1spatial®

YOUR WORLD SMARTER

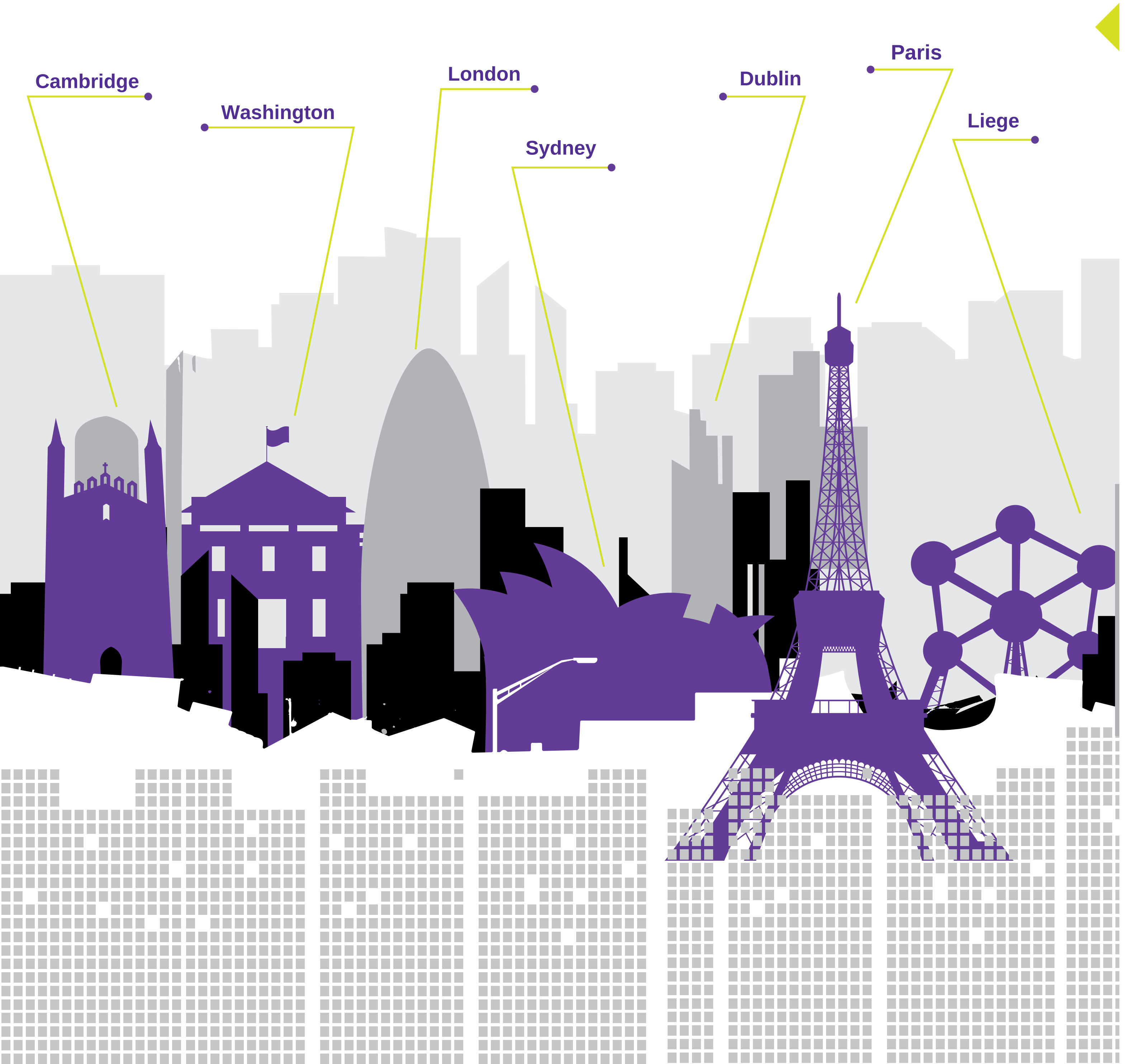
Annual Report

for the year ended 31 January 2019

1spatial®

We make data smarter

Offices



Technology partners

esri

VertiGIS™

SAFE SOFTWARE ★★★ PLATINUM PARTNER

ORACLE Gold Partner

Key industry sectors

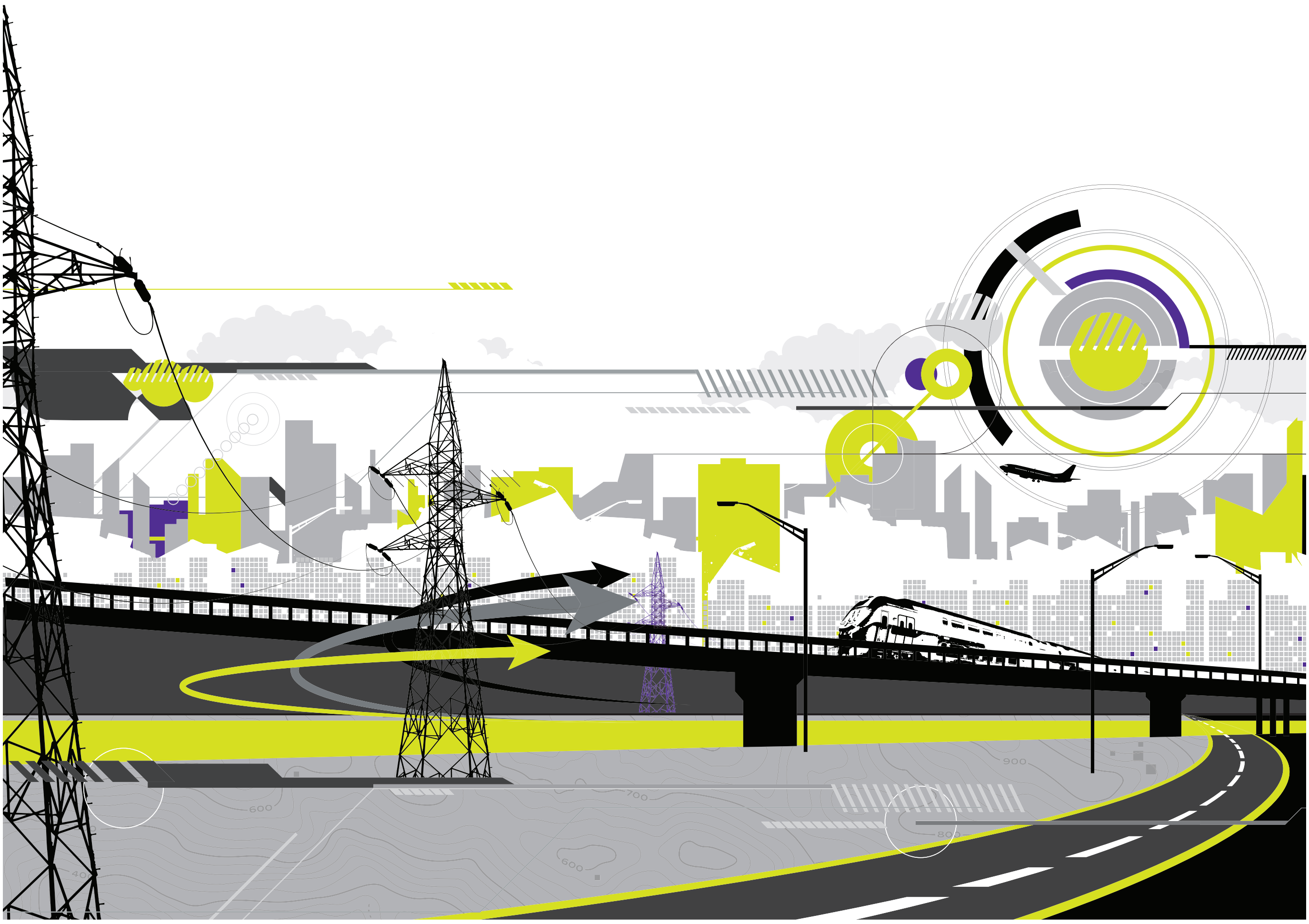
Government

Utilities

Transportation

Some of our customers

Contents



Who we are

1Spatial is a technology-enabled solutions provider supplying vertically-focussed business applications to industry sectors where the accuracy of location and geospatial data is key. It is a global leader in managing geospatial data, with the goal to be a market leader in Location Master Data Management.

1Spatial provides its customers with business-focussed applications where there is a reliance on location or geospatial data. It delivers real value by using its patented 1Integrate tool to ensure that the underlying data is current, complete and consistent through the use of automated processes. This ensures that decisions are always based on the highest quality information available.

Our global clients include national mapping and land management agencies, utilities, transportation organisations, government departments, emergency services, defence and census bureaus.

Today – as location data from smartphones, the Internet of Things and great lakes of commercial Big Data increasingly drive commercial decision-making – our technology is used by a wide range of commercial and government organisations from utilities and transport businesses, to facilities management companies.

1Spatial plc is AIM-listed, headquartered in Cambridge, UK, with operations in the UK, Ireland, France, Belgium, Australia and USA.

Our Approach

We are a customer centric business

We deliver solutions to address our customers' needs and market requirements

We listen to our customers

Highlights

The Board of Directors of 1Spatial (the "Board"), the software solutions provider and global leader in geospatial data, is pleased to present the Group's result for the year ended 31 January 2019.

Group financial highlights

Revenue grew 4.1% to £17.6m (2018: £16.9m).

On a like-for-like basis*, prior to the adoption of IFRS 15, revenue grew 5.3% to £17.8m

Adjusted EBITDA grew £0.8m to £1.2m profit**

ahead of market expectations (2018: £0.4m profit)

Operating losses improved by £0.2m,

from a £1.8m loss to a £1.6m loss

Post-period **acquisition of Geomap-Imagis**, strategic agreement with **Esri** and an oversubscribed **£3.1m fundraise**

£8m raised in an oversubscribed fundraise with strong support from existing shareholders and new institutional investors

Disposal of Enables IT, creating **single focus on** development of the Group's global **Geospatial business**

Continuing operations	31 January 2019 £m	31 January 2018 £m	Y-o-Y Change
Revenue	17.6	16.9	4.1%
Gross profit	9.2	8.9	3.4%
Adjusted** EBITDA	1.2	0.4	200%
Operating loss	(1.6)	(1.8)	(11.1%)
Loss after tax	(1.4)	(1.2)	16.7%
Discontinued operations* **			
Loss after tax	(0.3)	(1.3)	(76.9%)

** On a like-for-like basis, before adjustments for IFRS 15 'Revenue from Contracts with Customers', at constant currency. The IFRS 15 adjustment in the year ended 31 January 2019 decreases the GIS (Geographic Information System) business' service revenues by £0.2m*
*** Adjusted for strategic, integration, other irregular items and share-based payment charge*
**** Discontinued operations include Storage Fusion Limited, Enables IT Inc., Enables IT Limited and Enables IT Group Limited*

Continuing operations

- Revenues year-on-year, prior to the adoption of IFRS 15, increased £0.9m (5.3%) from £16.9m to £17.8m
  - Solutions revenues increased £1.6m (15.1%)
  - GIS revenues decreased £0.7m (11.1%)
- Focus on driving higher quality revenue:
  - Licence revenues increased 33% to £1.6m (2018: £1.2m)
  - Strategic shift to term licences increasing recurring revenue base
  - Support & maintenance revenues broadly maintained
- Increase in adjusted** EBITDA on prior year, up £0.8m to £1.2m profit (2018: £0.4m profit)
- Improvement in operating losses to £1.6m (2018: £1.8m)
- Cash used in operations of £0.7m (2018: cash from operations £0.2m)
  - Operating cash inflows before strategic, integration and other irregular items, tax and interest of £0.5m (2018: £0.6m)

Discontinued operations

- Loss from discontinued operations of £0.3m (2018: £1.3m loss)

All operations

- Loss after tax of £1.7m (2018: £2.5m)
- After £8m raised, net cash of £6.4m (2018: £0.3m)

Group operational highlights

- Focussed approach to sales in three key sectors of Government, Utilities and Transportation, giving rise to key customer wins in the period as follows:

  ### *UK*

  - Transportation – major UK infrastructure client – following a Proof of Concept ("PoC") in October 2017, delivery of an LMDM solution in excess of £2m
  - Government – Land and Property Services – five-year €1m contract for software and services secured
  - Utilities – Northern Gas Networks ("NGN") – continuing with another three projects including mobile applications

  ### *USA*

  - Government – National Oceanic and Atmospheric Association ("NOAA") – following a PoC in September 2017, contracting for a two-year term licence and services worth US$0.6m
  - Utilities – National Grid and East Bay Municipal Utility District – both being new customer wins, to provide both with 1Integrate software and services (US$0.2m annual value)
  - Facilities Management – Google – following a small PoC in 2017, one-year term licence and services deal was won for US$0.4m

- Market-led innovation with returns on investment coming through in the last part of the year ended 31 January 2019 and significant returns anticipated in coming years, including:
  - Re-purposing and enhancing existing technology to address customer-specific needs
  - Continued development of Location Mobile Application Platform (LMAP)
  - Initial development phases of Location Master Data Management (SaaS) platform

Post year-end highlights

- Acquisition of Geomap-Imagis, announced on 7 May 2019, substantially strengthens and provides greater alignment of our French and Belgian business with the rest of the Group as a solutions provider
- Since the year-end we have continued our momentum via a number of significant contract wins and renewals which will secure revenue for FY20 and beyond as follows:

  ### *USA*

  - Kansas State Department and Kansas Department of Transport – contracts to provide software and services in excess of US$0.2m
  - Google – this has now been extended with a further services draw-down contract for £0.3m

  ### *UK and Ireland*

  - Ireland's Property Registration Authority ("PRA"), to provide £0.9m of software and services to support PRA's transformation of land records
  - No1 Aeronautical Information Documents Unit ("No1 AIDU"), with a value of over £1m
  - Three-year Framework contract with Ordnance Survey ("OS"), extending and enhancing the relationship with OS
  - Additional contracts with NGN in excess of £0.5m

Chairman's report

I am pleased to present another solid year of progress for 1Spatial plc, for the year ended 31 January 2019.

The Group has executed on another good year of strategic delivery, coupled with refocus and realignment. We have achieved a solid financial result through clear strategic objectives, operating improvements and cost control. We have also achieved significant client wins in the period, established a clear technology roadmap for the Group – particularly with regard to our growing global partnership with Esri. As a result, we are now well-placed to align all our geographies behind our core strategy and seek to deliver higher levels of profitable growth in the future.

Post the year-end, on 7 May 2019, we announced the acquisition of French geospatial software solutions group Geomap-Imagis Participations ("Geomap-Imagis") for a total consideration of €7m, or c.€5.1m net of cash acquired. The consideration has been partially funded by the proceeds of an oversubscribed fundraising of £3.1m at 31.5p per share. Alongside the acquisition, we entered into a new strategic partnership agreement with Esri Inc. ("Esri"), in French-speaking markets, providing our existing European customers access to Esri's market-leading global GIS system while retaining the Group's specialised business applications and extensive know-how. The deal is immediately earnings enhancing and will significantly strengthen our customer proposition, aligning our French and Belgian businesses with the strategy of the wider Group as solutions providers with a focus on industry-aligned business applications and Location Master Data Management.

As announced last year, as part of the Group's strategy and turnaround plan the Board resolved to dispose of its controlling interest in the non-core Enables IT business in March 2018. The Group's results for this year therefore present results of continuing and discontinued activities separately.

Results

Our key objectives for the year to 31 January 2019 were to ensure improved profitability at adjusted* EBITDA level and that this was matched by operating cash generation from continuing operations (before strategic, integration and other irregular items), as well as follow-through on key strategic initiatives which will continue to drive revenue growth in future financial years.

The results for the year ended 31 January 2019 reflect the successful execution of the plan; for example, the Group generated adjusted* EBITDA profit from continuing operations of £1.2m, which was c.10 per cent. ahead of consensus market expectations. The operating loss from continuing operations (after strategic, integration, other irregular items and share-based payment charge) has improved by £0.2m, from £1.8m to £1.6m. In August 2018 the Group raised £8m of capital from an oversubscribed equity fundraise to clear the existing bank overdraft, materially improving the Company's credit rating and thereby strengthening the Group's position in the tendering process for customer contracts. The balance of proceeds were used to invest in customer acquisition and technology-based solutions. Consequently the Group closed the financial year with £6.4m of cash and we were pleased to welcome a number of new shareholders as part of this exercise.

The results for the year from continuing operations were revenues of £17.6m (2018: £16.9m), adjusted* EBITDA profit of £1.2m (2018: £0.4m), an operating loss of £1.6m (2018: £1.8m), a loss for the year after tax of £1.4m (2018: £1.2m) and a loss from discontinued operations of £0.3m (2018: £1.3m). The Group (including discontinued operations) used £0.8m in operating activities (2018: generated £0.8m from operating activities) with continuing operations generating operating cash inflows before strategic, integration and other irregular items, tax and interest of £0.5m (2018: £0.6m).

The US Government shut-down in the year impacted the US business such that a portion of revenue that was expected to be recognised in FY19 was instead delivered from the second quarter of FY20. Had the shut-down not impacted the business, the adjusted* EBITDA for the year ended 31 January 2019 would have improved by £0.2m.

**Adjusted for strategic, integration, other irregular items and share-based payment charge*

The Board

In my previous report, I stated that we would look to strengthen the Board with another Non-Executive Director and we were delighted to welcome Peter Massey to the Board on 10 July 2018. Peter brings significant experience with him from National Grid plc, Transco plc and British Gas plc. Following Peter's appointment, we now believe that we have a strong Board with a real breadth and depth of knowledge as well as experience in order to execute on 1Spatial's growth ambitions.

Corporate governance and committees

Corporate governance is taken very seriously at 1Spatial and is continually assessed. During the year the Board formally adopted the high standards of corporate governance contained in the Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code"). The project to adopt the QCA Code has been driven by Francis Small and Company Secretary Susan Wallace.

We have provided more information on this in the Corporate Governance Report included in this Annual Report.

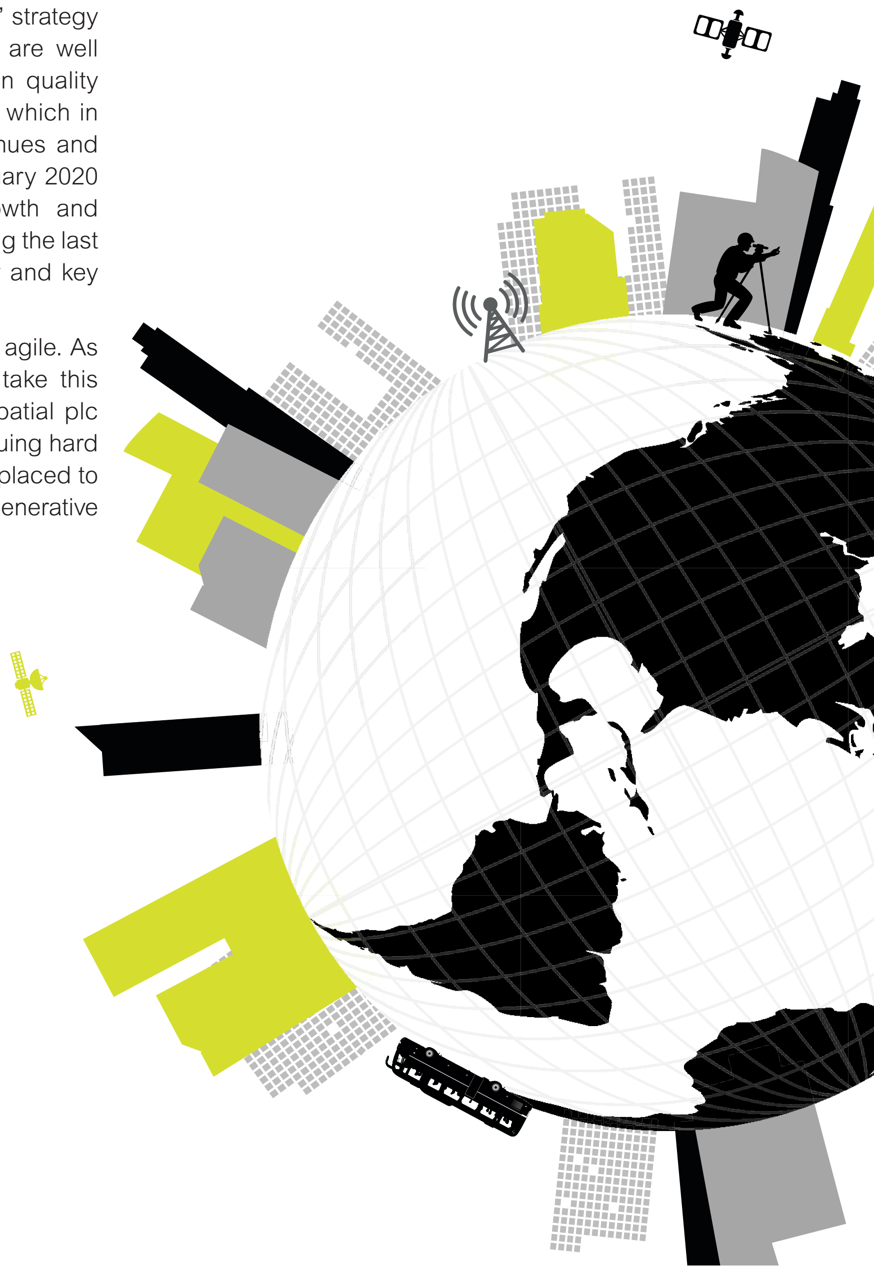
Francis Small is Chairman of the Remuneration Committee and Audit Committee. I am Chairman of the Nomination Committee.

Looking forward

Following the disposal of Enables IT in the year and the acquisition of Geomap-Imagis after the year end, the 1Spatial group is now fully aligned as a global software solutions provider in the Geospatial/Location market. We have a clear strategy and have developed cutting edge, patented technology that has given us market-leading IP. Our longer-term ambition remains unchanged. We aim not just to extend our technology in the Geospatial market, but also to establish a leading position in Location Master Data Management in our target sectors of Government, Utilities and Transportation.

