Moroccan Dirham MAD752,921 (2013 nil). Cash is placed upon deposit at the best market rates available should an excess above that required for working capital be held.

Other financial assets comprise trade receivables and other receivables as detailed in note 12.

**(c) Credit risk**

Credit risk is managed by the trading entities. Credit risk arises from exposures to outstanding customer receivables. Credit checking is used however, if there is no independent rating, management will assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

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The table below shows the ageing of customer receivables at the reporting date (shown net of provision of impairment)

	2014 £'000	2013 £'000
Current	2,740	888
Up to 3 months overdue	1,004	441
3 to 6 months overdue	145	1
6 to 12 months overdue	46	-
> 12 months overdue	110	-
	4,045	1,330

Refer to note 12 for further details

### (d) Liquidity risk

Liquidity is managed so that sufficient funds are maintained to support the ongoing strategic and trading activities of the Group

Management monitors rolling forecasts of the Group's expected cash flow. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 January 2014	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Borrowings	52	59	209
Trade and other payables*	3,569	-	-
	3,621	59	209

At 31 January 2013	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Borrowings	49	-	-
Trade and other payables*	3,159	-	-
	3,208	-	-

\*Excludes deferred income as not a financial liability as there is no obligation to pay cash

### (e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and return of capital to shareholders, issue new shares or sell assets/businesses to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net funds/(debt) divided by total capital. Net funds/(debt) is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position sheet plus net debt.

## 1Spatial plc

During 2014, the Group's strategy, which was unchanged from 2013, was to maintain the gearing ratio below 50%

	2014 £'000	2013 £'000
<b>Capital risk management</b>		
Total borrowings	320	49
Less cash and cash equivalents	(11,165)	(3,216)
Net funds	(10,845)	(3,167)
Total equity	22,118	6,824
Total capital	11,273	3,657
Gearing ratio	Not applicable	

There is no gearing at 31 January 2014 or 31 January 2013 as the Company had more cash and cash equivalents than borrowings at this date. The group's borrowings are not subject to any covenants.

### (f) Price risk

The main price risk that the Group is exposed to is changes in the price of third party software support and maintenance that it uses in the solutions it supplies to customers. When quoting for business the Group always obtains fixed price quotations from suppliers before submitting a price to the customer.

## 4 Significant accounting estimates and judgements

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

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

### Revenue recognition

The contractual arrangements of sales are often complex with multiple elements e.g. software and maintenance. Management has to make appropriate judgements and estimates in relation to the fair value of each of these elements in accordance with the guidance set out in IAS 18.

Where a project extends over a time period, management make a judgement on the fair value of the work completed in order to be able to recognise revenue in relation to the project in the correct periods. An objective review of each project is undertaken on an individual basis and management's best judgement is used as the basis of completion of the project, thereby defining levels of revenue recognised.

Allocation of fair value – when a bundled service is sold the Group uses critical judgement to unbundle the service and recognise elements of revenue separately as shown in the revenue recognition policy in note 2.

### Pre contract costs

Management have to make a judgement over whether the award of a contract is probable or not in order to assess whether pre contract costs are recognised as an asset prior to the award of a contract. Once recognised pre contract costs are released in line with management's best judgement of percentage of completion of the contract.

### Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use. Management have also had to make significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 10 for further details of the impairment charge in the year.

## 1Spatial plc

### Valuation of intangible assets

Management have to make a number of estimates and judgements when valuing intangible assets. For example, expected growth rates, attrition rates, useful economic lives and royalty rates. These estimates and judgements have to be updated when intangibles are reviewed for impairment, which was the case in the current year. Refer to note 10 for further details.

### Capitalisation of development expenditure

Management have to make judgements in whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. One of the criteria is commercial viability of the product which requires management to assess the future sales of products being developed.

## 5(a) Segmental information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The United Kingdom is the home country of the Group. For management purposes during the year, the Group was organised into the following operating divisions – Head Office, Avisen, Storage Fusion, 1Spatial and after 14 June, Star-Apic. These divisions are the basis on which the Group reports its segmental information. Where applicable, the reportable operating segments derive their revenue primarily from the sale of consultancy and software. The head office costs represents costs associated with 1Spatial plc including costs of the board of Directors and other costs which are not specific to any of the other segments. Examples of cost include the group accounting function and marketing. It also includes costs associated with being an AIM listed company and other statutory costs including audit fees.

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA and adjusted EBITA. This measurement basis excludes the effects of strategic, integration and other one off items from the operating segments.

The segment information provided to the Board for the reportable segments for the year ended 31 January 2014 is as follows:

31 January 2014	Head Office £'000	Avisen £'000	Storage Fusion £000	1Spatial £'000	Star-Apic £'000	Total £'000
Revenue	-	1,502	386	10,629	4,749	17,266
Total revenue from third parties	-	1,502	386	10,629	4,749	17,266
Cost of sales	-	(1,125)	-	(5,217)	(2,721)	(9,063)
Gross profit	-	377	386	5,412	2,028	8,203
Total administrative expenses	(3,530)	(205)	(600)	(4,108)	(1,985)	(10,428)
Adjusted EBITDA	(2,195)	246	40	2,383	593	1,067
Less depreciation	(21)	(4)	(44)	(142)	(66)	(277)
Adjusted EBITA	(2,216)	242	(4)	2,241	527	790
Less amortisation and impairment of intangible assets	-	-	-	(421)	(206)	(627)
Less share based payment charge	(399)	-	(21)	(167)	(14)	(601)
Less strategic, integration and other one-off items	(915)	(70)	(189)	(349)	(264)	(1,787)
Total operating (loss)/profit	(3,530)	172	(214)	1,304	43	(2,225)
Finance income	40	-	-	1	3	44
Finance cost	(10)	(3)	(2)	(13)	(45)	(73)
Net finance income/(cost)	30	(3)	(2)	(12)	(42)	(29)
(Loss)/profit before tax	(3,500)	169	(216)	1,292	1	(2,254)
Tax	-	50	(68)	19	9	10
(Loss)/profit for the year	(3,500)	219	(284)	1,311	10	(2,244)
Loss attributable to non-controlling interests	-	-	-	-	(17)	(17)
(Loss)/profit attributable to equity holders of the parent	(3,500)	219	(284)	1,311	27	(2,227)
	(3,500)	219	(284)	1,311	10	(2,244)



## 1Spatial plc

	Head Office £'000	Avisen £'000	Storage Fusion £'000	1Spatial £'000	Star-Apic £'000	Total £'000
<b>31 January 2014</b>						
Segment assets	8,455	1,038	594	10,770	12,383	33,240
Segment liabilities	(1,060)	(94)	(737)	(3,567)	(5,664)	(11,122)
Segment net assets/(liabilities)	7,395	944	(143)	7,203	6,719	22,118

