

REGISTERED NUMBER: 10385568 (England and Wales)

Annual Report and
Consolidated Financial Statements
for the Year Ended 30 June 2018
for
Trak Global Group Limited



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for the Year Ended 30 June 2018

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Trak Global Group Limited

Company Information
for the Year Ended 30 June 2018

DIRECTORS:

N C Corrie
I V Bumstead

SECRETARY:

J Hulsken

REGISTERED OFFICE:

Global House
Westmere Drive
Crewe Business Park
Crewe
Cheshire
CW1 6ZD

REGISTERED NUMBER:

10385568 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
1 Hardman Square
Spinningfields
Manchester
M3 3EB

Strategic Report
for the Year Ended 30 June 2018

The directors present their strategic report for the Year Ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activities of the group are as follows:

- The design, development and sale of telematics solutions for motor vehicles in the insurance, rental, fleet and retail sectors; and
- insurance brokerage services specialising in the sale of telematics based motor insurance to young drivers

REVIEW OF BUSINESS

The group was created on 28 June 2017 when the parent company acquired the share capital of Trak (Global Solutions) Limited and Carrot Risk Technologies Limited. In order to facilitate the acquisitions, the parent company raised £15,000,000 of loan finance from its bankers. No material transactions had occurred by the end of the group's first accounting period. Further developments can be found on the next page.

CONTINUING OPERATIONS

All operations within the group are continuing.

PRINCIPAL RISKS AND UNCERTAINTIES

Business Environment and Technological Risk

To maintain its competitive position, the group invests significantly in research and development in respect of both existing products and services and the delivery to market of new and innovative offerings. This capability was further enhanced in the prior year by the establishment of Manchester based Trak Labs, its dedicated innovation hub. To maintain its competitive position in the young driver motor insurance market, the group commits significant resources to developing new and innovative insurance products.

Operational Risk

The group's operational systems and processes are designed to ensure all operational risks are managed appropriately and include off-site back-up and recovery processes for all telematics unit data and financial and operational data.

Credit Risk

The group manages its credit risk via the employment of credit limits, regular credit reviews, and by ensuring no undue reliance on any single customer or sector.

Liquidity Risk

The group finances its activities via shareholder equity and existing cash balances. Working capital headroom is provided by a combination of operational cash surpluses and bank overdraft facilities. The group finances its investment activities via bank loans, repayments of which are to be funded out of the cash generated by the group. The group holds all insurer monies in an insurer trust account maintained separately to its own working capital. The group finances its activities through shareholder equity and existing cash balances.

Strategic Report
for the Year Ended 30 June 2018

Regulatory Risk

A subsidiary within the group is regulated by the Financial Conduct Authority. In order to manage regulatory risk, the subsidiary maintains a compliance team separate to its operational personnel, undertakes audits in conjunction with its regulatory advisor and is subject to periodic review by each of its underwriting insurers.

The UK Leaving the European Union

The group is well placed to manage changes resulting from Brexit, given the UK subsidiaries work with UK insurance underwriters and UK consumers, and procure the vast majority of goods from UK based suppliers. The acquisition of the business of IMS in Canada and USA in December 2018 provides the group with diversification of geographical markets and potentially a route into the EU market from Canada's free trade agreements.

RESEARCH AND DEVELOPMENT

The group continues, and will continue into the future, to invest in developing a new and improved technology platform and data analysis tools. The amount spent on research and development during the year, including salaries to staff engaged in research and development activities, amounted to £1,139,861 (2017: £626,509). This amount includes capitalised development costs of £455,708 (2017: £nil).

FUTURE DEVELOPMENTS

On 14 December 2018, the group acquired the business and assets of Intelligent Mechatronic Systems Inc. "IMS" (in receivership). Based on post acquisition trading, the Directors are very confident that this acquisition will contribute positively to the group's profitability going forward. The group borrowed a further £5m from HSBC to fund this acquisition.

ON BEHALF OF THE BOARD:



.....
N C Corrie - Director

Date: 29 March 2019

Directors' Report
for the Year Ended 30 June 2018

The directors present their report and the audited financial statements of the group for the Year Ended 30 June 2018.

PRICIPAL ACTIVITIES

The principal activities and future developments relating to the group's business are considered within the Strategic Report.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2018 (2017: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2017 to the date of this report.

N C Corrie

Other changes in directors holding office are as follows:

I V Bumstead - appointed 27 April 2018

QUALIFYING THIRD PARTY AND PENSION INDEMNITY PROVISIONS

The group has no third party or qualifying pension indemnity provisions in place for its directors.

CHARITABLE DONATIONS

Charitable donations made in the year ended 30 June 2018 amounted to £19,208 (2017: £nil).

RESEARCH AND DEVELOPMENT

A summary of the company's research and development activities is included within the Strategic Report.

ACQUISITION OF SUBSIDIARIES IN THE YEAR ENDED 30 JUNE 2017

The provisional goodwill included in the prior year was restated during the year following the identification of the separable intangibles acquired. Further information can be found in note 10.

FUTURE DEVELOPMENTS

A summary of the company's future developments is included within the Strategic Report.

FINANCIAL RISK MANAGEMENT

A summary of the company's financial risk management is included within the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Directors' Report
for the Year Ended 30 June 2018

DIRECTORS' RESPONSIBILITIES – continued

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

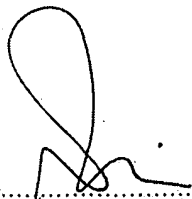
In the case of each director in office at the date the Directors' Report is approved:

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

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and the auditors will therefore be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
N C Corrie - Director

Date: 29 March 2019

Report on the audit of the financial statements

Opinion

In our opinion, Trak Global Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheet as at 30 June 2018; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Independent Auditors' Report to the Members of
Trak Global Group Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 director either intends to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of
Trak Global Group Limited

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Kate Finn

Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 March 2019

Consolidated Statement of Comprehensive Income
for the Year Ended 30 June 2018

		Year Ended 30.6.18		Period 20.9.16 to 30.6.17	
	Note	£	£	£	£
TURNOVER	4		24,857,151		-
Cost of sales			(13,976,229)		-
GROSS PROFIT			10,880,922		-
Distribution costs		(11,504)		-	
Administrative expenses		(16,745,744)		(60,839)	
			(16,757,248)		(60,839)
			(5,876,326)		(60,839)
Other operating income			479,721		-
OPERATING LOSS	6		(5,396,605)		(60,839)
Interest receivable and similar income	7		3,761		-
Interest payable and similar expenses	8		(942,695)		-
LOSS BEFORE TAXATION			(6,335,539)		(60,839)
Tax on loss	9		171,024		11,559
LOSS FOR THE FINANCIAL YEAR			(6,164,515)		(49,280)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			-		-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR			(6,164,515)		(49,280)