I am pleased to say that the Group's momentum has continued in Q1 of FY20, with a number of notable new contracts from both existing and new clients. Our 'land and expand' strategy remains the core of the business and our teams are well positioned, motivated and energised. Our focus on quality earnings has seen an increase in licence revenues which in turn, drives a greater proportion of recurring revenues and visibility. The objectives for the financial year to January 2020 continue to be a laser focus on sustained growth and capitalising on the platform that was established during the last financial year, as well as leveraging our technology and key partnerships.

Our people are approachable, smart, innovative and agile. As we look forward to future growth, I would like to take this opportunity to welcome those who have joined 1Spatial plc during the year and to thank everyone for their continuing hard work and dedication. I am confident that we are well placed to grow 1Spatial into a substantial, profitable and cash-generative business for years to come.



Andy Roberts
Non-Executive Chairman

Strategic report

CEO review

Group Strategy

The year ended 31 January 2019 was the second successful period of executing on the objectives of our three-year turnaround plan, announced in January 2017. We set out to establish a strong financial and operational platform for the business, which would be evidenced through improved cash generation, growing adjusted EBITDA and sustainable growth. The financial performance set out in this report, including improved profitability at an adjusted EBITDA level, provides clear evidence that the turnaround plan is working, and we are confident about our prospects for the year ahead.

Growth strategy and longer-term goal to establish a leading position in Location Master Data Management

1Spatial's growth strategy is to provide repeatable innovative Spatial Solutions to our blue-chip, international client base with a key focus around data management, quality and enhancement using our patented technology, 1Integrate. 1Integrate is unique in its ability to synchronise both Geospatial data (generally held in a GIS database) and non-Spatial data (held in other databases) to a consistent set of data governance rules. We are seeing a significant and growing need for our solution both in our chosen sectors and beyond where there is a key requirement to have consistent data across the enterprise in order to unlock value from data through analytics or for machine-learning activities, such as AI, to gain economic value.

1Integrate is fast developing a reputation as being the go-to product in the industry, and by working in collaboration with our customers we are successfully delivering upon our "land and expand" strategy meaning that once we have established a relationship, our solutions-based approach allows us to identify further new opportunities to further benefit their businesses.

Northern Gas Networks, as an example, first became a customer of the Group in September 2017 with one project. This engagement has now expanded in number to ten projects with many of these solutions then able to be replicated across the utilities vertical market, across geographies thereby creating efficiencies and a vastly improved structure for the customer.

Another example of this is with a Proof of Concept ("PoC") with a UK major Infrastructure company first awarded in December 2017 which has led to a significant engagement with the customer, delivering in excess of £2m in FY19. We are now engaged on a number of other initiatives with this customer which we believe will enable at least a similar amount of revenue in FY20, if not more.

Whilst our solutions are generally GIS-agnostic, we will also build solutions specific to the platform of our Global partner Esri, the largest GIS provider in the world; an example being our 1Integrate for ArcGIS solution.

Our longer-term ambition is to establish a leading position in Location Master Data Management in our target sectors of Government, Utilities and Transportation.

Continuation of our turnaround plan and strategy

There were a number of key steps taken during the year and subsequent to the year-end to enable us to continue with our turnaround plan plus enable our longer-term ambition of being a market leader in Location Master Data Management. These were as follows:

- Disposal of non-core business Enables IT in March 2018 to focus on the Geospatial/Location data market
- In June 2018 we changed our licensing business model from perpetual to term (subscription) licencing. We are building a business based on high quality, predictable revenue and this change provides greater predictability and monetisation of our software over the long-term. Perpetual licences will now only be granted in very exceptional circumstances
- Oversubscribed equity fundraise of £8m in August 2018 to strengthen the Group's balance sheet for larger customer acquisition and invest in technology including Location Master Data Management
- Post year end, aligning our European business to the rest of the global business, as a solutions provider through the acquisition of Geomap-Imagis. The new European business will provide a combination of vendor-agnostic solutions as well as Esri-based solutions to French-speaking markets. This acquisition will also provide significant strategic benefits to the rest of 1Spatial Group

Key objectives

In my FY17 and FY18 review I set out several key objectives. As part of this report I have re-visited these to demonstrate progress and any changes.

Clear strategy

Provide Innovative Software Solutions to the Geospatial Sector with a focus on the automation of data cleansing and integration

During the year, we have stayed focussed on the strategy above but have also established a longer-term goal of taking a leading position in Location Master Data Management ("LMDM") in our target vertical sectors, which we have started to develop.

We continue to believe that this is the right strategy, particularly given the interest that we have seen from our customers and the market potential. Our innovative approach means that we have expanded our focus beyond Geospatial data, and we have seen significant value from our ability to combine both Geospatial and Non-Spatial data, and it is in this harmonisation of data that we see a real gap in the market for our solutions.

The current market potential for the GIS sector and the LMDM sector is significant and growing. Key stats are as follows:

– GIS: the GIS industry is large and growing – PS Market Research estimates the global GIS software, services and hardware market at US$9.0bn, forecasting a 10.1% CAGR to reach US$17.5bn by 2023. Software is estimated to account for around half of this market at present, with growth forecast at c.9% through 2023, whereas the revenue opportunity for services is expected to grow more rapidly – at c.12%

– LMDM: the Transparency Market Research estimates stated that this market was worth $3.8bn globally in 2017 and is expected to grow at a 27% CAGR through to 2024 to reach $21bn

While our 1Integrate data management solutions are vendor-agnostic, we have more GIS-specific knowledge of Esri's technology, particularly given the acquisition of Geomap-Imagis, enabling us to provide more vertically-focussed business applications on this platform.

Focus on key sectors

We have increasing confidence in our focus on the three key sectors of Government, Utilities and Transport given the increasing amount of location data needing to be captured in these industries in order to make critical decisions including life-saving decisions. Location data can be captured by various methods including sensor networks, drones, Lidar and mobile workforces and will generally need to be combined with existing data or other data sets to perform further analysis. This is where our tool 1Integrate works best. It is key and vital in these sectors that data is used to improve economic values not only just from a financial perspective but often more importantly from a Corporate Social Responsibility (CSR) perspective.

This vertical approach allows us to stay focussed on three key sectors during the year to maintain deep domain expertise and manage resources efficiently.

Geographic reach

We have offices and direct sales operations in UK, Ireland, USA, France, Belgium and Australia. There are slight differences in the go-to-market approach in each market given competition, market needs and scale.

An example of this is within the US, where there are significant opportunities for our software in the government sector, at the Federal level as well as in the states, cities and counties where the specific spatial data issues are concentrated. Given the volumes of data collected and need for automation within the processes, it is the environment where our software and current business model work best. Within our US business, we had three clients in 2015 and 27 clients at 31 January 2019.

In France and Belgium, following the acquisition of Geomap-Imagis, we are now in position to provide more vertically-focussed solutions on top of the Esri platform as well as our own vendor-agnostic data management solutions.

Organisational structure aligned to strategy

Alignment of organisation structure and strategy is key to future success and the structure that we set out with at the beginning of the year has remained the same. There are clear roles and responsibilities with clear accountabilities.

We've had minimal staff turnover in the period and no changes to the senior team. During the year we appointed a country manager for Australia, and we hired a Head of Development in the UK.

My senior team and key employees have been granted option awards in the period at 46.5p and nil-cost long-term incentive plan ("LTIP") awards. The option awards vest over two to four years and the LTIP awards vest according to various criteria including company and share performance over a four-year period.

Strategic report (continued)

Drive revenue growth

Focus on new and existing customers

Solutions

Key focus for this financial year continued to be to drive revenue growth from both existing and new customers. From our solutions business we saw revenues increasing by £1.6m (15%) from £10.6m to £12.2m. There were no significant losses to our recurring support and maintenance base during the year. Our strategic shift to a term licence model with the aim to drive higher quality recurring revenues started in the second half of the year. Whilst this reduced revenue in the short-term for the full year – as lower-value but recurring term licence revenues replaced higher-value non-recurring perpetual licence revenues – this will have a significant benefit on the visibility and quality of revenues for future years.

UK & Ireland

This territory performed well during the period with a new win in a major UK Infrastructure provider, in excess of £2m in value, following a small Proof of Concept ("PoC") in 2017. In addition, we won a £1.6m five-year contract with Land and Property Services ("LPS") the mapping agency in Northern Ireland. This puts us in a good position to provide LPS with additional benefits and solutions going forward. In the second half of the year we won additional services work with the Rural Payments Agency, one of our key government customers, for £0.7m. We also continued with several additional projects with one of our key utility customers, Northern Gas Networks ("NGN").

We believe that there will be significant opportunities for the provision of other solutions and benefits for all of these customers going forward.

USA

We have continued to deliver on our Michigan State Spatial Data Infrastructure (SDI) contract which we are working on in partnership with Esri Inc. This will be a good proof point for other US State agencies who are looking to engage with us on our 1Integrate Spatial Solutions. During the period we have been developing a strong pipeline which resulted in a number of contract closures during the second half of the year as follows:

- Government – National Oceanic and Atmospheric Association ("NOAA") – following a PoC in September 2017, contracting for a two-year term licence and services worth US$0.6m
- Utilities – National Grid – first utility win in the USA, with a recurrent annual 1Integrate term licence of US$80k
- Utilities – East Bay Municipal Utility District – second utility win with PoC for 1Integrate plus services
- Facilities Management – Google – following a small PoC in 2017, one-year term licence and services deal was won for US$0.4m

France & Belgium

Whilst our French and Belgium business is predominately GIS-focussed, we are growing our solutions revenues with our 1Integrate technology in this geography. Following a Proof of Concept in 2017, we are now engaged on a contract with the European Union Satellite Centre for the provision of software and services. This is progressing well and once we have completed the project, scheduled for June 2019, we will have a blueprint for solutions to similar agencies across the globe.

GIS

Our GIS business in France and Belgium has seen a decrease of 11% in revenues in the year. This is not unexpected in this fragmented market and as stated above, investing in a GIS is not core to our global strategy. Our strength is building business-focussed applications on top of the GIS platform which incorporates our tools to ensure data quality, and to enhance this capability in the region, we acquired Geomap-Imagis post year-end.

This acquisition, combined with the Esri agreement, will accelerate the transition of our French and Belgian business, over a period of time, from a GIS business to a solutions business which is aligned with the 1Spatial global strategy. The acquisition will provide us with a number of key benefits including:

- Strengthening the existing solutions portfolio with additional technology-based solutions and business applications;
- Access to a skilled management team and workforce with domain expertise in our key vertical sectors of government, utilities, transport and facilities management;
- Increased scale and market access to customers;
- Stronger links with key global partner Esri for increased market access and development of international software solutions; and
- An existing customer base of over 500, providing significant cross-selling and land and expand opportunities for the enlarged Group.

Business model

Our solutions are based on technology (our own technology or partner technology) plus services, which are generally for implementation/configuration. The US business has a larger proportion of software sales in its revenue compared with services, whereas in Europe, the solutions contain a larger proportion of services. Since May 2018, we have made some changes to our business model and pricing to move away from perpetual licencing and adopt term (subscription) licencing. This change is aligned to the rest of the industry and but also protects our core 1Integrate asset which we have, in the past, not always monetised appropriately given the value that our clients and customers receive.

Following the acquisition of Geomap-Imagis, our French and Belgian business will be more focussed on Esri-based solutions, as well as its own vendor-agnostic solutions.

Working with partners

We have a valuable partnership network with key players in the Geospatial market, leveraging collaboration across platforms to drive growth. Our own software architectures are 'Open' – allowing us to integrate our solutions with Esri, Open Source and other vendors' technology such as Latitude's Geocortex.

As noted above, following the acquisition of Geomap-Imagis, in conjunction with which we entered into a new framework agreement with Esri, we are now working more closely with our partner in the French and Belgian markets and this new collaboration offers a breadth of opportunities for the wider Group.

Focussed innovation

Following the fundraise in August 2018 we have also started initial work on our 3D project as well as our Location Master Data Management platform. Given the current market and customer feedback, we believe these two areas are the right projects to be investing in.

Innovations during FY19 included investment in our Mobile software development kit, Location Mobile Application Platform ("LMAP"). We believe that this is a unique proposition to the market as the platform is data/GIS-system agnostic and is underpinned by our 1Integrate patented rules engine. Our initial proposition to market is to develop business applications (Apps) with our clients but our longer-term aim is to enable developers to use our LMAP platform to develop their own Apps.

To further develop our growth plans we must continue to innovate. All innovation in the business is now focussed and customer-led, and our strategy of being close to our customers enables us to work with them on these innovation ideas that can then be replicated across the industry sectors. This innovation is not just focussed on our own technology and solutions but also how we can integrate and think innovatively in conjunction with our partners such as Esri. Under the leadership of my CTO and CSO, we now have a very exciting roadmap and opportunities for innovation during the next financial year.

Through innovation, we have also identified several market-led solutions where we can embed our core 1Integrate software including some hosted SaaS solutions.

There should be exciting developments and revenue-generating opportunities arising from these solutions during the next financial year when we release them to the market. If we put the customer at the heart of the business, working to address their business need and provide them with the most appropriate solution, then this should be a winning formula.

Outlook

We have continued to build on our success in FY19 into Q1 of the current year with traction across a number of our key accounts in the UK and Ireland including No1 Aeronautical Information Documents Unit ("No1 AIDU"), with a value of over £1m and Ireland's Property Registration Authority (PRA), with a contract for £900k for software and services to support PRA's dramatic transformation. In the USA we have secured more revenues with a number of new states and counties. All these wins demonstrate the significant potential demand for our solutions.

Following the acquisition of Geomap-Imagis, we are further aligning the Group to be a global business applications solutions provider focussed on location data and in doing so, have strengthened our partnership with the global market leading GIS company, Esri Inc.

Our backlog of orders and pipeline is continuing to grow, and we look forward to an exciting year of continued profitable growth. We will also be focussing on successfully integrating our new business in France and working on innovations, such as Location Master Data Management, which we believe could significantly enhance shareholder value in the longer term.

Claire Milverton
Chief Executive Officer

CFO review

The financial year to 31 January 2019 bears out the focussed execution on the turnaround programme, with improvements in continuing operations' revenues and adjusted* EBITDA, and generating operating cashflows before strategic, integration and other irregular items, interest and tax.

Results

A summary of the results compared to the previous year are set out below.

	2019 £m	2018 £m
Continuing operations		
Revenue	17.6	16.9
Cost of sales	(8.4)	(8.0)
Gross profit	9.2	8.9
Gross profit %	52%	53%
Administrative expenses *	(8.0)	(8.5)
Adjusted* EBITDA	1.2	0.4
Loss after tax	(1.4)	(1.2)
Discontinued operations		
Loss after tax	(0.3)	(1.3)

**Adjusted for strategic, integration, other irregular items and share-based payment charge*

Revenue includes the provision of software and services for the management of geospatial data, as well as a number of recurring revenue contracts from large customers with well-established relationships.

The revenue split is as follows:	2019 £m	proportion	2018 £m	proportion
Licences – own	1.6	9%	1.2	7%
Licences – third-party	1.2	7%	1.3	8%
Services	7.8	44%	7.2	42%
Support and maintenance – own	5.7	33%	6.2	37%
Support and maintenance – third-party	1.3	7%	1.0	6%
	17.6		16.9	

The revenues in the table above for the year ended 31 January 2018 are before the adoption of IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15") and those for the year ended 31 January 2019 are after the adoption of IFRS 15. The main impact of the adoption of IFRS 15 in the year ended 31 January 2019 is a reduction of £0.2m in service revenues within the GIS business. These revenues are recognised over time except where the Company does not have a contractual right to receive payment for the services, e.g. until milestones are achieved, in which case the adoption of IFRS 15 has resulted in a step-recognition of these software development service revenues (i.e. at a point in time), as the milestones are achieved, with the related costs recognised at the same time.

Total own licence revenues are up £0.4m (33%) from £1.2m to £1.6m:

- Up £0.7m (150%) in the Solutions business and
- Down £0.3m (36%) in the GIS business

As noted in the CEO review, we changed our licence business model from perpetual to term (subscription) licencing, to build a business based on high-quality, predictable revenue and monetise our software over the long-term.

Third-party licences are down £0.1m (8%) from £1.3m to £1.2m, all of which is attributable to the Solutions business. Our own higher-margin licence revenues have grown as a proportion of total licence revenues, growing from 48% last year to 58% this year.

Before the impact of IFRS 15 adjustments to GIS service revenues (a £0.2m decrease as noted above), service revenues have grown £0.8m or 11% in the year from £7.2m to £8.0m and make up the significant proportion of our revenue base at 45% (2018: 42%) of the total. Our GIS business' revenues are in line with the prior year, so the substantial increase in the year's service revenues is attributable to our Solutions business where the major UK Infrastructure client and the Rural Payments Agency make up 35% of all service revenues.

Support and maintenance revenues are down £0.5m (8%) from £6.2m to £5.7m, with £0.4m (79%) of the decrease attributable to our GIS business and the remaining £0.1m decrease attributable to our Solutions business (representing a modest 3% drop-off). With the acquisition of Geomap-Imagis, we should mitigate the drop in the GIS business's support and maintenance revenues, by providing more vertically-focussed business applications on top of the Esri platform, as well as our own vendor-agnostic data management solutions on which support and maintenance revenues are based.

Third-party support and maintenance revenues have shown a 30% improvement from £1.0m to £1.3m, most of which is in our Solutions business.

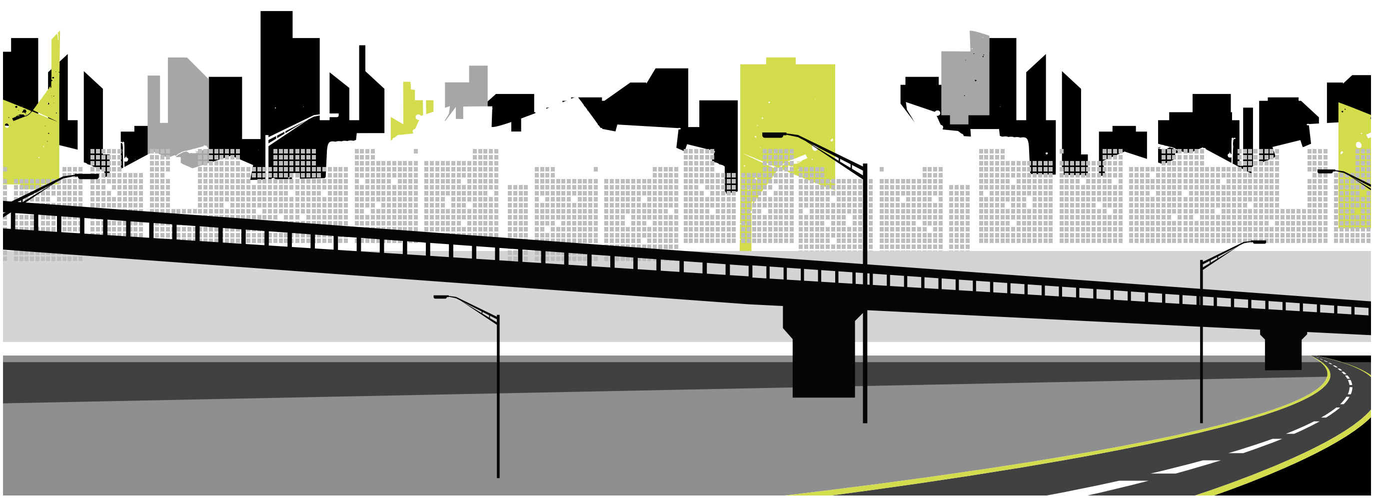
The gross profit percentage for the year was down slightly on the prior year, from 53% to 52%. Admin expenses have decreased 6% on the previous year. Overall, the adjusted* EBITDA trading results have improved by £0.8m (200%) to £1.2m, bearing out our people, our technology and the execution of our strategy.

The resulting overall loss after tax from continuing operations has increased by £0.2m to a £1.4m loss, and the loss from discontinued operations is £0.3m, significantly lower than the prior year loss of £1.3m given that the year ended 31 January 2019 saw the tail end of the discontinued operations' activity.

Overall result for the year

	2019 £m	2018 £m
Adjusted* EBITDA	1.2	0.4
Depreciation	(0.1)	(0.2)
Amortisation and impairment of intangible assets	(1.8)	(1.5)
Share-based payment (charge)/credit	(0.2)	0.5
Strategic, integration and other irregular items	(0.7)	(1.0)
Operating loss	(1.6)	(1.8)
Net finance cost	(0.2)	(0.2)
Loss before tax	(1.8)	(2.0)
Tax	0.4	0.8
Loss for the year – continuing operations	(1.4)	(1.2)
Loss for the year – discontinued operations	(0.3)	(1.3)
Result for the year	(1.7)	(2.5)

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular costs and share option charge/credit. See note 8 to the Annual Report for further information.*



Strategic report (continued)

Amortisation and impairment of intangible assets

The most significant line item in the classifications below adjusted* EBITDA is the amortisation and impairment of intangible assets. £1.8m relates to amortisation (2018: £1.6m), there were no impairments (2018: £0.4m), and there were no impairment reversals (2018: £0.5m). £0.2m of the prior year impairment related to the acquired intangibles of Sitemap Ltd, being software that was impaired due to the Group's strategy not currently prioritising resources on this product and the remaining £0.2m impairment related to the capitalised development costs of 1Spatial Group due to there being limited sales and pipeline to support their carrying value. The £0.5m impairment reversal in the prior year related to capitalised development costs of 1Spatial Belgium, based on the improvement in the company's expected future cashflows. Further details on this are provided in note 11 to the Annual Report.

Share-based payment (charge)/credit

The share option charge represents the 'non-cash' charge under IFRS 2 attributable to issuing share options this financial year. Further details of the new 1Spatial employee share plan adopted in the year are provided in note 22 to the Annual Report. The credit in the previous year was due to the effect of leavers in that year.

