

Hexagon Positioning Intelligence Limited

Director's Report and Financial Statements

For the year ended 31 December 2019

Registered Number: 08737133



Hexagon Positioning Intelligence Limited

Director's Report and Financial Statements

For the year ended 31 December 2019

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Hexagon Positioning Intelligence Limited

Directors and Other Information

Director

David Mills

Company Secretary

Helen Peall

Registered office

Cedar House
78 Portsmouth Road
Cobham
England
KT11 1AN

Independent auditor

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

Hexagon Positioning Intelligence Limited

Strategic Report for the year ended 31 December 2019

The director presents his strategic report for the year ended 31 December 2019.

Business Review

The company is a holding company and is the parent company for its 100% subsidiaries of Veripos Limited, NovAtel Inc and AutonomouStuff GmbH.

The total comprehensive profit attributable to the equity shareholders for the year was £1,006,721 (2018: loss £5,270,516). This was as a result of receiving 2 dividend payments from its investments in subsidiaries during the year which more than offset its financial obligations.

Principal risks and uncertainties

The company has identified the principle risk that it faces as being the impairment of the investment's carrying value.

Key Performance Indicators

Given the straightforward nature of the company's business, the company director is of the opinion that analysis using KPI's is not necessary for an understanding of the performance or the position of the company.

On behalf of the Board



David Mills

Director

30 June 2020

Hexagon Positioning Intelligence Limited

Director's Report for the year ended 31 December 2019

The Director presents the financial statements of the Company for the year ended 31 December 2019.

Directors of the company

The Director who held office during the year was as follows:

David Mills

Principal activities

The principal activity of the company is that of a holding company.

Results and dividends

The Statement of Profit or Loss and Other Comprehensive Income for the year is set out on page 7. No dividend is proposed for 2019 (2018: nil).

Going concern

The financial statements have been prepared under the going concern basis. The Director believes that this basis is appropriate as another group company has provided the company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. The Director has taken steps to satisfy himself that the group company is able to perform such funding if so required.

Post balance sheet events

In the light of the COVID-19 pandemic, the company initiated measures to accelerate operational efficiencies to support our long-term financial objectives. In the short-term, the company has implemented various actions that include shorter work weeks and reductions in discretionary spending. As a long term measure, in April 2020, a company-wide realignment of financial and non-financial resources programme began, looking to optimise resources to shifting market patterns across the business. To date we have re-allocated asset upgrade programmes to meet new business opportunities and identified work force adjustments across business locations to match changes in revenue streams following Covid-19 and the corresponding impact on the economy including commodity pricing. We continue to monitor the global situation and will further adjust our resource allocations accordingly.

The company considers the emergence and spread of covid-19 to be a non-adjusting post balance sheet event as there was no disruption to the market, customers, employees or supply chain prior to the year end.

Statement of Director's responsibilities

The Director is responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Director's Report for the year ended 31 December 2019 (continued)

Disclosure of information to auditors

So far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware. The Director has taken all steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor

Ernst & Young LLP will be proposed to be reappointed at the next Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'DM', with a stylized flourish at the end.

David Mills
Director
30 June 2020

Independent Auditor's Report to the Members of Hexagon Positioning Intelligence Limited

Opinion

We have audited the financial statements of Hexagon Positioning Intelligence Limited for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, The Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. We are independent of the company 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Notes 1 and 18 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting commodity prices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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.

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.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Hexagon Positioning Intelligence Limited (cont'd)

Opinions 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <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

Kevin Weston (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
3 July 2020

Hexagon Positioning Intelligence Limited

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

		2019	2018
	Note	£	£
Administrative expenses		(8,178)	(13,016)
Total operating expenses		(8,178)	(13,016)
Net operating loss		(8,178)	(13,016)
Net currency gain		792	-
Investment income	7	6,322,129	-
Finance costs	8	(5,308,022)	(5,257,500)
Net financial income /(costs)		1,014,899	(5,257,500)
Profit /(Loss) before taxes		1,006,721	(5,270,516)
Taxation	9	-	-
Net profit /(loss) for the year attributable to the equity shareholder		1,006,721	(5,270,516)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit /(loss) for the year, net of tax, attributable to the equity shareholder		1,006,721	(5,270,516)

