Registered number: 12591006

ADDSECURE HOLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

ADDSECURE HOLDCO LIMITED

CONTENTS

COMPANY INFORMATION

Directors	R H Pedersen (appointed 7 May 2020) T S Albertsson (appointed 7 May 2020) J Sumner (appointed 30 June 2020, resigned 1 March 2021) A W Overton (appointed 30 June 2020) A Shaw (appointed 30 June 2020) J A Frilund (appointed 1 March 2021, resigned 30 April 2021) C S B Odman (appointed 3 May 2021)
Registered number	12591006
Registered office	36 Queensbridge Northampton Northamptonshire NN4 7BF
Independent auditor	Ernst & Young 1 Cambridge Park Cowley Road Cambridge CB40 0WZ

The directors present their Strategic Report for the period ended 31 December 2020.

Review of business

AddSecure Holdco Limited was incorporated on 7 May 2020 as an acquisition vehicle for the group's purchase of Connexas Holdings Limited ("Connexas"). Connexas Holdings Limited was acquired by AddSecure Holdco Limited on 30th June 2020. Connexas, one of Europe's leading 'Connected Fleet Management' technology businesses attracted the AddSecure group to choose to expand into the UK and other markets. The business now forms part of AddSecure Smart Transport business unit, namely AddSecure Smart Transport UK. The results of the Connexas group of companies are consolidated from 30 June 2020.

In addition, AddSecure Holdco Limited completed the acquisition of HT&KR Holdings Limited on 31st October 2020. HT&KR Holdings Limited is the parent company of a group of companies including Rainkine Thompson Limited, Hubio Limited and Fleetseek (Australia) Limited (collectively "The RTL Group"). The RTL Group provides telematics services to vehicle fleet operators and focuses on logistics companies that transport dangerous goods. The RTL Group works with some of the world's largest and most successful companies, many of which have requirements that are extremely complex. The acquisition further strengthens AddSecure's market-leading position in transport and logistics in the UK and Europe. The results of the RTL Group are consolidated from 31st October 2020 in these financial statements.

Despite the challenging external situation and the ongoing COVID-19 pandemic, the business has had a strong year and continues to be successful in its chosen sectors and markets. In addition to the completion of two acquisitions during the year the business has continued to secure business with new and existing customers as well as securing some significant existing contract renewals.

On a 12 month pro-forma basis, the acquired companies contribute £21million in revenue, of which £10 million is attributable to the period after the acquisition date and is thus consolidated in this report for 2020. Overall gross profit margins have remained strong at 51%, with adjusted EBITDA of £1.8million.

The business has continued to invest in the development of new products and services. This combined with the additional sector exposure and capabilities acquired, continues to broaden and deepen the offering available to existing and potential customers.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are as follows:

Competitive risks

The sector in which the group operates continues to be competitive. The acquisition of Connexas by AddSecure in June 2020 will see significant additional support and investment in the business going forward. This will give comfort to existing and potential customers about the stability of the business. The group continues to develop its products and service levels to ensure retention of existing customers and opportunities to win new customers.

Asset price reduction

The current tendency for hardware prices to decrease is expected to remain in the medium term, albeit varying by product. The Group does not manufacture hardware and is therefore insulated from the effects of this to an extent. Contractual positions with customers typically average 4-5 years which also offers a degree of protection in respect of recurring revenues.

Financial instruments

Credit risk

The business only trades with recognised, creditworthy third parties, many of whom are reputable blue chip companies, the majority of whom have been customers over a long period of time. All new customers who wish to take on credit terms are subject to credit verification procedures and credit limits and payment performance carefully monitored on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the group might encounter difficulty in meeting its obligations associated with financial liabilities. The group continually monitors this and aims to mitigate liquidity risk by carefully managing working capital, cash generation and detailed cash forecasting.

Foreign exchange risk

The group buys a number of products in foreign currencies which are typically purchased at spot rates. The group also receives revenues in foreign currencies in Europe, North America (US Dollar and Canadian Dollar) and Australia. This helps to match against costs incurred in those foreign currencies. The group regularly reviews its foreign currency exposure.