Strategic, integration and other irregular items

	2019 £m	2018 £m
Costs associated with corporate transactions and other strategic costs	**0.3**	0.1
Restructuring and redundancy costs	**0.3**	0.9
Fees relating to the Employee Share Plan implemented in the year	**0.1**	–
Write-off of accrued revenue on settlement of a contractual dispute	**–**	0.1
Gain on bargain purchase	**–**	(0.1)
(Release of amount payable to)/provision for amount receivable from Sitemap Ltd	**–**	(0.0)
Total	**0.7**	1.0

Given the Group's involvement in corporate transactions, it incurs irregular costs that affect the overall underlying results of the business. Where possible the Group seeks to separate these out along with any other irregular items that the Board believe should be shown separately in this category. A summary of key transactions within this category, are set out above with further details provided in note 8 to the Annual Report.

Tax

The tax credit for the Group is £0.4m (2018: £0.8m). This is largely a result of the Group electing to receive an R&D tax credit in relation to the periods 31 January 2017 and 2018 in the form of cash during the year. The decrease on the prior year is partially due to there being no R&D activity in the year for Storage Fusion Limited and Sitemap Ltd and partially due to there being a lower surrenderable loss on which the current year R&D tax credit for 1Spatial Group Limited is based.

Loss for the year from discontinued operations

The losses for the year from discontinued operations relate to the final costs on the closure of Storage Fusion and the sale of the controlling interest in the Enables IT UK business that occurred in March 2018.

KPIs

Key income statement KPIs are set out below. There are no non-financial KPIs.

Continuing operations	2019 £m	2018 £m	Variance £m	Variance %
Growth in revenues	**17.6**	16.9	0.7	4.1%
Growth in gross profit	**9.2**	8.9	0.3	3.4%
Increase in gross profit margin	**52.3%**	52.7%	(0.4%)	(0.7%)
Increase in adjusted* EBITDA	**1.2**	0.4	0.8	200%

Statement of financial position

Non-current assets

Intangible assets including goodwill

Goodwill and intangible assets decreased by £0.3m in the year. The decrease in the year is attributable to £1.3m additions to development costs net of amortisation charges of £1.8m.

Property, plant and equipment

Property, plant and equipment is unchanged from the prior year as £0.1m of additions was offset by £0.1m of depreciation charges.

Current assets

Trade and other receivables

Trade and other receivables balances are £5.0m at the year-end, a decrease of £0.5m on the prior year balance of £5.5m. The decrease is attributable mainly to a £0.6m decrease in accrued income which has come from balances in 1Spatial Belgium being £1.0m in the year ended 31 January 2018 (before any IFRS 15 impact) and only £0.3m for the year ended 31 January 2019 (after the impact of IFRS 15 adjustments)

There are a number of contracts with customers in 1Spatial Belgium where software development service revenues were accrued to the balance sheet such that revenue was recognised over time before the adoption of IFRS 15. This revenue recognition pattern is no longer appropriate under IFRS 15, as 1Spatial Belgium does not have a contractual right to receive payment for the services until certain milestones are reached and therefore, on the adoption of IFRS 15, the balance of accrued income decreases as these software development service revenues are step-recognised when milestones are achieved (i.e. revenue is now recognised at a point in time). To achieve the matching principle, the related costs are treated accordingly.

Cash balance

Net funds increased from £0.3m in the prior year to £6.4m, with £8m being raised in the August 2018 placing. The analysis of this is discussed in the cash flow section below.

Current liabilities

Trade and other payables balances are £7.9m, a decrease of £1.1m on the prior year balance of £9m. The main reason for the decrease is a £0.7m decrease in deferred income due to the adoption of IFRS 15 in the Group's UK and Belgian subsidiaries (see below) and a £0.3m decrease in other taxation and social security balances related to 1Spatial plc.

At 31 January 2018 (before any IFRS 15 impact), the deferred income balance in 1Spatial Group (the UK operation) and 1Spatial Belgium was £2.7m and £1.5m respectively. At the 31 January 2019 year-end (after the impact of IFRS 15), the deferred income balance in 1Spatial Group (the UK operation) and 1Spatial Belgium has decreased to £2.3m and £1.2m respectively.

Software licencing revenue in respect of term licences is now satisfied at a point in time rather than being satisfied over time, and therefore upon adoption of IFRS 15, revenue from both perpetual and term licences are recognised in full once the performance obligation has been satisfied. Previously, in the year ended 31 January 2018, revenue from perpetual licences was recognised at a point in time but term licence revenue was recognised over time. Given that the revenue recognition pattern under IFRS 15 is accelerated, this has the impact of decreasing balances of deferred income.

Non-current liabilities

The decrease of £0.1m in the deferred tax liability is mainly attributable to the increased amortisation charge in the year.

Share capital and reserves

Share capital and share premium increased by £2.3m and £5.7m in the year due to the placing in August 2018. Accumulated losses increased £1.8m with the loss for the year as noted above, and by a further £0.2m to account for the impact of the initial application of IFRS 15 'Revenue from Contracts with Customers' as detailed in note 7 to the Annual Report.

Cash flow

The Group had net funds of £6.4m (2018: £0.3m) after settling the overdraft following receipt of the share issue proceeds in the year.

A cash flow bridge is presented below which reconciles the adjusted* EBITDA to the year-end cash balance. This is a different format to the presentation shown in the Annual Report on page 45.

Continuing operations' operating activities contributed £0.5m to the net cash inflow in the year, before payments for strategic, integration and other irregular items of £0.8m, and tax and interest net cash inflows of £0.1m brought the net cash outflow in the year to £0.2m.

This net cash outflow of £0.2m together with continuing operations' net cash used in investing activities totalling £1.4m, and continuing operations' net cash generated from investing activities of £8.0m resulted in a net cash inflow of £6.4m. Discontinued operations' net cash outflows of £0.3m offset the net cash inflow from continuing operations of £6.4m such that the net cash inflow from all operations in the year is £6.1m.

	2019 £m
Adjusted* EBITDA – continuing operations	1.2
Working capital movements – continuing operations	(0.7)
Cash inflow from operating activities – continuing operations	0.5
Payments for strategic, integration and other irregular items	(0.8)
Tax and interest net cash inflows	0.1
Cash outflow after strategic, integration and other irregular items and after tax and interest net cash inflows – continuing operations	(0.2)
Expenditure on product development and intellectual property capitalised	(1.3)
Expenditure on property, plant and equipment	(0.1)
Cash outflow after investing activities – continuing operations	(1.6)
Net proceeds of share issue	8.0
Cash inflow after financing activities – continuing operations	6.4
Net cash outflow – discontinued operations	(0.3)
Impact of foreign exchange	0.0
Net cash inflow – all operations	6.1
Opening net funds	0.3
Closing net funds	6.4

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular costs and share option charge. See note 8 to the Annual Report for further information*

Nicole Payne
Chief Financial Officer

Principal risks and uncertainties

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

Economic and political changes and impact on customers

Risk: With the UK currently planned to leave the European Union and the continuing slow growth cycle in Western economies, companies and, in particular, government agencies are under more pressure to cut costs. They may require a robust business case before investing in IT products and services that can have the effect of lengthening deal sales cycles and reducing deal size.

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

Key management and employees may leave the business

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

Mitigation: In order to mitigate this risk, the Group aims to create a rewarding working environment that will attract staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation. During the year, following a consultation with a number of major shareholders, the Group established a new 1Spatial employee share plan (the "New Plan") on 4 September 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders.

Reliance on key customers

Risk: The Group has some reliance on certain key customers.

Mitigation: The management team maintains good relationships with its customers through continued communication throughout the year. The Group's strategy of diversifying into different industry and geographic markets will reduce the Group's over-reliance on a small set of customers.

Growth management

Risk: Expansion is expected in the future – both organically and through acquisitions – to increase our reach in the geographies that we currently operate in, as well as the solutions that we offer in those geographies. The risks associated with growth include the delivery of market penetration through the integration of the acquisitions, conversion of leads to sales, and control of increases in fixed operating costs to support revenue growth. If the Group is unable to manage expansion effectively, its business and financial results could suffer.

Mitigation: The business development strategy is closely monitored by the Strategy Review Board and the Group's pipeline of opportunities is regularly reviewed at sales meetings and at Board meetings. The successful integration of acquisitions is a key Board priority to ensure that they bring the required synergistic opportunities to the Group. The central financial reporting team is developing a robust group reporting system that can easily scale with the business to maintain satisfactory financial management processes.

A major technology failure may adversely disrupt operations

Risk: There could be a major technology failure that adversely affects operations.

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

Reliance on key partners

Risk: The Group works with key partners in each geospatial market to provide customers with software and services. Our software tools can be bought stand-alone or within our partners' platforms. The Group therefore has reliance on maintaining good relationships with key partners to provide software and services to customers.

Mitigation: The Group's management team works to maintain good relationships with its partners in each country, including regular meetings throughout the year. The management team work with each partner to identify points of collaboration to achieve wherever possible a win for both companies.

Loss of intellectual property

Risk: Failure to protect the Group's intellectual property may result in another party using its proprietary technology without authorisation.

Mitigation: The Group's intellectual property is protected in the USA by a patent. In order to minimise the disclosure of intellectual property outside the organisation, the Group relies on confidentiality agreements with its employees, customers, suppliers, consultants and others to protect its intellectual property rights.

Currency fluctuation

Risk: Currency exposures on revenue and purchases in foreign currencies.

Mitigation: The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency.

Payne

Signed by order of the Board

N Payne
13 May 2019

Directors' report

The Directors present their annual report on the affairs of the Company and the Group, together with the audited consolidated financial statements and the independent auditors' report for the year ended 31 January 2019 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The information in the Chairman's report, the Corporate Governance report and the Directors' Responsibilities Statement form part of the Directors' report.

The Directors' report contains certain forward-looking statements and forecasts with respect to the financial condition, results, operations and business of 1Spatial plc that may involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Annual Report to shareholders should be construed as a profit forecast.

Principal activities

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

1Spatial plc is a company incorporated in England and Wales. The registered office of the Company is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, England, CB4 0WZ.

Details of the business activities during the year can be found in the strategic report on pages 10 to 19.

Results and dividends

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

The Directors do not recommend the payment of a dividend (2018: £nil).

Business review and future developments

The requirements of the business review have been considered within the Chairman's report on pages 8 to 9 and the strategic report on pages 10 to 19.

Principal risks and uncertainties

For further details on principal risks and uncertainties, refer to page 19.

Financial instruments

Financial risk management objectives and policies

During the year the Group's principal financial instruments were bank overdrafts (until its settlement in August 2018) and cash. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

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

Cash flow and interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Until its settlement in August 2018, the Group's exposure to risk for changes in interest rates was related primarily to the Group's overdraft. Overdraft interest was charged on a variable rate basis. Should substantial facilities be put in place in the future, then the Board will consider the impact of such facilities and whether it will be appropriate to hedge the interest rate risk.

Credit risk

The Group trades only with recognised, creditworthy third parties and independent credit checks and credit limits are managed by the trading entities. Credit limits can only be exceeded if authorised by the 1Spatial plc Board. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant, especially given past payment history of longstanding customers. There are no significant concentrations of credit risk within the Group.

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

Liquidity risk

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

Capital risk management

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

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

Research and development

The Group performs research and development activities as described within the strategic report on pages 10 to 19. The Group expenses research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria. During the year, £1.3m was capitalised (2018: £1m), £1.3m (2018: £1.4m) was expensed and no amounts were impaired (2018: £0.2m).

Employees

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

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre; and to this end, the Group established a new employee share plan in the year ended 31 January 2019. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

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

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

Changes in share capital

Details of movements in share capital are set out in note 20 to the financial statements.

Directors

The Directors who served throughout the year and up to the date of approval of the financial statements, unless otherwise stated, were as follows:

Name	Age	Position	Date of Appointment
A Roberts*	65	Non-Executive Chairman	19 September 2016
C Milverton**	44	Chief Executive Officer	9 October 2017
N Payne***	38	Chief Financial Officer	9 October 2017
F Small	60	Non-Executive Director	1 August 2017
P Massey	56	Non-Executive Director	10 July 2018

** A Roberts was appointed Non-Executive Chairman on 19 September 2016 and on 1 January 2017 he was made Executive Chairman until 31 January 2018 when he reverted to Non-Executive Chairman.*

*** C Milverton was CFO and acting CEO until 9 October 2017 when she was appointed Chief Executive Officer.*

**** N Payne was FD and acting CFO until 9 October 2017 when she was appointed Chief Financial Officer.*

Details of the current Directors' experience and expertise can be found on the Company's website www.1spatial.com which does not form part of this report.

Directors' interests

Details of the share interests of the Directors, their service contracts and terms of appointment are shown in the Remuneration Report.

Directors' indemnities and insurance

The Company provides an indemnity to all its Directors with respect to liabilities arising from the fulfilment (or lack thereof) of their duties as Directors. The Company also has in place liability insurance covering the Directors. Both the indemnity and insurance were in force during the year ended 31 January 2019.

Substantial interests

The Directors have been notified of the following substantial shareholdings in excess of 3% of the voting share capital of the Company as at 10 May 2019:

Name	Number of shares	Percentage of issued share capital
Columbia Threadneedle Investments	16,298,511	15.01%
Hargreave Hale Ltd	15,761,999	14.52%
Azini Capital Partners	13,709,534	12.63%
J O Hambro Capital Management	12,600,647	11.05%
Legal & General Investment Management	10,095,890	9.30%
Harwood Capital LLP	6,314,663	5.82%
Old Mutual Global Investors (UK) Ltd	5,174,967	4.77%
Herald Investment Management	3,950,000	3.64%
Killik & Co LLP	3,330,946	3.07%

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

Acquisition of the Company's own shares

The Company did not acquire any of its shares during the year ended 31 January 2019 (year ended 31 January 2018: nil).

Post balance sheet events

Disposal of Enables IT Group Limited

On 18 February 2019, the Company entered into an agreement (the "Amendment Agreement") to amend the terms of the Share Purchase Agreement dated 15 March 2018 (the "SPA") relating to the disposal by 1Spatial of 80.1 per cent. of the issued share capital of Enables IT Group Limited ("Enables") to Champall Consultancy Limited ("Champall") (an entity owned and controlled by Michael Walliss, the managing director of Enables, and his wife, Erica Walliss) (the "Disposal").

Under the original terms of the SPA, Champall was granted an option (the "Option") to acquire 1Spatial's remaining 19.9 per cent. interest in Enables for an exercise price of £100,000 (the "Call Option Price"). Pursuant to the terms of the Amendment Agreement, the Call Option Price has been reduced to £20,000 and it will become payable on the earlier of:

(i) the final business day of January 2020;

(ii) the sale by Champall of all or part of its holding in Enables; and

(iii) the disposal of all or a substantial part of the business or assets of Enables or its subsidiary, Enables IT Limited (the "Subsidiary").

Furthermore, subject to the Subsidiary achieving an EBITDA margin of not less than 10 per cent. for the financial year ending 30 June 2020 (the "2020 Financial Year"), Champall will make an additional one-off payment to 1Spatial being equal to 15 per cent. of the Subsidiary's EBITDA figure for the 2020 Financial Year. This one-off payment will be paid within 30 business days of the date of publication of the Subsidiary's accounts for the 2020 Financial Year.

In addition, under the terms of the Amendment Agreement, Champall has released 1Spatial from any claims that Champall may have against 1Spatial under the tax covenant and warranties in the SPA.

Finally, the Subsidiary has provided 1Spatial with an indemnity for any loss that it may suffer as a result of the statutory guarantees in respect of audit exemptions provided by 1Spatial to:

(a) Enables in relation to audit exemptions in respect of its annual accounts for the 2016 and 2017 financial years and

(b) the Subsidiary in relation to an audit exemption in respect of its annual accounts for the 2016 financial year.

Placing, Acquisition of Geomap-Imagis and Agreement with Esri

On 7 May 2019, the Company entered into two share purchase agreements (each a "SPA") to acquire the entire issued share capital of Geomap-Imagis Participations ("Geomap-Imagis") (the "Acquisition"), for a total consideration of €7.0m (the "Consideration"). As at 6 May 2019, Geomap-Imagis had net cash of approximately €1.9m. In order to fund the cash element of the Consideration, the Company has raised £3.1m (gross) (the "Placing") through the issue of 9,871,220 new ordinary shares in the capital of the Company at a price of 31.5 pence per share.

Alongside and in conjunction with the Acquisition, 1Spatial France and 1Spatial Belgium ("1Spatial Europe") have entered into a new partnership agreement with Esri Inc. ("Esri") (the "Partnership Agreement"). The combination of the Partnership Agreement and Acquisition is expected to significantly benefit the Company's existing European customers in providing them with access to Esri's market leading global GIS platform. In addition to being immediately earnings enhancing, the

Acquisition offers a combination of specialised vertical business applications and significant know-how in the Group's target sectors, which can be delivered through the combination of 1Spatial Europe and Geomap-Imagis.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Board to determine the auditors' remuneration will be proposed at the 2019 Annual General Meeting.

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the Group and Company financial statements respectively;
- 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.

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

The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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

- so far as the Director is 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.

Signed by order of the Board

Susan Wallace
Company Secretary
13 May 2019

Registered Office:
Tennyson House
Cambridge Business Park
Cowley Road
Cambridge
Cambridgeshire CB4 0WZ

Corporate Governance Report

An Introduction from the Chairman

In 2018 we renewed our commitment to raising the standard of corporate governance at Board level by conducting an in-depth corporate governance review on all Company corporate policies and Board responsibilities. The outcome of the review was discussed in detail at Board meetings and an action plan was developed and agreed. The main areas of focus included board effectiveness, succession planning and director training and development. The Board subsequently conducted an internal board effectiveness exercise. The results of this exercise showed that on most levels the Board worked efficiently and effectively, there were a few areas that needed to be looked at in more detail and these matters are being addressed regularly at Board meetings. More details can be found in this report.

We will continue to ensure the Board and its committees function effectively, and that all Directors provide strong and valuable contributions and that no individual or group dominates the Board's decision-making process. The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out in this report.

As a Board we also set clear expectations concerning the Group's culture, values and behaviours. We believe in order for us to execute on our customer centric solutions approach it is vital that the Board and all our employees act in a way that reflects the underlaying values of the business. Our brand values of Approachable, Smart, Innovative and Agile are something we expect everyone throughout the Group to adhere to.

During this year, the Board formally adopted the high standards of corporate governance contained in the Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Code). Details of how we comply with the QCA Code is set out in our Statement of Compliance which can be found on our website www.1spatial.com.

The Board

Composition

The composition of the Board is shown on page 22. The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise.

The Role and Operations of the Board

The role of the Board is to ensure delivery of the business strategy and long-term shareholder value. The general obligations of the Board and the roles and responsibilities of the Chairman and the Chief Executive Officer are set out in a formal Board responsibilities statement approved by the Board. The Board fulfils its role by approving the annual strategic plan and monitoring business performance throughout the year. The Board held 11 formal scheduled Board meetings during the financial year and in addition held a number of unscheduled ad-hoc meetings, typically by conference call. There is in place a schedule of matters reserved for Board approval that can be found on the Company's website (www.1spatial.com).

The Board have approved an annual Board calendar setting out the dates, location and standing agenda items for each formal scheduled Board and Committee meeting and scheduled Board calls. Board papers are circulated to Directors in advance of scheduled and unscheduled meetings, which are of an appropriate quality to enable the Directors to fulfil their obligations and adequately monitor the performance of the business. Directors who are unable to attend a meeting are expected to provide their comments to the Chairman, the Chief Executive Officer, or the Company Secretary as appropriate. The Board also receives management information on a regular basis that sets out the performance of the business. The Chief Executive Officer and Chief Financial Officer are invited to attend the Audit and Remuneration Committee meetings, if appropriate.

During the year, the topics subject to Board discussion at formal scheduled Board meetings included:-

- Strategic plan and annual forecast and budget;
- Investor relations;
- Financial and operational performance;
- Project updates;
- Market and competitor reports;
- Acquisitions and Group structure changes;
- Financing activities and facility agreements;
- Approval of annual and half year reports;
- Governance updates and the EU Market Abuse Regime;
- Industry regulatory and compliance developments;
- Risk and internal controls;
- General Data Protection Regulation (GDPR);
- The EU Market Abuse Regulations; and
- Related party transactions.

Attendance at scheduled Board Meetings during the year is shown below:

Director	Formal Scheduled Board Meetings during the year ended 31 January 2019 Maximum Possible Attendance	Meetings Attended
A Roberts (Chairman)	11	10
C Milverton	11	11
N Payne	11	11
F Small	11	11
P Massey*	6	6
N Habgood**	1	1

** P Massey was appointed on 10 July 2018*
*** N Habgood resigned on 14 March 2018*

Advice, insurance and indemnities

All Directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties. The Company provides indemnity insurance cover for its Directors and officers, which is reviewed and renewed annually.

Conflicts

Consideration of Directors' interests is a standing agenda item at each formal scheduled Board meeting. Each Director is required to disclose any actual or potential conflicts of interest and a register of Directors' interests is maintained by the Company Secretary. If there is a conflict of interest or a matter relating to a particular Director or a related party transaction, then the Board understands that the relevant Director shall excuse themselves from the discussion.

Board Evaluation

As part of the comprehensive governance review, a formal evaluation of the performance and effectiveness of the Board and its Committees was conducted in 2018. The scope of the evaluation was agreed with the Chairman and Company Secretary and implemented by means of a questionnaire. The responses were collated, and the analysis, findings and recommendations were presented to the Board. There were a number of strong attributes acknowledged – the current Board works well, all Board members have a clear understanding of the Company's core business and strategic direction, the Chief Executive Officer and Chairman work well together and the Committees report back effectively and promptly to the Board. It was acknowledged there was some work to be done on risk management, something that has since been actioned, more details of which can be found on page 28.

Board Development

All new Directors appointed to the Board receive a comprehensive induction and as mentioned previously, the Board is in the process of implementing an on-going structured training and development programme. The Company's Nomad is invited to attend a Board meeting each year to update the Board on their general and statutory duties and current best practice governance issues.

