

Telogis UK Ltd
Annual Report and Financial Statements
Registered number 07113794
31 December 2016

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Telogis UK Ltd

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Telogis UK Ltd

Company Information

Directors

C Aitkenhead
F De Maio

Registered Office

Hill House
1 Little New Street
London
EC4A 3TR

Auditors

Ernst & Young LLP
Statutory Auditor
Reading
RG1 1YE

Telogis UK Ltd

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Business Review

Performance in the year

The principal activity of Telogis UK Ltd (the “Company”) is to support the development of telematics, GPS, automatic vehicle location and other location – based services and software.

The Company is expected to continue with its principal activity for the foreseeable future.

The profit for the year ended 31 December 2016 after taxation amounted to \$270,925 (2015: \$48,449, restated).

In comparison with the preceding year, the 2016 operating profit has increased by \$250,366. This increase is driven by the operating profit impact from lower distribution, administrative and other expenses of \$376,763 being partially offset by other comprehensive income decrease of \$92,747, tax on profits increase of \$27,890 and a reduction in the service fee income of \$126,397.

On 21 June 2016, Verizon Communications Inc. announced it had signed an agreement to purchase Telogis, Inc. and its Subsidiaries. Telogis, Inc. now operates as a subsidiary of Verizon Telematics, Inc.

The Company will continue to focus on supporting growth in key areas of the Telematics business by offering innovative products to our global customers. It will also continue to focus on cost and operational efficiencies.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are similar to those facing other companies in the Telematics sector, namely, competition from businesses with competing products, rapidly changing technology and price pressure. These risks are managed at a global and a European regional level, and are significantly mitigated by being an integral part of a leading global communications provider, delivering innovative, cost-effective, advanced communications connectivity to businesses, governments and consumers.

The Company also has exposure to foreign currency risk which arises from purchases in currencies other than its functional currency. The company’s functional currency is Pounds Sterling (GBP). However, during the year the company had exposure to US Dollars (US\$). The company’s policy is to maintain natural hedges, where possible, by matching revenue and receipts with expenditure.

Approved by the Board on 29 September 2017 and signed on its behalf by:



C Aitkenhead
Director

Telogis UK Ltd

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

The audited financial statements for the year ended 31 December 2016 are set out on pages 7 to 23.

During the year the Company transitioned from International Financial Reporting Standards (IFRS) as adopted by the European Union to FRS 101 – *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard.

Future developments

The directors are satisfied with the performance of the Company for the year and do not expect any significant changes in future activities of the business.

Going concern

The Company's business activities are set out in the Strategic report.

The directors, having assessed future profit forecasts and the level of financial support available from Verizon Communications Inc., have no reason to believe that a material uncertainty exists about the ability of the company to ensure that it meets its liabilities to third parties as they fall due and continue as a going concern for a period of at least a year from the date of approval of these financial statements.

Dividends

No interim dividend (2015: \$nil) was paid during the year. The directors do not recommend the payment of a final dividend (2015: \$nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Arthur Newth Morris IV (resigned 27 September 2016)

David Cozzens (resigned 01 August 2016)

C Aitkenhead (appointed 27 September 2016)

F De Maio (appointed 27 September 2016)

Auditors

The directors have appointed Ernst & Young LLP as auditors for the Company.

Disclosure of information to the auditors

So far as the directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board on 29 September 2017 and signed on behalf of the board:



C Aitkenhead
Director

Telogis UK Ltd

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). 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 of the profit or loss of the company 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 FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the members of Telogis UK Ltd

We have audited the financial statements of Telogis UK Ltd for the year ended 31 December 2016, which comprise the Statement of profit or loss and other comprehensive income, the Statement of changes in equity, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, including FRS101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the members of Telogis UK Ltd (*continued*)

Matters on which we are required to report by exception

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

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

ERNST & YOUNG LLP

San Gunapala (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
RG1 1YE

Date: 29/9/17

Telogis UK Ltd

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2016

		2016	Restated*
	Note	\$	2015 \$
Turnover	3	4,482,245	4,608,642
Expenditure			
Distribution costs		(3,870,510)	(3,829,259)
Administrative expenses		(269,583)	(687,597)
Operating profit	4	342,152	91,786
Profit on ordinary activities before taxation		342,152	91,786
Tax on profit on ordinary activities	7	(71,227)	(43,337)
Profit for the year		270,925	48,449
Other comprehensive income for the year, net of tax			
Translation to presentation currency		(128,856)	(36,109)
Total comprehensive income for the year		142,069	12,340

The above results were derived from continuing operations.