Financial Key Performance Indicators

The directors monitor a number of key performance indicators of the group. These are detailed below:

Revenue of £9.5m

Gross profit of £4.9m

EBITDA (Earnings before interest, tax, depreciation and amortisation) of £1.8m

Research and development investment £0.6m

Net assets of £32.4m

Cash of £2.3m

For clarity, adjusted EBITDA is calculated as follows:

	2020 £000
Operating loss	(2,035)
Exceptional administrative expenses	722
Depreciation and amortisation	3,158
Adjusted EBITDA	**1,845**

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

A Shaw
Director

Date: 26 November 2021

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the period ended 31 December 2020. The company was incorporated on 7 May 2020 and this represents the first period of account. The company acquired the Connexas business on 30 June 2020 and therefore the first trading period is for 6 months.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

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

Principal activity and future developments

The principal activity of the Group in the year under review was that of the provision of connected vehicle technology to commercial fleets in the UK, Australia and North America. The Group's core product modules include driver behavior, journey management, hours of service, ePOD, integrated vision systems and driver connect that integrate into fleets day-to-day operations, to enable greater driver and vehicle productivity along with improved safety and regulatory compliance. There have been no changes to the company's activities in the period and no change in activity is anticipated.

Results and dividends

The loss for the period, after taxation, amounted to £2,929,000.

No dividends will be distributed for the period ended 31 December 2020.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company and Group will continue for the foreseeable future.

Going concern (continued)

The Group is continuing to build its recurring revenue stream by securing long term contracts in the logistics, parcel delivery and food & pharmaceutical sectors. The acquisition of Connexas and RTL by the AddSecure group have opened up significant opportunities for these businesses to cross-sell to AddSecure's existing European customer base. Strong growth in these markets, along with the group's extensive product offering, have led to a robust order backlog and pipeline. In spite of general economic uncertainty as a result of the COVID pandemic, the group's service offering and market positioning in key sectors has meant that demand and trading have remained robust. The acquisition of RTL has further diversified the Group's sector focus.

The directors have prepared detailed budgets and cash flow forecasts for the going concern assessment period of 12 months from approval of the financial statements which provide comfort that the Group has sufficient working capital to meet requirements for at least 12 months from the date of signing the financial statements. Various downside scenarios have also been performed as part of this work to ascertain any future funding requirements in this period.

The wider AddSecure group also continues to support the business where required. AddSecure group have provided the directors with a letter confirming that they will provide financial and other support as necessary to enable the Company and the Group to meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements.

Based on the approved forecasts, including downside scenarios, and taking into account the letter of group support noted above, the directors consider that the Group and Company has sufficient funding to support the Group's and Company's continued investment in market leading software development and to meet its liabilities as they fall due for the going concern assessment period.

On this basis, and the Group's and Company's ability to manage its discretionary costs should it be required to, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who served during the period were:

R H Pedersen (appointed 7 May 2020)
T S Albertsson (appointed 7 May 2020)
J Sumner (appointed 30 June 2020, resigned 1 March 2021)
A W Overton (appointed 30 June 2020)
A Shaw (appointed 30 June 2020)
J A Frilund (appointed 1 March 2021, resigned 30 April 2021)
C S B Odman (appointed 3 May 2021)

The Company has arranged an indemnity for all its Directors to provide cover against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. The indemnity, which constitutes a qualifying third party indemnity provision, was in force during the financial period and remains in force at the date of approval of the directors' report for all current and past directors.

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditor

The auditor, Ernst & Young, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A Shaw
Director

Date: 26 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADDSECURE HOLDCO LIMITED

Opinion

We have audited the financial statements of AddSecure Holdco Limited ('the parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise of the consolidated Statement of Comprehensive Income, the consolidated and parent company Balance Sheet, consolidated Statement of cash flows, the consolidated and parent Statement of changes in equity and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees and GDPR.
- We understood how the entity is complying with those frameworks by verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations has been covered through inquiry with management and the directors, testing the governance and oversight controls operated by management at the entity level, reading of board minutes and correspondence with relevant authorities with no indication of non-compliance identified.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies and making enquiries of management and the directors to compliment our understanding surrounding the entity's policies and procedures on fraud risk areas.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
    - Assessing the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and the directors to understand where they considered there was susceptibility to fraud, alongside our own independent considerations. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.
    - Reading minutes of meetings of those charged with governance where available.
    - Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
    - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness. This included consideration of the fraud risk relating to the improper recognition of revenue, through performing audit procedures on sales and manual journals posted in this area.

- Evaluating the business rationale of significant transactions outside the normal course of business; and
- Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence.