Succession Planning

Succession continues to be a key priority for the Board. On 10 July 2018 the Board appointed Peter Massey, a Non-Executive Director, to strengthen the composition of the Board. Peter brings significant industry expertise and strategic insight to the Board in the key focus areas of Government, Utilities and Transport which he has developed through his long career driving business growth within these industries.

The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise. You can find more about the experience and expertise of the other current members of the Board on the Company's website (www.1spatial.com).

Reappointment of Directors at the Annual General Meeting

The Articles of Association provides that a third of Directors retire annually by rotation and, if eligible, offer themselves for re-election. However, in accordance with good governance principles, at each AGM all the Directors retire and, subject to being eligible, offer themselves for re-election.

Relations with investors

The Company produces this Annual Report that is available on the investor relations section of the Company's website and distributed to those shareholders who have requested to continue to receive hard copies. The Company's website (www.1spatial.com) contains information on the Group, matters reserved for the Board, the Company's articles of association, the Committee terms of references, copies of all documents sent to shareholders and all market and regulatory announcements.

The Board ensures that financial reporting and operational updates are communicated to the market on a timely basis and give an accurate and balanced assessment of the business. The Company's share dealing policy sets out how the Directors meet their obligations under the AIM rules in this regard and how the advisers are involved in the market communications process coordinated by the Company Secretary.

Board Committees

The terms of reference of the Board's committees as summarised below are all available in full in Investor Relations' section of the Company's website at www.1spatial.com.

Nomination committee

Membership
A Roberts (Chairman)
F Small (Member)
N Habgood (Member until his resignation on 14 March 2018)

In the year ended 31 January 2019, all Board and senior management appointments, as well as all succession plans, were dealt with by the entire Board. The recruitment process involved both the Non-Executive and Executive Directors to ensure that any appointments made strengthened and diversified the composition and skill set of the existing Board. As such, the appointment of Peter Massey as Non-Executive Director, on 10 July 2018 was considered and approved by the whole Board.

In the year ended 31 January 2019, the Board held one nomination committee meeting to compile a formal recruitment and succession plan in line with the Group strategy.

The key responsibilities of the Nomination Committee are:

i. Recommending Director nominees to the Board;

ii. Recommending Committee chairs and membership to the Board and Committees;

iii. When appropriate, taking into account the current stage of the Company's development, reviewing succession plans for the Board and Committees;

iv. Making recommendations to the Board in respect of the re-appointment of any Non-Executive Director at the conclusion of their specified term of office taking into account their performance and their contribution together with the knowledge, skills, leadership and experience requirements of the Board and Committees;

v. Regularly reviewing the structure, size and composition (including the balance of skills, diversity, knowledge and experience) required for the Board and making recommendations to the Board with regard to any changes.

Remuneration committee

Full information on the composition, role, operation and meeting attendance of the Remuneration Committee is set out in the Remuneration Report on page 29.

Audit committee

Membership
F Small (Chairman from his appointment on 1 August 2017)
A Roberts (Member)
P Massey (Member, appointed on 10 July 2018)
N Habgood (Member, until his resignation on 14 March 2018)

The Committee has a calendar of activities agreed each year. Senior management and the external auditors (PricewaterhouseCoopers LLP) may attend meetings at the request of the Committee. Attendance at scheduled Committee Meetings during the year is shown below. Additional ad-hoc meetings by conference call were also held during the year.

Director	Maximum Possible Attendance	Meetings Attended
F Small (Chairman)	3	3
A Roberts	3	2
P Massey*	2	1
N Habgood**	0	0

** P Massey was appointed on 10 July 2018*
*** N Habgood resigned on 14 March 2018*

The key responsibilities of the Audit Committee are:

i. Monitoring the integrity of financial statements, including approving any material changes in accounting policy, reviewing the financial statements, and any market announcements relating to the Group's financial performance;

ii. Reviewing the integrity of internal financial control and risk management systems and codes of corporate conduct and ethics and any published statements regarding these systems and codes;

iii. Making recommendations to the Board regarding the engagement of the external auditors, approving their terms of engagement, monitoring their objectivity and performance and setting policy regarding the provision of non-audit services by the external auditors;

iv. Reviewing the plan, scope and results of the annual audit, the external auditors' letter of comments and management's response thereto; and

v. Receiving reports from internal audit relating to risk control and management's response to internal audit review findings.

During the year, the topics subject to Committee discussion at formal scheduled Committee meetings included:

- Review of the risk register, assessing how each risk identified is being monitored and ensuring the process of how these risks are being actively managed is in place;
- Receipt and consideration of reports from the external auditors regarding the scope and findings of their audit of the annual report;
- Recommendation of the annual report and half-year report to the Board for approval, together with the management representation letter and audit fees;
- Review of audit and non-audit related fees paid to the external auditors and monitoring the independence of the external auditors; and
- Review and consideration of accounting treatment policy changes in line with industry practice, as recommended by external auditors.

To ensure the objectivity and independence of the external auditors, any service provided by the external auditors must be approved in accordance with the Group's policy on auditor independence and the provision of non-audit services, which is consistent with the UK Auditing Practices Board's Ethical Standards for Auditors.

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity. In accordance with relevant professional standards, the external auditors have confirmed their independence as auditors in a letter to the Directors. Details of fees paid to the external auditors for both audit and non-audit services are given in the note 6(a) to the financial statements. The non-audit services in the year related to corporate finance transactions proposed to be entered into by the Company, as well as to work performed in relation to the contribution in kind by 1Spatial plc to 1Spatial Belgium.

Internal Control

The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatements and loss. The day-to-day management and monitoring of the Group's systems of internal control is delegated to the Chief Financial Officer.

The Chief Financial Officer ensures that the Group's risk management framework and control culture are embedded within the business, the executive Directors provide assurance to the Board, through the audit committee, that risks are monitored, appropriately escalated and managed within the risk appetite of the Board.

The systems of internal control are designed to cover all business, financial, reputational and legal risks of the Group and are embedded within the day to day operations of the Group.

The financial reporting controls in place are designed to maintain proper accounting records and provide reasonable assurance concerning the accuracy and integrity of financial information reported both internally and externally.

In accordance with the QCA Code and best practice guidance for Directors on internal controls issued by the Financial Reporting Council, the Board, with the advice of the audit committee, has reviewed the effectiveness of the systems of internal control for the year to 31 January 2019. As part of this review, the Board received assurances from the Chief Executive Officer and the Chief Financial Officer of 1Spatial plc that the Directors' Responsibilities Statement on page 24 is founded on a sound system of risk management and internal controls and that the systems of internal controls are operating effectively in all material respects in relation to reporting financial risks and the mitigation of material business risks.

Going concern

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

Remuneration Report

On behalf of the Board, I am pleased to present the 2019 Directors' Remuneration Report, setting out the remuneration policy and the remuneration paid to the Directors for the year to 31 January 2019.

The Remuneration Committee

Membership
F Small (Chairman)
A Roberts (Member)
P Massey (Member, appointed 10 July 2018)
N Habgood (Chairman, until he resigned on 14 March 2018)

Senior management attend meetings at the request of the Committee and recuse themselves from discussions and decisions taken by the Remuneration Committee in respect of their own remuneration.

Attendance at scheduled Committee Meetings during the year is shown below. Additional ad-hoc meetings by conference call were also held during the year.

Director	Maximum Possible Attendance	Meetings Attended
F Small (Chairman)	5	5
A Roberts	5	4
P Massey*	2	2
N Habgood**	1	1

** P Massey was appointed on 10 July 2018*
*** N Habgood resigned on 14 March 2018*

The Remuneration Committee determines and agrees with the Board the broad policy for the remuneration of the Group's employees, as well as reviewing the ongoing appropriateness and relevance of the Group's remuneration policy, ensuring that it is structured in a way that aligns reward with performance, shareholder interests and the long-term interests of the business.

The key responsibilities of the Committee are:

i. Determining the total individual remuneration packages, including pension arrangements, of the Executive Directors and senior management;

ii. Reviewing and approving share incentive plans and non-material changes to them;

iii. Approving and determining targets including the annual discretionary bonus scheme; and

iv. Reviewing and approving the scope of any termination payments and severance terms for Executive Directors, ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The full terms of reference of the Remuneration Committee are available on the Company's website (www.1spatial.com) and on request from the Company Secretary.

The Committee has access to the advice and views of the Chairman and the Chief Executive as well as the use of external consultants, if required. No external consultants were engaged by the Committee during the period.

Remuneration Policy

The Board considers that appropriate remuneration policies are a key driver of performance and a central element of corporate strategy. The Group remuneration policy aims to:

- provide market competitive total compensation;
- motivate, retain and promote individual and corporate outperformance;
- differentiate on merit and performance;
- emphasise variable performance-driven remuneration;
- ensure adherence to the Group's Code of Conduct;
- align senior management with shareholders' interests; and
- deliver clarity, transparency and fairness of process.

The Group remuneration policy has a strong focus on variable compensation as the Board believes that the interests of the business, shareholders and employees are best served by containing fixed remuneration costs and maximising the proportion of total remuneration that is directly performance related.

Element	Structure	Purpose	Performance Measure
Basic Salary	Fixed	Base salary for the role	N/A
Other Benefits	Fixed	Benefits in kind	N/A
Annual Bonus	Variable	Executives and senior management bonuses are determined by the Remuneration Committee based on the performance of the business	Business performance
Share Option Plans	Variable	Share awards aim to align total remuneration with the growth of the business and shareholder value.	Service conditions on share option awards and business performance and share price performance conditions on long-term incentive plan awards

Basic salary

Salaries are reviewed annually for the Chief Executive Officer and the Chief Financial Officer.

Annual bonus

The Committee has the discretion and flexibility to take into account factors other than business performance in determining any bonus. Each element of the Executive Directors' reward package supports the achievement of key business measures and rewards outperformance.

Share Option Plans

Following a consultation with a number of major shareholders, the Group established a new 1Spatial employee share plan (the "New Plan") on 4 September 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders. In order to benefit from grants under the New Plan, to the extent employees and management held options granted under the Company's previous share options plans (the EMI Share Option Plan and the Executive Unapproved Share Option Plan, both introduced in 2010, being the "Existing Plans"), individuals were required to surrender and waive their rights to existing share options. For further detail, refer to note 20 of the Annual Report.

The Company received an irrevocable waiver from Claire Milverton (Chief Executive Officer) to surrender her entire holding of 7,429,150 existing share options and from Nicole Payne (Chief Financial Officer) to surrender her entire holding of 303,644 existing share options, with such options being exercisable at prices of between 4.94 pence and 6 pence per share on a pre-share consolidation basis.

Pursuant to the terms of the New Plan, the following long-term incentive plan awards ("LTIP Awards"), being options exercisable, or options to acquire Ordinary Shares for nil consideration, were granted to the directors of the Company:

Director	Number of LTIP Awards
Claire Milverton (Chief Executive Officer)	659,368
Nicole Payne (Chief Financial Officer)	118,548

In addition to the LTIP Awards, options to acquire Ordinary Shares with an exercise price equal to the closing market price of the Ordinary Shares on the day prior to the date of the grant (46.5 pence) ("Options") were granted to the directors of the Company:

Director	Number of Options
Claire Milverton (Chief Executive Officer) *	769,793
Nicole Payne (Chief Financial Officer) *	107,967

** includes replacement awards for awards waived under the Existing Plan noted above*

Benefits and benefits in kind

The Directors, both Executive and Non-Executive, also benefit from indemnity arrangements in respect of their services as Directors, and from Directors' and Officers' indemnity insurance.

Directors' Service Contracts

The Chief Executive Officer and the Chief Financial Officer have a service agreement with the Company, which is terminable by either party on not less than 12 months' and six months' notice respectively. There are no provisions for remuneration payable on early termination.

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board, with the Non-Executives removing themselves from discussions concerning their remuneration. The Non-Executive Directors serve the Company under formal letters of appointment that are terminable on six month's written notice which sets out their role, obligations as a director and the expected time commitment required.

During the year, the annual fee payable to each Non-Executive Director was:

	Fee £
A Roberts	96,000
F Small	40,000
P Massey	40,000

Directors' interests in share awards

As at 31 January 2019, the Directors held the following share options (refer to note 6(c) of the consolidated financial statements for more detail):

					Scheme		
	1 February 2018 Number	Cancelled on 4 September 2018 Number	Granted on 4 September 2018 Number	**31 January 2019 Number**	EMI share option Number	Executive unapproved share option Number	Exercise price*
C Milverton	2,429,150	(2,429,150)	–	**–**	–	–	49.4p
C Milverton	5,000,000	(5,000,000)	–	**–**	–	–	60p
C Milverton	–	–	659,368	**659,368**	537,632	121,736	0p
C Milverton	–	–	769,793	**769,793**	–	769,793	46.5p
N Payne	303,644	(303,644)	–	**–**	–	–	53.5p
N Payne	–	–	118,548	**118,548**	118,548	–	0p
N Payne	–	–	107,967	**107,967**	107,967	–	46.5p
Total	**7,732,794**	**(7,732,794)**	**1,655,676**	**1,655,676**	**764,147**	**891,529**	

** Exercise prices are stated at post share consolidation values (refer note 20 of the Annual Report).*

Directors' emoluments and compensation

Details of individual Executive Directors' remuneration for those Directors that served during the current year are as follows (full disclosures are presented in note 6(c) of the consolidated financial statements):

Name	**Emoluments £'000**	**Pension contributions £'000**	**Total 2019 £'000**	Emoluments £'000	Pension contributions £'000	Total 2018 £'000
C Milverton *	**255**	**26**	**281**	241	25	266
A Roberts **	**–**	**–**	**–**	255	–	255
N Payne *	**105**	**6**	**111**	94	4	98
M Hanke ***	**–**	**–**	**–**	452	–	452
	360	**32**	**392**	1,042	29	1,071

** Included within directors' emoluments above are non-contractual bonuses amounting to £90,000 (2018: £nil).*

*** A Roberts became a Non-Executive Director from 1 February 2018*

**** M Hanke resigned as an Executive Director of the Board on 30 December 2016.*

Corporate Governance Report (continued)

Details of individual Non-Executive Directors' fees for those Directors that served during the current year are as follows:

	2019 £'000	2018 £'000
N Habgood (resigned 14 March 2018)	**11**	31
A Roberts (Non-Executive Director from 1 February 2018)	**96**	–
F Small (appointed 1 August 2017)	**40**	20
P Massey (appointed 10 July 2018)	**25**	–
	172	51

Directors' share interests

The interests of the Directors in shares of the company as at 31 January 2019 are shown below:

	Ordinary Shares
A Roberts	**310,000**
C Milverton	**361,350**
N Payne	**32,609**
F Small	**13,294**
P Massey	**91,813**

Approved and signed on behalf of the Board

Francis Small
Remuneration Committee Chairman

Independent auditors' report to the members of 1Spatial plc

Report on the audit of the financial statements

Opinion

In our opinion:

- 1Spatial plc'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 31 January 2019 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report for the year ended 31 January 2019 (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 January 2019; the consolidated statement of comprehensive income, the consolidated statement of cash flows, 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall group materiality: £176,000 (2018: £169,000), based on 1% of revenue.
- Overall company materiality: £101,000 (2018: £117,000), based on 5% of loss before tax.
- We conducted audits of the complete financial information of 1Spatial plc, 1Spatial Group Limited and 1Spatial France SAS.
- We performed specified audit procedures over certain account balances and transaction classes at three other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 94% of revenue.
- Capitalisation of development costs (Group).
- Carrying value of goodwill and other intangible assets (Group); Carrying value of the company's investment in and receivables from subsidiaries (Company).
- Going concern (Group and company).
- Risk of error in revenue recognition (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of 1Spatial plc (continued)

Key audit matter	*How our audit addressed the key audit matter*
Capitalisation and valuation of development costs – Group The Group has capitalised development costs of £4,780,000 at 31 January 2019, of which £1,984,000 relates to the 1Spatial France/Belgium CGU and which is subject to a specific impairment assessment as described further under "Carrying value of goodwill and intangible assets" below. Given that capitalisation of such costs directly impacts loss for the period, there is a risk that costs are inappropriately capitalised as a means of achieving a certain result. The Directors performed individual reviews of each project for which costs were capitalised to estimate any potential impairment charge. The main input into this assessment are future sales forecasts for individual products or, for platform technologies, for groups of products. There is therefore judgement in the valuation of the capitalised development costs, owing to the estimation uncertainty that exists around future sales forecasts.	We considered whether costs capitalised in the year had been appropriately and accurately capitalised. For a sample of projects, we recalculated the amounts capitalised, being hours worked multiplied by the hourly rate. In addition we agreed, on a sample basis, the hours worked to timesheets and hourly rates to payroll records. We obtained the impairment assessment prepared by the Directors, which considered the future benefits associated with each individual project, checked its mathematical accuracy and discussed the status of each project with the Group's technical management. We assessed the reasonableness of the Directors' future sales forecasts by considering, on a sample basis, whether projected level of sales are supported by either purchase orders or correspondence with customers. We found no material exceptions in our testing.
Carrying value of goodwill and other intangible assets – Group; Carrying value of the company's investment in and receivables from subsidiaries – Company The Group had goodwill of £4,628,000 at 31 January 2019, which materially all relates to the 1Spatial (excluding France and Belgium) cash generating unit ('CGU'). The directors have performed the required annual impairment assessment of goodwill as at 31 January 2019 using the value in use model and concluded that no impairment should be recorded. Using the same cash flow forecasts, the Directors have reversed £2,047,000 of impairment previously recorded against the receivables due from subsidiaries by the company as the calculation showed that a partial reversal of the previous impairment was justified. In addition, the Directors have assessed the carrying value of intangible assets in the 1Spatial France/Belgium CGU, by performing a value in use calculation which showed that no impairment was required. Using the same assumptions, the Directors have recorded an impairment of £4,826,000 against the company's investment in 1Spatial Belgium SA, principally related to a capital injection in the period. Judgement is required in the impairment assessment, specifically in forecasting the future cash flows. Judgement is also required in determining the discount rate to be applied to future cash flows.	We assessed the level at which impairment testing was performed. Based on our knowledge of the business, including the use of assets and internal reporting, we agreed with the Directors' judgement that, for the assessment of the impairment of goodwill and other intangible assets, the Group has two CGUs. Only the 1Spatial CGU has significant goodwill associated with it. We obtained the Directors' impairment analysis for the two CGU's and gained an understanding of the key assumptions and judgements underlying the assessment. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the model, with no exceptions identified. In the case of the goodwill within the 1Spatial CGU: We assessed the key assumptions, including: – Future revenue and EBITDA: We compared forecast revenues and EBITDA to the Group's budget for the year ending 31 January 2020, which we also assessed as part of our assessment of going concern. We specifically considered the reasonableness of: (i) The increase in revenue and associated EBITDA compared to the year ended 31 January 2019, understood the main drivers for the increase and found these to be reasonable; and (ii) The forecast growth rates to EBITDA in subsequent years and the terminal growth rate and found these to be reasonable when compared with projected industry growth rates or, in the case of the terminal growth rate long-term economic forecasts.

Key audit matter	*How our audit addressed the key audit matter*
	– The cash flows for capital expenditure on products which are currently being developed by comparing to those cash flows in the year ended 31 January 2019 and found these to be reasonable; – Other cash flows including working capital adjustments and tax and understood the main drivers for the changes and found these to be reasonable based on actual results in previous years; and – The discount rate by recalculating the expected discount rate using publicly available information, and considered the rate used to be materially in line with our recalculated rate. We also performed our own sensitivities reflecting what we believed to be a range of reasonably individually possible alternative outcomes over the forecast cash flows and discount rates, the results of which did not indicate an impairment to goodwill. In the case of the intangibles within the 1Spatial France/Belgium CGU: We assessed the key assumptions, including: – The forecast growth/decline in sales and costs; and – The discount rate by recalculating the expected discount rate using publicly available information, and considered the rate used to be materially in line with our recalculated rate. We also assessed the directors' disclosures of the impact of a reasonably possible change in a key assumption. In the case of: (i) the reversal of impairment previously recorded against the receivables due from subsidiaries by the company, we agreed that the reversal was supported by the same cash flow forecasts used to assess the carrying value of goodwill; and (ii) the impairment of the company's investment in 1Spatial Belgium SA, we agreed that the carrying value of the investment that remained was supported by the cash flow forecast performed.

Independent auditors' report to the members of 1Spatial plc (continued)

Key audit matter	How our audit addressed the key audit matter
Going concern – Group and Company At 31 January 2019 the Group had cash and cash equivalents of £6,358,000 (Company: £3,542,000). The company is reliant on the cash inflows generated by its subsidiaries to fund its operations. The Group and Company continue to have cash outflows from operating activities and expenditure on development costs. The directors have prepared monthly cash flow forecasts for the group, using board approved plans, which show that there are sufficient funds to meet the Group and Company's working capital requirements for at least twelve months from the date of approval of the financial statements.	We reviewed the Directors' model supporting the going concern assumption, tested mathematical accuracy and considered the reasonableness of the assumptions made and the available headroom throughout the twelve month period from the date of approval of the financial statements. Our procedures included: – Understanding and evaluating the drivers for the increase in revenue and profit compared to the year ended 31 January 2019; – Considering the extent to which forecast revenue was supported by the order pipeline; – Assessing the projected cash flows for capital expenditure by comparing to equivalent cash flows in the year ended 31 January 2019; and – Assessing the assumptions made in relation to cash receipts from customers and payments to suppliers. Our conclusion on management's use of the going concern basis of preparation is included in the 'conclusions relating to going concern' section below.
Risk of error in revenue recognition – Group The group has various revenue streams, including: – licences for own and third party software; – support and maintenance fees for own and third party software; – consultancy based services; and – software development services, which can extend over longer periods of time. There is a risk that revenue for some of the streams might not be recognised in line with IFRS 15, as the group has applied the standard for the first time.	For licences sold shortly before the year end, we checked that all performance obligations had been completed prior to the year end, such that recognition of licence revenue in accordance with IFRS 15 in the period was appropriate. For revenue recognised over time (comprising support and maintenance services, consultancy based services and software development services), we considered whether the conditions for recognising revenue over time as set out in IFRS 15 had been met. For revenue recognised over time and calculated on a percentage completion basis, we confirmed that the criteria for over time recognition had been met, and we tested management's estimates of future costs to check that an appropriate percentage has been recognised during the year. For contracts where there is no enforceable right to payment for performance to date, we checked that revenue had been recognised based on contract milestones achieved, and that, prior to achievement of such milestones, revenue (together with associated costs) had been deferred. Where licences and services are sold as a bundle, we assessed the allocation of fair value between the different elements performed by management based on the standalone selling prices. We found no material exceptions in our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We conducted audits of the complete financial information of 1Spatial plc, 1Spatial Group Limited and 1Spatial France SAS, which were individually significant and accounted for 64% of the Group's revenue. We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group within 1Spatial Belgium SA, 1Spatial Australia Pty Limited and 1Spatial Inc.