	Head Office £'000	Avisen £'000	Storage Fusion £000	1Spatial £'000	Star-Apic £'000	Total £'000
<b>31 January 2013</b>						
Revenue	13	2,000	397	9,690	-	12,100
Total revenue from third parties	13	2,000	397	9,690	-	12,100
Cost of sales	-	(1,517)	-	(5,456)	-	(6,973)
Gross profit	13	483	397	4,234	-	5,127
Total administrative expenses	(2,156)	(1,364)	(2,750)	(3,642)	-	(9,912)
Adjusted EBITDA	(1,956)	29	8	1,386	-	(533)
Less depreciation	(21)	(11)	(46)	(74)	-	(152)
Adjusted EBITA	(1,977)	18	(38)	1,312	-	(685)
Less amortisation and impairment of intangible assets	-	(693)	(2,409)	(376)	-	(3,478)
Less share based payment charge	-	-	-	-	-	-
Less strategic, integration and other one-off items	(166)	(206)	94	(344)	-	(622)
Total operating (loss)/profit	(2,143)	(881)	(2,353)	592	-	(4,785)
Finance income	12	-	-	2	-	14
Finance cost	(2)	(2)	(1)	(4)	-	(9)
Net finance income/(cost)	10	(2)	(1)	(2)	-	5
(Loss)/profit before tax	(2,133)	(883)	(2,354)	590	-	(4,780)
Tax	-	2	266	119	-	387
(Loss)/profit for the year	(2,133)	(881)	(2,088)	709	-	(4,393)

	Head Office £'000	Avisen £'000	Storage Fusion £'000	1Spatial £'000	Star-Apic £'000	Total £'000
<b>31 January 2013</b>						
Segment assets	1,325	1,459	342	10,188	-	13,314
Segment liabilities	(863)	(528)	(709)	(4,390)	-	(6,490)
Segment net assets/(liabilities)	462	931	(367)	5,798	-	6,824

The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of comprehensive income

The amounts provided to the Board in the year ended 31 January 2014 with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset. Liabilities are allocated based on the operations of the segment.

The Group's operations are located in the UK, Ireland, Australia and mainland Europe. The following table provides an analysis of the Group's sales by geographical market.

## 1Spatial plc

	2014	2013
	£'000	£'000
United Kingdom	7,343	6,651
Europe	6,836	2,310
Rest of World	3,087	3,118
	17,266	12,079

The following table represents major customers where revenues earned exceed 10% of the Group's revenue

	Operating segment	2014	2013
		£'000	£'000
Customer 1	1Spatial	1,943	1,953

### 6(a) Operating loss

	2014	2013
	£'000	£'000
Loss for the year is stated after charging		
Wages and salaries	7,009	6,213
Social security costs	1,448	569
Pension costs	364	322
Share based payment charge	601	-
<b>Staff costs including executive directors and compromise agreements</b>	<b>9,422</b>	<b>7,104</b>
Depreciation of property, plant and equipment		
- owned assets	277	152
Amortisation of intangible assets	627	903
Impairment of intangible assets	-	2,513
Net foreign exchange losses/(gains)	140	139
Operating lease payments	552	346
Auditors remuneration		
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	128	106
Fees payable to the Company's auditor and its associates for other services		
- The audit of the Company's subsidiaries	34	24
- Corporate finance services	91	-
- Audit related assurance services	15	-

## 1Spatial plc

### 6(b) Average monthly number of personnel employed (including executive directors)

	2014	2013
Directors	3	3
Consulting	31	11
Sales and marketing	24	21
Administration	20	13
Support	14	6
Software developers	68	47
	160	101

### 6(c) Directors emoluments

Details of individual executive directors' remuneration for the year are as follows

	2014	2013
	£'000	£'000
Total executive directors emoluments	976	1,069

The individual emoluments which correspond to the Directors in the current year are as follows, with the comparative shown for those directors only

	Emoluments £'000	Pension contributions £'000	Total 2014 £'000	Emoluments £'000	Compensation for loss of office £'000	Pension contributions £'000	Total 2013 £'000
M Hanke*	404	38	442	463	-	70	533
C Milverton*	316	14	330	194	-	3	197
N Snape (note a)	-	-	-	53	98	49	200
M Sanderson*	187	17	204	127	-	12	139
	907	69	976	837	98	134	1,069

\*Current executive director team

Note a – Resigned on 14 June 2012

No directors as at 31 January 2014 and 2013 were accruing benefits under a money purchase scheme

The emoluments of the highest paid director were as follows

	2014	2013
	£'000	£'000
Salaries and other short term benefits	404	463

Directors share options

During the year, share options were issued to directors as follows

20 February 2013

Director	Number of options	Exercise price
M Hanke	3,238,866	£0.0494
C Milverton	2,429,150	£0.0494
M Sanderson	1,619,433	£0.0494

## 1Spatial plc

In the case of M Hanke, 809,717 options will vest in three equal tranches on 19 February 2014, 19 February 2015 and 19 February 2016 Up to a further 2,400,000 will vest subject to the company meeting certain performance targets  
 In the case of C Milverton, 607,287 options will vest in three equal tranches on 19 February 2014, 19 February 2015 and 19 February 2016 Up to a further 1,821,862 will vest subject to the company meeting certain performance targets  
 In the case of M Sanderson, 1,619,433 options will vest subject to the company meeting certain performance targets

15 October 2013

Director	Number of options	Exercise price
M Hanke	7,000,000	£0.06
C Milverton	5,000,000	£0.06

In the case of M Hanke, 7,000,000 options will vest on the earlier of the share price achieving 15p or equally over four years from the date of grant  
 In the case of C Milverton, 5,000,000 options will vest on the earlier of the share price achieving 15p or equally over four years from the date of grant

No director exercised any share options in 2014 or 2013

Details of individual non-executive directors' fees for the year are as follows

	2014 £'000	2013 £'000
M Yeoman	37	33
M Battles (note a)	17	27
S Berry	25	25
D Richards (note b)	19	-
	98	85

The non-executive directors invoice for their services, which are paid to their personal consultancy businesses

Note a – retired 22 May 2013

Note b – appointed 12 June 2013

There are no other personnel that meet the definition of key management personnel under IAS 24, other than the directors

## 7 Strategic, integration and other one off items

In accordance with the Group's policy for strategic, integration and other one off items, the following charges were included in this category for the year

	2014 £'000	2013 £'000
Costs associated with acquisitions/aborted acquisitions	834	14
Integration costs associated with Star-Apic	484	-
Training and other costs associated with the implementation of the new ERP system	251	-
Restructuring and redundancy costs of non-Star-Apic business	126	608
Other	92	-
<b>Total</b>	<b>1,787</b>	<b>622</b>

## 1Spatial plc

A high proportion of the cost associated with acquisitions and aborted acquisitions is in relation to the successful acquisition of Star-Apic. In addition, and in line with our stated strategy, we have assessed other potential acquisitions during the year. The cost of undertaking appropriate due diligence is included in this figure.

During the year, we largely completed the integration of Star-Apic into the 1Spatial business. The costs above are those specifically attributable to this and include office move costs (to new premises in Paris), redundancy costs, rebranding costs and the costs of aligning development, sales and marketing strategies. In addition, the cost of developing 1Spatial's new global and multi-lingual website are included here.

To support our growth strategy, we have implemented a new ERP system. This went live in August 2013 in the UK, Ireland and Australia and is due to go live in France and Belgium during May 2014.