Hexagon Positioning Intelligence Limited

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2018 £
ASSETS			
Non-current assets			
Investment in subsidiaries	10	306,822,693	305,115,401
		306,822,693	305,115,401
Current assets			
Trade and other receivables	11	3	3
Cash and cash equivalents	12	1,847	2,355
		1,850	2,358
TOTAL ASSETS		306,824,543	305,117,759
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	13	3	3
Share premium	13	125,700,000	125,700,000
Other capital reserve	13	96,082,096	94,374,804
Retained deficit		(10,387,795)	(11,394,516)
Total shareholder's equity		211,394,304	208,680,291
Non-current liabilities			
Loans from related parties	14	85,000,000	85,000,000
		85,000,000	85,000,000
Current liabilities			
Intercompany payables	15	10,418,882	11,426,295
Other payables	15	11,357	11,173
Total current liabilities		10,430,239	11,437,468
Total liabilities		95,430,239	96,437,468
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		306,824,543	305,117,759

The financial statements were approved by the Director on 30 June 2020 and signed:



David Mills
Director

Statement of Changes in Equity
For the year ended 31 December 2019

	Share capital £	Share premium £	Other Capital Reserve £	Retained deficit £	Total £
At 1 January 2019	3	125,700,000	94,374,804	(11,394,516)	208,680,291
Capital contribution received during the year	-	-	1,707,292	-	1,707,292
Profit for the year	-	-	-	1,006,721	1,006,721
At 31 December 2019	3	125,700,000	96,082,096	(10,387,795)	211,394,304

	Share capital £	Share premium £	Other Capital Reserve £	Retained deficit £	Total £
At 1 January 2018	3	125,700,000	-	(6,124,000)	119,576,003
Capital contribution received	-	-	94,374,804	-	94,374,804
Profit for the year	-	-	-	(5,270,516)	(5,270,516)
At 31 December 2018	3	125,700,000	94,374,804	(11,394,516)	208,680,291

Hexagon Positioning Intelligence Limited

Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows generated from/(used in) operating activities	16,7	(508)	40,952
Net cash generated from operating activities		(508)	40,952
Cash flow (used in)/generated from investing activities			
Dividends received from investments		-	-
Acquisition of subsidiary	10	-	(40,597)
Net cash (used in)/generated from investing activities		-	(40,597)
Net increase/(decrease) in cash and cash equivalents		(508)	355
Cash and cash equivalents at 1 January		2,355	2,000
Cash and cash equivalents at 31 December		1,847	2,355

Notes to the Financial Statements For the year ended 31 December 2019

1 Summary of significant accounting policies

General information

Hexagon Positioning Intelligence Limited is a private company limited by share capital and incorporated in the United Kingdom. The address of the registered office is given on Page 1. The nature of the company's operations and principal activities are set out in the Director's Report on page 3.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of Hexagon AB. The group accounts of Hexagon AB are publicly available and can be obtained as set out in Note 19.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('EU') as they apply to the financial statements of the Company for the year ended 31 December 2019 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out above in the strategic report including the potential impact of Covid-19.

The ability of the company to repay the intercompany debt is dependent upon cash generated by fellow group companies and as such has obtained a letter of support from Hexagon AB.

To conclude on going concern for the company, the director has considered the liquidity and solvency of Hexagon AB and has considered going concern at the group level.

Based on his assessment of the group's financial position, the director believes that the company will be able to continue in operational existence for a period of at least 12 months, given the support provided by Hexagon AB. Accordingly, the director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of impact of changes to existing standards

The Company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2019. Where the changes affect the Company, the relevant application and disclosure has been made during the year to 31 December 2019. The new and amended IFRSs during the year are as detailed below:

IFRS 9 Financial Instruments – The standard replaces IAS 39 Financial Instruments: Recognition & Measurement and provides a model for classification and measurement of financial assets and liabilities, extended disclosure requirements for risk management and the effect of hedge accounting, and, a new model for impairment of financial assets based on expected loss.