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

Use of our report

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

Ernst & Young LLP

Fraser Bull (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

26 November 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Period Ended 31 Dec 2020 £000
Turnover	4	9,510
Cost of sales		(4,598)
Gross profit		4,912
Administrative expenses		(7,032)
Other operating income	5	85
Adjusted EBITDA*	6	1,845
Exceptional administrative expenses	6	(722)
Depreciation expense	14	(95)
Intangible amortisation	13	(3,063)
Operating Loss		(2,035)
Interest receivable and similar income	10	4
Interest payable and similar expenses	11	(972)
Loss before taxation		(3,003)
Tax on loss	12	74
Loss for the financial period		(2,929)
Total comprehensive income/(loss) for the period		(2,929)
Loss for the period attributable to:		
Owners of the parent Company		(2,929)
		(2,929)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the parent Company		(2,929)
		(2,929)

* *Earnings before interest, tax, depreciation and amortisation and adjusted for exceptional administrative expenses.*

The notes on pages 19 to 47 form part of these financial statements.

ADDSECURE HOLDCO LIMITED
REGISTERED NUMBER: 12591006

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		31 Dec 2020 £000
Fixed assets			
Intangible assets	13		56,781
Tangible assets	14		139
			56,920
Current assets			
Stocks	16	1,813	
Debtors: amounts falling due within one year	17	13,389	
Cash at bank and in hand	18	2,295	
		17,497	
Creditors: amounts falling due within one year	19	(11,464)	
Net current assets			6,033
Total assets less current liabilities			62,953
Creditors: amounts falling due after more than one year	20		(29,474)
Provisions for liabilities			
Deferred taxation	23	(957)	
			(957)
Net assets			32,522
Capital and reserves			
Called Up Share Capital	24		-
Other reserves	25		35,451
Profit and loss account	25		(2,929)
			32,522

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

A Shaw

Director

Date: 26 November 2021

The notes on pages 19 to 47 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		31 Dec 2020 £000
Fixed assets			
Investments	15		**44,002**
			44,002
Current assets			
Debtors: amounts falling due within one year	17	**23,705**	
Cash at bank and in hand	18	**1,019**	
		24,724	
Creditors: amounts falling due within one year	19	**(5,075)**	
Net current assets			**19,649**
Total assets less current liabilities			**63,651**
Creditors: amounts falling due after more than one year	20		**(29,429)**
Net assets			**34,222**
Capital and reserves			
Called Up Share Capital	24		-
Other reserves	25		**35,451**
Profit and loss account	25		**(1,229)**
			34,222

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

A Shaw

Director

Date: 26 November 2021

The notes on pages 19 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Total equity
Comprehensive income for the period	**£000**	**£000**	**£000**	**£000**	**£000**
Loss for the period	-	-	(2,929)	(2,929)	(2,929)
Total comprehensive income for the period	-	-	(2,929)	(2,929)	(2,929)
Capital contribution	-	35,451	-	35,451	35,451
Total transactions with owners	-	35,451	-	35,451	35,451
At 31 December 2020	-	35,451	(2,929)	32,522	32,522

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share Capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period				
Loss for the period	-	-	(1,229)	(1,229)
Total comprehensive income for the period	-	-	(1,229)	(1,229)
Contributions by and distributions to owners				
Capital contribution	-	35,451	-	35,451
Total transactions with owners	-	35,451	-	35,451
At 31 December 2020	-	35,451	(1,229)	34,222

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Period Ended 31 Dec 2020 £000
Cash flows used in operating activities	
Loss for the financial period	(2,929)
Adjustments for:	
Amortisation of intangible assets	3,063
Depreciation of tangible assets	95
Interest paid	972
Interest received	(4)
Taxation charge	(74)
Decrease in stocks	383
(Increase) in debtors	(5,415)
(Decrease) in creditors	(15,376)
Net cash generated used in operating activities	**(19,285)**
Cash flows used in investing activities	
Purchase of intangible fixed assets	(643)
Purchase of tangible fixed assets	(15)
Purchase of fixed asset investments	(44,002)
Cash at bank and in hand on acquisition of subsidiaries	2,305
Interest received	4
Hire purchase interest paid	(3)
Net cash used in investing activities	**(42,354)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Period Ended 31 Dec 2020 £000
Cash flows from financing activities	
New secured loans	45
Other new loans	29,429
Repayment of finance leases	(22)
Interest paid	(969)
Capital contribution	35,451
Net cash from financing activities	63,934
Net increase in cash and cash equivalents	2,295
Cash and cash equivalents at the end of period	2,295

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Cash flows £000	Acquisition and disposal of subsidiaries £000	At 31 December 2020 £000
Cash at bank and in hand	(10)	2,305	2,295
Bank overdrafts	(22)	-	(22)
Debt due after 1 year	(29,473)	-	(29,473)
Debt due within 1 year	(108)	-	(108)
Finance leases	22	(58)	(36)
	(29,591)	2,247	(27,344)

1. General information

AddSecure Holdco Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These are the first set of financial statements for the newly incorporated entity and therefore the first set of financial statements which conform to the requirements of FRS102. The period reported reflects the period from 7 May 2020 to 31 December 2020, due to the date of incorporation being in the middle of the accounting year.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.The company incurred a loss in the period of £1,229,000.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. All entities detailed in note 15 have been included within the consolidated results.