Other restructuring and redundancy costs relate to costs elsewhere in the Group, including 1Spatial, Avisen and Storage Fusion. The cost in 2012/13 was mainly in relation to the re-structuring of the 1Spatial trading business.

### 8 Finance income and costs

	2014 £'000	2013 £'000
<b>Finance income</b>		
Bank interest receivable	44	14
	<b>44</b>	<b>14</b>
<b>Finance costs</b>		
Interest expense		
- bank borrowings (including overdrafts)	(13)	(3)
- hire purchase and finance leases	(14)	-
- factoring and bank charges	(36)	(6)
- other	(10)	-
	<b>(73)</b>	<b>(9)</b>
<b>Net finance (cost)/income</b>	<b>(29)</b>	<b>5</b>

# 1Spatial plc

## 9 Income tax charge/(credit)

	2014 £'000	2013 £'000
<i>Current tax</i>		
UK corporation tax on income for year	-	(42)
Foreign tax	107	-
Adjustment in respect of prior years	(7)	(58)
<b>Total current tax</b>	<b>100</b>	<b>(100)</b>
<i>Deferred tax (note 16)</i>		
Origination and reversal in temporary differences	(14)	(190)
Change in rates of taxation	(96)	(97)
<b>Total deferred tax</b>	<b>(110)</b>	<b>(287)</b>
<b>Total tax (credit)/charge</b>	<b>(10)</b>	<b>(387)</b>

### Factors affecting the tax (credit)/charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2014 £'000	2013 £'000
<b>Loss on ordinary activities before tax</b>	<b>(2,254)</b>	<b>(4,780)</b>
	<b>(2,254)</b>	<b>(4,780)</b>
Loss on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 23.16% (2013: 24.33%)	(522)	(1,163)
Effect of		
Expenses not deductible for tax purposes	199	914
Income not taxable	-	(3)
Foreign tax expensed	66	-
Capital allowances in excess of depreciation	(2)	14
Overseas tax rates lower than UK tax rates	(59)	-
Tax losses not recognised	535	266
Benefit of losses brought forward utilised not previously recognised	(152)	-
Other timing differences	99	(260)
Adjustments to tax charge in respect of prior periods	(7)	(58)
Adjustments to deferred tax in respect of earlier periods	(16)	-
<b>Impact of change in tax rate</b>	<b>(151)</b>	<b>(97)</b>
<b>Total tax (credit)/charge for period</b>	<b>(10)</b>	<b>(387)</b>

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23.16%. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and by a further 1% to 20% from 1 April 2015 was included in the Finance Act 2013 and substantively enacted on 17 July 2013 and so the relevant deferred tax balances have been re-measured at 20% for the current year end.

# Spatial plc

## 10 Intangible assets including goodwill

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Website costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 February 2013	10,040	232	899	3,149	1,678	30	-	16,028
Additions	-	-	-	-	1,714	-	12	1,726
Acquisition of subsidiary	2,904	-	1,644	1,071	-	-	-	5,619
Disposals	-	-	-	-	-	-	-	-
Effect of foreign exchange	(51)	-	(50)	(91)	(9)	-	-	(201)
<b>At 31 January 2014</b>	<b>12,893</b>	<b>232</b>	<b>2,493</b>	<b>4,129</b>	<b>3,383</b>	<b>30</b>	<b>12</b>	<b>23,172</b>
<b>Accumulated impairment and amortisation</b>								
At 1 February 2013	6,355	27	150	1,198	1,340	30	-	9,100
Amortisation	-	23	197	358	49	-	-	627
<b>At 31 January 2014</b>	<b>6,355</b>	<b>50</b>	<b>347</b>	<b>1,556</b>	<b>1,389</b>	<b>30</b>	<b>-</b>	<b>9,727</b>
<b>Net book amount at</b>								
<b>31 January 2014</b>	<b>6,538</b>	<b>182</b>	<b>2,146</b>	<b>2,573</b>	<b>1,994</b>	<b>-</b>	<b>12</b>	<b>13,445</b>

## 1Spatial plc

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Website costs £'000	Intellectual Property £'000	Total £'000
Cost At 1 February 2012	10,102	232	899	3,149	1,007	30	-	15,419
Additions	-	-	-	-	671	-	-	671
Disposals	(62)	-	-	-	-	-	-	(62)
At 31 January 2013	10,040	232	899	3,149	1,678	30	-	16,028
Accumulated impairment and amortisation At 1 February 2012	4,500	4	21	594	535	30	-	5,684
Impairment	1,855	-	-	75	583	-	-	2,513
Amortisation	-	23	129	529	222	-	-	903
At 31 January 2013	6,355	27	150	1,198	1,340	30	-	9,100
Net book amount at 31 January 2013	3,685	205	749	1,951	338	-	-	6,928
Net book amount at 1 February 2012	5,602	228	878	2,555	472	-	-	9,735

The net book amount of development costs includes £2,270,000 (2013 £338,000) internally generated capitalised software development costs that meet the definition of an intangible asset

The amortisation charge of £627,000 (2013 £903,000) and the impairment charge of £nil (2013 £2,513,000) are included in the administrative expenses in the statement of comprehensive income

### Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified. The basis of the allocation is made to those CGU's that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. A summary of the goodwill allocation is presented below

	2014					2013				
	Avisen £'000	1Spatial £'000	Storage Fusion £'000	Star- Apic £'000	Total £'000	Avisen £'000	1Spatial £'000	Storage Fusion £'000	Star- Apic £'000	Total £'000
Goodwill Opening NBA	339	3,346	-	-	3,685	1,024	3,346	1,232	-	5,602
Impairment/ Disposal	-	-	-	-	-	(685)	-	(1,232)	-	(1,917)
Arising on acquisition	-	-	-	2,904	2,904	-	-	-	-	-
Foreign exchange	-	-	-	(51)	(51)	-	-	-	-	-
Closing NBA	339	3,346	-	2,853	6,538	339	3,346	-	-	3,685



## 1Spatial plc

### *Basis for calculation of recoverable amount*

The Group has prepared, and formally approved, a one year plan for each CGU. The detailed plan put together by the management team and the Board makes judgements and assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historic success of winning new work and has been prepared in accordance with IAS 36 'Impairment of Assets'.

The key assumptions used in the value in use calculations were the discount rates applied (17% for Avisen, 1Spatial and Star-Apic) and the growth assumptions for each CGU.

1Spatial has forecast growth in sales and corresponding costs for the year ended 31 January 2015 (27% and 29% respectively). Growth is forecast at 5% for the following two years with 2% growth thereafter. Star-Apic has forecast growth in sales of 10% for the year ended 31 January 2015 and a slight reduction in overheads of 2% for the year ended 31 January 2015. Growth is forecast at 5% for the following two years with 2% growth thereafter. For Avisen revenue is forecast to decrease by 18% while overheads are forecast to increase by 17% in the year ended January 2015, no growth thereafter has been forecast.

The rates used in the above assumptions are consistent with management's knowledge of the industry and strategic plans going forward.