*See Note 17

Telogis UK Ltd

Balance Sheet as at 31 December 2016

	Notes	2016 \$	Restated* 2015 \$
Fixed assets			
Tangible assets	8	78,105	127,098
Current assets			
Debtors – due within one year	9	637,175	1,000,428
Current liabilities			
Creditors: Amounts falling due within one year	10	(385,939)	(397,274)
Net current assets		251,236	603,154
Total assets less current liabilities		329,341	730,252
Net assets		329,341	730,252
Capital and reserves			
Called up share capital	11	154	154
Reserves		329,187	645,040
Share option reserve		-	85,058
Shareholders' funds		329,341	730,252

* See Note 17

The financial statements on pages 7 to 23 of Telogis UK Ltd were approved by the Board of Directors and signed on its behalf by:



Director

C Aitkenhead
29 September 2017

Telogis UK Ltd

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called-up Share capital \$	Reserves \$	Share option reserve \$	Total Equity \$
At 1 January 2016	154	645,040	85,058	730,252
Profit for the year	-	270,925	-	270,925
Other comprehensive income	-	(128,856)	-	(128,856)
Cost of share based payments	-	-	100,311	100,311
Cancellation of share based payment scheme	-	(457,922)	(185,369)	(643,291)
At 31 December 2016	<u>154</u>	<u>329,187</u>	<u>-</u>	<u>329,341</u>

	Called-up Share capital \$	Retained earnings \$	Share Option reserve \$	Total Equity \$
At 1 January 2015 – restated*	154	632,700	53,653	686,507
Profit for the year – restated*	-	48,449	-	48,449
Other comprehensive income	-	(36,109)	-	(36,109)
Cost of share based payments	-	-	31,405	31,405
At 31 December 2015	<u>154</u>	<u>645,040</u>	<u>85,058</u>	<u>730,252</u>

* See Note 17

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

1. Authorisation of financial statements and statement of compliance

The financial statements of Telogis UK Ltd (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 29 September 2017 and the balance sheet was signed on the board's behalf by Clare Aitkenhead. Telogis UK Ltd is a private limited by shares company, incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The results of Telogis UK Ltd are included in the consolidated financial statements of Verizon Communications Inc which are available from 1095 Avenue of the Americas, New York, New York 10036 USA.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of accounting and preparation

The Company transitioned from International Financial Reporting Standards (IFRS) as adopted by the European Union to FRS 101 for all periods presented. No material adjustments were identified upon transition. Further details are disclosed in note 16.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (i) *the requirements of paragraph 17 of IAS 24 Related Party Disclosures*
- (ii) *the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member*
- (iii) *the requirements of IAS 7 Statement of Cash Flows*
- (iv) *the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement*
- (v) *the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1*
- (vi) *the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements*
- (vii) *the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*
- (viii) *the requirements of IFRS 7 Financial Instruments: Disclosures*
- (ix) *the requirements of paragraphs 6 and 21 of IFRS 1 First-time Adoption of International Financial Reporting Standards*

Going concern

The accounts have been prepared on a going concern basis. The directors, having assessed the structure of the company and the level of financial support available from the ultimate parent company (Verizon Communications Inc.), have no reason to believe that a material uncertainty exists about the ability of the company to ensure that it can meet its liabilities to third parties as they fall due and continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2. Accounting policies (continued)

Revenue recognition

Turnover represents amounts derived from the ultimate parent undertaking in the United States based on a mark-up on total costs incurred. Revenue can only be recognised when the costs incurred or to be incurred can be measured reliably.

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 balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted substantively at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and any provisions for impairment. 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 calculated to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful lives using the straight line basis.