The Group engagement team performed all audit procedures, with the exception of the audit of 1Spatial France SAS and certain specified procedures performed over 1Spatial Belgium SA, which were performed by component auditors in France and Belgium respectively. Our involvement in the work of the component auditors in France and Belgium included regular communication, with formal meetings arranged following the performance of the procedures. In addition, members of the Group engagement team met with the component auditors and performed a review of their working papers.

Taken together, the Group companies over which we performed our audit procedures accounted for 94% of revenue.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£176,000 (2018: £169,000).	£101,000 (2018: £117,000).
How we determined it	1% of revenue.	5% of loss before tax adjusted to exclude the impact of impairment of investments and intercompany receivables.
Rationale for benchmark applied	The earnings have historically been volatile and fluctuated widely from year to year, therefore the overall materiality was calculated as a percentage of the Group's revenue, which is one of the Group's KPIs.	The company does not generate any revenue, therefore, we applied a loss before tax benchmark. As the current year included a significant impact following the impairment of investments and intercompany receivables, which were not reflective of the ongoing operations, we therefore excluded the impact from our materiality calculations.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £100,000 and £167,200. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £8,800 (Group audit) (2018: £8,000) and £5,000 (Company audit) (2018: £6,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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.

Independent auditors' report to the members of 1Spatial plc (continued)

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.

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 directors are 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 year ended 31 January 2019 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 Directors' Responsibilities Statement, 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 directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

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.

Simon Ormiston

Simon Ormiston
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
13 May 2019

Consolidated statement of comprehensive income

For the year ended 31 January 2019

	Note	2019 £'000	2018 £'000
Continuing operations			
Revenue	5/7	17,624	16,938
Cost of sales		(8,449)	(7,994)
Gross profit		9,175	8,944
Administrative expenses		(10,803)	(10,749)
		(1,628)	(1,805)
Adjusted* EBITDA		1,188	403
Less: depreciation	12	(141)	(231)
Less: amortisation and impairment of intangible assets	11	(1,785)	(1,474)
Less/add: share-based payment (charge)/credit	22	(218)	538
Less: strategic, integration and other irregular items	8	(672)	(1,041)
Operating loss	6(a)	(1,628)	(1,805)
Finance income	9	8	36
Finance costs	9	(199)	(187)
Net finance cost	9	(191)	(151)
Loss before tax		(1,819)	(1,956)
Income tax credit	10	389	753
Loss for the year from continuing operations	5	(1,430)	(1,203)
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the company)	15	(270)	(1,255)
Loss for the year attributable to:			
Equity shareholders of the Parent		(1,700)	(2,458)
		(1,700)	(2,458)
Other comprehensive (expense)/income			
Items that may subsequently be reclassified to profit or loss:			
Actuarial losses arising on defined benefit pension, net of tax	18	–	(2)
Exchange differences arising on translation of net assets of foreign operations		80	366
Other comprehensive income for the year, net of tax		80	364
Total comprehensive loss for the year		(1,620)	(2,094)
Total comprehensive loss attributable to the equity shareholders of the Parent		(1,620)	(2,094)
Total comprehensive loss attributable to equity shareholders of the Parent arises from:			
• Continuing operations		(1,350)	(1,030)
• Discontinued operations		(270)	(1,064)
		(1,620)	(2,094)

Consolidated statement of comprehensive income (continued)

For the year ended 31 January 2019

	Note	2019 £'000	2018 £'000
Loss per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year (expressed in pence per ordinary share):			
Basic loss per share		**(1.97)**	(3.20)
From continuing operations	25	**(1.65)**	(1.50)
From discontinued operations	25	**(0.31)**	(1.70)
Diluted loss per share		**(1.97)**	(3.20)
From continuing operations	25	**(1.65)**	(1.50)
From discontinued operations	25	**(0.31)**	(1.70)

** Adjusted for strategic, integration, other irregular items (note 8) and share-based payment charge.*

Consolidated statement of financial position

As at 31 January 2019

Registered company number (England): 5429800

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets including goodwill	11	**10,194**	10,540
Property, plant and equipment	12	**285**	333
Total non-current assets		**10,479**	10,873
Current assets			
Trade and other receivables	13	**4,998**	5,510
Current income tax receivable		**125**	221
Cash and cash equivalents	14	**6,358**	1,319
Total current assets		**11,481**	7,050
Assets of disposal group classified as held for sale	15	**–**	1,031
Total assets		**21,960**	18,954
Liabilities			
Current liabilities			
Bank borrowings		**–**	(1,051)
Trade and other payables	16	**(7,901)**	(9,003)
Current income tax liabilities		**–**	(32)
Provisions	17	**–**	(148)
Total current liabilities		**(7,901)**	(10,234)
Non-current liabilities			
Defined benefit pension obligation	18	**(677)**	(635)
Deferred tax	19	**(192)**	(264)
Total non-current liabilities		**(869)**	(899)
Liabilities of disposal group classified as held for sale	15	**–**	(1,031)
Total liabilities		**(8,770)**	(12,164)
Net assets		**13,190**	6,790

Consolidated statement of financial position (continued)

As at 31 January 2019

Registered company number (England): 5429800

	Note	**2019 £'000**	2018 £'000
Share capital and reserves			
Share capital	20	**18,971**	16,705
Share premium account	20	**28,661**	22,931
Own shares held	20	**(303)**	(303)
Equity-settled employee benefits reserve	21	**2,934**	2,716
Merger reserve	21	**16,030**	16,030
Reverse acquisition reserve	21	**(11,584)**	(11,584)
Currency translation reserve	21	**304**	224
Accumulated losses		**(41,346)**	(39,452)
Purchase of non-controlling interest reserve	21	**(477)**	(477)
Total equity attributable to shareholders of the parent		**13,190**	6,790
Total equity		**13,190**	6,790

The financial statements on pages 40 to 95 were approved and authorised for issue by the Board on 13 May 2019 and signed on its behalf by:

N Payne
Director

Consolidated statement of changes in equity

For the year ended 31 January 2019

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accum-ulated losses	Total equity attributable to share-holders of the parent	Non-controlling interest	Total equity
Balance at 1 February 2017	**16,449**	**22,931**	**(303)**	**3,254**	**15,347**	**(11,584)**	**(142)**	**–**	**(36,992)**	**8,960**	**262**	**9,222**
Comprehensive (loss)/income												
Loss for the year	–	–	–	–	–	–	–	–	(2,458)	(2,458)	–	(2,458)
Other comprehensive (loss)/income												
Actuarial losses arising on defined benefit pension	–	–	–	–	–	–	–	–	(2)	(2)	–	(2)
Exchange differences on translating foreign operations	–	–	–	–	–	–	366	–	–	366	–	366
Total other comprehensive income/(loss)	–	–	–	–	–	–	366	–	(2)	364	–	364
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**366**	**–**	**(2,460)**	**(2,094)**	**–**	**(2,094)**
Transactions with owners												
Issue of shares to acquire remaining interest in Sitemap Ltd	56	–	–	–	144	–	–	–	–	200	–	200
Acquisition of shares in 1Spatial Inc	200	–	–	–	539	–	–	(477)	–	262	(262)	–
Recognition of share-based payments	–	–	–	(538)	–	–	–	–	–	(538)	–	(538)
	256	**–**	**–**	**(538)**	**683**	**–**	**–**	**(477)**	**–**	**(76)**	**(262)**	**(338)**
Balance at 31 January 2018	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,452)**	**6,790**	**–**	**6,790**
Adjustment on initial application of IFRS 15	–	–	–	–	–	–	–	–	(194)	(194)	–	(194)
Balance at 31 January 2018	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,646)**	**6,596**	**–**	**6,596**
Comprehensive loss												
Loss for the year	–	–	–	–	–	–	–	–	(1,700)	(1,700)	–	(1,700)
Other comprehensive (loss)/income												
Exchange differences on translating foreign operations	–	–	–	–	–	–	80	–	–	80	–	80
Total other comprehensive income	–	–	–	–	–	–	80	–	–	80	–	80
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**–**	**–**	**80**	**–**	**(1,700)**	**(1,620)**	**–**	**(1,620)**
Transactions with owners												
Issue of share capital, net of share issue costs (note 20)	2,266	5,730	–	–	–	–	–	–	–	7,996	–	7,996
Recognition of share-based payments	–	–	–	218	–	–	–	–	–	218	–	218
	2,266	**5,730**	**–**	**218**	**–**	**–**	**–**	**–**	**–**	**8,214**	**–**	**8,214**
Balance at 31 January 2019	**18,971**	**28,661**	**(303)**	**2,934**	**16,030**	**(11,584)**	**304**	**(477)**	**(41,346)**	**13,190**	**–**	**13,190**

Consolidated statement of cash flows

For the year ended 31 January 2019

	Note	**2019 £'000**	2018 £'000
Cash flows from operating activities			
Cash (used in)/generated from operations	(a)	**(749)**	245
Interest received		**24**	3
Interest paid		**(199)**	(170)
Tax received		**410**	751
Net cash (used in)/generated from operating activities		**(514)**	829
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	24	**–**	15
Disposal of subsidiary		**–**	100
Purchase of property, plant and equipment		**(94)**	(96)
Proceeds from sale of property, plant and equipment		**–**	80
Expenditure on product development and intellectual property capitalised		**(1,300)**	(1,019)
Net cash used in investing activities		**(1,394)**	(920)
Cash flows from financing activities			
Repayment of borrowings		**–**	(5)
Net proceeds of share issue	20	**7,996**	–
Net cash generated from/(used in) financing activities		**7,996**	(5)
Net increase/(decrease) in cash and cash equivalents		**6,088**	(96)
Cash and cash equivalents at start of year		**268**	604
Less cash and cash equivalents in assets held for sale		**–**	(226)
Effects of foreign exchange on cash and cash equivalents		**2**	(14)
Cash and cash equivalents at end of year	(b)	**6,358**	268

Cash flows of discontinued operations included above

	2019 £'000	2018 £'000
Net cash generated from operating activities	**(141)**	101
Net cash used in investing activities	**–**	(33)
Total	**(141)**	68

Notes to the consolidated statement of cash flows

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

	Note	2019 £'000	2018 £'000
Loss before tax including discontinued operations		(2,085)	(3,424)
Adjustments for:			
Net finance cost		175	167
Depreciation		141	376
Amortisation and impairment of intangible assets		1,785	1,558
Impairment of assets held for sale	15	–	1,220
Share-based payment charge/(credit)	22	218	(538)
Net foreign exchange movement		(39)	271
Loss on disposal of assets held for sale		–	199
Loss on disposal of property, plant and equipment		–	9
Gain on bargain purchase	24	–	(100)
(Increase)/decrease in trade and other receivables		(184)	2,791
Decrease in trade and other payables		(656)	(2,205)
Decrease in provisions		(148)	(83)
Increase in defined benefit pension obligation		44	4
Cash (used in)/generated from operations		(749)	245

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

	2019 £'000	2018 £'000
Increase/(decrease) in cash in the year	6,088	(96)
Changes resulting from cash flows	6,088	(96)
Less cash and cash equivalents in assets held for sale	–	(226)
Effect of foreign exchange	2	(14)
Change in net funds	6,090	(336)
Net funds at beginning of year	268	604
Net funds at end of year	6,358	268

Analysis of net funds

Cash and cash equivalents classified as:		
Current assets	6,358	1,319
Bank and other loans	–	(1,051)
Net funds at end of year	6,358	268

Notes to the consolidated statement of cash flows (continued)

(c) Reconciliation of movement in liabilities from financing activities

	Finance leases due within 1 year £'000	Finance leases due after 1 year £'000	Total £'000
Debt as at 1 February 2017	11	62	73
Cashflows	(5)	–	(5)
Disposals – finance lease	(6)	(62)	(68)
Debt as at 31 January 2018	**–**	**–**	**–**
Cashflows	–	–	–
Debt as at 31 January 2019	**–**	**–**	**–**

Notes to the financial statements

For the year ended 31 January 2019

1. General information

The consolidated financial statements of the Group for the year ended 31 January 2019 comprise 1Spatial plc ('the Company') and its subsidiaries (together 'the Group').

The principal activities of the Company and its subsidiaries are described within the Directors' report on page 21.

The Company is a public limited company whose shares are listed on the AIM London Stock Exchange and is incorporated and domiciled in England. The address of its registered office is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, England, CB4 0WZ.

2. Summary of significant accounting policies

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

Basis of preparation

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

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

Going concern

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

Audit exemption

Subsidiary undertakings Storage Fusion Limited, 1Spatial Holdings Limited and Sitemap Ltd have claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2019. The Group parent company, 1Spatial plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby 1Spatial plc will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 January 2019. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2019. The Group parent company, 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2019.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2018, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

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

- IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and is effective for accounting periods beginning on or after 1 January 2018. The Group has applied the standard for the first time in these financial statements using the modified retrospective approach.

The new standard replaces previous accounting standards used to determine the measurement and timing of revenue recognition and requires an entity to align the recognition of revenue to the transfer of goods and services at an amount that the entity expects to be entitled to in exchange for those goods and services.

The impact of adopting IFRS 15 is that:

– For software licensing revenue, the performance obligations are satisfied at a point in time rather than being satisfied over time, and therefore upon adoption of IFRS 15, revenue from both perpetual and term licences are recognised in full once the performance obligation has been satisfied. Previously, revenue from perpetual licences was recognised at a point in time but term licence was over time;

– For professional services revenue, the revenue recognition for professional services has not changed on adoption of IFRS 15, as these are recognised at a point in time once the Company has a contractual right to receive the consideration; and

– For software development service revenue which was previously recognised over time, the revenue recognition will continue to be appropriate under IFRS 15, except where the Company does not have a contractual right to receive payment for the services. In this case, the adoption of IFRS 15 results in a step-recognition of these software development service revenues, (i.e. at a point in time), as milestones are achieved, with the related costs being recognised at the same time.

– For support and maintenance services there is no change to the revenue recognition, which will continue to be recognised over time as the services are provided.

The quantitative impact of adopting IFRS 15 is set out in note 7.

- IFRS 9 'Financial instruments'. This standard replaces the provisions in IAS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and is effective for accounting periods beginning on or after 1 January 2018. The Group has applied the standard for the first time in these financial statements. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The adoption of IFRS 9 from 1 February 2018 resulted in changes in accounting policies, but did not result in adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in paragraph 7.2.15 and 7.2.26 of IFRS 9, comparative figures have not been restated. On 1 February 2018 (the date of initial application of IFRS 9), management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are that assets previously classified as 'loans and receivables' have been reclassified to the 'amortised cost' measurement category.

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2018 and not adopted early

- IFRS 16, 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. It is effective for accounting periods beginning on or after 1 January 2019. The Group will apply the standard for the first time in the half year report ending 31 July 2019 and the annual report ending 31 January 2020.

  Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Directors have assessed the impact of this and this has been set out in note 27 'Lease Disclosure – IFRS 16.

Basis of consolidation

The results and net assets of all subsidiary undertakings acquired are included in the statement of comprehensive income and consolidated statement of financial position using the purchase method of accounting from the effective date at which control is obtained by the Group. Subsidiary undertakings cease to be consolidated from the date at which the Group no longer retains control, or from the date that the subsidiary is classified within disposal groups held for sale. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances and transactions are eliminated in full. Accounting policies of subsidiaries are changed where necessary to ensure consistent policies across the Group.

Business combinations

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

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

Where a business combination is achieved in a series of transactions, the business combination's cost is the aggregate of the fair values of the assets given, liabilities assumed and equity instruments issued by the acquirer at the date of each transaction in the series. The previously held interest is re-measured to fair value at the acquisition date, and a gain or loss is recognised in the statement of comprehensive income.

Disposal of subsidiaries

The date of disposal of a subsidiary is the date on which control passes. The consolidated statement of comprehensive income includes the results of a subsidiary up to the date of disposal; the gain or loss on disposal is the difference between (a) the carrying amount of the net assets plus any attributable goodwill and amounts accumulated in other comprehensive income; and (b) the proceeds of sale.

Segment reporting

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

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UK sterling which is the Company's functional and presentation currency. Foreign currency adjustments arise on translating the overseas subsidiaries into the Group's presentation currency.

(b) Transactions and balances

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

(c) Group companies

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

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.

(d) Goodwill and intangibles

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

Revenue recognition

Revenue has been recognised in the year ended 31 January 2019 by applying IFRS 15, the policies adopted are set out below.

Revenue comprises the fair value of the consideration received or receivable for software licences, support and maintenance, professional services and software development services in the ordinary course of the Group's activities. The consideration is allocated between the individual performance obligations in a contract, and revenue is recognised when the associated performance obligations have been met.

Revenue for each of the Group's different revenue streams and how it is recognised is set out below.

Software licences

Revenue is recognised in full when the software is delivered and accepted by the customer.

Support and maintenance

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

Where fees for support and maintenance are bundled with the licence fee, the transaction price is allocated to the distinct performance obligation with revenue recognised when the performance obligation has been met

Professional services

Revenue is recognised at a point in time once the Group has the contractual right to receive the consideration.

Software development services

Revenue is recognised over time based upon stage of completion of the software project. The percentage of completion of the project is arrived at by a considered objective review as to the work that has been carried out, against that which is yet to be completed, to allow the project to be delivered to the customer. These reviews are carried out throughout the project. Where the Group has an enforceable right to payment for performance to date, revenue is recognised using an input method based on costs incurred as a proportion of total costs expected to be incurred. Where there is no enforceable right to payment for performance to date, revenue is recognised based on an output method based on contract milestones achieved. Any costs relating to the element of the project not yet being recognised as revenue are deferred, until the associated revenue is recognised, and included within other receivables.

The comparatives for the year ended 31 January 2018 applied IAS 18 with the policy below being followed;

Revenue comprised the fair value of the consideration received or receivable for software licences, support and maintenance, professional services and software development services in the ordinary course of the Group's activities. Revenue was recognised when the risks and rewards of ownership had passed to the customer and was shown net of Value Added Tax, rebates, discounts and after eliminating sales within the Group. Where a sale included multiple elements, where the fair value of each element could be reliably valued, the elements were separated. Where this was not possible the revenue was spread over the period relating to the element with the longest recognition period.

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

Software licence revenue

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

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

Support and maintenance

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

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

Professional services

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

Software development services

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

Interest income

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

Deferred costs and deferred revenues

To the extent that the cost and revenue recognition differs from the contractual billing terms, costs are included in other receivables and revenue is included in contract assets or contract liabilities. Incremental costs of obtaining a contract and costs to fulfil a contract are included within other receivables if they are expected to be recovered. The costs are amortised on a systematic basis consistent with the expected pattern of the transfer of services under the contract.

Strategic, integration and other irregular items

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

The policy of the Group is to separately disclose the following:

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

Adjusted EBITDA is the profit before tax prior to the charge of share options, depreciation, amortisation and strategic, integration and other irregular items.

Current and deferred income tax

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

Current tax

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

Tax relief is available for certain qualifying research and development ("R&D") expenditure incurred by group companies. During the year, the Group elected to claim R&D relief under the Finance Act 2013 Schedule 14 R&D Expenditure Credit ("RDEC") scheme on qualifying expenditure incurred from 1 April 2013. The irrevocable election provides an R&D expenditure credit, which is included in the statement of comprehensive income and is subject to tax.

Deferred tax

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

A deferred tax liability is provided on intangible assets acquired as part of a business combination. This results in an increase in residual goodwill by the same amount. This liability has been recognised in accordance with IAS12.

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

Intangible assets

(a) Goodwill

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

(b) Other intangible assets

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

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

Expenditure on internally developed intangible assets, excluding development costs, is taken to the statement of comprehensive income in the year in which it is incurred. Development expenditure is recognised as an intangible asset only if all of the following conditions are met: an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; it is technically feasible that the asset can be completed so that it will be available for use or sale and there are sufficient available resources to complete it; and the development costs can be measured reliably. The types of costs capitalised include employee costs and subcontractor costs directly associated with development activity.

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

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

Amortisation is charged to profit or loss. Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, as follows:

Brands	5 to 15 years
Customer and related contracts	5 to 15 years
Software and intellectual property	3 to 10 years
Development costs	2 to 5 years
Website costs	3 years

Impairment of non-financial assets

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

Property, plant and equipment

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

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

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

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

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

Non-current assets or disposal groups classified as held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Financial assets

The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(a) Trade and other receivables

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

Trade receivables are initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss. Prior to the adoption of IFRS 9, allowances were made when there was objective evidence that the asset was impaired. From 1 February 2018, the Group has applied IFRS 9 and has utilised the simplified approach to measuring credit losses, using a lifetime expected loss allowance for all trade receivables and contract assets. No measurement changes were recorded as a result of adopting IFRS 9. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(b) Cash and cash equivalents

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

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

Financial liabilities

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

(a) Trade and other payables

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

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

(b) Borrowings

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

(a) Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Share capital

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

Employee benefits

(a) Pensions

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, dependent on factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period (there are no plan assets). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability. Past-service costs are recognised immediately in the statement of comprehensive income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based payments

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

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

(c) Other

Wages, salaries and social contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

Leases

Assets held under leases that result in group companies receiving substantially all the risks and rewards of ownership are classified as finance leases and capitalised as property, plant and equipment at the lower of cost and the estimated present value of the underlying lease payments. Rentals under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Notes to the financial statements (continued)

For the year ended 31 January 2019

3. Financial instruments

Financial assets and financial liabilities

The Group holds the following financial instruments:

	At 31 January 2019 £'000	At 31 January 2018 £'000
Financial assets held at amortised cost (2018: loans & receivables)		
Trade and other receivables *	3,641	4,982
Cash and cash equivalents	6,358	1,319
	9,999	6,301
Financial liabilities (amortised cost)		
Bank borrowings	–	1,051
Trade and other payables **	2,501	2,620
	2,501	3,671

* excluding prepayments and VAT and costs incurred to fulfil or obtain a contract.