The assumptions noted above have been given in terms of revenue and overhead percentage growth. For 2016 and subsequent years, the assumption has been provided in terms of growth on the prior year EBIT margin.

The growth rate for subsequent years of 2% does not exceed the long-term growth rate for the business in which the CGU operates. Discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The forecasts, are most sensitive to changes in revenue and overhead assumptions (taken together EBIT margin).

There would have to be a reduction in forecast EBIT margin by 45% in the year ended 31 January 2015 for the headroom to be removed on 1Spatial.

There would have to be a reduction in forecast EBIT margin by 20% in the year ended 31 January 2015 for the headroom to be removed on Star-Apic.

A decrease in excess of 15% on the forecast EBIT margin for year ended 31 January 2015 would remove the headroom in Avisen. A decrease in excess of 40% for 2015 would result in a full impairment of the remaining goodwill and intangibles.

# 1Spatial plc

## 11 Property, plant and equipment

	Buildings	Leasehold property improvements	Motor vehicles	Fixtures, fittings and equipment	Total
At 31 January 2014	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 February 2013	-	58	67	302	427
Additions	-	312	89	226	627
Acquisition of subsidiary	1,146	33	-	59	1,238
Disposals	-	(79)	(88)	(89)	(256)
Exchange adjustment	(36)	(10)	1	(5)	(50)
<b>At 31 January 2014</b>	<b>1,110</b>	<b>314</b>	<b>69</b>	<b>493</b>	<b>1,986</b>
<b>Accumulated depreciation</b>					
At 1 February 2013	-	21	7	133	161
Charge for year	29	29	20	199	277
Disposals	-	(61)	(32)	(69)	(162)
Exchange adjustment	(1)	(1)	1	(1)	(2)
<b>At 31 January 2014</b>	<b>28</b>	<b>(12)</b>	<b>(4)</b>	<b>262</b>	<b>274</b>
<b>Net book amount at 31 January 2014</b>	<b>1,082</b>	<b>326</b>	<b>73</b>	<b>231</b>	<b>1,712</b>
	Buildings	Leasehold property improvements	Motor vehicles	Fixtures, fittings and equipment	Total
At 31 January 2013	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 February 2012	-	66	70	138	274
Additions	-	-	67	164	231
Disposals	-	(8)	(70)	-	(78)
<b>At 31 January 2013</b>	<b>-</b>	<b>58</b>	<b>67</b>	<b>302</b>	<b>427</b>
<b>Accumulated depreciation</b>					
At 1 February 2012	-	4	7	19	30
Charge for year	-	20	18	114	152
Disposals	-	(3)	(18)	-	(21)
<b>At 31 January 2013</b>	<b>-</b>	<b>21</b>	<b>7</b>	<b>133</b>	<b>161</b>
<b>Net book amount at 31 January 2013</b>	<b>-</b>	<b>37</b>	<b>60</b>	<b>169</b>	<b>266</b>
<b>Net book amount at 1 February 2012</b>	<b>-</b>	<b>62</b>	<b>63</b>	<b>119</b>	<b>244</b>

Depreciation expense of £277,000 (2013 £152,000) has been charged in administrative expenses

## 1Spatial plc

### 12 Trade and other receivables

	2014	2013
Current	£'000	£'000
Trade receivables	4,061	1,354
Less Provision for impairment of trade receivables	(16)	(24)
	4,045	1,330
Other taxes and social security	55	-
Other receivables	1,331	863
Prepayments and accrued income	1,430	590
	6,861	2,783

The fair value of the Group's trade receivables and other receivables is the same as its book value stated above. No interest is charged on overdue receivables.

At 31 January 2014, trade receivables of £2,740,000 (2013: £888,000) were fully performing. The Group has provided fully for all receivables which are not considered recoverable.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

At 31 January 2014, trade receivables of £1,305,000 (2013: £442,000) were past due but not impaired. The ageing analysis of these customers is set out below. There has been no change in the credit quality of these balances; they relate to customers where there is no history of default and are still considered fully recoverable.

	2014	2013
	£'000	£'000
Up to 3 months overdue	1,004	441
3 to 6 months overdue	145	1
6 to 12 months overdue	46	-
> 12 months overdue	110	-
	1,305	442

As of 31 January 2014, trade receivables of £16,000 were impaired (2013: £24,000) and provided for. The provision relates to a number of small receivables.

The ageing of these receivables are as follows:

	2014	2013
	£'000	£'000
3 to 6 months overdue	10	-
6 to 12 months overdue	6	-
> 12 months	-	24
	16	24

Movements on the Group provision for impairment of trade and receivables are as follows:

	2014	2013
	£'000	£'000
At 1 February	24	110
Movement	(8)	(86)
At 31 January	16	24

## 1 Spatial plc

The creation and release of provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income

The other classes within trade and other receivables do not contain impaired assets and the Group expect to recover these in full. There are no financial assets whose terms have been renegotiated that would otherwise be past due or impaired

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable noted above. The Group does not hold any collateral as security

### 13 Cash and cash equivalents

	2014	2013
	£'000	£'000
Cash at bank and in hand	11,106	3,154
Financial assets – restricted access account	59	62
	11,165	3,216

The fair value of the Group's cash and cash equivalents is the same as its book value stated above

### 14 Trade and other payables

#### Current

	2014	2013
	£'000	£'000
Trade payables	1,193	1,169
Other taxation and social security	1,943	466
Deferred consideration	-	133
Other payables	631	306
Accrued liabilities	1,818	1,551
Deferred income	3,401	2,061
	8,986	5,686

The Directors consider that the book value of trade payables, taxation, other payables, accrued liabilities and deferred income approximates to their fair value at the reporting date

### 15 Borrowings

	2014	2013
	£'000	£'000
<b>Current</b>		
Bank borrowings	52	-
Other borrowings	-	49
	52	49
<b>Non – current</b>		
Bank borrowings	268	-
	268	-
<b>Total borrowings</b>	<b>320</b>	<b>49</b>

## 1Spatial plc

The maturity of borrowings is as follows.

	2014 Bank borrowings £'000	2014 Total £'000
Within one year	52	52
Between one and two years	59	59
Between two and five years	209	209
	320	320

	2013 Other borrowings £'000	2013 Total £'000
Within one year	49	49
	49	49

### Bank borrowings

Bank borrowings relate to loans provided to the Star-Apic group. Interest is charged at fixed rates between 2.95 – 4.86%. The loans are secured upon the buildings owned by the group.

### Other borrowings

Other borrowings relates to a loan provided by the previous owners of 1Spatial Australia Pty. Interest is charged at a fixed rate of 5%.

The bank overdraft facility available to the Group at 31 January 2014 was £nil (2013: £500,000).

### Fair values

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

### Foreign currency

The carrying amounts of the Group's other borrowings in 2013 are denominated in Australian Dollars.