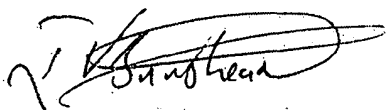
Consolidated Balance Sheet
30 June 2018

		30.6.18		(Restated) 30.6.17	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	10		37,286,484		44,539,492
Tangible assets	11		<u>961,077</u>		<u>491,493</u>
			38,247,561		45,030,985
CURRENT ASSETS					
Stocks	13	925,373		1,505,151	
Debtors	14	6,036,698		4,397,701	
Cash at bank and in hand	15	<u>6,251,712</u>		<u>4,892,604</u>	
		13,213,783		10,795,456	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>18,229,153</u>		<u>14,672,634</u>	
NET CURRENT LIABILITIES			<u>(5,015,370)</u>		<u>(3,877,178)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			33,232,191		41,153,807
CREDITORS:					
Amounts falling due after more than one year	17		(12,536,137)		(13,788,014)
PROVISIONS FOR LIABILITIES	22		<u>(2,871,889)</u>		<u>(3,377,284)</u>
NET ASSETS			<u>17,824,165</u>		<u>23,988,509</u>

Consolidated Balance Sheet - continued
30 June 2018

	Note	30.6.18	30.6.17
		£	£
CAPITAL AND RESERVES			
Called up share capital	23	37,628	37,789
Capital redemption reserve		332	-
Other reserves		24,000,000	24,000,000
Accumulated losses		<u>(6,213,795)</u>	<u>(49,280)</u>
TOTAL EQUITY		<u>17,824,165</u>	<u>23,988,509</u>

The financial statements on pages 9 to 43 were approved by the Board of Directors on 29 March 2019 and were signed on its behalf by:




.....
I V Bumstead – Director

Company Balance Sheet
30 June 2018

		30.6.18		(Restated) 30.6.17	
	Note	£	£	£	£
FIXED ASSETS					
Investments	12		39,634,700		43,171,689
CURRENT ASSETS					
Debtors	14	711,588		1,082,153	
Cash at bank and in hand	15	<u>36,943</u>		<u>-</u>	
		748,531		1,082,153	
CREDITORS:					
Amounts falling due within one year	16	<u>8,087,792</u>		<u>6,765,333</u>	
NET CURRENT LIABILITIES			<u>(7,339,261)</u>		<u>(5,683,180)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,295,439		37,488,509
CREDITORS:					
Amounts falling due after more than one year	17		<u>(12,375,000)</u>		<u>(13,500,000)</u>
NET ASSETS			<u>19,920,439</u>		<u>23,988,509</u>
CAPITAL AND RESERVES					
Called up share capital	23		37,628		37,789
Capital redemption reserve			332		-
Other reserves			24,000,000		24,000,000
Accumulated losses			<u>(4,117,521)</u>		<u>(49,280)</u>
TOTAL EQUITY			<u>19,920,439</u>		<u>23,988,509</u>

The financial statements on pages 9 to 43 were approved by the Board of Directors on 29 March 2019 and were signed on its behalf by:


.....
I V Bumstead – Director

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2018

	Called up share capital £	Accumul- ated losses £	Capital redemption reserve £	Other reserves £	Total equity £
Transactions with owner					
Issue of share capital	37,789	-	-	-	37,789
Loss for the year and total comprehensive loss	-	(49,280)	-	-	(49,280)
As previously stated	37,789	(49,280)	-	-	(11,491)
Share-based payments	-	-	-	24,000,000	24,000,000
As restated at 30 June 2017	<u>37,789</u>	<u>(49,280)</u>	<u>-</u>	<u>24,000,000</u>	<u>23,988,509</u>
Transactions with owner					
Issue of share capital	171	-	-	-	171
Cancellation of share capital	(332)	-	332	-	-
Los for the year and total comprehensive expense	-	(6,164,515)	-	-	(6,164,515)
Balance at 30 June 2018	<u>37,628</u>	<u>(6,213,795)</u>	<u>332</u>	<u>24,000,000</u>	<u>17,824,165</u>

Company Statement of Changes in Equity
for the Year Ended 30 June 2018

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
Transactions with owner					
Issue of share capital	37,789	-	-	-	37,789
Loss for the year and total comprehensive expense	-	(49,280)	-	-	(49,280)
As previously stated	37,789	(49,280)	-	-	(11,491)
Share-based payments	-	-	-	24,000,000	24,000,000
As restated at 30 June 2017	<u>37,789</u>	<u>(49,280)</u>	<u>-</u>	<u>24,000,000</u>	<u>23,988,509</u>
Transactions with owner					
Issue of share capital	171	-	-	-	171
Cancellation of share capital	(332)	-	332	-	-
Loss for the year and total comprehensive expense	-	(4,068,241)	-	-	(4,068,241)
Balance at 30 June 2018	<u>37,628</u>	<u>(4,117,521)</u>	<u>332</u>	<u>24,000,000</u>	<u>19,920,439</u>

Consolidated Cash Flow Statement
for the Year Ended 30 June 2018

		Year Ended 30.6.18 £	Period 20.9.16 to 30.6.17 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	27	4,496,815	(300,000)
Interest paid		(450,900)	-
Tax paid		(443,964)	-
Net cash from operating activities		<u>3,601,951</u>	<u>(300,000)</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of Cash acquired		-	(9,820,510)
Purchase of intangible fixed assets		(522,846)	-
Purchase of tangible fixed assets		(630,197)	-
Sale of tangible fixed assets		31,500	-
Interest received		<u>3,761</u>	-
Net cash from investing activities		<u>(1,117,782)</u>	<u>(9,820,510)</u>
Cash flows from financing activities			
Bank loans		-	15,000,000
Bank loan repayments		(1,125,000)	-
Finance lease repayments		(71,347)	-
Amounts loaned by shareholders		71,115	-
Share issue		<u>171</u>	<u>13,114</u>
Net cash from financing activities		<u>(1,125,061)</u>	<u>15,013,114</u>
Increase in cash and cash equivalents		<u>1,359,108</u>	<u>4,892,604</u>
Cash and cash equivalents at beginning of period	28	<u>4,892,604</u>	-
Cash and cash equivalents at end of period	28	<u><u>6,251,712</u></u>	<u><u>4,892,604</u></u>

The notes on pages 15 to 43 form part of these financial statements

Notes to the Financial Statements
for the Period to 30 June 2018

1. STATUTORY INFORMATION

Trak Global Group Limited is a private company, limited by shares, incorporated and registered in the United Kingdom. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

The financial statements of Trak Global Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006. Accounting policies have been applied consistently other than where new policies have been adopted.