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

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company and Group will continue for the foreseeable future.

The Group is continuing to build its recurring revenue stream by securing long term contracts in the logistics, parcel delivery and food & pharmaceutical sectors. The acquisition of Connexas and RTL by the AddSecure group have opened up significant opportunities for these businesses to cross-sell to AddSecure's existing European customer base. Strong growth in these markets, along with the group's extensive product offering, have led to a robust order backlog and pipeline. In spite of general economic uncertainty as a result of the COVID pandemic, the group's service offering and market positioning in key sectors has meant that demand and trading have remained robust. The acquisition of RTL has further diversified the Group's sector focus.

2. Accounting policies (continued)

2.3 Going concern (continued)

The directors have prepared detailed budgets and cash flow forecasts for the going concern assessment period of 12 months from approval of the financial statements which provide comfort that the Group has sufficient working capital to meet requirements for at least 12 months from the date of signing the financial statements. Various downside scenarios have also been performed as part of this work to ascertain any future funding requirements in this period.

The wider AddSecure group also continues to support the business where required. AddSecure group have provided the directors with a letter confirming that they will provide financial and other support as necessary to enable the Company and the Group to meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements.

Based on the approved forecasts, including downside scenarios, and taking into account the letter of group support noted above, the directors consider that the Group and Company has sufficient funding to support the Group's and Company's continued investment in market leading software development and to meet its liabilities as they fall due for the going concern assessment period.

On this basis, and the Group's and Company's ability to manage its discretionary costs should it be required to, the directors consider it appropriate to prepare the financial statements on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

2. Accounting policies (continued)

2.5 Revenue

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, rebates, VAT and other sales taxes.

When the Group enters into a contract with a customer, the separate performance obligations of the contract are identified. The goods and/or services required to be delivered under the contract are identified as separate performance obligations if the customer can benefit from the goods/services on their own, and the goods/services are distinct from other goods/services in the contract. Performance obligations under the contract can include the sale of hardware, installation services, provision of telematics services, and development/project management work.

Each performance obligation is allocated a transaction price. Where available, this transaction price *is based on the stand-alone selling price of the product/services provided. If the stand-alone selling* price is not available, the selling price is determined by a cost plus margin method. Margin is determined by reference to the margins the Group would achieve by selling the same product/ service to a similar customer.

Revenue is recognised for each performance obligation in a contract as follows:

Sale of equipment - Revenue from the sale of equipment is recognised when the significant risks and rewards of ownership of the equipment have been passed to the buyer, usually on the delivery date.

Installation of equipment - Revenue from the installation of equipment is recognised when the installation work is performed.

Provision of services - Revenue from telematics services and the provision of general services is recognised over the period in which the service is provided, starting from when the service was made available for use. The method for determining the stage of completion for transactions involving the rendering of services is based upon the underlying contractual agreement held with the relevant customer.

2. Accounting policies (continued)

2.6 Sales commissions

The Group holds commission costs associated with the securing of contracts as a current asset and defers recognition of the operating cost to match the revenue recognised. Any commission relating to a lost customer are immediately taken to operating costs. Commissions can be clawed back at the discretion of management.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.8 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

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

2.12 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.14 Current and deferred taxation

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

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

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

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

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

2.15 Exceptional items

Management have thoroughly considered the costs incurred by the Group during the period and where they view that these are both material, and non-recurring in nature, have disclosed these as exceptional administrative expenses. The test for non-recurring items specifically categorizes costs that are outside the normal course of the businesses core activities and ongoing operations such as major re-structuring and integration activities that are one-time. These have primarily been redundancy costs, property closure costs and advisor fees associated with merger, acquisition and integration activities.

2. Accounting policies (continued)

2.16 Intangible assets

Goodwill

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

Other intangible assets

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

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

The estimated useful lives range as follows:

Patents and licences	-	5 - 12 years straight line basis
Development costs	-	5 years straight line basis
Goodwill	-	10 years straight line basis
Computer software	-	3 years straight line basis

Computer software
Computer software licences are shown at historical cost. Computer software licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Development costs
Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangilbe assets when the following criteria are met:

- It is technically feasible to complete the products so that they will be available for use;
- Management intends to complete the products and use them or sell them;
- There is an ability to use or sell the products;
- It can be demonstrated how the products will generate probable future economic benefit;
- Adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- The expenditure attributable to the products during their development can be reliably measured.