Fixtures and equipment	5 years
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Foreign currencies

The company's functional currency is Sterling (GBP). The individual financial statements are presented in the currency of the primary economic environment of its parent company (US Dollar). For the purpose of presenting the financial statements in US Dollars, the monetary assets and liabilities are translated at exchange rates prevailing on the balance sheet date, which was US Dollars 1.234: GBP 1 (2015: US Dollars 1.4824: GBP 1). Income and expense items are translated at the average exchange rates for the period, which was US Dollars 1.370: GBP 1 (2015: US Dollars 1.5286: GBP 1), unless exchange rates fluctuate significantly during that period, in which case the rates at the date of transactions are used. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2. Accounting policies (continued)

Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets or as derivatives designed as hedging instruments in an effective hedge as appropriate. The company determines the classification of its financial assets at initial recognition.

The company's financial assets are classified as loans and receivables and include cash, intercompany and other receivables.

Cash at bank and in hand

There have been no cash transactions and the company does not hold a bank account. All transactions are passed through the intercompany account held with the parent company Telogis Inc.

Intercompany and other debtors

Intercompany debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designed as hedging instruments as appropriate. The company determines the classification of its financial liabilities at initial recognition.

The company's financial liabilities are classified as loans and borrowings and include trade and other creditors and loans and borrowings.

Trade and other creditors

Trade and other short term creditors are carried at the lower of their original invoiced value and payable amount.

Loans and borrowings

Loans and borrowings are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

Defined contribution pension obligation

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2. Accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets recoverable amount in order to determine the extent of the impairment loss. An assets recoverable amount is the higher of an assets or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment losses is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Share based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model.

No expense is recognised for awards that do not ultimately vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments which will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

Where the terms of an equity settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity settled award is cancelled it is treated as if it had vested on the date of the cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful equipment life. Useful equipment life is based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for appropriateness.

3. Turnover

An analysis of the company's turnover which is wholly derived from its US parent is as follows:

	2016	Restated 2015
	\$	\$
Cost plus basis on expenses	<u>4,482,245</u>	<u>4,608,642</u>

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

4. Operating profit

Operating profit is stated after charging:

	2016	Restated 2015
	\$	\$
Depreciation of property, plant and equipment	79,565	91,859
Operating lease payments	77,196	73,698
Staff costs	2,907,763	2,692,117
Auditor's remuneration		
- audit of the financial statements	60,362	22,977
- tax services	-	6,352
- other services	-	4,034
	<u>2,907,763</u>	<u>2,692,117</u>

5. Staff costs

The average number of persons employed by the company during the year was:

	2016	Restated 2015
	No.	No.
Selling & administrative employees	<u>26</u>	<u>25</u>

Their aggregate remuneration comprised:

	2016	Restated 2015
	\$	\$
Wages and salaries	2,353,448	2,237,202
Social security costs	288,217	261,797
Other pension costs	165,787	161,713
Equity settled share based payments (note 14)	100,311	31,405
	<u>2,907,763</u>	<u>2,692,117</u>

6. Directors' remuneration

The directors are employed by Verizon group companies and their service as directors is incidental to their main employment. Consequently, they do not receive emoluments for their services as directors of this company.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

7. Tax

Tax charged/(credited) in the profit and loss account

	2016 \$	Restated* 2015 \$
Current taxation		
UK corporation tax	57,949	43,337
Adjustments in respect of prior years	-	-
Total current income tax	<u>57,949</u>	<u>43,337</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	13,278	-
Tax charge in the profit and loss account	<u>71,227</u>	<u>43,337</u>

Reconciliation of the total tax charge

	2016 \$	Restated 2015 \$
Profit from continuing operations before taxation	342,152	91,786
Tax at UK statutory rate of 20% (2015: 20.25%)	68,430	18,587
Expenses not deductible for tax purposes	1,000	0
Fixed asset timing differences	9,769	14,929
Other timing differences	(21,250)	9,821
Deferred tax liability recognised during the year	13,278	-
	<u>71,227</u>	<u>43,337</u>

*See Note 17

Change in Corporation Tax Rate

The Finance Act 2015 reduced the main rate of UK corporation tax from 20% to 19% from 1 April 2017. The main rate of UK corporation tax will further reduce to 17% effective from 1 April 2020 as enacted in the Finance Act 2016.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

7. Tax (continued)

Deferred tax

	2016 \$	Restated 2015 \$
Deferred tax liability included in the balance sheet as follows		
Difference between accumulated depreciation and capital allowances	13,278	-
	<u>13,278</u>	<u>-</u>