## 16 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods.

	Property, plant and equipment £'000	Tax losses £'000	Accelerated tax depreciation £'000	Intangibles £'000	Other temporary differences £'000	Total £'000
At 1 February 2012	-	-	-	1,035	-	1,035
Deferred tax charge/(credit) for year in statement of comprehensive income	-	-	-	(287)	-	(287)
At 1 February 2013	-	-	-	748	-	748
Acquired in the year (under business combination)	369	(125)	-	916	-	1,160
Deferred tax charge/(credit) for year in statement of comprehensive income	(8)	(95)	32	(2)	(37)	(110)
Retranslation foreign exchange movement	(11)	-	-	(23)	-	(34)
At 31 January 2014	350	(220)	32	1,639	(37)	1,764

## 1Spatial plc

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise deferred tax assets of £3,294,000 (2013 £1,334,000) in respect to losses amounting to £14,417,000 (2013 £5,800,000) that can be carried forward against future taxable income

### 17 Share capital, share premium and own shares held

	2014	2013
Allotted, called up and fully paid	Number	Number
Ordinary shares of 1p each	650,415,354	350,415,354
Deferred shares of 4p each	226,699,878	226,699,878

	Ordinary shares of 1p each	Deferred shares of 4p each
At 1 February 2013	350,415,354	226,699,878
Issue of shares	300,000,000	-
At 31 January 2013	650,415,354	226,699,878

On 12 June 2013 1Spatial plc completed the placing of 300,000,000 new ordinary shares at a price of 6p per share

#### Rights of shares

##### Ordinary shares

The ordinary shares all rank *par passu*, have the right to participate in dividends and other distributions made by the company, and to receive notice of, attend and vote at every general meeting of the company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution *pro-rata* to the amount credited as paid up on such shares (excluding any premium)

##### Deferred Shares

The Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The Deferred Shares will also be incapable of transfer (other than to the Company). In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary shares has received a payment of £1,000,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares will have no economic value. No application will be made for the Deferred Shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2012	575,469,152	12,556	6,455	(306)
Issue of shares	1,646,080	16	48	-
At 1 February 2013	577,115,232	12,572	6,503	(306)
Issue of shares	300,000,000	3,000	15,000	-
Share issue costs	-	-	(895)	-
At 31 January 2014	877,115,232	15,572	20,608	(306)

As noted above, the Group issued 3,000,000 shares as follows

Date	Description	Number of shares
12 June 2013	Placing of 300,000,000 new ordinary shares at 6p per share	300,000,000

## 1Spatial plc

For details of the Group's share option scheme, refer to note 19

### 18 Accumulated losses and other reserves

	Accumulated losses	Own shares held	Equity- settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2013	(14,650)	(306)	387	13,900	(11,584)	2
Loss for the year	(2,227)	-	-	-	-	-
Recognition of share based payments	-	-	601	-	-	-
Exchange differences arising on translation of net assets of foreign operations	-	-	-	-	-	22
Transactions with non- controlling interests	(207)	-	-	-	-	-
At 31 January 2014	(17,084)	(306)	988	13,900	(11,584)	24

#### Equity-settled employee benefits reserve

The equity-settled employee benefits reserve arises from the requirement to reflect the fair value of share options in existence at the reporting date. The equity-settled employee benefits reserve includes the fair value adjustment in respect of warrants issued in previous years. For further detail on share options and warrants see note 19 and 20 respectively.

#### Merger reserve

The merger reserve arises on the difference between the nominal value of shares issued and the premium payable to acquire shares in another company.

#### Reverse acquisition reserve

The reverse acquisition reserve is created in accordance with IFRS 3 'Business Combinations'. The reverse acquisition reserve arose during the year ended 31 January 2010 due to the elimination of certain costs in respect of the legal parent (1Spatial plc formerly Avisen Plc and Z Group Plc) and the legal subsidiary (Avisen Group Limited). Since the shareholders of Avisen Group Limited became the majority shareholders of the enlarged Group the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's cost is deemed to have been incurred by the legal subsidiary.

#### Currency translation reserve

The currency translation reserve arises on the translation of foreign entity balances where the functional currency is different from the presentation currency.

## 1Spatial plc

### 19 Share based payments

The total charge for the year relating to share based payment plans was £601,000 (2013: £Nil)

The EMI share option plan and Executive unapproved share option plan was introduced in 2010. Under the schemes the Board of directors of 1Spatial Plc can grant options over the shares of the Company to directors and employees. Options are typically granted at a fixed price equal to the market price of the shares under option at the date of grant, although some options granted around the time of the acquisition were at a discount to the market price. The contractual life of the option was 10 years. Awards under the scheme are reserved for employees who are deemed to be critical to the future success of the Company. The vesting period of the options typically is for one year. Exercise of an option is subject to continuing employment. The differences between the two schemes are relatively minor, the main difference residing in the definition of an eligible employee. Under the EMI scheme an employee must be a full time employee and a UK resident, whereas part time and non resident employees can become members of the unapproved option scheme. Options under both schemes were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumption used in the calculation are as follows:

Grant date	19 February 2013	16 October 2013
Share price at grant	5.38p	8.62p
Exercise price	4.94p	6p
Number of option holders	23	4
Share options granted	18,825,911	18,500,000
Vesting period (years)	3	4
Expected volatility	87.4 – 88.7%	68.5 – 88.5%
Option life (years)	10	10
Expected life (years)	5.5 – 6.5	5.4 – 7
Risk free rate	1.02 – 1.32%	1.75 – 2.18%
Expected dividends expressed as a dividend yield	0%	0%
Fair value	3.89 – 4.07p	5.78 – 6.98p

The expected volatility was based on the historic volatility for the last six months of the period prior to the grant date. The expected volatility of options granted was derived by taking an average of historic share price volatility over those months.

A reconciliation of options over the year to 31 January 2014 is shown below:

	2014 Number	2014 Weighted average exercise price	2013 Number	2013 Weighted average exercise price
Outstanding brought forward	1,710,000	8.6p	4,017,500	8.5p
Granted during the year	37,325,911	5.5p	-	-
Forfeited during the year	(1,263,644)	5.5p	(2,307,500)	8.5p
Outstanding carried forward	37,772,267	5.6p	1,710,000	8.6p
Exercisable as at 31 January 2014	750,000	12.5p	1,710,000	8.6p

The weighted average remaining contractual life of share options outstanding at the end of the year was 9.3 years (2013: 7 years). The exercise prices of the outstanding options range between 4.94p and 12.5p.