Patents and licences
Trademarks, licences (including software) and customer-related intangible assets acquired separately are shown at historic cost. These assets have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Trademarks, licences (including software) and customer-related intangible assets acquired in business combinations are recognised at fair value at acquisition date.

2. Accounting policies (continued)

2.17 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Engineering equipment	- Over the life of the contract (3 - 5 years straight line)
Fixtures and fittings	- 4 years straight line basis
Revenue earning equipment	- 2 years straight line basis
Computer equipment	- 3 years straight line basis
Leasehold Improvements	- Over the life of the lease
Motor vehicles	- 4 years reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 Stocks

Stock relates to telematics hardware and is stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost includes all costs incurred in bringing each product to its present condition and location. Net realisable value is based on selling price less anticipared costs to completion and selling costs.

2.20 Debtors

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

2.21 Cash and cash equivalents

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

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

2. Accounting policies (continued)

2.22 Creditors

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

2.23 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Financial instruments

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

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when

2. *Accounting policies (continued)*

2.24 Financial instruments (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reporting for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. The most significant areas of estimation for the Group and the Company are as follows:

Impairment of goodwill and investments
Annually, the Group considers whether its goodwill and investments are impaired. Where an indication of impairment is identified the estimation of recoverable value of the investment is considered. This requires estimation of the future cash flows from the relevant CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of debtors
The Group makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

Valuation of inventory
The Group sells advanced vehicle tracking and camera units. As technology develops, management believe it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculatiing whether inventory should be provided for, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated selling price of the products.

Recoverability of capitalised development cost
Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, or that the costs cannot be recovered, then the amortisation rate is amended to reflect this. The current life of 5 years is deemed by management to be a prudent estimate of the useful life of products developed.

Exceptional administrative expenses
Management have thoroughly considered the costs incurred by the Group during the year and where they view that these are both material, and non-recurring in nature, have disclosed these as exceptional administrative expenses. The test for non-recurring items specifically categorizes costs that are outside the normal course of the businesses core activities and ongoing operations such as major re-structuring and integration activities that are one-time. These have primarily been redundancy costs, property closure costs and advisor fees associated with merger, acquisition and integration activities.

4. Turnover

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

	2020 £000
Sale of goods	4,148
Rendering of services	5,362
	9,510

Analysis of turnover by country of destination:

	2020 £000
United Kingdom	8,510
Rest of Europe	393
Rest of the world	607
	9,510

5. Other operating income

	2020 £000
Government grants receivable	85
	85

6. Operating (loss)

The operating (loss) is stated after charging:

	2020 £000
Depreciation (note 14)	95
Goodwill amortisation (note 13)	2,395
Development costs amortisation (note 13)	665
Computer software amortisation (note 13)	3
Exchange differences	(61)
Other operating lease rentals	118
Exceptional administrative expenses	772

On 30 June 2020 and 31 October 2020, the Connexas Holdings Limited group and the HT&KR Holdings Ltd group respectively were acquired by AddSecure Holdco Ltd. Exceptional administrative costs were incurred as part of the sale and integration into the wider AddSecure group.

7. Auditor's remuneration

	2020 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	100

Fees payable to the Group's auditor and its associates in respect of:

All other services	740
	740

8. Employees

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

	Group 2020 £000	Company 2020 £000
Wages and salaries	2,645	-
Social security costs	241	-
Cost of defined contribution scheme	61	-
	2,947	-

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

	2020 No.
Corporate services	13
Customer services and Operations	51
Development and IT	25
Sales and Marketing	18
	107

The Company has no employees other than the directors. The directors did not receive any remuneration in respect of services to the company but do receive remuneration in relation to services to the group.

9. Directors' remuneration

	2020 £000
Directors' emoluments	348
Group contributions to defined contribution pension schemes	1
	349

During the period retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £200,000.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000.

There were no amounts paid to or receivable by directors in relation to long term incentive schemes.