** excluding contract liabilities (2018: deferred income) as there is no obligation to pay cash. This also excludes statutory liabilities such as other taxation and social security.

Financial risk factors

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

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

(a) Foreign currency risk

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

During the year, the Group had operating subsidiaries in Australia, the United States, Belgium, France and Ireland, whose revenues and expenses are denominated in Australian dollars, US dollars or euros.

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

	Net assets			
	At 31 January 2019 £'000	At 31 January 2018 £'000	**At 31 January 2019 CU'000**	At 31 January 2018 CU'000
Euros	**1,330**	1,283	**1,521**	1,463
Australian dollars	**(70)**	(53)	**(127)**	(93)
US dollars	**370**	353	**485**	501
Canadian dollars	**19**	13	**33**	23
Moroccan dirham	**76**	202	**949**	2,609
Tunisian dinar	**8**	30	**30**	102
	1,733	1,828		

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

	Australian dollar currency impact		Euro currency impact		US dollar currency impact	
	At 31 January 2019 £'000	At 31 January 2018 £'000	**At 31 January 2019 £'000**	At 31 January 2018 £'000	**At 31 January 2019 £'000**	At 31 January 2018 £'000
Loss	(14)	(8)	(27)	(109)	(26)	(57)
Net assets/(liabilities)	112	124	(346)	(383)	(288)	(286)

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

(b) Cash flow and interest rate risk

Prior to August 2018, the Group had a £2.5m overdraft facility, and it therefore had exposure to risk for changes in interest rates. No interest was charged on the total of debit balances equal to the total of credit balances on the agreed facility accounts, and 4% p.a. was charged over base rate on the remainder. Following the repayment of the overdraft, the Group has no interest rate risk.

There is no interest on trade and other payables at 31 January 2019 (2018: nil).

Sensitivity analysis

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

	At 31 January 2019 £'000	At 31 January 2018 £'000
Financial assets		
Cash and cash equivalents	6,358	1,319
Financial liabilities		
Bank borrowings	–	(1,051)

	At 31 January 2019 £'000	At 31 January 2018 £'000	At 31 January 2019 CU'000	At 31 January 2018 CU'000
Cash and cash equivalents				
Sterling	4,374	–	4,374	–
Euros	1,720	1,043	1,966	1,188
Australian dollars	69	79	124	138
US dollars	145	89	192	126
Tunisian dinar	6	29	24	96
Moroccan dirham	44	79	542	1,024
	6,358	1,319		
Bank borrowings				
Sterling	–	(1,103)	–	(1,103)
Euros	–	48	–	56
US dollars	–	4	–	5
	–	(1,051)		

Cash and cash equivalents are placed upon deposit at the best market rates available (subject to the Group's credit risk policy below) should an excess above that required for working capital be held.

Other financial assets comprise trade receivables and other receivables as detailed in note 13.

(c) Credit risk

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

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

The table below shows the ageing of customer receivables at the reporting date (shown net of provision of impairment). Refer to note 13 for further details.

	2019	2018
	£'000	£'000
Current	**1,849**	1,961
Up to 3 months overdue	**510**	315
3 to 6 months overdue	**80**	35
6 to 12 months overdue	**63**	19
> 12 months overdue	**30**	44
	2,532	2,374

(d) Liquidity risk

Liquidity is managed so that sufficient funds are maintained to support the ongoing strategic and trading activities of the Group. Management monitors rolling forecasts of the Group's expected cash flow. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a group cash flow forecast.

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

At 31 January 2019	**Less than one year £'000**	**Between one and two years £'000**
Trade and other payables*	**2,501**	**–**
	2,501	**–**

At 31 January 2018	**Less than one year £'000**	**Between one and two years £'000**
Bank borrowings	1,051	–
Trade and other payables*	2,620	–
	3,671	–

* Excludes contract liabilities (2018: deferred income) as it is not a financial liability as there is no obligation to pay cash. This also excludes statutory liabilities such as other taxation and social security.

(e) Capital risk

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

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets/businesses to reduce debt.

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

During the year ended 31 January 2019, the Group's strategy, which is unchanged from the previous year, was to maintain the gearing ratio below 50% and this has been maintained.

4. Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and reversal of impairment of other intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. In addition, in the prior year, other intangible assets (as well as goodwill) were impaired in the 1Spatial France / Belgium CGU, following an impairment review. The recoverable amounts of cash-generating units have been determined based on value in use. Management has also had to make significant estimates and judgements when putting together the budgets and projections and in determining an appropriate discount rate, which are used in the value in use calculations. These calculations require the use of estimates as further detailed in note 11.

Capitalisation of development expenditure

Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. In addition, estimates are made in relation to the impairment of capitalised expenditure based on the projected revenues and margins to be earned from the related products.

Other estimates and assumptions include:

- Revenue recognition, namely allocation of consideration to different performance obligations
- Determining disposal groups held for sale and discontinued operations
- Acquisition accounting
- Provisions
- Number of share options that will vest under share options schemes
- Defined benefit pension scheme (see note 18)

These areas of estimates and judgements are not considered significant on the basis that judgement and estimate methods used have not materially altered year on year and they have not materially affected the reported numbers. The assumptions used are also not considered to be materially uncertain. Estimates and judgements are made with reference to the Group's accounting policies and relevant financial reporting standards.

5. Segmental information

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

The United Kingdom is the home country of the Group. For management purposes during the year, the Group was organised into the following operating divisions – Central costs, Geospatial (1Spatial Group including France and Belgium and 1Spatial Inc.) and Cloud (Enables IT and Storage Fusion Limited, which are both included within discontinued operations, and Sitemap). These divisions are the basis on which the Group reports its segmental information. The Geospatial business represents the core 1Spatial business which has offices in the UK (Cambridge), Ireland, France, Belgium, Australia and the USA (Washington DC). The Cloud Services division represents the Enables IT business plus the two smaller businesses operated by the Group, of Storage Fusion Limited and Sitemap. Enables IT and Storage Fusion Limited have been treated as discontinued operations in these financial statements, within the Cloud segment. The Central costs mainly represent costs associated with 1Spatial plc including costs of the Board of Directors and other costs which are not specific to any of the other segments. Examples of cost include the Group accounting function and marketing. It also includes costs associated with being an AIM listed company and other statutory costs including audit fees, as well as the costs incurred in relation to the disposal of Enables IT in the year.

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

The segment information provided to the Board for the reportable segments for the year ended 31 January 2019 is as follows:

31 January 2019	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Revenue	–	17,624	–	17,624
Cost of sales	–	(8,449)	–	(8,449)
Gross profit	**–**	**9,175**	**–**	**9,175**
Total administrative expenses	(1,971)	(8,829)	(3)	(10,803)
Adjusted EBITDA	(1,460)	2,651	(3)	1,188
Less: depreciation	–	(141)	–	(141)
Less: amortisation and impairment of intangible assets	–	(1,785)	–	(1,785)
Less: share-based payment charge	(53)	(165)	–	(218)
Less: strategic, integration and other irregular items	(458)	(214)	–	(672)
Total operating (loss)/profit	**(1,971)**	**346**	**(3)**	**(1,628)**
Finance income	4	4	–	8
Finance cost	(122)	(77)	–	(199)
Net finance cost	**(118)**	**(73)**	**–**	**(191)**
(Loss)/profit before tax	**(2,089)**	**273**	**(3)**	**(1,819)**
Tax	–	387	2	389
(Loss)/profit for the year	**(2,089)**	**660**	**(1)**	**(1,430)**
Loss for the year from discontinued operations	(163)	–	(107)	(270)
(Loss)/profit for the year attributable to:				
Equity holders of the parent	(2,252)	660	(108)	(1,700)
	(2,252)	**660**	**(108)**	**(1,700)**
(Loss)/profit for the year from:				
– Continuing operations	(2,089)	660	(1)	(1,430)
– Discontinued operations	(163)	–	(107)	(270)
	(2,252)	**660**	**(108)**	**(1,700)**

31 January 2019	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Segment assets	3,712	18,146	102	21,960
Segment liabilities	(797)	(7,938)	(35)	(8,770)
Segment net assets	**2,915**	**10,208**	**67**	**13,190**

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

The amounts provided to the Board in the year ended 31 January 2019 with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset. Liabilities are allocated based on the operations of the segment.

31 January 2018	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Revenue	–	16,938	–	16,938
Cost of sales	–	(7,994)	–	(7,994)
Gross profit	–	8,944	–	8,944
Total administrative expenses	(1,742)	(8,874)	(133)	(10,749)
Adjusted EBITDA	(1,601)	2,035	(31)	403
Less: depreciation	(15)	(215)	(1)	(231)
Less: amortisation and impairment of intangible assets	–	(1,274)	(200)	(1,474)
Less: share-based payment credit/(charge)	551	(13)	–	538
Less: strategic, integration and other irregular items	(677)	(463)	99	(1,041)
Total operating (loss)/profit	(1,742)	70	(133)	(1,805)
Finance income	–	36	–	36
Finance cost	(124)	(63)	–	(187)
Net finance cost	(124)	(27)	–	(151)
(Loss)/profit before tax	(1,866)	43	(133)	(1,956)
Tax	–	748	5	753
(Loss)/profit for the year	(1,866)	791	(128)	(1,203)
Loss for the year from discontinued operations	(166)	–	(1,089)	(1,255)
(Loss)/profit for the year attributable to:				
Equity holders of the parent	(2,032)	791	(1,217)	(2,458)
	(2,032)	791	(1,217)	(2,458)
(Loss)profit for the year from:				
– Continuing operations	(1,866)	791	(128)	(1,203)
– Discontinued operations	(166)	–	(1,089)	(1,255)
	(2,032)	791	(1,217)	(2,458)

31 January 2018	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Segment assets	69	17,632	1,253	18,954
Segment liabilities	(2,705)	(8,382)	(1,077)	(12,164)
Segment net (liabilities)/assets	(2,636)	9,250	176	6,790

Notes to the financial statements (continued)

For the year ended 31 January 2019

The following table provides an analysis of the Group's non-current assets located in all countries in which the entity holds assets.

	2019 £'000	2018 £'000
United Kingdom (being the Company's country of domicile)	**5,627**	6,132
Europe	**2,186**	2,235
United States	**2,664**	2,501
Rest of World	**2**	5
	10,479	10,873

1Spatial Group has one major customer where revenues exceed 10% of the Group's revenue. This is a UK major Infrastructure company.

The Group's operations are located in the United Kingdom, Europe (Ireland, France and Belgium) the United States and Australia. The following table provides an analysis of the Group's revenue by geographical destination.

	2019 Continuing £'000	2019 Discontinued £'000	2019 Total £'000
United Kingdom	7,194	–	**7,194**
Europe	6,298	–	**6,298**
United States	1,964	–	**1,964**
Rest of World	2,168	–	**2,168**
	17,624	–	**17,624**

The following table provides an analysis of the Group's revenue by country of domicile, split, in the case of 2019, by whether the revenue is recognised at a point in time or over time.

	2019 Continuing £'000	2019 Discontinued £'000	2019 Total £'000
United Kingdom	7,642	–	**7,642**
At a point in time	1,139	–	**1,139**
Over time	6,503	–	**6,503**
Europe	6,325	–	**6,325**
At a point in time	1,085	–	**1,085**
Over time	5,240	–	**5,240**
United States	1,964	–	**1,964**
At a point in time	548	–	**548**
Over time	1,416	–	**1,416**
Rest of World	1,693	–	**1,693**
At a point in time	671	–	**671**
Over time	1,022	–	**1,022**
	17,624	–	**17,624**

The following table provides an analysis of the Group's revenue by category.

	2019 Continuing £'000	2019 Discontinued £'000	**2019 Total £'000**	2018 Continuing £'000	2018 Discontinued £'000	2018 Total £'000
Licences	2,765	–	**2,765**	2,515	–	2,515
Services*	7,813	–	**7,813**	7,178	1,281	8,459
Support and maintenance	7,038	–	**7,038**	7,228	1,377	8,605
Products	8	–	**8**	17	2,920	2,937
	17,624	–	17,624	16,938	5,578	22,516

* This includes both Professional services revenue and Software development services.

No revenue was recognised in the year from performance obligations satisfied in previous years.

6. (a) Operating loss

	2019 Continuing £'000	2019 Discontinued £'000	**2019 Total £'000**	2018 Continuing £'000	2018 Discontinued £'000	2018 Total £'000
Operating loss is stated after charging/(crediting):						
Wages and salaries	8,720	–	**8,720**	9,084	1,475	10,559
Social security costs	1,588	–	**1,588**	1,761	161	1,922
Other pension costs	494	–	**494**	430	49	479
Termination benefits	–	–	**–**	–	–	–
Share-based payment charge/(credit)	218	–	**218**	(538)	–	(538)
Staff costs including Executive Directors and compromise agreements	11,020	–	**11,020**	10,737	1,685	12,422
Depreciation of property, plant and equipment – owned assets	141	–	**141**	231	145	376
Amortisation and impairment of intangible assets	1,785	–	**1,785**	1,474	1,202	2,676
Net foreign exchange losses	200	–	**200**	97	4	101
Loss on disposal of tangible assets	–	–	**–**	9	–	9
Gain on bargain purchase	–	–	**–**	(100)	–	(100)
Operating lease payments	464	–	**464**	448	83	531
Research activities expensed	1,338	–	**1,338**	1,403	–	1,403
Auditors' remuneration:						
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	123	–	**123**	124	–	124
Fees payable to the Company's auditors and its associates for other services:						
– The audit of the Company's subsidiaries	5	–	**5**	5	–	5
– Services relating to corporate finance transactions entered into, or proposed to be entered into, by the Company or any of its associates.	27	–	**27**	–	–	–
– Other Services	5	–	**5**	–	–	–

6. (b) Average monthly number of personnel employed (including Executive Directors)

	2019 Continuing	2019 Discontinued	2019 Total	2018 Continuing	2018 Discontinued	2018 Total
Software developers	58	–	58	59	–	59
Consulting	46	–	46	49	–	49
Sales and marketing	23	–	23	24	7	31
Administration	27	–	27	24	8	32
Professional services	–	–	–	–	10	10
Support	11	–	11	11	11	22
Directors	2	–	2	3	–	3
	167	–	167	170	36	206

6. (c) Directors' emoluments

Details of individual Executive Directors' remuneration for the year are as follows:

	Emoluments £'000	Pension contributions £'000	Total 2019 £'000	Emoluments £'000	Pension contributions £'000	Total 2018 £'000
C Milverton *	255	26	281	241	25	266
A Roberts **	–	–	–	255	–	255
N Payne *	105	6	111	94	4	98
M Hanke ***	–	–	–	452	–	452
	360	32	392	1,042	29	1,071

* Included within directors' emoluments above are non-contractual bonuses amounting to £60,000 (2018: £90,000).

** A Roberts became a Non-Executive Director from 1 February 2018

*** M Hanke resigned as an Executive Director of the Board on 30 December 2016.

No Directors as at 31 January 2019 and 2018 were accruing benefits under a defined benefit pension scheme and no Directors exercised options in either 2019 or 2018.

The highest paid director in the current year was C Milverton (2018: C Milverton) and the amounts paid in each of the years to those directors are disclosed above.

Details of options for Directors who served during the year are as follows:

	1 February 2018 Number	Cancelled on 4 September 2018 Number	Granted on 4 September 2018 Number	31 January 2019 Number	Scheme EMI share option Number	Scheme Executive unapproved share option Number	Exercise price*
C Milverton	2,429,150	(2,429,150)	–	**–**	–	–	49.4p
C Milverton	5,000,000	(5,000,000)	–	**–**	–	–	60p
C Milverton	–	–	659,368	**659,368**	537,632	121,736	0p
C Milverton	–	–	769,793	**769,793**	–	769,793	46.5p
N Payne	303,644	(303,644)	–	**–**	–	–	53.5p
N Payne	–	–	118,548	**118,548**	118,548	–	0p
N Payne	–	–	107,967	**107,967**	107,967	–	46.5p
	7,732,794	(7,732,794)	1,655,676	**1,655,676**	764,147	891,529	

* Exercise prices are stated at post share consolidation values (refer note 20).

Details of the share option schemes in the table above are included in note 22. The share option charge in the year relating to Directors is £53,000 (2018: £114,000).

Details of individual Non-Executive Directors' fees for the year are as follows:

	2019 £'000	2018 £'000
N Habgood (resigned 14 March 2018)	**11**	31
A Roberts (Non-Executive Director from 1 February 2018)	**96**	–
F Small (appointed 1 August 2017)	**40**	20
Peter Massey (appointed 10 July 2018)	**25**	–
	172	51

There are no other personnel that meet the definition of key management personnel under IAS 24, other than the Directors and the total remuneration for the year ended 31 January 2019 totalled £617,000 (2018: £1,236,000) comprising of £532,000 (2018: £1,091,000) for short-term employee benefits; £nil (2018: nil) for termination benefits; £32,000 (2018: £29,000) for employer pension contributions and £53,000 (2018: £114,000) for share-based payments.

7. Adoption of IFRS 15

The Group adopted IFRS 15 ‘Revenue from customers’ on 1 February 2018 and applied the modified retrospective approach. Comparatives for 2018 have not been restated and the cumulative impact of adoption has been recognised as an increase to accumulated losses with a corresponding decrease in net assets at 1 February 2018 as follows:

	£’000
Accumulated losses	
Revenue from software licences	(314)
Revenue from software development services	564
Costs to fulfil a contract	(56)
Total impact at 1 February 2018	**194**
Current assets	
Trade and other receivables	675
Current liabilities	
Trade and other payables	(481)
Total impact at 1 February 2018	**194**

The impact of the adoption on the results for the year to 31 January 2019 is set out below:

All £’000	Amounts pre IFRS 15	Transition adjustment	In year impact	Amounts as reported
Revenue				
– Licences	2,784	–	(19)	2,765
– Services	7,601	–	212	7,813
– Support and maintenance	7,038	–	–	7,038
– Products	8	–	–	8
	17,431	**–**	**193**	**17,624**
Cost of sales	(8,435)	–	(14)	(8,449)
Gross profit	8,996	–	179	9,175
Income tax				389
Loss for the year from continuing operations				(1,430)
Loss for the year				(1,700)
Current assets				
Trade and other receivables	5,482	(675)	191	4,998
Current liabilities				
Trade and other payables	(8,394)	481	12	(7,901)
Non-current liabilities				
Net assets		(194)	179	

8. Strategic, integration and other irregular items

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

	2019 £'000	2018 £'000
Costs associated with corporate transactions and other strategic costs	332	101
Restructuring and redundancy costs	213	946
Fees relating to the Employee Share Plan implemented in the year	82	–
Write-off of accrued revenue on settlement of a contractual dispute	–	138
Gain on bargain purchase	–	(100)
(Release of amount payable to)/provision for amount receivable from Sitemap Ltd	–	(44)
Other	45	–
Total	672	1,041

Corporate transactions and other strategic costs comprise broker costs, due diligence and other advisory fees. In addition, and in line with our stated strategy, the Company assessed other potential acquisitions during the year and used various advisers to assist with this process and the overall strategic direction of the Company.

Substantial cost was incurred over the current and prior year to restructure the Group and the Board of Directors and is included within restructuring and redundancy costs.

Following a consultation with a number of major shareholders, the Group established a new 1Spatial employee share plan (the "New Plan") on 4 September 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders. In order to benefit from grants under the New Plan, to the extent employees and management held options granted under the Company's previous share options plans (the EMI Share Option Plan and the Executive Unapproved Share Option Plan, both introduced in 2010, being the "Existing Plans"), individuals were required to surrender and waive their rights to existing share options. Legal fees and IFRS 2 Share-based Payment valuation charges were incurred to effect the new employee share plan.

9. Finance income and costs

	2019 Continuing £'000	2019 Discontinued £'000	**2019 Total £'000**	2018 Continuing £'000	2018 Discontinued £'000	2018 Total £'000
Finance income						
Bank interest receivable	7	–	**7**	2	–	2
Foreign exchange gains on intercompany funding	1	–	**1**	34	–	34
	8	–	**8**	36	–	36
Finance costs						
Interest expense						
– Bank borrowings (including overdrafts)	(43)	–	**(43)**	(30)	–	(30)
– Hire purchase and finance leases	–	–	**–**	(10)	–	(10)
– Bank charges	(146)	–	**(146)**	(120)	(7)	(127)
– Interest cost on defined benefit pension obligation	(9)	–	**(9)**	(9)	–	(9)
Foreign exchange losses on intercompany funding	(1)	–	**(1)**	(18)	–	(18)
	(199)	–	**(199)**	(187)	(7)	(194)
Net finance cost	(191)	–	**(191)**	(151)	(7)	(158)

10. Income tax credit

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on income for year	(156)	–
Foreign tax	33	49
Adjustments in respect of prior years	(194)	(720)
Total current tax	(317)	(671)
Deferred tax (note 19)		
Origination and reversal in temporary differences	(195)	(111)
Adjustments in respect of prior periods	123	–
Effect of decreased tax rate on opening deferred tax position	–	29
Total deferred tax	(72)	(82)
Total tax credit	(389)	(753)

Factors affecting the tax credit for the year:

The tax credit for the year is lower (2018: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(1,819)	(1,956)
	(1,819)	(1,956)
Loss on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 19% (2018: 19.16%)	(346)	(375)
Effect of:		
Expenses not deductible for tax purposes	114	153
Income not taxable	–	(40)
Overseas tax rates different to UK tax rates	–	(30)
Tax losses for which no deferred tax asset was recognised	47	202
Adjustments in respect of prior years	(71)	(720)
Recognition of deferred tax asset not previously recognised	(125)	–
Differences in tax rates applicable to overseas subsidiaries	(8)	57
Total credit for year	(389)	(753)

The adjustment in respect of prior years arose due to the Group electing to receive an R&D tax credit in relation to the periods 31 January 2017 and 2018 in the form of cash during the year.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These changes included amongst other things, the reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020, so the relevant deferred tax balances have been measured at 17% for the current year-end (2018: 17%).