The preparation of financial statements requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Basis of consolidation

The group financial statements consolidate the financial statements of Trak Global Group Limited and its subsidiaries, Trak (Global Solutions) Limited and Carrot Risk Technologies Limited drawn up to 30 June 2018.

No statement of comprehensive income is presented for Trak Global Group Limited as permitted by section 408 of the Companies Act 2006. Trak Global Group Limited's loss (2017: loss) for the period was £4,068,241 (2017: £49,280).

Going concern

The group generates sufficient cash to meet its day-to-day working capital requirements. The directors' forecasts and projections show that the group should be able to operate within its cash generation. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and continues to adopt the going concern basis in preparing the financial statements. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgements and estimates

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. ACCOUNTING POLICIES - continued

(i) Revenue arrangements with multiple deliverables

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using the fair value principle of cost plus a reasonable margin. The fair values determined for deliverables may impact the timing of the recognition of revenue. Determining the fair value of each deliverable can require complex estimates. The company generally determines the appropriate margin to be applied to the cost based on prices at which the deliverable is sold on a stand-alone basis, where available, or reasonable estimates based on other market data. The margin may vary from time to time in accordance with significant changes to selling price or cost.

(ii) Intangible assets (note 10)

The group has significant indefinite lived intangible assets and goodwill at 30 June 2018 as a result of the acquisition of Trak (Global Solutions) Limited and Carrot Risk Technologies Limited. Indefinite lived intangible assets include technology, brand and customer related intangible assets. Technology and brand related assets have been valued using the royalty approach and customer related intangibles using the multi period excess earnings method. These valuation methods involve the preparation of discounted cash flow projections, which require an estimate of both future operating cash flows and appropriate discount and royalty rate. Such estimates are inherently subjective and can have a material impact on the results of the impairment test.

(iii) Useful economic lives of tangible assets (note 11)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(iv) Impairment of investments (note 12)

Investments made in subsidiaries are assessed for impairment on an annual basis. The assessments take into account the trading performance of each subsidiary and changes to the business environment in which they operate.

(v) Stock provisioning (note 13)

The group designs and sells telematic units and is subject to changing consumer demands and technological advances. As a result it is necessary to consider the recoverability of the cost of these units and the associated provisioning required.

When calculating the stock provision, management considers the nature and condition of the units, as well as applying assumptions around anticipated saleability of those units.

(vi) Impairment of debtors (note 14)

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. ACCOUNTING POLICIES - continued

(vii) Warranty provisioning (note 22)

The group is responsible for the remediation of any technical faults relating to the sale of telematics units. In the majority of instances, the warranty period lasts for 12 months and begins at the date of sale to the customer. No provision has been made in relation to this as the group has a back-to-back contractual arrangement with the supplier to cover these costs as they arise.

(viii) Policy cancellation provisioning (note 22)

Provision is made for commission clawbacks in respect of cancelled policies. These provisions require management's best estimate of the clawbacks that will be incurred based on contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(ix) Dilapidation provisioning (note 22)

The company is responsible for remediating wear and tear of its offices at the end of the lease term. When making the provision, management considers the current condition of the office and provides an amount each year on a straight line basis until the end of the lease term.

(x) Deferred tax provisioning (note 22)

Deferred tax is recognised on all timing differences at the reporting date. The company's timing differences predominantly arise on the differing tax and accounting carrying values of tangible assets. Judgement is exercised by management in determining the useful economic lives and residual values of tangible assets which is relevant in calculating the value of deferred tax liabilities or assets.

Turnover and income recognition

Turnover represents the value of goods and services provided during the year, excluding value added tax and net of income deferrals to be set against future costs.

The company employs the income recognition policies detailed below in respect of its revenue streams. The company also earns revenue from hosting, monitoring and development but these streams are immaterial and therefore not disclosed separately.

(i) Sale of hardware

Revenue generated from hardware sales is recognised when the company receives the right to consideration. The right to consideration is received when the customer enters into a non-cancellable agreement with the company to provide the hardware.

(ii) Installation services

Revenue generated from installation services is recognised when the company receives the right to consideration. The right to consideration is received when the customer enters into a non-cancellable agreement with the company to install the hardware.

(iii) Data services

Revenue generated from providing data services is recognised on a straight line basis over the period of the data services contract. When data revenue is received up front it is deferred and recognised over the life of the contract. This ensures that the data services income is matched against the respective costs, which arise on a monthly basis.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. **ACCOUNTING POLICIES - continued**

Turnover and income recognition - continued

(iv) Commission derived from insurance brokerage

Commission generated from underwriters is recognised at the point the customer enters into an agreement to purchase the policy.

In the event of a policy being cancelled prior to the end of the policy year, the company has to repay commission it has received on a pro rata basis. The company provides for commission repayments based on a cancellation rate determined from the company's own observations of the policies it brokers. The provision is recognised at the point a policy is sold and is released from the balance sheet proportionately as the policy year expires. Turnover is stated net of this provision.

(v) Brokerage ancillary services

Revenue generated from ancillary insurance services, such as administration, finance, breakdown and credit hire, is recognised in full at the point the company is formally engaged to perform the ancillary services.

(vi) Revenue arrangements with multiple deliverables

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. The arrangement consideration is allocated uniformly to each separate unit of accounting based on its fair value which is determined to be the cost plus a reasonable margin.

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented within intangible assets. The measurement of goodwill at initial recognition is the difference between the fair value of consideration and the fair value of assets and liabilities acquired. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Intangible assets other than goodwill

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangibles acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Patents	- 33% to 100% on cost
Licences	- 33% to 100% on cost
Development costs	- 100% on cost
Brand names	- 6.67% to 10% on cost
Technology	- 10% on cost
Ongoing contracts	- 10% to 17% on cost

Development costs are capitalised when technical and economic feasibility is confirmed and it is expected that the intangible asset is expected to generate future cash flows.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 10% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 50% on cost
Computer equipment	- 33% on cost
Plant and machinery	- 25% on cost

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses. Investments are assessed for impairment on an annual basis. If an investment is impaired, an impairment charge is recognised in the profit and loss account.