### 20 Share warrants

A reconciliation of warrants over the year to 31 January 2014 is shown below:

	2014 Number	2014 Weighted average exercise price
Outstanding brought forward	2,252,692	5.63p
Share warrants issued in the year	5,054,762	6.00p
Outstanding carried forward	7,307,454	5.88p



## 1Spatial plc

### 21 Business Combinations

On 14 June 2013 1Spatial plc acquired 90% of the issued share capital of Star-Apic, the leading European provider of Geographic Information Systems software and solutions, for £5,092,000

The following table summarises the consideration paid for Star-Apic group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date

	£'000
Value of cash consideration	5,092
<b>Total purchase consideration</b>	<b>5,092</b>
Assets and liabilities recognised at the date of acquisition	
	£'000
Intangible assets	
- Software	1,071
- Customer relationships	1,644
Property, plant and equipment	1,238
Cash and cash equivalents	1,350
Trade and other receivables	2,886
Deferred tax assets	125
Trade and other payables	(4,033)
Deferred tax liabilities	(1,285)
Borrowings	(423)
<b>Total identifiable net assets</b>	<b>2,573</b>
Non-controlling interest	(385)
Goodwill	2,904
<b>Total consideration – satisfied in cash</b>	<b>5,092</b>

Costs relating to the acquisition of £506,000 have been excluded from the consideration stated above and have been recognised as a charge to the Statement of comprehensive income within administrative expenses

The fair value of trade and other receivables is £2,886,000 and includes trade receivables of £2,053,000 which is expected to be fully collectable

The acquired business contributed revenues of £4,749,000 and a net profit of £10,000 to the group for the period since acquisition to 31 January 2014. If the acquisition had occurred on 1 February 2013, consolidated revenue and consolidated loss for the year ended 31 January 2014 would have been £20,114,000 and £2,238,000 respectively

On 16 January 2014, the remaining 10% of the issued share capital of Star-Apic was acquired by the group for cash consideration of £575,000. The difference between the consideration paid and reduction in non-controlling interest of £207,000 has been adjusted against retained earnings, attributable to owners of the company

#### Net cash outflow on acquisition of subsidiaries

	£'000
<b>Acquisition of Star-Apic</b>	
Cash consideration	5,092
Less cash and cash equivalent balances acquired	(1,350)
<b>Acquisition of 1Spatial Australia</b>	
Deferred cash consideration	133
<b>Total purchase consideration</b>	<b>3,875</b>

# 1Spatial plc

## 22 (Loss)/Earnings per ordinary share

Basic loss per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year

	2014 £'000	2013 £'000
Loss attributable to equity holders	(2,227)	(4,393)
Adjustments		
Amortisation and impairment of intangible assets	627	3,478
Share based payment charge	601	-
Integration, strategic and one off costs	1,787	622
Adjusted profit/(loss)	788	(293)

	2014 Pence	2013 Pence
Basic (loss) per share	(0.41)	(1.25)
Diluted (loss) per share	(0.41)	(1.25)
Adjusted basic earnings/(loss) per share	0.15	(0.08)
Adjusted diluted earnings/(loss) per share	0.14	(0.08)

	Number 000's	Number 000's
Basic weighted average number of ordinary shares	541,922	350,402
Impact of share options and warrants	29,128	-
Diluted weighted average number of ordinary shares	571,050	350,402

Where there is a loss per share, the share options and share warrants are not dilutive and hence the diluted earnings per share is the same as the basic

## 23 Commitments

### Operating lease commitments

The future aggregated minimum lease payments under non-cancellable operating leases are as follows

	2014 £'000	2013 £'000
No later than one year	376	306
Later than one year but no later than five years	1,857	984
Later than 5 years	921	356
	3,154	1,646

Operating lease payments represent rentals payable by the group for certain of its office properties. Operating lease agreements are renewable at the end of the lease period at market rates

## 1Spatial plc

### 24 Related-party transactions

#### (a) Key management compensation

The only key management personnel of the Group are the Directors. Details of the compensation of the key management personnel are disclosed in note 6c to the financial statements.

#### (b) Controlling party

There is no one party which controls the Group.

#### (c) Company and subsidiary

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

#### (d) Transactions arising from purchases of services

Transactions with related parties of £nil (2013: £nil) during the year relate to services provided, under normal commercial terms, by a company where one of the 1Spatial plc non executive directors is a member of the board. In addition fees are paid to related parties in respect of the non executive directors services, for which details are disclosed in note 6c to the financial statements. The amounts owed to these related parties at the reporting date are shown below.

	2014 £'000	2013 £'000
Related party 1	2	2
Related party 2	-	3
Related party 3	2	-
	4	5

### 25 Principal subsidiaries of the Group as at 31 January 2014

Subsidiary undertakings	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business
Avisen Group Limited	Ordinary 100%	-	England & Wales	IT Consultancy
Avisen UK Limited	-	Ordinary 100%	England & Wales	IT Consultancy
Solution Minds Limited	-	Ordinary 100%	England & Wales	Dormant
Strategy GPS Limited	Ordinary 100%	-	England & Wales	Holding company
Xploite plc	Ordinary 100%	-	England & Wales	Holding company IT Business Service Assurance Solutions
Storage Fusion Limited	-	Ordinary 100%	England & Wales	
1Spatial Holdings Limited	Ordinary 100%	-	England & Wales	<u>Holding company</u>
1Spatial Group Limited	-	Ordinary 100%	England & Wales	
1Spatial Technologies Limited	-	Ordinary 100%	England & Wales	Location based software development and consultancy
Socium Limited	-	Ordinary 100%	England & Wales	
1Spatial Australia Pty Limited	-	Ordinary 100%	Australia	
Aon Spasuil Limited	-	Ordinary 100%	Ireland	
Star-Apic SA	Ordinary 100%	-	Belgium	
Star-Apic SAS	-	Ordinary 100%	France	Location based software development and consultancy
Mercator CPS	-	Ordinary 100%	Belgium	
Star-Apic UK Limited	-	Ordinary 100%	England & Wales	

**Independent auditors' report to the members of 1Spatial plc**

**Report on the parent company financial statements**

**Our opinion**

In our opinion the financial statements, defined below

- give a true and fair view of the state of the parent company's affairs as at 31 January 2014 and of its cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

**What we have audited**

The parent company financial statements (the "financial statements"), which are prepared by 1Spatial plc, comprise

- Statement of financial position as at 31 January 2014,
- Statement of cash flows for the year then ended,
- Statement of Changes in Equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 parent 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the parent company, 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

## **1Spatial plc**

We have no exceptions to report arising from this responsibility

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' responsibilities statement in respect of the annual report and the financial statements set out on page 17, 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 ISAs (UK & 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.

#### **Other matter**

We have reported separately on the group financial statements of 1Spatial plc for the year ended 31 January 2014.



Miles Saunders (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
12 May 2014

# 1Spatial plc

1Spatial plc  
Company statement of financial position  
As at 31 January 2014

Registered number. 5429800

	Note	2014 £'000	2013 £'000
<b>Assets</b>			
<b>Non current-assets</b>			
Goodwill	3	-	-
Other intangible assets	3	7	7
Property, plant and equipment	4	64	63
Investments	5	11,793	5,925
<b>Total non-current assets</b>		<b>11,864</b>	<b>5,995</b>
<b>Current assets</b>			
Trade and other receivables	6	3,573	955
Cash and cash equivalents	7	8,228	1,102
<b>Total current assets</b>		<b>11,801</b>	<b>2,057</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	4,201	4,364
		4,201	4,364
<b>Net assets</b>		<b>19,464</b>	<b>3,688</b>
<b>Shareholders' equity</b>			
Share capital	10	15,572	12,572
Share premium account	10	20,608	6,503
Own shares held	10	(306)	(306)
Share based payments reserve		1,627	1,026
Merger reserve		13,900	13,900
Accumulated losses		(31,735)	(30,007)
<b>Total equity</b>		<b>19,464</b>	<b>3,688</b>