11. Intangible assets including goodwill

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Website costs £'000	Intellectual property £'000	Total £'000
Cost								
At 1 February 2018	16,008	232	2,847	4,420	13,737	30	51	37,325
Additions	–	–	–	–	1,285	–	15	1,300
Effect of foreign exchange	153	–	(4)	1	(10)	–	–	140
At 31 January 2019	**16,161**	**232**	**2,843**	**4,421**	**15,012**	**30**	**66**	**38,765**
Accumulated impairment and amortisation								
At 1 February 2018	11,511	142	2,582	3,625	8,893	30	2	26,785
Amortisation – continuing operations	–	23	176	228	1,353	–	5	1,785
Effect of foreign exchange	22	–	(4)	(3)	(14)	–	–	1
At 31 January 2019	**11,533**	**165**	**2,754**	**3,850**	**10,232**	**30**	**7**	**28,571**
Net book amount at 31 January 2019	**4,628**	**67**	**89**	**571**	**4,780**	**–**	**59**	**10,194**

Included in the Development costs of the 1Spatial France and Belgium CGU are costs relating to a GIS "Kernel" (core) element and costs relating to a "Business Applications" element, totalling £2 million. Impairment tests have been performed to assess the carrying values of this CGU's GIS Kernel and Business Applications development cost.

The key assumptions used in the value in use calculations were the pre-tax discount rate applied (17.2%) and growth assumptions. The 1Spatial France and Belgium CGU has forecast sales and corresponding costs for the year ending 31 January 2020 to decrease by 3% and 6% respectively. One of the main assumptions used in calculating this CGU's value in use is the annual decrease in the revenue and related staff costs of the GIS Kernel, which has been forecast to decrease by 1.5% per year. An impairment to the 1Spatial France and Belgium CGU's GIS Kernel of £45,000 would arise if the annual decrease applied in the main assumptions was 2% instead of 1.5%.

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Website costs £'000	Intellectual property £'000	Total £'000
Cost								
At 1 February 2017	16,409	232	3,660	4,195	12,632	30	40	37,198
Arising on acquisition	–	–	–	200	–	–	–	200
Additions	–	–	–	–	1,005	–	11	1,016
Reclassified as held for sale	(480)	–	(850)	–	–	–	–	(1,330)
Effect of foreign exchange	79	–	37	25	100	–	–	241
At 31 January 2018	16,008	232	2,847	4,420	13,737	30	51	37,325
Accumulated impairment and amortisation								
At 1 February 2017	11,432	119	2,499	3,171	7,979	30	–	25,230
Reclassified as held for sale	–	–	(213)	–	–	–	–	(213)
Amortisation – continuing operations	–	23	179	246	1,139	–	2	1,589
Amortisation – discontinued operations	–	–	85	–	–	–	–	85
Impairment – continuing operations	–	–	–	183	186	–	–	369
Reversal of Impairment – continuing operations	–	–	–	–	(484)	–	–	(484)
Effect of foreign exchange	79	–	32	25	73	–	–	209
At 31 January 2018	11,511	142	2,582	3,625	8,893	30	2	26,785
Net book amount at 31 January 2018	4,497	90	265	795	4,844	–	49	10,540

The net book amount of development costs includes £4,780,000 (2018: £4,844,000) internally generated capitalised software development costs that meet the definition of an intangible asset. The amortisation charge of £1,785,000 (2018: £1,674,000) is included in the administrative expenses in the statement of comprehensive income.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs). The basis of the allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Although the 1Spatial and the 1Spatial France/Belgium CGUs are both in the Geospatial segment, they use different technologies and generate largely independent cash flows. A summary of the goodwill allocation is presented below.

	2019				2018			
Goodwill	Enables IT £'000	1Spatial £'000	1Spatial France/ Belgium £'000	**Total £'000**	Enables IT £'000	1Spatial £'000	1Spatial France/ Belgium £'000	Total £'000
Opening carrying value	–	4,493	4	**4,497**	480	4,493	4	4,977
Reclassified as held for sale	–	–	–	**–**	(480)	–	–	(480)
Effect of foreign exchange		131	–	**131**	**–**	–	–	–
Closing carrying value	–	4,624	4	**4,628**	–	4,493	4	4,497

Basis for calculation of recoverable amount

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

The key assumptions used in the value in use calculations were the pre-tax discount rates applied (17.2%) for all CGUs and the growth assumptions for each CGU. 1Spatial (excluding France and Belgium) has forecast growth in sales and corresponding costs for the year ending 31 January 2020 of 16% and 9% respectively. Growth is forecast at 10% for the following three years, 5% in year four and 2% thereafter.

The rates used in the above assumptions are consistent with management's knowledge of the industry and strategic plans going forward. The assumptions noted above have been given in terms of revenue and overhead percentage growth. For 2020 and subsequent years, the assumption has been provided in terms of growth on the prior year EBIT. The terminal growth rate of 2% for 1Spatial does not exceed the long-term growth rate for the business in which the CGUs operate. Discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The forecasts are most sensitive to changes in revenue and overhead assumptions (taken together as the EBIT). However, there are no major changes to the key assumptions which would cause the goodwill associated with 1Spatial CGUs to be impaired.

12. Property, plant and equipment

	Leasehold property improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 February 2018	362	12	970	1,344
Additions	–	–	94	94
Exchange adjustment	–	(1)	(6)	(7)
At 31 January 2019	**362**	**11**	**1,058**	**1,431**
Accumulated depreciation				
At 1 February 2018	171	12	828	1,011
Charge for the year – continuing operations	32	–	109	141
Exchange adjustment	–	(1)	(5)	(6)
At 31 January 2019	**203**	**11**	**932**	**1,146**
Net book amount at 31 January 2019	**159**	**–**	**126**	**285**

	Leasehold property improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 February 2017	614	252	1,282	2,148
Additions	–	–	96	96
Disposals	–	(240)	–	(240)
Arising on acquisition of 1Spatial Inc.	–	–	8	8
Reclassified as held for sale	(262)	–	(408)	(670)
Exchange adjustment	10	–	(8)	2
At 31 January 2018	362	12	970	1,344
Accumulated depreciation				
At 1 February 2017	190	87	814	1,091
Charge for the year – continuing operations	32	16	183	231
Charge for the year – discontinued operations	35	–	110	145
Disposals	–	(91)	–	(91)
Arising on acquisition of Sitemap	–	–	6	6
Reclassified as held for sale	(89)	–	(279)	(368)
Exchange adjustment	3	–	(6)	(3)
At 31 January 2018	171	12	828	1,011
Net book amount at 31 January 2018	191	–	142	333

Depreciation expense on continuing operations of £141,000 (2018: £231,000) has been charged in administrative expenses and depreciation expense on discontinued operations of £nil (2018: £145,000) has been charged to the loss for the year on discontinued operations.

13. Trade and other receivables

Current	2019 £'000	2018 £'000
Trade receivables	**2,545**	2,412
Less: provision for impairment of trade receivables	**(13)**	(38)
	2,532	2,374
Other taxes and social security	**102**	38
Other receivables	**1,106**	1,351
Prepayments and accrued income	**1,258**	1,747
	4,998	5,510

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

At 31 January 2019, trade receivables of £1,844,000 (2018: £1,961,000) were fully performing. The Group has provided fully for all receivables which are not considered recoverable. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

At 31 January 2019, trade receivables of £683,000 (2018: £413,000) were past due but not impaired. The ageing analysis of these customers is set out below. There has been no change in the credit quality of these balances; they relate to customers where there is no history of default and are still considered fully recoverable.

	2019 £'000	2018 £'000
Up to 3 months overdue	**510**	315
3 to 6 months overdue	**80**	35
6 to 12 months overdue	**63**	19
> 12 months overdue	**30**	44
	683	413

As of 31 January 2019, trade receivables of £13,000 were impaired (2018: £38,000) and provided for.

The ageing of these receivables is as follows:

	2019 £'000	2018 £'000
Up to 3 months overdue	**–**	–
3 to 6 months overdue	**–**	–
6 to 12 months overdue	**–**	–
> 12 months	**13**	38
	13	38

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

	2019 £'000	2018 £'000
At 1 February	**38**	626
Creation of provision	**–**	6
Utilisation of provision	**(25)**	(594)
At 31 January	**13**	38

The creation of the provision for impaired receivables has been included in administrative expenses in the statement of comprehensive income.

Other Receivables at 31 January 2019 includes £614,000 of costs incurred to obtain or fulfil a contract. Prepayments and accrued income includes contract assets of £616,000, no loss allowance was recorded against such assets.

Accrued income, or contract assets have decreased by £641,000 from £1,257,000 at 1 February 2018 to £616,000 at 31 January 2019 as the Group's Belgian subsidiary previously recognised revenue (and accrued revenue) for services under IAS 18. There are a number of contracts with customers in 1Spatial Belgium where software development service revenues were accrued to the balance sheet such that revenue was recognised over time before the adoption of IFRS 15. This revenue recognition pattern is no longer appropriate under IFRS 15, as 1Spatial Belgium does not have a contractual right to receive payment for the services until certain milestones are reached and therefore, on the adoption of IFRS 15, the balance of accrued income decreases as these software development service revenues are recognised on an output basis, i.e. when the relevant milestones are achieved. To achieve the matching principle, the related costs are treated accordingly.

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable noted above and contract assets amounting to £616,000. The Group does not hold any collateral as security.

14. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	6,358	1,319
	6,358	1,319

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

15. Discontinued operations

Enables IT Group Limited

Enables IT Group Limited, and its wholly owned subsidiary Enables IT Limited, was sold on 15 March 2018 to the management of the company. Its results were as follows:

	2019 £'000	2018 £'000
Revenue	–	5,442
Expenses	–	(5,258)
Profit before tax of discontinued operations	–	184
Tax	–	16
Profit after tax of discontinued operations	–	200
Pre-tax result recognised on re-measurement of assets of disposal group	–	(1,220)
Tax	–	–
After tax result recognised on the re-measurement of assets of disposal group	–	(1,220)
(Loss)/profit for the year from discontinued operations	–	(1,020)

Included within 1Spatial plc are expenses attributable to the discontinued operations of Enables IT amounting to £163,000.

Enables IT Inc.

Enables IT Inc. was sold in the prior year, on 3 March 2017, to the management of the company for deferred cash consideration of £100,000 due in instalments between March 2019 and December 2019. Its results were as follows:

	2019 £'000	2018 £'000
Revenue	–	137
Expenses	(100)	(395)
Loss before tax of discontinued operations	(100)	(258)
Tax	–	–
Loss after tax of discontinued operations	(100)	(258)
Pre-tax result recognised on re-measurement of asset of disposal group	–	9
Tax	–	–
After tax result recognised on the re-measurement of assets of disposal group	–	9
Loss for the year from discontinued operations	(100)	(249)

Storage Fusion Limited

Storage Fusion Limited's trade was discontinued in December 2016. Its results were as follows:

	2019 £'000	2018 £'000
Revenue	–	–
Expenses	(7)	(15)
Loss before tax of discontinued operations	–	(15)
Tax	–	195
(Loss)/profit after tax of discontinued operations	(7)	180
Pre-tax result recognised on re-measurement of assets of disposal group	–	–
Tax	–	–
After tax result recognised on the re-measurement of assets of disposal group	–	–
(Loss)/profit for the year from discontinued operations	(7)	180

16. Trade and other payables

Current	2019 £'000	2018 £'000
Trade payables	1,439	1,437
Other taxation and social security	1,766	2,055
Other payables	441	552
Accrued liabilities	621	631
Deferred income	3,634	4,328
	7,901	9,003

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

Deferred income relates to contract liabilities. At 31 January 2018 (before any IFRS 15 impact), the deferred income balance in 1Spatial Group (the UK operation) and 1Spatial Belgium was £2.7m and £1.5m respectively. At the 31 January 2019 year-end (after the impact of IFRS 15), the deferred income balance in 1Spatial Group (the UK operation) and 1Spatial Belgium has decreased to £2.3m and £1.2m respectively, which accounts for the majority of the difference.

Software licencing revenue in respect of term licences is now satisfied at a point in time rather than being satisfied over time, and therefore upon adoption of IFRS 15, revenue from both perpetual and term licences are recognised in full once the performance obligation has been satisfied. Previously, in the year ended 31 January 2018, revenue from perpetual licences was recognised at a point in time but term licence revenue was recognised over time. Given that the revenue recognition pattern under IFRS 15 is accelerated, this has the impact of decreasing balances of deferred income.

17. Provisions

	Total £'000
At 1 February 2018	148
Amounts utilised during the year	(148)
At 31 January 2019	**–**
Current	–
Non-current	–

Restructuring provision

The restructuring provision represented the cost of employee terminations in the year and had been classified as a provision as there was uncertainty over the timing and amount of settlement of the future obligation. The balance has been fully utilised in the year.

18. Pension obligations

Defined benefit pension

1Spatial France SAS, operates a defined benefit pension scheme. The French pension system is operated on a "pay as you go" basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from the defined contribution schemes ARRCO and AGIRC (AGIRC being solely for management). The lump sum retirement allowance must by law be paid by the employer when an employee retires. The allowances to be paid to 1Spatial France's employees are defined by the Collective Bargaining Agreement of the R&D, IT and consulting firms ("Syntec").

The lump sum allowances to be paid on retirement are calculated as follows:

- For service up to 5 years: nil
- For service beyond 5 years: 1 month's basic salary plus 1/5 of a month's basic salary per year of service beyond 5 years

All permanent employees are covered by this scheme. The normal retirement age in France is 62 (62 in 2018). Benefit rights do not vest before the normal retirement age.

The scheme is not externally funded through an insurance contract.

The risks of the scheme are as follows:

(a) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

(b) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(c) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the Company pension scheme, using the projected unit basis, was carried out at 31 January 2019 and 31 January 2018 by independent consulting actuaries. The valuations at those dates are based on the following assumptions:

	2019	2018
Expected rate of salary increases	**2.00%**	2.00%
Discount rate	**1.50%**	1.50%
Rate of inflation	**2.00%**	2.00%
Retirement age – management	**65**	65
Retirement age – others	**63**	63

Annual staff turnover rates in both years are as follows:		
16 – 24 years	20%	20%
25 – 29 years	15%	15%
30 – 34 years	10%	10%
35 – 39 years	7%	7%
40 – 44 years	5%	5%
45 – 49 years	2%	2%
50 years and above	0%	0%

The turnover rates used are based on statistics over the last few years. These rates project 1.48 (2018: 1.48) resignations over the next 12 months.

Reconciliation of scheme liabilities:

	2019 **£'000**	2018 £'000
At 1 February	**(635)**	(614)
Current service (cost)/income	**(35)**	5
Interest expense	**(9)**	(9)
Re-measurement losses	**–**	(3)
Exchange difference	**2**	(14)
At 31 January	**(677)**	(635)

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

2019	**Impact on defined benefit obligation**		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.25%	Decrease of 2.7%	Increase of 2.7%

2018	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 2.9%	Increase of 2.9%

Total cost recognised as an expense:

	2019 £'000	2018 £'000
Current service cost/(income) – within administrative expenses	35	(5)
Interest cost – within finance costs	9	9
	44	4

The amount recognised in other comprehensive income is:

	2019 £'000	2018 £'000
Re-measurements	–	(3)
Deferred tax on re-measurements	–	1
	–	(2)

Defined contribution pension

The Group operates several defined contribution plans, which receive fixed contributions from group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to these contributions was £459,000 (2018: £474,000).

19. Deferred tax

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

	Property, plant and equipment £'000	Tax losses £'000	Accelerated tax depreciation £'000	Intangibles £'000	Other temporary differences £'000	Total £'000
At 1 February 2017	35	(371)	14	743	–	421
Acquired in the year (under business combination)	–	–	–	34	–	34
Deferred tax charge/(credit) for year in profit or loss – continuing operations	–	(55)	16	(43)	–	(82)
Deferred tax charge for year in profit or loss – discontinuing operations	(35)	–	–	(14)	–	(49)
Disposals in the year	–	–	–	(60)	–	(60)
At 1 February 2018	–	(426)	30	660	–	264
Deferred tax charge/(credit) for year in profit or loss – continuing operations	–	21	(8)	(74)	(11)	(72)
At 31 January 2019	**–**	**(405)**	**22**	**586**	**(11)**	**192**

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise deferred tax assets of £2,949,000 (2018: £2,598,000) in respect to losses amounting to £14,771,000 (2018: £15,207,000) that can be carried forward against future taxable income, on the grounds that their utilisation is not probable.

The deferred tax balance is analysed as follows:

	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000
Recoverable within 12 months	–	221	221
Recoverable after 12 months	–	388	388
Settled within 12 months	(23)	–	(23)
Settled after 12 months	(394)	–	(394)
	(417)	**609**	**192**

20. Share capital, share premium account and own shares held

Allotted and fully paid	2019 Number	2018 Number
Ordinary shares of 10p/1p each*	**99,031,889**	763,652,144
Deferred shares of 4p each	**226,699,878**	226,699,878

* On 21 August 2018 a share consolidation, being the consolidation of every 10 existing ordinary shares of 1 penny each into one consolidated ordinary share of 10 pence each, was approved at a General Meeting.

Also approved at the General Meeting was the proposed placing of 22,666,675 shares at a price of 37.5 pence per share, raising £7,996,000 (net of expenses) for the Company. After the placing, the Company has 99,031,889 ordinary shares in issue with 319,635 held in treasury. Therefore, the total number of voting rights in the Company is 98,712,254.

Rights of shares

Ordinary shares

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

Deferred shares

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

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2017	964,835,436	16,449	22,931	(303)
Issue of shares	25,516,586	256	–	–
At 31 January 2018	990,352,022	16,705	22,931	(303)
Share consolidation*	303,065,092	–	–	–
Issue of shares	22,666,675	2,266	6,234	–
Share issue costs	–	–	(504)	–
At 31 January 2019	**325,731,767**	**18,971**	**28,661**	**(303)**

*See above concerning the share consolidation in the year.

For details of the Group's share option scheme, refer to note 22.

Own shares

As a result of the disposal of Avisen (Pty) SA Limited on 14 July 2010, 3,500,000 shares with a nominal value of 5p each were purchased and held in treasury. The consideration paid was £306,000. On 28 November 2011, the Company sub-divided its existing share capital of 5p shares into 1p ordinary shares and 4p deferred shares. 303,644 shares were used to satisfy the exercise of share options by an employee in the year to 31 January 2017. At 31 January 2018 the Group had 3,196,356 ordinary shares of 1p and 3,500,000 deferred shares of 4p. Following the share consolidation in August 2018 the Group had 319,635 ordinary shares of 10p and 3,500,000 deferred shares of 4p.

21. Other reserves

Equity-settled employee benefits reserve

The equity-settled employee benefits reserve arises from the requirement to reflect the fair value of share options in existence at the reporting date. The equity-settled employee benefits reserve also includes the fair value adjustment in respect of warrants issued in previous years. For further detail on share options and warrants see note 22 and 23 respectively.

Merger reserve

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

Reverse acquisition reserve

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

Currency translation reserve

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

Purchase of non-controlling interest reserve

The purchase of non-controlling interest reserve arises on purchase of further shares in a subsidiary of the Group already under the control of the parent company, with the effect of increasing the percentage under control and reducing the percentage owned by the non-controlling interest.

22. Share-based payments

The total charge for the year relating to share-based payment plans was £218,000 (2018: credit of £538,000).

Following a consultation with a number of major shareholders, the Group established a new 1Spatial employee share plan (the "New Plan") on 4 September 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders. In order to benefit from grants under the New Plan, to the extent employees and management held options granted under the Company's previous share options plans (the EMI Share Option Plan and the Executive Unapproved Share Option Plan, both introduced in 2010, being the "Existing Plans"), individuals were required to surrender and waive their rights to existing share options.

Since the new share options (at the grant date of the new share options) were identified as a replacement for the cancelled share options, the principles of modification accounting in accordance with IFRS 2 paragraph 28(c) are applied. To apply modification accounting, the Company identifies the new share options granted as a replacement for cancelled share options on the date on which the new share options are issued. When modification accounting is applied, the Company accounts for any incremental fair value in addition to the grant-date fair value of the original award. In the case of a replacement, the incremental fair value is the difference between the fair value of the replacement award and the net fair value of the cancelled award, both measured at the date on which the replacement award is issued. The "net fair value" is the fair value of the cancelled award measured immediately before the cancellation, less any payment made to the employees on cancellation. In relation to the original award, the amount that would otherwise have been recognised for services over the remainder of the vesting period is accelerated and immediately recognised.

Awards under the New Plan ("Potential Awards") are structured as;

(a) options to acquire Ordinary Shares with an exercise price equal to the closing market price of the Ordinary Shares on the day prior to the date of grant ("Options"); and

(b) long-term incentive plan awards (" LTIP Award "), being options exercisable, or options to acquire Ordinary Shares for nil consideration.

Option Awards

Options with an exercise price per share of £0.465 were granted over a total of 5,216,301 Ordinary Shares. Such Options were granted to certain employees, members of the senior management team and to the Executive Directors of the Company. Generally, Options will vest as to 25% of the shares subject to the Option on the second anniversary of the date of grant, as to a further 25% of the Ordinary Shares on the third anniversary of the date of grant and as to the balance on the fourth anniversary of the date of grant. Options granted to employees outside of the UK may, in order to benefit from tax favourable treatment, vest in equal tranches on the third and fourth anniversaries of the date of grant.