Stocks

Stocks are valued at the lower of cost and selling price less costs to sell, after making due allowance for obsolete and slow moving items. Stock is assessed for impairment on an annual basis. If an item is impaired, an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Taxation

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with a maturity date of three months or less.

Share capital

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. ACCOUNTING POLICIES - continued

Foreign currencies

The group's functional and presentational currency is pound sterling.

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

At each statement of financial position date 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 the profit and loss account.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Units provided to customers under operating leases

Units provided to customers under operating leases are capitalised as plant and machinery and depreciated over the useful economic life of the unit, which is set at 4 years.

The units are leased under cancellable contracts and can be returned at any point. As such, no disclosure of future rental income has been made.

Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Such leases are capitalised at commencement of the lease at fair value or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Capitalised finance lease assets are depreciated over the shorter of the lease term and the estimated useful life of the asset and are annually assessed for impairment.

The capital element of finance leases is recorded as a liability at commencement of the lease. Lease payments are apportioned between capital repayment and finance charge using the effective interest rate method.

The liability is subsequently carried at amortised cost, using the effective interest rate method.

Further information on finance leases can be obtained from note 19.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the outflows expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The subsequent increase in the provision due to passage of time is recognised as a finance cost.

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

3. ACCOUNTING POLICIES - continued

Financial instruments - continued

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share-based payments

The group grants equity-settled share-based payments to employees through an enterprise management incentive scheme.

The fair value of these equity-settled transactions is determined at the grant date and, if material, is recognised as an employee expense through profit and loss on a straight line basis over the exercise period. The corresponding credit is recognised in equity. Due to the non-marketability of the group's shares, the fair value at the grant date is determined through an independent valuation of the shares on the grant date.

Where the share-based payments give rise to the issue of new share capital upon exercise, the proceeds received by the company are credited to share capital and, where proceeds exceed the nominal value of the shares, to share premium.

The group does not operate any cash-settled share-based payments schemes or share-based payment transactions with cash alternatives.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

4. TURNOVER

The turnover and loss (2017: loss) before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Telematic services	19,385,171	-
Insurance brokerage	5,471,980	-
	<hr/>	<hr/>
	<u>24,857,151</u>	<u>-</u>

An analysis of turnover by geographical market is given below:

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
United Kingdom	24,622,753	-
Middle East	118,129	-
Europe	<u>116,269</u>	<u>-</u>
	<u>24,857,151</u>	<u>-</u>

5. EMPLOYEES AND DIRECTORS

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Wages and salaries	6,174,034	-
Social security costs	601,940	-
Other pension costs	<u>45,448</u>	<u>-</u>
	<u>6,821,422</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

5. EMPLOYEES AND DIRECTORS - continued

During the year the group granted 119,734 C Ordinary share options to employees and 88,200 C Ordinary share options to directors. The fair value of these share options, calculated by reference to the rights attaching to C Ordinary shares and the valuation of the group at the year end, is immaterial and therefore no adjustment for share-based payment is included in wages. For further information on share options refer to note 24.

The average monthly number of employees during the year was as follows:

	Year Ended 30.6.18	Period 28.6.17 to 30.6.17
Group management	9	-
Telematic unit Installation engineers	13	-
Brokerage operations	67	-
Administration, finance, sales & R&D	<u>112</u>	<u>-</u>
	<u>201</u>	<u>-</u>

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services during the year was £1,389,943 (2017: £nil).

Long-term benefits

No post-employment or long-term incentive scheme benefits are accruing for any of the directors.

Directors' emoluments

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Remuneration	520,253	-
Benefits in kind	28,082	-
Pension contributions to money purchase schemes	<u>2,556</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

5. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

	Year Ended 30.6.18	Period 28.6.17 to 30.6.17
Money purchase schemes	<u>7</u>	<u>-</u>

Information regarding the highest paid director is as follows:

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Emoluments	104,096	-
Pension contributions to money purchase schemes	<u>464</u>	<u>-</u>

6. OPERATING LOSS

The operating loss (2017: operating loss) is stated after charging/(crediting):

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Other operating leases	332,589	-
Depreciation - owned assets	489,811	-
Depreciation - assets on finance leases	138,551	-
Amortisation and impairments – goodwill	4,988,475	-
Amortisation and impairments – brand names	1,280,411	-
Amortisation and impairments – other intangibles	1,506,968	-
Profit on disposal of fixed assets	(28,096)	-
Consultancy, legal and professional fees	605,543	50,214
IT consumables and hosting	148,219	-
Research and development	615,786	-
Bad debts	245,109	-
Charitable donations	19,208	-
Auditors' remuneration	<u>60,950</u>	<u>-</u>

The other constituent costs that form administrative expenses are of relatively low value.

Auditors' remuneration

The auditors' remuneration from the group in respect of auditing the consolidated financial statements and the financial statements of the subsidiaries amounted to £60,950 (2017: £41,450).

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

6. **OPERATING LOSS - continued**

Auditors' remuneration - continued

The auditors' fees from corporate finance and tax advisory services in the period amounted to £nil (2017: £231,384) and £17,000 (2017: £60,000) respectively.

7. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Deposit account interest	<u>3,761</u>	<u>-</u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Bank interest	1,641	-
Finance lease interest	14,550	-
Bank loan interest	700,111	-
Shareholder loan interest	<u>226,393</u>	<u>-</u>
	<u>942,695</u>	<u>-</u>

9. **TAX ON LOSS**

Analysis of the tax credit

The tax credit (2017: credit) on the loss (2017: loss) for the year was as follows:

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Current tax:		
UK corporation tax	(157,494)	-
Deferred tax	<u>(13,530)</u>	<u>(11,559)</u>
Tax on loss	<u>(171,024)</u>	<u>(11,559)</u>

UK corporation tax has been charged at 19%.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