The application of IFRS 9 compared to IAS 39 does not materially affect the financial statements of the company in this or future periods.

The following standards were also effective during the year, however, they had no effect on the Company's financial statements at 31 December 2019:

- Amendments to IFRS 3 – Business Combinations
- Amendments to IFRS 11 – Joint Arrangements
- IFRS 16 - Leases
- Amendments to IAS 12 – Income Taxes
- Amendments to IAS 19 – Employee Benefits
- Amendments to IAS 23 – Borrowing Costs
- Amendments to IAS 28 – Investments in Associates and Joint Ventures
- IFRIC 23 – Uncertainty over Income Tax Treatments

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

1 Summary of significant accounting policies (continued)

Disclosure of impact of future accounting standards

Relevant new standards, amendments and interpretations issued by the IASB but not yet effective and not applied in these financial statements are as follows.

Title	Effective Date	Date applicable to the Company
IFRS 2 – Share Based Payments - Amendments	1 January 2020	1 January 2020
IFRS 3 – Business Combinations - Amendments	1 January 2020	1 January 2020
IFRS 6 – Exploration for & Evaluation of Mineral Resources - Amendments	1 January 2020	1 January 2020
IFRS 7 – Financial Instruments – Disclosures - Amendments	1 January 2020	1 January 2020
IFRS 17 – Insurance Contracts - Amendments	1 January 2021	1 January 2021
Amendments to IAS 1, 8, 34, 37, 38 & 39	1 January 2020	1 January 2020
Annual improvements to various IFRIC Standards	1 January 2020	1 January 2020

The company is currently considering the implications of the above standards and amendments, and interpretations are not expected to have a material impact on the Company's financial statements.

Functional and presentation currency

The financial statements are presented in United Kingdom Pounds Sterling (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates.

Foreign currency translation

Foreign currency transactions are initially recorded at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

1 Summary of significant accounting policies (continued)

Investment in subsidiaries

Subsidiaries are entities over which the Company generally controls more than 50% of the entity's issued and outstanding voting shares and has the ability to control the operating and financial policies. Details of the subsidiary's financial statements are included within the Company's consolidated financial statements from the date that control is established. The subsidiary's financial statements are deconsolidated from the date that control is ended. The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed as of the date of the purchase and costs incurred that are attributed to such acquisition. Any excess of the cost of the acquisition over the share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of identifiable net assets acquired, then the amount is recognised currently in the income statement.

Financial instruments

From 1 January 2019, the company continues to apply IFRS 9 Financial Instruments.

Classification

The company has financial assets in one sole category, those that are measured at amortised cost. Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Measurement

Financial assets are measured at amortised cost. Gains or losses when financial assets are derecognised or impaired are recognised in profit or loss. Interest income is classified as financial income.

The Company's financial assets include cash and short-term deposits and trade and other receivables (see Note 12 and Note 11 respectively). There is no difference in the carrying amount and fair value amount of the company's financial assets as at 31 December 2019 and 31 December 2018.

Impairment

The company estimates on a forward looking basis expected loss from financial assets measured at amortised cost. The applied methodology for impairment depends on if there is a significant increase in credit risk. Credit risk is the risk that counterparts may be unable to fulfil their payment obligations.

Financial credit risk arises when investing the cash and cash equivalents. To reduce the company's financial credit risk, surplus cash is only invested with a reputable approved bank.

Credit risk also includes the risk that customers will not pay receivables that the company has invoiced or intends to invoice. For customer receivables, the company applies the simplified methodology in calculating expected credit losses (ECLs). To measure the expected losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical losses. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable amount. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented within operating profit. Any recoveries of amounts previously written off are credited against the same line item.

Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

1 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2 Financial risk management

The parent company Hexagon AB has in place risk management policies that seek to limit the adverse effects of the risks in financial performance. The Director has overall responsibility for the establishment and oversight of the company's financial risk management framework.

The company has identified the principle risk that it faces as being the impairment of the investment's carrying value.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, which are described in note 1, the director is 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 the director's estimates.