8. Tangible assets

	Fixtures and equipment \$
Cost	
At 1 January 2016	326,623
Additions	36,999
Disposals	(21,253)
Net exchange differences on retranslation of accounts to presentation currency	(642)
At 31 December 2016	<u>341,727</u>
Accumulated depreciation	
At 1 January 2016	199,525
Charge for the year	79,565
Disposals	(14,973)
Net exchange differences on retranslation of accounts to presentation currency	(495)
At 31 December 2016	<u>263,622</u>
Net book value	
At 31 December 2016	<u>78,105</u>
At 1 January 2016	<u>127,098</u>

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8. Tangible assets (continued)

	Fixtures and equipment \$
Cost	
At 1 January 2015 - restated	315,136
Additions	18,170
Disposals	(4,804)
Net exchange differences on retranslation of accounts to presentation currency	(1,879)
	<hr/>
At 31 December 2015	326,623
Accumulated depreciation	
At 1 January 2015 - restated	113,586
Charge for the year	91,859
Disposals	(4,772)
Net exchange differences on retranslation of accounts to presentation currency	(1,148)
	<hr/>
At 31 December 2015	199,525
Net book value	
At 31 December 2015	<hr/> 127,098 <hr/>
At 1 January 2015	<hr/> 201,550 <hr/>

9. Trade and other debtors

	2016 \$	Restated 2015 \$
Prepayments	22,945	83,490
Other debtors	201,929	204,145
Amounts due from parent company	412,301	712,793
	<hr/>	<hr/>
	637,175	1,000,428
	<hr/>	<hr/>

Amounts due from the parent company are interest free and repayable on demand.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10. Creditors: amounts falling due within one year

	2016 \$	Restated 2015 \$
Trade creditors	61,663	130,727
Accruals	235,272	223,210
Corporation tax payable	75,726	43,337
Deferred tax liability	13,278	-
	<u>385,939</u>	<u>397,274</u>

11. Called-up share capital

	2016 \$	Restated 2015 \$
Authorised & Issued		
100 (2015:100) ordinary shares of GBP 1 each	<u>154</u>	<u>154</u>

12. Operating lease arrangements

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 \$	Restated 2015 \$
Within one year	63,378	56,637
Within two to five years	-	-
	<u>-</u>	<u>-</u>

Operating lease payments represent rentals payable for certain of its office properties.

13. Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to \$165,787 (2015: \$161,713).

As at 31 December 2016 there was a pension scheme accrual relating to the Company contributions of \$12,375 (\$2015: \$21,192) which is included within the accruals figure in Note 10.

Telogis UK Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

14. Share Based Payments

2007 Stock Incentive Plan

In January 2008, the Company adopted the 2007 Stock Incentive Plan ('the plan') under which the Board or the plan administrator ('the administrator') may issue incentive and non-qualified stock options or restricted shares consisting of restricted stock awards and restricted stock units to employees, directors and consultants. The administrator has the authority to determine to whom options will be granted, the number of shares and the term and exercise price.

The options generally vest and become exercisable at a rate of 25% at the first anniversary and rateably on a monthly basis over the remaining four year period. Options expire no later than five years for incentive stock options for which the grantee owns greater than 10% of the voting power of all classes of stock and no longer than 10 years after the date of the grant for all other options.

The expense recognised from equity settled share based payments for the year ended 31 December 2016 is \$100,311 (2015 expense of \$31,405).

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2016	WAEP	2015	WAEP
Outstanding as at 1 January	348,000	0.67	335,000	0.62
Granted during the year	8,000	1.08	13,000	1.10
Exercised during the year	-	0.00	-	0.00
Cancelled during the year	356,000	0.69	-	0.00
Outstanding as at 31 December	-	0.00	348,000	0.67

Following the acquisition of the companies ultimate parent company by Verizon Communications Inc in June 2016 all options awarded related to the 2007 Stock Incentive plan were cancelled. No options were exercisable as at 31 December 2015.

The company elected to use the Black-Scholes option pricing model for valuing the option awards. The value of the portion of the award that is ultimately expected to vest is recognised as an expense over the requisite service periods.