9. **TAX ON LOSS - continued**

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Loss before taxation	(6,335,539)	(60,839)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.68%)	(1,203,752)	(11,973)
Effects of:		
Expenses not deductible for tax purposes	680,124	-
Amortisation of intangibles acquired upon business combination	781,770	-
Capital allowances in excess of depreciation	(47)	-
Depreciation in excess of capital allowances	43,336	-
R&D adjustments and tax credit	(281,545)	-
Timing differences on the employer pension creditor	463	-
R&D tax credit underprovided in previous years	(177,843)	-
Trading losses carried forward	-	11,973
Deferred tax	(13,530)	(11,559)
Total tax/(tax credit)	(171,024)	(11,559)

A reduction to the UK Corporation Tax rate has been substantively enacted as part of the Finance Bill 2016. This enactment reduces the rate of Corporation Tax to 17% on 1 April 2020. Deferred tax assets and liabilities reflect this rate as appropriate.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

10. INTANGIBLE FIXED ASSETS

	Goodwill £	Techn- ology £	Brand names £	Ongoing contracts £
COST				
At 1 July 2017 (Restated)	28,952,856	6,742,395	5,552,922	3,222,966
Additions	-	-	-	-
At 30 June 2018	<u>28,952,856</u>	<u>6,742,395</u>	<u>5,552,922</u>	<u>3,222,966</u>
ACCUMULATED AMORTISATION				
At 1 July 2017 (Restated)	-	-	-	-
Charge for year	2,631,475	674,240	436,411	372,458
Impairment charge for year	<u>2,357,000</u>	-	<u>844,000</u>	<u>335,989</u>
At 30 June 2018	<u>4,988,475</u>	<u>674,240</u>	<u>1,280,411</u>	<u>708,447</u>
NET BOOK VALUE				
At 30 June 2018	<u>23,964,381</u>	<u>6,068,155</u>	<u>4,272,511</u>	<u>2,514,519</u>
At 30 June 2017 (Restated)	<u>28,952,856</u>	<u>6,742,395</u>	<u>5,552,922</u>	<u>3,222,966</u>
		Develop- ment costs £	Patents and licences £	Totals £
COST				
At 1 July 2017 (Restated)		-	68,353	44,539,492
Additions		455,708	67,138	522,846
Disposals		-	(36,364)	(36,364)
At 30 June 2018		<u>455,708</u>	<u>99,127</u>	<u>45,025,974</u>
ACCUMULATED AMORTISATION				
At 1 July 2017 (Restated)		-	-	-
Charge for year		47,198	77,083	4,238,865
Impairment charges for year		-	-	3,536,989
Eliminated on disposal		-	(36,364)	(36,364)
At 30 June 2018		<u>47,198</u>	<u>40,719</u>	<u>7,739,490</u>
NET BOOK VALUE				
At 30 June 2018		<u>408,510</u>	<u>58,408</u>	<u>37,286,484</u>
At 30 June 2017 (Restated)		-	68,353	<u>44,539,492</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

10. **INTANGIBLE FIXED ASSETS - continued**

Goodwill arising on investment in wholly-owned group undertakings

The companies detailed below were acquired during the prior period. The consideration for the acquisition was understated in the prior year as the shares issued to acquire the companies were not measured at fair value. The comparatives have been restated to increase the consideration paid for the companies by £24,000,000 to £42,850,000. The provisional allocation of the cost of the acquisition to the identifiable assets and liabilities acquired was completed in 2018 within twelve months of the date of acquisition and prior year comparatives have been restated accordingly. The provisional goodwill recognised in the prior year, amounting to £17,833,031, has been restated to £28,952,856. In addition to goodwill, the other intangibles recognised amounted to £15,518,283 and comprised technology (£6,742,395), brand names (£5,552,922) and ongoing contracts (£3,222,966).

Trak (Global Solutions) Limited

On 28 June 2017 the group acquired Trak (Global Solutions) Limited for a consideration of £33,000,000 (restated from £15,000,000). Consideration has been satisfied by an £11,250,000 payment of cash, issued loan notes of £3,750,000 and the issue of shares in the parent with a fair value of £18,000,000 (restated from £nil). The investment in Trak (Global Solutions) Limited has been included in the company's balance sheet at this amount. The analysis of the acquisition of Trak (Global Solutions) Limited is provided below.

Net assets at date of acquisition:

	Book value £	Fair value adjustments £	Fair value to group £
Intangible assets	68,353	13,128,617	(a) 13,196,970
Tangible fixed assets	491,494	-	491,494
Stocks	1,505,151	-	1,505,151
Debtors	2,667,711	-	2,667,711
Cash	2,636,039	-	2,636,039
Creditors due within one year	(5,835,127)	-	(5,835,127)
Creditors due in more than one year	(288,014)	-	(288,014)
Provisions	(403,669)	-	(403,669)
Deferred tax	992	(2,231,865)	(b) (2,230,873)
	<u>842,930</u>	<u>10,896,752</u>	11,739,682
Goodwill arising on acquisition			<u>21,516,304</u>
			<u>33,255,986</u>
Discharged by:			
Fair value of shares issued			18,000,000
Cash			11,250,000
Loan notes			3,750,000
Costs associated with the acquisition			<u>255,986</u>
			<u>33,255,986</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

10. INTANGIBLE FIXED ASSETS – continued

- (a) The fair values of the company brand, technology and ongoing contracts upon acquisition were identified to be £3,566,443, £6,742,395 and £2,819,779 respectively.
(b) The deferred taxation arising on fair value adjustments.

Carrot Risk Technologies Limited

On 28 June 2017 the group acquired Carrot Risk Technologies Limited for a consideration of £9,850,000 (restated from £3,850,000). Consideration has been satisfied by a £2,600,000 payment of cash, issued loan notes of £1,250,000 and the issue of shares in the parent with a fair value of £6,000,000 (restated from £nil). The investment in Carrot Risk Technologies Limited has been included in the company's balance sheet at this amount. The analysis of the acquisition of Carrot Risk Technologies Limited is provided below.