The financial statements on pages 61 to 73 were approved and authorised for issue by the Board on 12 May 2014 and signed on its behalf by



C Milverton  
Director

# 1Spatial plc

## 1Spatial plc Company statement of changes in equity Year ended 31 January 2014

£'000	Share Capital	Share Premium Account	Own shares held	Share Based Payments Reserve	Merger Reserve	Accumulated losses	Total Equity
Balance at 1 February 2013	12,572	6,503	(306)	1,026	13,900	(30,007)	3,688
<b>Comprehensive loss</b>							
Loss for the year and total comprehensive loss	-	-	-	-	-	(1,930)	(1,930)
<b>Total comprehensive loss</b>	-	-	-	-	-	(1,930)	(1,930)
<b>Recognition of share based payments</b>	-	-	-	601	-	-	601
<b>Transactions with owners</b>							
Shares issued in the year (note 10)	3,000	15,000	-	-	-	-	18,000
Share issue costs	-	(895)	-	-	-	-	(895)
	3,000	14,105	-	-	-	-	17,105
Balance at 31 January 2014	15,572	20,608	(306)	1,627	13,900	(31,937)	19,464

£'000	Share Capital	Share Premium Account	Own shares held	Share Based Payments Reserve	Merger Reserve	Accumulated losses	Total Equity
Balance at 1 February 2012	12,556	6,455	(306)	1,026	13,900	(30,983)	2,648
<b>Comprehensive income</b>							
Profit for the year and total comprehensive income	-	-	-	-	-	976	976
<b>Total comprehensive income</b>	-	-	-	-	-	976	976
<b>Transactions with owners</b>							
Shares issued in the year (note 10)	16	48	-	-	-	-	64
	16	48	-	-	-	-	64
Balance at 31 January 2013	12,572	6,503	(306)	1,026	13,900	(30,007)	3,688

# 1Spatial plc

## 1Spatial plc Company statement of cash flows Year ended 31 January 2014

	Notes	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>			
Cash used in operations	(a)	(4,234)	(713)
Interest received		-	12
<b>Net cash used in operating activities</b>		<b>(4,234)</b>	<b>(701)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(78)	(72)
Proceeds from sale of property, plant and equipment		-	31
Purchase of subsidiaries		(5,667)	-
Disposal of subsidiaries		-	1,300
<b>Net cash (used in)/generated from investing activities</b>		<b>(5,745)</b>	<b>1,259</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital		17,105	-
<b>Net cash generated from financing activities</b>		<b>17,105</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,126</b>	<b>558</b>
Cash and cash equivalents at start of year		1,102	544
<b>Cash and cash equivalents at end of year</b>		<b>8,228</b>	<b>1,102</b>

### Notes to the statement of cash flows

#### (a) Cash used in operations

	2014 £'000	2013 £'000
(Loss)/Profit before tax	(1,930)	976
Adjustments for		
Dividends received from subsidiaries	-	(6,499)
Depreciation charge	21	20
Loss on disposal of property, plant and equipment	56	21
Share based payment charge	399	-
Expense recognised in respect of shares issued in exchange for consulting services	-	64
Increase in trade and other receivables	(2,618)	(340)
Decrease in trade and other payables	(163)	(568)
Amortisation and impairments	1	5,625
Finance income	-	(12)
<b>Cash used in operations</b>	<b>(4,234)</b>	<b>(713)</b>



**1 Summary of significant accounting policies****Basis of preparation**

The Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC (International Financial Reporting Interpretations Committee) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2006.

See note 2, Adoption of new and revised International Financial Reporting Standards (IFRSs), in the notes to the consolidated financial statements for further information relating to the preparation of the financial statements.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a Statement of Comprehensive Income in these separate financial statements. The loss (2013 profit) attributable to members of the parent company for the year ended 31 January 2014 is £1,930,000 (2013 £976,000).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

**Going Concern**

The Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Company has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

**Significant accounting estimates and judgements**

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

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

**Carrying value of investments**

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. Management have used significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 5 for further information.

**Share-based payments**

The Company operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

## 1Spatial plc

Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

### Interest income

Interest income is accrued on a time basis, by reference to the principle outstanding and at effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Goodwill

Goodwill arising on acquisitions of trade and assets is recognised at the date control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. If, after reassessment, the Company's interest in the fair value of the identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit and loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

For further information in respect of impairment see the Group accounting policies on page 31 and note 10 to the consolidated financial statements.

### Intangible assets

Identifiable intangible assets acquired are initially recognised separately from goodwill if the asset's fair value can be measured reliably. For intangible assets that have finite useful lives, amortisation is calculated so as to write off the cost of an asset less its estimated residual value over its useful economic life as follows:

#### Software – 3 years

Intangible assets are tested annually for impairment and are carried at amortised cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income in the year it arises. See note 10 to the consolidated financial statements for further information.

### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Motor vehicles	-	33% per annum – straight line
Computer equipment	-	20% to 33% per annum – straight line

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

#### **Fixed asset investments**

Fixed asset investments in group undertakings are carried at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. An impairment loss is recognised immediately in the profit and loss account.

#### **Trade and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the provision for impairment of trade receivables, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short term investments or other financial assets with appropriate disclosure of the related terms.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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## **1 Spatial plc**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle that carrying amount of its assets and liabilities.

### **Foreign currency**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

### **Employee Pensions**

The Company operates a stakeholder pension plan for which all employees are eligible. No employees have as yet joined the scheme.

### **Dividend income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share options or share warrants are shown in equity as a deduction, net of tax, from the proceeds.

## **2 Financial risk management**

The Company's financial instruments comprise amounts due to/from subsidiary undertakings, cash and cash equivalents, other receivables and trade and other payables. The Company's approach to the financial risks is discussed in note 3, Financial Instruments, to the consolidated financial statements.

### **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company's policy is to manage working capital in order to ensure that liquidity is maintained so as to meet peak funding requirements.

### **Foreign currency risk**

As at 31 January 2014 and 31 January 2013, there was no foreign exchange currency exposure to the Company.

### **Borrowing facilities**

The Company has an overdraft facility of £Nil (2013: £Nil) at the reporting date.