The following table lists the inputs to the Black-Scholes option pricing model for the years ended 31 December 2016 and 31 December 2015:

	2016	2015
Risk free interest rate (%)	1.74 – 1.97	1.74 – 1.97
Expected term (yrs)	6.26	6.26
Dividend yield (%)	-	-
Volatility (%)	44.36 – 53.76	44.36 – 53.76

Calculating expense from equity settled share based payments requires the input of highly subjective assumptions, including stock price volatility, the expected term of the stock-based awards, and pre-vesting option forfeitures. The assumptions used in calculating the fair value of the stock option awards represent the company's best estimates, but these estimates involve inherent uncertainties and the application of management judgement. As a result if factors change and the Company uses different estimates, equity settled share based payment expense could be materially different in the future.

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

14. Share Based Payments (continued)

Since the company in which the stock options are held is a private entity with limited historical data on the volatility of its stock, the expected volatility input is based on the volatility of similar entities (referred to as 'guideline companies'). In evaluating similarity, the company considered factors such as industry, stage of life cycle, size and financial leverage.

The risk-free interest rate used to value the awards is based on the United States treasury yield for a period consistent with the expected term of the award in effect at the time of grant.

The company in which the stock options are held has never declared or paid any cash dividends and does not presently plan to pay any cash dividends in the foreseeable future.

15. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Telogis, Inc. a company incorporated in the USA. From 21 June 2016 the company is a wholly owned indirect subsidiary of Verizon Communications Inc., a company incorporated in the United States of America, whose principal place of business is 1095 Avenue of the Americas, New York, New York 10036 USA and is the ultimate parent undertaking and controlling party of the Company.

Verizon Communications Inc. is the ultimate parent company of the largest and smallest group in which the results of the Company are consolidated.

16. Transition to FRS 101

These financial statements, for the year ended 31 December 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2015, the Company's date of transition to FRS 101, and made those changes in accounting policy and other restatements required for the first-time adoption of FRS 101. No principal adjustments have been made by the company in restating its balance sheet as at 1 January 2015 and its previously published financial statements for the year ended 31 December 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

17. Prior period adjustments

Subsequent to the issuance of the Company's financial statements for the year ended 31 December 2015, the Company discovered the below errors which have been corrected by restating each of the affected financial statement line items and respective notes as summarized by the following table

	1 Jan 15	Translation	Share Option Expense	Corporation tax correction	Restated 1 Jan 15
	\$	\$	\$	\$	\$
		Note 1	Note 2	Note 3	
Property, plant and equipment	218,518	(16,968)			201,550
Amount due from parent company	757,317		56,336	24,614	838,267
Assets	975,835	(16,968)	56,336	24,614	1,039,817
Current tax liabilities	110,364			(22,675)	87,689
Liabilities	110,364			(22,675)	87,689
Share option reserve	-		53,653		53,653
Retained earnings	599,696	(16,968)	2,683	47,289	632,700
Equity	599,696	(16,968)	56,336	47,289	686,353

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Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

17. Prior period adjustments (continued)

	31 Dec 15	Adjustments rolled forward from 1 Jan 15	Translation	Share Option Expense	Corporation tax correction	Restated 31 Dec 15
	\$	\$	\$	\$	\$	\$
			Note 1	Note 2	Note 3	
Property, plant and equipment	144,797	(16,968)	(731)			127,098
Amount due from parent company	623,482	80,950		32,975	(24,614)	712,793
Assets	768,279	63,982	(731)	32,975	(24,614)	839,891
Current tax liabilities	58,395	(22,675)			7,617	43,337
Liabilities	58,395	(22,675)			7,617	43,337
Share option reserve	-	53,653		31,405		85,058
Equity	-	53,653		31,405		85,058
Revenue	4,575,667			32,975		4,608,642
Distribution costs	(3,797,854)			(31,405)		(3,829,259)
Administrative expenses	(722,975)		35,378			(687,597)
Tax	(11,106)				(32,231)	(43,337)
Profit for the year	43,732		35,378	1,570	(32,231)	48,449
Translation to presentation currency			(36,109)			(36,109)
Other comprehensive income	-		(36,109)			(36,109)

Note 1 – Net exchange differences arising on the retranslation of the financial statements from the functional currency into the presentation currency.

Note 2 – Accounting for share options issued to employees of the Company.

Note 3 – Correction of corporation tax liabilities.