Net assets at date of acquisition:

	Book value £	Fair value adjustments £	Fair value to group £
Intangible fixed assets	-	2,389,666 (a)	2,389,666
Debtors	1,528,117	-	1,528,117
Cash	2,256,565	-	2,256,565
Creditors due within one year	(2,952,813)	-	(2,952,813)
Provisions	(336,499)	-	(336,499)
Deferred tax	358	(406,243) (b)	(405,885)
	<u>495,728</u>	<u>1,983,423</u>	2,479,151
Goodwill arising on acquisition			<u>7,436,552</u>
			<u>9,915,703</u>
Discharged by:			
Fair value of shares issued			6,000,000
Cash			2,600,000
Loan notes			1,250,000
Costs associated with the acquisition			<u>65,703</u>
			<u>9,915,703</u>

- (a) The fair value of the company brand and ongoing contracts upon acquisition were identified to be £1,986,479 and £403,187 respectively.
(b) The deferred taxation arising on fair value adjustments.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

11. TANGIBLE ASSETS

	Improvements to property £	Fixtures and fittings £	Motor vehicles £
COST			
At 1 July 2017	5,202	133,159	204,706
Additions	-	4,222	9,435
Disposals	-	-	(84,790)
At 30 June 2018	<u>5,202</u>	<u>137,381</u>	<u>129,351</u>
ACCUMULATED DEPRECIATION			
At 1 July 2017	-	-	-
Charge for year	552	117,333	160,712
Eliminated on disposal	-	-	(81,386)
At 30 June 2018	<u>552</u>	<u>117,333</u>	<u>79,326</u>
NET BOOK VALUE			
At 30 June 2018	<u>4,650</u>	<u>20,048</u>	<u>50,025</u>
At 30 June 2017	<u>5,202</u>	<u>133,159</u>	<u>204,706</u>
	Plant and machinery £	Computer equipment £	Totals £
COST			
At 1 July 2017	-	148,426	491,493
Additions	369,195	247,345	630,197
Disposals	-	(36,178)	(120,968)
Reclassification from stock	<u>471,153</u>	-	<u>471,153</u>
At 30 June 2018	<u>840,348</u>	<u>359,593</u>	<u>1,471,875</u>
ACCUMULATED DEPRECIATION			
At 1 July 2017	-	-	-
Charge for year	210,087	139,678	628,362
Eliminated on disposal	-	(36,178)	(117,564)
At 30 June 2018	<u>210,087</u>	<u>103,500</u>	<u>510,798</u>
NET BOOK VALUE			
At 30 June 2018	<u>630,261</u>	<u>256,093</u>	<u>961,077</u>
At 30 June 2017 (Restated)	<u>-</u>	<u>148,427</u>	<u>491,493</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

11. TANGIBLE FIXED ASSETS - continued

Plant and machinery represents units provided to customers under operating leases. These units are leased under cancellable contracts.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 July 2017	67,536	99,625	167,161
Transfer to ownership	-	(17,123)	(17,123)
At 30 June 2018	<u>67,536</u>	<u>82,502</u>	<u>150,038</u>
ACCUMULATED DEPRECIATION			
At 1 July 2017	-	-	-
Charge for year	67,536	71,015	138,551
Transfer to ownership	-	(17,123)	(17,123)
At 30 June 2018	<u>67,536</u>	<u>53,892</u>	<u>121,428</u>
NET BOOK VALUE			
At 30 June 2018	<u>-</u>	<u>28,610</u>	<u>28,610</u>
At 30 June 2017	<u>67,536</u>	<u>99,625</u>	<u>167,161</u>

12. INVESTMENTS

Parent company

Subsidiary
undertakings
£

COST

At 1 July 2017 (Restated)
and 30 June 2018

43,171,689

IMPAIRMENTS

At 1 July 2017 (Restated)
Impairment charge for year

-
3,536,989

At 30 June 2018

3,536,989

NET BOOK VALUE

At 30 June 2018

39,634,700

At 30 June 2017 (Restated)

43,171,689

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

12. INVESTMENTS – continued

An impairment review of the investments in subsidiaries was undertaken after the balance sheet date and impairments totalling £3,536,989 (2017: £nil) were identified. The review took into consideration the discounted cash flows forecasted in the subsidiaries.

Details of the investments in which the parent company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Voting rights held	Nature of business
Trak (Global Solutions) Limited	Ordinary shares	100%	Telematics
Carrot Risk Technologies Limited	Ordinary shares	100%	Insurance brokerage

13. STOCKS

	Year Ended 30.6.18 £	Period 28.6.17 to 30.6.17 £
Finished goods	<u>925,373</u>	<u>1,505,151</u>

Stock is stated after provisions for impairment of £nil (2017: £nil).

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<i>Group</i>	30.6.18 £	30.6.17 £
Trade debtors	3,894,588	3,014,654
Other debtors	1,177,658	478,570
Directors' loan accounts	1,144	944
Deferred tax asset	26,439	12,908
Accrued income	179,923	87,537
Prepayments	<u>756,946</u>	<u>803,088</u>
	<u>6,036,698</u>	<u>4,397,701</u>

A component of trade debtors relates to monies owed from the third party premium finance provider, amounting to £521,185 (2017: £755,349).

Trade debtors are stated after provisions for bad debts amounting to £1,140,964 (2017: £1,097,263).

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The major constituents of other debtors are a repayable research and development tax credit amounting to £380,745 (2017: £190,605), tax due to be repaid on loans given to participators amounting to £175,240 (2017: £175,240) and other monies due to be remitted by the main insurers amounting to £620,830 (2017: £71,935).

Directors' current accounts and amounts owed by group undertakings are unsecured, interest free and repayable on demand. No guarantees have been given in either case.

Parent company

	30.6.18	30.6.17
	£	£
Amounts owed by group undertakings	480,000	767,594
Other debtors	171	3,000
Deferred tax asset	11,774	11,559
Prepayments	<u>219,643</u>	<u>300,000</u>
	<u>711,588</u>	<u>1,082,153</u>

The amount owed by group undertakings represents the trade debtor in respect of management services provided by the parent. The trade debtor is unsecured, due in 90 days and no guarantees have been given. The amount owed by group undertakings in the previous year related to loans provided to a group company.

15. CASH AT BANK AND IN HAND

Group

	30.6.18	30.6.17
	£	£
Bank deposit account	3,230,447	3,698,957
Bank current account	<u>3,021,265</u>	<u>1,193,647</u>
	<u>6,251,712</u>	<u>4,892,604</u>

Parent company

	30.6.18	30.6.17
	£	£
Bank deposit account	312	-
Bank current account	<u>36,631</u>	<u>-</u>
	<u>36,943</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Group

	30.6.18	30.6.17
	£	£
Bank loans (see note 18)	1,500,000	1,500,000
Finance leases (see note 19)	59,993	73,555
Payments on account	28,802	80,672
Trade creditors	3,044,691	2,693,694
Tax	20,349	437,585
Other taxation and social security	207,641	195,052
VAT	710,088	365,519
Other creditors	5,218,628	1,603,700
Amounts due to related parties	3,783,795	3,712,680
Director's current accounts	1,262,645	1,262,645
Deferred income	995,851	1,285,792
Accruals	<u>1,396,670</u>	<u>1,461,740</u>
	<u>18,229,153</u>	<u>14,672,634</u>

The main component of other creditors is other monies to be remitted to the main insurers amounting to £5,199,145 (2017: £1,576,187).