# Spatial plc

## 3 Intangible assets

	Goodwill £'000	Software £'000	Total £'000
<b>At 31 January 2014</b>			
<b>Cost</b>			
At 1 February 2013 and 31 January 2014	120	23	143
<b>Accumulated amortisation</b>			
At 1 February 2013	120	16	136
At 31 January 2014	120	16	136
<b>Net book amount</b>			
At 31 January 2014	-	7	7
At 31 January 2013	-	7	7
	Goodwill £'000	Software £'000	Total £'000
<b>At 31 January 2013</b>			
<b>Cost</b>			
At 1 February 2012 and 31 January 2013	120	23	143
<b>Accumulated amortisation</b>			
At 1 February 2012	120	15	135
Amortisation	-	1	1
At 31 January 2013	120	16	136
<b>Net book amount</b>			
At 31 January 2013	-	7	7
At 31 January 2012	-	8	8

## 4 Property, plant and equipment

	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
<b>At 31 January 2014</b>			
<b>Cost</b>			
At 1 February 2013	17	67	84
Additions	-	78	78
Disposals	-	(67)	(67)
At 31 January 2014	17	78	95
<b>Accumulated depreciation</b>			
At 1 February 2013	14	7	21
Charge for year	2	19	21
Disposals	-	(11)	(11)
At 31 January 2014	16	15	31
<b>Net book amount</b>			
At 31 January 2014	1	63	64
At 31 January 2013	3	60	63

# 1Spatial plc

	Computer Equipment	Motor Vehicles	Total
	£'000	£'000	£'000
<b>At 31 January 2013</b>			
<b>Cost</b>			
At 1 February 2012	12	70	82
Additions	5	67	72
Disposals	-	(70)	(70)
At 31 January 2013	17	67	84
<b>Accumulated depreciation</b>			
At 1 February 2012	12	7	19
Charge for year	2	18	20
Disposals	-	(18)	(18)
At 31 January 2013	14	7	21
<b>Net book amount</b>			
At 31 January 2013	3	60	63
At 31 January 2012	-	63	63

## 5 Investments

	Total
	£'000
<b>At 31 January 2014</b>	
<b>Shares in group undertakings</b>	
<b>Cost</b>	
At 1 February 2013	21,638
Additions	5,667
Capital contribution to subsidiaries	202
At 31 January 2014	27,709
<b>Accumulated amounts provided</b>	
At 1 February 2013	15,713
Impairment in year	1
At 31 January 2014	15,714
<b>Net book amount</b>	
At 31 January 2014	11,793
At 31 January 2013	5,925
<b>At 31 January 2013</b>	<b>Total</b>
	<b>£'000</b>
<b>Shares in group undertakings</b>	
<b>Cost</b>	
At 1 February 2012	21,638
At 31 January 2013	21,638
<b>Accumulated amounts provided</b>	
At 1 February 2012	10,089
Impairment in year	5,624
At 31 January 2013	15,713
<b>Net book amount</b>	
At 31 January 2013	5,925
At 31 January 2012	11,549

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## **1Spatial plc**

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable

The recoverable amount of the investments held is determined from value in use calculations for each cash generating unit (CGU) covering a two year period. The detailed plan put together by the management team and the Board makes judgements and assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historic success of winning new work. Details of the assumptions used are provided in note 10 to the consolidated financial statements.

Details of the principal subsidiaries are provided in note 25 to the consolidated financial statements.

**6 Trade and other receivables**

	2014	2013
	£'000	£'000
<b>Current</b>		
Trade receivables	43	-
Amounts owed by group undertakings	3,386	745
Taxation and social security	24	-
Other receivables	82	168
Prepayments and accrued income	38	42
	<b>3,573</b>	<b>955</b>

The fair value of trade and other receivables is consistent with their book values. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**7 Cash and cash equivalents**

	2014	2013
	£'000	£'000
Cash at bank and in hand	8,228	1,102

**8 Trade and other payables**

	2014	2013
	£'000	£'000
<b>Current</b>		
Trade payables	81	217
Amounts owed to group undertakings	3,118	3,451
Taxation and social security	22	18
Other payables	24	54
Accrued liabilities	956	624
	<b>4,201</b>	<b>4,364</b>

The carrying value of trade and other payables is consistent with their book values. It is the Company's policy to settle trade payables within normal credit terms. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**9 Share based payments**

Disclosures in relation to the share options and warrants in issue are made in notes 19 and 20 to the consolidated financial statements.



# 1Spatial plc

## 10 Share capital, share premium and own shares held

	2014	2013
Allotted, called up and fully paid	Number	Number
Ordinary shares of 1p each	650,415,354	350,415,354
Deferred shares of 4p each	226,699,878	226,699,878

	Ordinary shares of 1p each	Deferred shares of 4p each
At 1 February 2013	350,415,354	226,699,878
Issue of shares	300,000,000	-
At 31 January 2014	650,415,354	226,699,878

On 12 June 2013 1Spatial plc completed the placing of 300,000,000 new ordinary shares at a price of 6p per share

### Rights of shares

#### Ordinary shares

The ordinary shares all rank *par passu*, have the right to participate in dividends and other distributions made by the company, and to receive notice of, attend and vote at every general meeting of the company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution *pro-rata* to the amount credited as paid up on such shares (excluding any premium)

#### Deferred Shares

The Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The Deferred Shares will also be incapable of transfer (other than to the Company). In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary shares has received a payment of £1,000,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares will have no economic value. No application will be made for the Deferred Shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2013	577,155,232	12,572	6,503	(306)
Premium on issue of shares	300,000,000	3,000	15,000	-
Share issue costs	-	-	(895)	-
At 31 January 2014	877,115,232	15,572	20,608	(306)

As noted above, the Group issued 300,000,000 shares as follows

Date	Description	Number of shares
12 June	Placing of 300,000,000 new ordinary shares at 6p per share	300,000,000

## 1Spatial plc

### 11 Related party disclosures

Details of remuneration of the key management personnel is contained in note 6 to the consolidated financial statements

The following transactions with other group entities, which are related parties, occurred in the year

	2014 £'000	2013 £'000
Opening debt due from related parties	535	(6,116)
Cash forwarded by the Company to related parties	9,163	2,060
Cash forwarded by the related parties to the Company	(7,609)	(3,315)
Other re-charges from the Company	2,005	8,469
Other re-charges from the related parties	(586)	(563)
Closing debt due from related parties	3,508	535

No purchase or sales transactions were entered into between the Company and subsidiary undertakings. Transactions with other related parties during the year relate to services provided by a company where one of the 1Spatial plc non executive directors sits on the board. In addition fees are paid to related parties in respect of the non executive directors services, for which details are disclosed in note 6c to the Group financial statements.

The amounts owed by/(owed to) related parties before provisions are shown below

	2014 £'000	2013 £'000
Avisen UK Limited	1,756	1,793
Avisen BV	-	(30)
Strategy GPS Limited	(702)	(702)
Xploite plc	(2,600)	(2,560)
Xploite IHC Limited	-	(158)
Storage Fusion Limited	2,000	1,452
1Spatial Holdings Limited	868	705
1Spatial Australia Pty Limited	40	40
1Spatial Group	183	-
1Spatial Belgium	682	-
1Spatial France	1,285	-
Related party 1	(2)	(2)
Related party 2	-	(3)
Related party 3	(2)	-
	3,508	535

### 12 Post Balance Sheet Events

The directors are of the opinion that there are no post balance sheet events to disclose

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## **1Spatial plc**

### **Company information**

#### **Directors**

M Hanke	Chief Executive Officer
C Milverton	Chief Financial Officer
S Berry	Non-Executive
M Sanderson	Director of Strategic Development
M Yeoman	Non-Executive
D Richards	Non-Executive Deputy Chairman

#### **Company secretary**

St John's Square Secretanes Limited  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

#### **Company number**

5429800

#### **Registered address**

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GU1 4HN

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Chartered Accountants and Statutory Auditors  
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Berkshire  
RG1 3JH

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#### **Legal adviser**

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#### **Registrars**

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