10. Interest receivable

	2020 £000
Interest receivable from group companies	4
	4

11. Interest payable and similar expenses

	2020 £000
Other loan interest payable	969
Finance leases and hire purchase contracts	3
	972

12. Taxation

	2020 £000
Total current tax	-
Deferred tax	
Origination and reversal of timing differences	(74)
Total deferred tax	(74)
Taxation on (loss)/profit on ordinary activities	(74)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020 £000
(Loss) on ordinary activities before tax	(3,003)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(570)
Effects of:	
Non-tax deductible amortisation of goodwill and intangible assets	127
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	119
Capital allowances for period in excess of depreciation	18
Unrelieved tax losses carried forward	234
Total tax charge for the period	(74)

Factors that may affect future tax charges

The Finance Bill 2021 had its third reading on 24 May 2021 and was then considered to be substantively enacted; the Finance Act 2021 receiving Royal Assent on 10 June 2021. This included 25% as the main rate of corporation tax relevant for periods on or after 1 April 2023 to be reflected in gains on any asset sales or timing differences expected to reverse after that date.

13. Intangible assets

Group

	Patents & Licences £000	Development costs £000	Computer software £000	Goodwill £000	Total £000
Cost					
Additions	-	643	-	-	643
On acquisition of subsidiaries	11	10,830	217	50,541	61,599
At 31 December 2020	11	11,473	217	50,541	62,242
Amortisation					
Charge for the period on owned assets	-	665	3	2,395	3,063
On acquisition of subsidiaries	6	2,204	174	14	2,398
At 31 December 2020	6	2,869	177	2,409	5,461
Net book value					
At 31 December 2020	5	8,604	40	48,132	56,781

13. Intangible assets (continued)

Amortisation costs in respect of intangible assets have been charged to administrative expenses in the period.

During the period, the Group considered that the internal development costs being incurred in respect of the development of new products met the necessary criteria for recognition as intangible assets detailed in the accounting policies in note 2. Accordingly, additions of £643,000 were recognised which are being amortised over a five year period.

The amount of development costs recognised in the P&L for the period was nil.

Individually material intangible assets
Goodwill - Connexas Holdings Limited
The carrying amount of this asset is £44,251,000 and the remaining amortisation period is 9.5 years. Goodwill relates to the acquisition of Connexas Holdings Limited and its subsidiaries on 30 June 2020.

Goodwill - HT&KR Holdings Ltd
The carrying amount of this asset is £3,881,000 and the remaining amortisation period is 9.8 years.
Goodwill relates to the acquisition of HT&KR Holdings Ltd and its subsidiaries on 31 October 2020.

Impairment
Goodwill
As part of the annual governance procedures, a goodwill impairment review was carried out. Financial projections based on the strategic plan were modelled out for the 3 years to generate a discounted cash flow position. The discount rate used was the Group weighted average cost of capital, which is 6.5%. The terminal growth rate used was 2%. The directors concluded that there was sufficient headroom to support the current goodwill valuation of each of the goodwill components indicated above.

Useful Economic Life
Development - The current life of 5 years is deemed by management to be a prudent estimate of the useful life of products developed.

Goodwill - Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Management have estimated this to be 10 years.

Patents and licenses - The current life of 5-12 years is representative of the life-cycle of these assets.

Computer software - 3 years is a prudent estimate of the life of these products.

14. Tangible fixed assets

Group

	Leasehold improvements £000	Engineering equipment £000	Motor vehicles £000	Fixtures and fittings £000	Revenue earning equipment £000	Computer equipment £000	Total £000
Cost or valuation							
Additions	-	-	-	5	-	10	15
Acquisition of subsidiaries	11	210	85	228	233	764	1,531
At 31 December 2020	11	210	85	233	233	774	1,546
Depreciation							
Charge for the period	-	26	2	10	15	42	95
Acquisition of subsidiaries	3	180	58	163	196	774	1,312
At 31 December 2020	3	206	60	173	211	754	1,407
Net book value							
At 31 December 2020	8	4	25	60	22	20	139

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
Additions	**44,002**
At 31 December 2020	**44,002**
Net book value	
At 31 December 2020	**44,002**

15. Fixed asset investments (continued)

Subsidiary undertakings

The Group acquired Connexas Holdings Limited and its subsidiaries and HT&KR Holdings Ltd and its subsidiaries in June 2020 and October 2020 respectively. Details of the acquisitions are given in note 26.