The amounts due to related parties, including director current accounts, amounts to £5,046,440 (2017: £4,975,325) and represents loan notes issued in respect of the acquisition of the subsidiary undertakings. The amount is unsecured, repayable on demand and no guarantees have been given. The loans are subject to interest at a rate of 4% above the Bank of England base rate.

Parent company

	30.6.18	30.6.17
	£	£
Bank loans (see note 18)	1,500,000	1,500,000
Trade creditors	33,061	18,214
Amounts owed to group undertakings	800,889	-
Other taxation and social security	87,049	-
VAT	171,364	-
Amounts due to related parties	3,783,795	3,712,680
Director's current accounts	1,262,645	1,262,645
Accruals	<u>448,989</u>	<u>271,794</u>
	<u>8,087,792</u>	<u>6,765,333</u>

The main component of the amount owed to group undertakings represents loans received from group companies amounting to £800,000 (2017: £nil). The loan is interest-free, unsecured, repayable on demand and no guarantees have been given.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group

	30.6.18	30.6.17
	£	£
Bank loans (see note 18)	12,375,000	13,500,000
Finance leases (see note 19)	101,867	159,652
Deferred income	<u>59,270</u>	<u>128,362</u>
	<u>12,536,137</u>	<u>13,788,014</u>

Parent company

	30.6.18	30.6.17
	£	£
Bank loans (see note 18)	<u>12,375,000</u>	<u>13,500,000</u>

18. LOANS

Bank loans repayable, included within creditors, are analysed as follows:

	30.6.18	30.6.17
	£	£
Amounts falling due within one year	1,500,000	1,500,000
Amounts falling due between 2-5 years	<u>12,375,000</u>	<u>13,500,000</u>
	<u>13,875,000</u>	<u>15,000,000</u>

Further detail on each loan facility is provided below:

	30.6.18	30.6.17
	£	£
3.75% above LIBOR secured loan of £7,500,000		
- Repayable in quarterly instalments from 1 October 2017	6,375,000	7,500,000
4.25% above LIBOR secured loan of £7,500,000		
- Repayable on 28 June 2022	<u>7,500,000</u>	<u>7,500,000</u>
	<u>13,875,000</u>	<u>15,000,000</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	30.6.18	30.6.17
	£	£
Gross obligations repayable:		
Within one year	69,142	90,054
Between one and five years	<u>109,343</u>	<u>175,821</u>
	<u>178,485</u>	<u>265,875</u>
Finance charges repayable:		
Within one year	9,149	16,499
Between one and five years	<u>7,476</u>	<u>16,169</u>
	<u>16,625</u>	<u>32,668</u>
Net obligations repayable:		
Within one year	59,993	73,555
Between one and five years	<u>101,867</u>	<u>159,652</u>
	<u>161,860</u>	<u>233,207</u>

The company has entered into ten hire purchase arrangements in order to finance the acquisition of motor vehicles as well as to facilitate the renovation and furnishing of the company offices.

	Non-cancellable operating leases	
	30.6.18	30.6.17
	£	£
Within one year	237,547	238,099
Between one and five years	502,281	799,744
In more than five years	<u>228,742</u>	<u>-</u>
	<u>968,570</u>	<u>1,037,843</u>

The company had no other off-balance sheet arrangements and no capital commitments had been made at the statement of financial position date.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

20. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.18	30.6.17
	£	£
Bank loans	<u>12,375,000</u>	<u>15,000,000</u>

The parent company and each subsidiary has given debentures to the group's bankers securing all monies due or to become due from the group to HSBC Bank plc on any account whatsoever. The security is given by way of fixed and floating charges over group undertakings and all property and assets present and future, including goodwill, investments in subsidiaries, book debts, uncalled share capital, buildings, fixtures and fixed plant and machinery.

21. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

	Note	30.6.18	30.6.17
		£	£
Financial assets at fair value through profit or loss		<u>-</u>	<u>-</u>
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	14	3,894,588	3,014,654
Other debtors	14	1,178,802	479,514
Accrued income	14	<u>179,923</u>	<u>87,537</u>
		<u>5,253,313</u>	<u>3,581,705</u>
Financial liabilities at fair value through profit or loss		<u>-</u>	<u>-</u>
Financial liabilities measured at amortised cost:			
Trade creditors	16	3,044,691	2,693,693
Other creditors	16	9,002,423	5,316,380
Finance leases	19	161,860	233,207
Bank loans	18	13,875,000	15,000,000
Deferred income	16/17	1,055,121	1,414,154
Accruals	16	<u>1,396,670</u>	<u>1,461,742</u>
		<u>28,535,765</u>	<u>26,119,176</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

22. PROVISIONS FOR LIABILITIES

	Unit provision £	Warranty provision £	Dilapid- ations provision £
At 1 July 2017 (Restated)	88,621	314,056	-
Additions dealt with in profit or loss	-	-	14,000
Deductions dealt with in profit or loss	<u>(77,517)</u>	<u>(300,916)</u>	<u>-</u>
At 30 June 2018	<u>11,104</u>	<u>13,140</u>	<u>14,000</u>
	Cancell- ation provision £	Deferred tax £	Totals £
At 1 July 2017 (Restated)	336,499	2,638,108	3,377,284
Additions dealt with in profit or loss	-	-	14,000
Deductions dealt with in profit or loss	<u>(140,962)</u>	<u>-</u>	<u>(519,395)</u>
At 30 June 2018	<u>195,537</u>	<u>2,638,108</u>	<u>2,871,889</u>

The unit provision reflects the total anticipated cost required to remediate a technical issue relating to a number of units supplied to a single customer.

The cancellation provision relates to the clawback of commission already paid to the group by the underwriter on policies that are subsequently cancelled.