The most important estimates and judgements are discussed below. Estimates and judgements are continually evaluated and are based on historical experience and other factors management believe to be reasonable under the circumstances.

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 revision and future periods if the revision affects both current and future period.

Investment carrying value

An impairment review has been performed for investments held by the Company. The impairment review is performed on a value-in-use basis which requires estimation of future net operating cash flows and the time period over which they will occur.

4 Directors' remuneration

During the year to 31 December 2019, the Director of the Company was employed by another company of the Hexagon AB group. No amount was charged to the company in respect of his services, therefore no cost is included in the financial statements for the year (2018: £nil).

5 Staff Costs and Employee benefits expense

During the year to 31 December 2019, and also the prior year, the Company had no employees.

6 Auditors' remuneration

Fees payable to Ernst & Young LLP for the audit of the company's financial statements are £3,500 (2018: £3,000).

No fees were paid for other services.

7 Investment income

	2019 £	2018 £
Dividend income	6,322,129	-
Total investment income	6,322,129	-

8 Finance costs

	2019 £	2018 £
Finance costs:		
Interest payable on inter-company loan and cash pool balances	(5,308,022)	(5,257,500)
Total finance costs	(5,308,022)	(5,257,500)

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

9 Taxation

	2019 £	2018 £
Current tax:		
UK corporation tax on profit for the year	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	-	-

The tax for the year can be reconciled to the (loss)/profit for the year per the Statement of Profit or Loss and Other Comprehensive Income as follows:

	2019 £	2018 £
Profit /(Loss) before taxation	1,006,721	(5,270,516)
Profit /(Loss) on ordinary activities at the standard UK rate of 19% (2018: 19%)	191,277	(1,001,398)
Effects of:		
Effects of income that is exempt from taxation	-	-
Group relief taken / used for nil consideration	(191,277)	1,001,398
Tax for the year	-	-

10 Investment in subsidiaries

Details of the company's investment in subsidiaries at 31 December 2019 are as follows:

Name	Registered address	Proportion of ownership interest (all shares held are of one class)	Cost 2019 £	Cost 2018 £
Veripos Limited	Veripos House 1B Farburn Terrace Dyce Aberdeen AB21 7DT	100	217,305,581	215,598,289
NovAtel Inc	Hexagon Calgary Campus 10921 14th Street NE Calgary, Alberta, Canada T3K 2L5	100	89,476,515	89,476,515
AutonomouStuff GmbH	Karlsruhe, Germany	100	40,597	40,597
Total investment in subsidiaries			306,822,693	305,115,401

The investment in subsidiaries are stated at cost less any provision for impairment.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019
10 Investment in subsidiaries (continued)

On the 30th December 2019, the company received a £1,707,292 capital contribution from its parent company Hexagon AB, in order to provide a capital contribution to its 100% subsidiary Veripos Ltd, therefore investment in Veripos Limited increased by £1,707,292 during the year.

A full list of the company's subsidiaries is included at Note 20.

11 Trade and other receivables

	2019 £	2018 £
Amounts owed by related undertakings	3	3
	3	3

The company had no trade receivables at the end of the reporting period which are considered to be impaired.

12 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,847	2,355

13 Share capital

The Company's allotted, called up and fully paid share capital is as follows:

	2019 £	2018 £
3 ordinary shares of £1 each	3	3

Reserves

	Share premium £	Other capital reserve £	Total £
2019			
At 1 January	125,700,000	94,374,804	220,074,804
Capital contribution received during the year	-	1,707,292	1,707,292
At 31 December	125,700,000	96,082,096	221,782,096

On the 30th December 2019, the company received a £1,707,292 capital contribution from its parent company Hexagon AB, in order to provide a capital contribution to its 100% subsidiary Veripos Ltd.

14 Non-current Liabilities

	2019 £	2018 £
Amounts owed to related undertaking	85,000,000	85,000,000

The loan is due to the parent company Hexagon AB and incurs interest at 6.1% per annum. The loan is unsecured.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

15 Current Liabilities - Trade and other payables

	2019 £	2018 £
Amounts owed to parent company	10,418,882	11,385,698
Amounts owed to related undertaking	-	40,597
Other payables	11,357	11,173
	10,430,239	11,437,468

Amounts owed to parent company include loan interest accrued of £56,822 (2018: £5,241,822) and a cash pool payable balance of £10,362,060 (2018: £6,143,876).