The following are subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Connexas Holdings Limited	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Isotrak Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Verilocation Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Alcolock GB Ltd*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Seven Transcan Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Isotrak Inc*	3455 Peachtree Road, Suite 500, Atlanta, GA, 30326, USA	Ordinary	100%
Isotrak Solutions Canada Limited*	1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, BC V7X1T2, Canada	Ordinary	100%
Isotrak Solutions Australia Pty Limited*	18 Manufacturer Drive, Molendinar, Queensland 4214, Australia	Ordinary	100%
Seven Eye Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Transcan Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Structured Systems Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Seven Telematics Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
HT&KR Holdings Ltd	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Rainkine Thompson Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%

15. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Hubio Fleet Limited*	36 Queensbridge, Northampton, NN4 7BF, England	Ordinary	100%
Rainkine Thompson Australia Pty Ltd*	501 Church Street, Richmond, Melborne, 3121, Australia	Ordinary	100%

*indirect holdings

The principal activity of Connexas Holdings Limited and HT&KR Holdings Ltd is that of a holding company.

The principal activity of Isotrak Limited, Isotrak Inc, Isotrak Solutions Canada Limited, Isotrak Solutions Australia Pty Limited, Verliocation Limited, Rainkine Thompson Limited, Rainkine Thompson Australia Pty Ltd and Hubio Fleet Limited is the provision of transport management systems and services.

The principal activty of Alcolock GB Limited is the retail of mobile alcohol detection units.

Seven Transcan Limited, Seven Eye Limited, Transcan Limited and Structured Systems Limited are all dormant.

The principal activity of Seven Telematics Limited is the production of temperature monitoring industrial instrumentation, together with asset tracking solutions.

16. Stocks

	Group 2020 £000
Raw materials and consumables	1,813
	1,813

Inventories are stated after a provision for slow moving and obsolete stock of £817,000.

17. Debtors

	Group 2020 £000	Company 2020 £000
Trade debtors	3,993	-
Amounts owed by group undertakings	322	20,894
Other debtors	6,317	419
Prepayments and accrued income	2,757	2,392
	13,389	23,705

Trade debtors are stated after provisions for impairment of £437,000.

18. Cash and cash equivalents

	Group 2020 £000	Company 2020 £000
Cash at bank and in hand	2,295	1,019

19. Creditors: Amounts falling due within one year

	Group 2020 £000	Company 2020 £000
Bank overdrafts	22	22
Bank loans	108	-
Trade creditors	3,033	625
Amounts owed to group undertakings	3,777	3,369
Corporation tax	50	-
Other taxation and social security	1,793	-
Obligations under finance lease and hire purchase contracts	36	-
Other creditors	868	721
Accruals and deferred income	1,777	338
	11,464	5,075

The bank loan is secured by way of a fixed and floating charge over the undertaking and all property and assets present and future of Rainkine Thompson Limited.

Obligations under finance lease and hire purchase contracts are secured on the fixed assets to which they relate.

Other creditors includes amounts relating to the deferred consideration on the acquisitions in the period.

20. Creditors: Amounts falling due after more than one year

	Group 2020 £000	Company 2020 £000
Bank loans	45	-
Other loans	29,429	29,429
	29,474	29,429

The other loans are secured by way of a fixed and floating charge over all the property and undertakings of the Company.

The bank loan is secured by way of a fixed and floating charge over the undertaking and all property and assets present and future of Rainkine Thompson Limited.

21. Loans

	Group 2020 £000	Company 2020 £000
Amounts falling due within one year		
Bank loans	108	-
Amounts falling due after 1 year but less than 5 years		
Bank loans	45	-
Amounts falling due after more than 5 years		
Other loans	29,429	29,429
	29,582	29,429

Other loans are borrowings through Ares Management Limited. Other loans are all repayable after 5 years and have interest of between 3.13% to 7.95%. The weighted average interest rate is 6.69% Interest is paid quarterly.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £000
Within one year	36
	36

23. Deferred taxation

Group

	2020 £000
Charged to profit or loss	(74)
Arising on business combinations	1,031
At end of year	957

23. Deferred taxation (continued)

	Group 2020 £000
Valuation of intangibles	957
	957

24. Share capital

	2020 £000
Allotted, called up and fully paid	
2 Ordinary shares of £0.01 each	-

Rights, preferences and restrictions

There are no restrictions on the distributions of dividends and the repayment of capital.

25. Reserves

Other reserves

The other reserves represent a capital contribution made to the Company.

Profit and loss account

The profit and loss account includes all current period retained profits and losses.

26. Business combinations

On 30 June 2020, the Company acquired 100% of the share capital of Connexas Holdings Limited. Its subsidiaries included;

Isotrak Limited
Verilocation Limited
Alcolock GB Ltd
Seven Transcan Limited
Isotrak Inc
Isotrak Solutions Canada Limited
Isotrak Solutions Australia Pty Limited
Seven Eye Limited
Transcan Limited
Structured Systems Limited
Seven Telematics Limited

On 31 October 2020, the Company acquired 100% of the share capital of HT&KR Holdings Ltd. Its subsidiaries included:

Rainkine Thompson Limited
Hubio Fleet Limited
Rainkine Thompson Australia Pty Ltd

The acquisition method of accounting has been used for both acquisitions in the peroid.