Deferred tax

The deferred tax liability is analysed below:

	£
At 1 July 2017 (Restated) and 30 June 2018	<u>2,638,108</u>

The deferred tax asset is analysed below:

	£
At 1 July 2017	12,909
Credit in the year	<u>13,530</u>
At 30 June 2018	<u>26,439</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

22. PROVISIONS FOR LIABILITIES - continued

The deferred tax provision consists of the following deferred tax liabilities:

	30.6.18	(Restated) 30.6.17
	£	£
Arising on fair value adjustments on business acquisitions	<u>2,638,108</u>	<u>2,638,108</u>

The deferred tax debtor consists of the following deferred tax (assets):

	30.6.18	30.6.17
	£	£
Accelerated capital allowances	10,979	60,365
Tax losses carried forward	(36,600)	(72,932)
Other short-term timing differences	<u>(818)</u>	<u>(342)</u>
	<u>(26,439)</u>	<u>(12,909)</u>

Deferred tax liabilities relating to the reversal of timing differences on capital allowances and amounting to £10,979 are expected to reverse in the year ended 30 June 2019. No deferred tax assets are expected to reverse in the year ended 30 June 2019.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.18	30.6.17
			£	£
99,999,900 (2017: 99,999,900)	A Ordinary	£0.001	10,000	10,000
2,833,000 (2017: 2,833,000)	B Ordinary	£0.001	283	283
742,246 (2017: 758,317)	C Ordinary	£0.01	7,422	7,583
9,909 (2017: 9,909)	D Ordinary	£2.00	19,818	19,818
10,500 (2017: 10,500)	E Ordinary	£0.01	<u>105</u>	<u>105</u>
			<u>37,628</u>	<u>37,789</u>

On 17 May 2018, 33,221 C Ordinary shares with an aggregate nominal value of £332 were purchased by the company and subsequently cancelled. The shareholders approved a resolution at a general meeting to purchase these shares. The C Ordinary shares were acquired for a consideration of £332. The ordinary shares acquired represented 4.4% of the called up C Ordinary share capital immediately prior to the acquisition. These shares were acquired in order to reduce the C Ordinary shareholding of one of the directors in line with their reduced role within the business.

On 1 June 2018, 17,150 C Ordinary shares were allotted, issued and fully paid up at par. No premium was paid on the share issue.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

23. CALLED UP SHARE CAPITAL - continued

The A Ordinary shares confer rights as follows:

- A right to dividends
- A right to a return of capital on a sale or listing up to the point at which equity proceeds of £30,000,000 are achieved. The next £10,000,000 of proceeds is to be distributed pari passu as if one share class with the B Ordinary shares. The proceeds in excess of £40,000,000 are to be distributed pro rata with the C Ordinary shares, D Ordinary shares and E Ordinary shares

The B Ordinary shares confer rights as follows:

- A right to dividends
- A right to a return of capital on a sale or listing in the event proceeds exceed £30,000,000. The first £10,000,000 of proceeds above £30,000,000 is to be distributed pari passu as if one share class with the B Ordinary shares

The C Ordinary shares confer rights as follows:

- A right to dividends
- A right to a return of capital on a sale or listing in the event proceeds exceed £40,000,000. Proceeds are to be distributed pro rata with the A Ordinary shares, D Ordinary shares and E Ordinary shares

The D Ordinary shares confer rights as follows:

- A full right to vote
- A right to dividends
- A right to a return of capital on a sale or listing in the event proceeds exceed £40,000,000. Proceeds are to be distributed pro rata with the A Ordinary shares, C Ordinary shares and E Ordinary shares

The E Ordinary shares confer rights as follows:

- A full right to vote
- A right to dividends
- A right to a return of capital on a sale or listing in the event proceeds exceed £40,000,000. Proceeds are to be distributed pro rata with the A Ordinary shares, C Ordinary shares and D Ordinary shares

Other reserves of £24,000,000 were created as a result of the shares issued as part of the group's acquisitions made on 28 June 2017 (see note 10).

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

24. SHARE-BASED PAYMENTS

Share-based payment plan for senior management

Share options are granted to senior management, subject to certain qualifying conditions, through an HMRC-approved Enterprise Management Incentive scheme. The exercise price of the options is the nominal value. The options vest on the grant date and lapse ten years from the grant date. There are no cash settlement alternatives.

Group and parent

Options on 207,934 C Ordinary shares were granted during the year (2017: none). No options were exercised, forfeited or lapsed during the year (2017: all none). The outstanding options at 30 June 2018 amounted to 207,934 C Ordinary shares.

The weighted average share price of the C Ordinary options on the grant date was £0.03.

Since the fair value of the options was not material, no expense has been recognised in respect of employee services received during the year to 30 June 2018 (2017: £nil).

25. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, 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.

Other related parties

	30.6.18	30.6.17
	£	£
Sales	6,719	8,336
Amounts owed to related parties	3,783,795	3,712,680
Amounts due from related parties	704	873
Amounts owed to directors	1,262,645	1,262,645
Amounts due from directors	<u>1,144</u>	<u>944</u>

The amount due from directors represents a director's current account. The amount due is unsecured, not being subject to interest and repayable on demand. No guarantees have been given.

The amounts owed to related parties and directors represent loan notes given as consideration upon acquisition of the subsidiary companies. The amounts owed are unsecured, not being subject to interest and repayable on demand. No guarantees have been given.

The sales were made to a company with a director in common with the group. Amounts due from related parties represents the associated trade debtor. Transactions are concluded under normal market conditions and the amount due is unsecured and due in 30 days. No guarantees have been given.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2018

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is N C Corrie.

27. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 30.6.18 £	Period 20.9.16 to 30.6.17 £
Loss before taxation	(6,164,515)	(60,839)
Amortisation and impairment of intangible assets	7,775,854	-
Depreciation of tangible assets	628,363	-
Profit on sale of tangible fixed assets	(28,096)	-
Interest payable and similar costs	942,695	-
Interest receivable and similar income	(3,761)	-
Taxation	(183,322)	-
Decrease/(increase) in stocks	108,625	-
Decrease/(increase) in trade and other debtors	(1,509,004)	(300,000)
(Decrease)/increase in trade and other creditors	<u>2,929,976</u>	<u>60,839</u>
Cash generated from operations	<u>4,496,815</u>	<u>(300,000)</u>

28. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2018

	30.6.18 £	1.7.17 £
Cash and cash equivalents	<u>6,251,712</u>	<u>4,892,604</u>

Period ended 30 June 2017

	30.6.17 £	20.9.16 £
Cash and cash equivalents	<u>4,892,604</u>	<u>-</u>