16 Cash flow from operating activities

Reconciliation of net (loss)/profit to net cash generated from/(used in) operating activities:

	2019 £	2018 £
Net profit /(loss) attributable to the equity shareholder	1,006,721	(5,270,516)
Adjustments for:		
Investment income	-	-
Increase/(decrease) in trade and other payables	(1,007,229)	5,311,468
Cash generated from/(used in) operations	(508)	40,952

17 Related party transactions

The following tables provide the total value of transactions which have been entered into with related parties for the relevant financial year as well as outstanding balances at the year end. Transactions were at arm's length and in the ordinary course of business.

	Recharge of costs/purchases from related parties £	Interest payable to related parties £	Amounts owed to related parties £
2019			
Hexagon AB (parent company)	-	5,308,022	95,418,882
2018			
Hexagon AB (parent company)	-	5,257,500	96,385,698
AutonomouStuff LLC (subsidiary undertaking within the Veripos Ltd Group)	40,597	-	40,597

18 Post balance sheet events

In the light of the COVID-19 pandemic, the company initiated measures to accelerate operational efficiencies to support our long-term financial objectives. In the short-term, the company has implemented various actions that include shorter work weeks and reductions in discretionary spending. As a long term measure, in April 2020, a company-wide realignment of financial and non-financial resources programme began, looking to optimise resources to shifting market patterns across the business. To date we have re-allocated asset upgrade programmes to meet new business opportunities and identified work force adjustments across business locations to match changes in revenue streams following Covid-19 and the corresponding impact on the economy including commodity pricing. We continue to monitor the global situation and will further adjust our resource allocations accordingly.

The company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event.

Notes to the Financial Statements (continued)
For the year ended 31 December 2019

18 Post balance sheet events (continued)

The director is satisfied that Hexagon AB has sufficient liquidity and solvency to continue to support the company, even with the potential effects of Covid-19.

19 Controlling party

The company's immediate and ultimate parent company is Hexagon AB, registered at Lilla Bantorget 15, P.O. Box 3692, SE – 103 59 Stockholm, Sweden. Copies of the financial statements of Hexagon AB may be obtained from the Hexagon AB website, www.hexagon.com.

20 Shares in subsidiaries

Name of Subsidiary	Registered Office	Proportion of ownership interest held (All shares held are of one class)
Veripos Ltd	Veripos House, 1B Farburn Terrace, Dyce, Aberdeen, AB21 7DT, Scotland, UK	100%
Veripos Brasil Ltda	Avenida dos Bandeirantes, nº 2600 Salas 101 ate 110 Reduto da Paz, 28897-060 Rio das Ostras – RJ, Brazil	100%
Terrastar GNSS Limited	Veripos House, 1B Farburn Terrace, Dyce, Aberdeen, AB21 7DT, Scotland, UK	100%
Veripos Singapore Pte Ltd	1 Coleman Street #10-07, The Adelphi, Singapore 179803	100%
Veripos (US) Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA	100%
Veripos (Australia) Pty Ltd	35 Hay Street, Subiaco WA 6008 Australia	100%
Autonomous Stuff LLC	306 Erie Avenue, Morton, Illinois, 61550, USA	100%
AutonomouStuff GmbH	Bernhardstrasse 8, 76131, Karlsruhe, Germany	100%
Veripos de Mexico S.de.R.L.de C.V	Ave. Patriotismo N.587 4To Piso, Col. Noche Buena, 03901, Benito Juarez D.F., Mexico City, Mexico	75%
NovAtel Inc	Hexagon Calgary Campus, 10921 14 th Street NE, Calgary, Alberta, Canada, T3K 2L5	100%
NovAtel America Inc	Hexagon Calgary Campus, 10921 14 th Street NE, Calgary, Alberta, Canada, T3K 2L5	100%
Antcom Corporation	367 Van Ness Way, Suite 602 Torrance, California 90501	100%