Acquisition of Connexas Holdings Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	196	-	196
Intangible	2,403	4,807	7,210
	2,599	4,807	7,406
Current Assets			
Stocks	2,008	-	2,008
Debtors	7,379	-	7,379
Cash at bank and in hand	2,210	-	2,210
Total Assets	14,196	4,807	19,003
Creditors			
Due within one year	(4,294)	-	(4,294)
Due after more than one year	(21,154)	-	(21,154)
Deferred taxation	-	(914)	(914)
Total Identifiable net (liabilities)/assets	(11,252)	3,893	(7,359)

26. Business combinations (continued)

	£000
Goodwill	46,580
Total purchase consideration	**39,220**

Consideration

	£000
Cash	36,063
Directly attributable costs	3,157
Total purchase consideration	**39,220**

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	36,063
Directly attributable costs	3,157
	39,220
Less: Cash and cash equivalents acquired	(2,210)
Net cash outflow on acquisition	**37,010**

The results of the Connexas Holdings Limited group since acquisition are as follows:

	Current period since acquisition £000
Turnover	9,061
Profit for the period since acquisition	1,097

The intangible assets valuation uplift reflect the recognition of development costs on acquisition. Deferred tax is recognised in relation to these adjustments.

26. Business combinations (continued)

Acquisition of HT&KR Holdings Ltd

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	23	-	23
Intangible	846	618	1,464
	869	618	1,487
Current Assets			
Stocks	188	-	188
Debtors	596	-	596
Cash at bank and in hand	95	-	95
Total Assets	1,748	618	2,366
Creditors			
Due within one year	(1,414)	-	(1,414)
Deferred taxation	-	(117)	(117)
Total Identifiable net assets	334	501	835
Goodwill			3,947
Total purchase consideration			4,782

Consideration

	£000
Cash	3,133
Deferred consideration	1,467
Directly attributable costs	185
Total purchase consideration	4,782

26. Business combinations (continued)

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	3,133
Directly attributable costs	185
	3,318
Less: Cash and cash equivalents acquired	(95)
Net cash outflow on acquisition	3,223

The results of the HT&KR Holdings Ltd group since acquisition are as follows:

	Current period since acquisition £000
Turnover	448
(Loss) for the period since acquisition	(109)

The intangible assets valuation uplift reflect the recognition of development costs on acquisition. Deferred tax is recognised in relation to these adjustments.

27. Contingent liabilities

The Company has guaranteed the liabilities of its subsidiaries as at 31 December 2020 under s479A of the Companies Act 2006 as detailed in note 29.

28. Pension commitments

The Group operates a defined contribution pension scheme.

Contributions of £25,000 were payable to the scheme at the end of the period and are included in creditors.

29. Exemption from audit by parental guarantee

The following subsidaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A;

Company name	Company number
Connexas Holdings Limited	08598266
Isotrak Limited	03769508
Verilocation Limited	03885568
Alcolock GB Ltd	05690015
Seven Telematics Limited	02541365
HT&KR Holdings Ltd	11149957
Rainkine Thompson Limited	04376098
Hubio Fleet Limited	05293374
Transcan Limited	04759843
Structured Systems Limited	01993323
Seven Eye Limited	04947597

30. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000
Not later than 1 year	**137**
Later than 1 year and not later than 5 years	**204**
Later than 5 years	**48**
	389

The amount of non-cancellable operating lease payment recognised as an expense during the period was £118,000.

31. Related party transactions

Transactions with controlling entities

Management fees of £408,000 have been charged by AddSecure Smart Transport AB. At the balance sheet date the amount due to AddSecure Smart Transport AB was £408,000.

Key management compensation
The key management personnel of the Group are considered to be its directors. Details of directors' compensation is given in note 9.

Transactions with directors
Fees of £122,000 have been paid by the the Group to J Sumner Limited, a company in which J Sumner is a director, in respect of consultancy services provided by him. At the balance sheet date the amount due to J Sumner Limited was £54,000.

The Group has taken advantage of exemptions, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

32. Controlling party

The directors consider that the ultimate controlling party is Castik Capital Partners. The company is consolidated into the financial statements of Addsecure Topco AB.