LTIP Awards

In addition, the Remuneration Committee has discretion as to vesting conditions and holding periods in respect of Potential Awards, however with respect to the initial awards, it is expected that LTIP Awards will vest in full on the third anniversary of the date of grant and be subject to an additional one year holding period, with vesting subject to the achievement of the Group's adjusted EBITDA and share price performance targets over the three year period from the date of grant to vesting. 50% of the shares subject to an LTIP Award are subject to EBITDA growth targets and the remaining 50% of the shares are subject to a share price target. In relation to the initial grant of the LTIP Awards, it is proposed that:

- 50% of the shares subject to the EBITDA target will vest if the adjusted EBITDA for the year ending 31 January 2021 (the "2021 EBITDA") exceeds £2m, 75% of such shares will vest if the 2021 EBITDA exceeds £2.5m and 100% of such shares will vest if the 2021 EBITDA exceeds £3m; and
- 50% of the shares subject to the share price target will vest if the share price following the Company's Annual General Meeting in 2021 (expected to be the end of May 2021) (the "2021 Share Price") exceeds £0.80, 75% of such shares will vest if the 2021 Share Price exceeds £1.00 and 100% of such shares will vest if the 2021 Share Price is £1.20 or more.

The fair value per award granted and the assumptions used in the calculation are shown in the table below.

Grant date	4 September 2018			
	LTIP Awards			Option Awards
	50% share price	*50% EBITDA*	*1-year holding period*	*Service conditions*
Option pricing model	Stochastic	Black-Scholes	Finnerty	Black-Scholes
Share price at grant	46.5p	46.5p	46.5p	46.5p
Exercise price	0p	0p	0p	46.5p
Number of option holders	8			45
Number of awards granted	1,846,895			5,216,301
Vesting period (years)	3	3	N/A	2-4
Expected volatility	58.38%	N/A	40.94%	60.42% – 61.07%
Option life (years)	10	10	10	10
Expected life (years)	3	3	1	6 – 7
Risk-free rate	N/A	N/A	0.89%	1.08% – 1.14%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%
Fair value	19.7p	46.5p	17.8p – 42.2p	25.9p – 26.7p

For the LTIP Awards subject to a market condition, expected volatility is calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. For the LTIP Awards subject to a non-market condition, expected volatility has no impact on the core value of an award with no exercise price or no market condition. In the Finnerty model, the expected volatility was calculated over the period commensurate with the holding period immediately prior to the date of the grant. For the Option Awards with service conditions, the expected volatility was calculated over the period of time commensurate with the expected award term immediately prior to the date of the grant.

A reconciliation of options over the year to 31 January 2019 is shown below:

	2019 Number	**2019 Weighted average exercise price**	2018 Number	2018 Weighted average exercise price
Outstanding brought forward	**27,560,227**	**5.5p**	71,365,230	4.0p
Outstanding brought forward, adjusted for the 10 for 1 share consolidation (note 20)	**2,756,022**	**54.9p**	–	–
Granted during the year	**7,063,196**	**34.3p**	–	–
Lapsed during the year	**–**	**–**	(6,500,000)	1.0p
Cancelled during the year	**(2,469,985)**	**53.0p**	–	–
Forfeited during the year	**(286,037)**	**71.2p**	(37,305,003)	4.12p
Outstanding carried forward	**7,063,196**	**34.3p**	27,560,227	5.5p
Exercisable as at 31 January	**–**	**–**	27,389,667	5.5p

The weighted average remaining contractual life of share options outstanding at the end of the year was 9.6 years (2018: 5.6 years). The exercise prices of the outstanding options range between 0p and 46.5p.

23. Share warrants

A reconciliation of warrants over the year to 31 January 2019 is shown below:

	Number	Weighted average exercise price
Outstanding brought forward	5,054,762	6.00p
Impact of share consolidation during the year *	505,476	60.00p
Expired during the year	(505,476)	60.00p
Outstanding carried forward	–	–

* On 21 August 2018 a share consolidation, being the consolidation of every 10 existing ordinary shares of 1 penny each into one consolidated ordinary share of 10 pence each, was approved at a General Meeting.

The share warrants expired on 13 June 2018.

24. Business combinations

Post year-end

On 7 May 2019, the Company entered into two share purchase agreements (each a "SPA") to acquire the entire issued share capital of Geomap-Imagis Participations ("Geomap-Imagis") (the "Acquisition"), for a total consideration of €7.0m (the "Consideration"). As at 6 May 2019, Geomap-Imagis had net cash of approximately €1.9m.

The first SPA, between 1Spatial plc, its wholly owned subsidiary 1Spatial France SAS ("1Spatial France"), and certain individual shareholders (the "Majority Vendors"), relates to 80 per cent. of the voting rights of Geomap-Imagis (the "Majority SPA") and the second SPA, between 1Spatial France and Esri France, relates to the remaining 20 per cent. of the voting rights of Geomap-Imagis (the "Esri SPA"). The SPAs have been entered into concurrently and are inter-conditional.

Under the terms of the Majority SPA, the Group shall pay to the Majority Vendors total consideration of €5,600,136, of which €4,433,137 is to be satisfied in cash (the "Majority Cash Consideration") by 1Spatial France with the balance of €1,166,999 to be satisfied by the issue by 1Spatial plc of new ordinary shares in the capital of the Company (the "Consideration Shares").

Of the Majority Cash Consideration, €4,024,135 is to be paid by 1Spatial France to the Majority Vendors immediately upon completion of the Acquisition ("Completion"), with the balance of €409,002 to be held in escrow until the first anniversary of Completion.

Of the consideration to be satisfied by the issue of the Consideration Shares, €726,459 will be satisfied immediately upon Completion and the balance of €440,540 will be satisfied on 30 March 2023. Accordingly, the Company has issued, conditional on Completion, 1,902,686 new ordinary shares (the "Initial Consideration Shares") at an effective price of 32.68 pence per Initial Consideration Share. The Initial Consideration Shares are subject to a lock up obligation until 31 December 2021.

Under the terms of the Esri SPA, 1Spatial France shall pay cash consideration of €1.4 million; half upon Completion (the "First Instalment") and half no later than 13 months following the Completion date (the "Second Instalment"). 1Spatial has granted a guarantee to Esri France to secure the payment of the Second Instalment.

Alongside and in conjunction with the Acquisition, 1Spatial France and 1Spatial Belgium ("1Spatial Europe") have entered into a new partnership agreement with Esri Inc. ("Esri") (the "Partnership Agreement"). The combination of the Partnership Agreement and Acquisition is expected to significantly benefit the Company's existing European customers in providing them with access to Esri's market leading global GIS platform.

In addition to being immediately earnings enhancing, the Acquisition offers a combination of specialised vertical business applications and significant know-how in the Group's target sectors, which can be delivered through the combination of 1Spatial Europe and Geomap-Imagis.

Notes to the financial statements (continued)

For the year ended 31 January 2019

	£'000
Majority Cash Consideration – on completion (€4,433,137)	3,795
Initial Consideration Shares – on completion (€726,459)	622
Deferred Consideration Shares – issued on 30 March 2023 (€440,540)	377
Majority SPA total consideration	4,794
Cash Consideration – First Instalment – on completion (€700,000)	599
Deferred cash consideration – Second Instalment 13 months following completion (€700,000)	599
Esri SPA total consideration	1,198
Total purchase consideration	5,992

Provisional fair values of assets and liabilities at the date of acquisition:	£'000
Intangible assets *	–
Property, plant and equipment	81
Cash and cash equivalents	2,209
Trade and other receivables	3,990
Trade and other payables	(2,853)
Tax liability	(141)
Borrowings	(589)
Defined benefit pension obligation	(673)
Total identifiable net assets	2,024
Goodwill *	3,968
Total consideration	5,992
Satisfied by:	
– Majority Cash Consideration – on completion (€4,433,137)	3,795
– Cash Consideration – First Instalment – on completion (€700,000)	599
– Deferred cash consideration – Second Instalment 13 months following completion (€700,000)	599
– Equity instruments – on completion (1,902,686 ordinary shares of 1Spatial plc)	622
– Equity instruments (ordinary shares of 1Spatial plc to the value of €440,540)	377
Total consideration transferred	5,992
Cash consideration on completion	4,394
Less: cash and cash equivalents acquired	(2,209)
Plus: borrowings acquired	589
Net cash outflow arising on completion	2,774
Deferred cash consideration	599
Net cash purchase consideration	3,373

* The acquisition date of the business combination (7 May 2019) is after the end of the reporting period but before the annual report and accounts are authorised for issue (13 May 2019), and as such, the initial accounting for the split between intangible assets and goodwill is incomplete at the time that the annual report and accounts are authorised for issue.

2018

On 11 April 2017 the Company acquired the 51% of Sitemap Ltd that it did not already own for £200,000 in shares. The Company's investment in Sitemap to date has funded the development of a solution which locates and visualises sites which best fit commercial and residential property developer needs.

	£'000
Value of consideration – issue of equity instruments	200
Total purchase consideration	200

Fair values of assets and liabilities at the date of acquisition:	£'000
Intangible assets:	
– Developed software	200
Property, plant and equipment	2
Cash and cash equivalents	15
Trade and other receivables	6
Trade and other payables	(14)
Tax asset	125
Deferred tax liabilities	(34)
Total identifiable net assets	300

Gain on bargain purchase	(100)
Total consideration	200

Satisfied by:	
– Equity instruments (5,524,862 ordinary shares of 1Spatial plc)	200
Total consideration transferred	200

Net cash inflow arising on acquisition	
Cash and cash equivalents acquired	15
	15

25. Earnings/(loss) per ordinary share

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

	2019 £'000	2018 £'000
Loss attributable to equity shareholders of the Parent	(1,700)	(2,458)
Less loss from discontinued operations	(270)	(1,255)
Loss from continuing operations	(1,430)	(1,203)
Adjustments:		
Income tax credit	(389)	(753)
Net finance cost	191	151
Depreciation	141	231
Amortisation and impairment of intangible assets	1,785	1,474
Share-based payment charge/(credit)	218	(538)
Integration, strategic and one-off costs	672	1,041
Adjusted EBITDA from continuing operations	1,188	403

	2019 Number 000s	2018 Number 000s
Basic and diluted weighted average number of ordinary shares	86,425	75,883

	2019 Pence	2018 Pence
Basic loss per share	(1.97)	(3.20)
– from continuing operations	(1.65)	(1.50)
– from discontinued operations	(0.31)	(1.70)
Diluted loss per share	(1.97)	(3.20)
– from continuing operations	(1.65)	(1.50)
– from discontinued operations	(0.31)	(1.70)
Basic adjusted EBITDA per share	1.06	(1.10)
– from continuing operations	1.37	0.60
– from discontinued operations	(0.31)	(1.70)
Diluted adjusted EBITDA per share	1.06	(1.10)
– from continuing operations	1.37	0.60
– from discontinued operations	(0.31)	(1.70)

The 2018 EPS have been re-presented to reflect the share consolidation which occurred in August 2018 (see note 20).

As the option awards are anti-dilutive they have been excluded from the calculation of diluted weighted average number of ordinary shares.

26. Commitments

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

Operating lease commitments

	2019 £'000	2018 £'000
No later than one year	658	838
Later than one year but no later than five years	182	1,307
Later than five years	–	–
	840	2,145

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

27. Lease Disclosure – IFRS 16

The Group finance team has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting standard, IFRS 16. The standard will affect the leases currently accounted for as operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of £840,000 (see note 26), which will be recognised on a straight-line basis as an expense in profit or loss.

At the date of transition, being 1 February 2019, and in the year after transition, there will be an impact on the Group's statement of comprehensive income where the fixed rental expense (currently recognised within administrative expenses) is replaced by a depreciation charge and an interest expense. This will lead to a reduction in operating loss as a result of removing the operating lease expense net of the new leased asset depreciation charge. The Group expects to recognise right-of-use assets of approximately £1,640,000 and lease liabilities of £840,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 January 2019).

28. Contingent liabilities

The Group has given performance guarantees on contracts as follows:

	2019 £'000	2018 £'000
Euro	122	254
Moroccan dirham	39	38
Tunisian dinar	2	3
Total utilised	163	295
Total available	67	329

29. Related-party transactions

(a) Key management compensation

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

(b) Controlling party

There is no one party which controls the Group.

(c) Company and subsidiary

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

Sitemap Ltd

Sitemap became a subsidiary of the Group on the 11 April 2017. Transactions and balances thereafter have been eliminated on consolidation and are not disclosed.

30. Subsidiaries and associates of the Group as at 31 January 2019

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	–	England & Wales	Holding Company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc.	–	Ordinary 100%	United States		8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial Group Limited	–	Ordinary 100%	England & Wales		Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	–	Ordinary 100%	Ireland	Location-based software development and consultancy	c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
1Spatial Australia Pty Limited	–	Ordinary 100%	Australia		c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
1Spatial Belgium SA	Ordinary 100%	–	Belgium		13, Clos Chanmurly, 4000, Liège, Belgium
1Spatial France SAS	–	Ordinary 100%	France		Immeuble AX02, 23-25 avenue Aristide Briand, 94110, Arcueil, France
Sitemap Ltd	Ordinary 100%	–	England & Wales	Location-based software	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Storage Fusion Limited	Ordinary 100%	–	England & Wales	IT business service assurance solutions	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial US Inc.	Ordinary 100%	–	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

31. Post balance sheet events

Disposal of Enables IT Group Limited

On 18 February 2019, the Company entered into an agreement (the "Amendment Agreement") to amend the terms of the Share Purchase Agreement dated 15 March 2018 (the "SPA") relating to the disposal by 1Spatial of 80.1 per cent. of the issued share capital of Enables IT Group Limited ("Enables") to Champall Consultancy Limited ("Champall") (an entity owned and controlled by Michael Walliss, the managing director of Enables, and his wife, Erica Walliss) (the "Disposal").

Under the original terms of the SPA, Champall was granted an option (the "Option") to acquire 1Spatial's remaining 19.9 per cent. interest in Enables for an exercise price of £100,000 (the "Call Option Price"). Pursuant to the terms of the Amendment Agreement, the Call Option Price has been reduced to £20,000 and it will become payable on the earlier of:

(i) the final business day of January 2020;

(ii) the sale by Champall of all or part of its holding in Enables; and

(iii) the disposal of all or a substantial part of the business or assets of Enables or its subsidiary, Enables IT Limited (the "Subsidiary").

Furthermore, subject to the Subsidiary achieving an EBITDA margin of not less than 10 per cent. for the financial year ending 30 June 2020 (the "2020 Financial Year"), Champall will make an additional one-off payment to 1Spatial being equal to 15 per cent. of the Subsidiary's EBITDA figure for the 2020 Financial Year. This one-off payment will be paid within 30 business days of the date of publication of the Subsidiary's accounts for the 2020 Financial Year.

In addition, under the terms of the Amendment Agreement, Champall has released 1Spatial from any claims that Champall may have against 1Spatial under the tax covenant and warranties in the SPA.

Finally, the Subsidiary has provided 1Spatial with an indemnity for any loss that it may suffer as a result of the statutory guarantees in respect of audit exemptions provided by 1Spatial to:

(i) Enables in relation to audit exemptions in respect of its annual accounts for the 2016 and 2017 financial years and

(ii) the Subsidiary in relation to an audit exemption in respect of its annual accounts for the 2016 financial year.

Placing, Acquisition of Geomap-Imagis and Agreement with Esri

On 7 May 2019, the Company entered into two share purchase agreements (each a "SPA") to acquire the entire issued share capital of Geomap-Imagis Participations ("Geomap-Imagis") (the "Acquisition"), for a total consideration of €7.0m (the "Consideration"). As at 6 May 2019, Geomap-Imagis had net cash of approximately €1.9m. In order to fund the cash element of the Consideration, the Company has raised £3.1m (gross) (the "Placing") through the issue of 9,871,220 new ordinary shares in the capital of the Company at a price of 31.5 pence per share.

Alongside and in conjunction with the Acquisition, 1Spatial France and 1Spatial Belgium ("1Spatial Europe") have entered into a new partnership agreement with Esri Inc. ("Esri") (the "Partnership Agreement"). The combination of the Partnership Agreement and Acquisition is expected to significantly benefit the Company's existing European customers in providing them with access to Esri's market leading global GIS platform. In addition to being immediately earnings enhancing, the Acquisition offers a combination of specialised vertical business applications and significant know-how in the Group's target sectors, which can be delivered through the combination of 1Spatial Europe and Geomap-Imagis.

Company statement of financial position

As at 31 January 2019

Registered company number (England): 5429800

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	6	7,200	10,078
Total non-current assets		7,200	10,078
Current assets			
Trade and other receivables	7	7,878	3,280
Cash and cash equivalents	8	3,542	9
Total current assets		11,420	3,289
Liabilities			
Current liabilities			
Bank borrowings		–	(1,378)
Trade and other payables	9	(1,785)	(1,758)
Provisions	10	(43)	(43)
Total current liabilities		(1,828)	(3,179)
Net assets		16,792	10,188
Shareholders' equity			
Share capital	12	18,971	16,705
Share premium account	12	28,661	22,931
Own shares held	12	(303)	(303)
Share-based payments reserve		3,573	3,355
Merger reserve		16,031	16,031
Currency translation reserve		(125)	(125)
Accumulated losses (of which loss for the year was £1,610,000 (2018: loss of £2,516,000))		(50,016)	(48,406)
Total equity		16,972	10,188

The financial statements on pages 96 to 107 were approved and authorised for issue by the Board on 13 May 2019 and signed on its behalf by

N Payne
Director

Company statement of changes in equity

For the year ended 31 January 2019

£'000	Share capital	Share premium account	Own shares held	Share-based payments reserve	Merger reserve	Currency translation reserve	Acc-umulated losses	Total equity
Balance at 1 February 2017	16,449	22,931	(303)	3,893	15,347	(125)	(45,890)	12,302
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(2,516)	(2,516)
Total comprehensive loss	–	–	–	–	–	–	(2,516)	(2,516)
Transactions with owners								
Shares issued in the year	256	–	–	–	684	–	–	940
Recognition of share-based payments	–	–	–	(538)		–	–	(538)
	256	–	–	(538)	684	–	–	402
Balance at 31 January 2018	16,705	22,931	(303)	3,355	16,031	(125)	(48,406)	10,188
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(1,610)	(1,610)
Total comprehensive loss	–	–	–	–	–	–	(1,610)	(1,610)
Transactions with owners								
Issue of share capital, net of share issue costs (note 12)	2,266	5,730	–	–	–	–	–	7,996
Recognition of share-based payments	–	–	–	218		–	–	218
	2,266	**5,730**	**–**	**218**	**–**	**–**	**–**	**8,214**
Balance at 31 January 2019	**18,971**	**28,661**	**(303)**	**3,573**	**16,031**	**(125)**	**(50,016)**	**16,792**

Notes to the Company financial statements

For the year ended 31 January 2019

1. Summary of significant accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on industry experience and various other factors that are believed to be reasonable under the circumstances.

The Directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The Directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to changes in estimates or assumptions.

The following exemptions from the requirement of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of cashflows'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, and to disclose compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity
- IFRS 7, 'Financial instruments: Disclosures'
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- The requirements in IAS 8 to disclose information in relation to a new standard that has been issued but is not yet effective

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a statement of comprehensive income in these separate financial statements. The loss attributable to members of the company for the year ended 31 January 2019 is £1,610,000 (2018: loss of £2,516,000).

The auditors' remuneration for audit and other services is disclosed in note 6(a) to the consolidated financial statements.

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

There is no one party which controls the Company.

Going concern

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

Share-based payments

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

At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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

Interest income

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

Investments

Investments in group undertakings are carried at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account. Management has used significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 6 for further information.

Trade and other receivables

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

Trade receivables are initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss. Prior to the adoption of IFRS 9, allowances were made when there was objective evidence that the asset was impaired. From 1 February 2018, the Group has applied IFRS 9 and has utilised the simplified approach to measuring credit losses, using a lifetime expected loss allowance for all trade receivables and contract assets. No measurement changes were recorded as a result of adopting IFRS 9. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

This loss allowance for intercompany receivables are based on management assumptions about the risk of default and expected loss rates. Management has made estimations in making these assumptions and inputs to the impairment calculations, these are based on part history, external conditions and forward looking scenarios.

Cash and cash equivalents

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

Notes to the Company financial statements (continued)

For the year ended 31 January 2019

Trade payables

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

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

Current tax

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

Deferred tax

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

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

Foreign currency

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

Employee pensions

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

Dividend income

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

Share capital

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

Significant accounting estimates and judgements

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

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

Impairment of non-financial assets

The Company holds investments in group undertakings with a carrying value of £7,200,000. The key assumptions concerning the carrying value of the investment in subsidiaries have been set out in note 6.

2. Financial risk management

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

Liquidity risk

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

Foreign currency risk

As at 31 January 2019 and 31 January 2018, there was no significant foreign exchange currency exposure to the Company.

Borrowing facilities

The Company has no overdraft facility (2018: £2.5m) at the reporting date to support working capital requirements.

3. Directors' emoluments

Details of Directors' emoluments borne by the Company are disclosed in note 6(c) of the consolidated financial statements. This includes details of the highest paid Director.

4. Operating loss

	2019 **£'000**	2018 £'000
Operating loss is stated after charging/(crediting):		
Wages and salaries	**483**	867
Social security costs	**63**	112
Other pension costs	**39**	38
Share-based payment charge/(credit)	**53**	(551)
Staff costs including Executive Directors and compromise agreements	**638**	466

Notes to the Company financial statements (continued)

For the year ended 31 January 2019

5. Average monthly number of personnel employed (including Executive Directors)

	2019	2018
Directors	2	3
Sales and marketing	–	2
Administration	2	1
	4	6

6. Investments

	Total £'000
Shares in group undertakings	
Cost	
At 1 February 2018	33,067
Additions	1,783
Capital contribution to subsidiaries	165
At 31 January 2019	**35,015**
Accumulated amounts provided	
At 1 February 2018	22,989
Impairment	4,826
At 31 January 2019	**27,815**
Net book amount	
At 31 January 2019	**7,200**
At 31 January 2018	10,078

	Total £'000
Shares in group undertakings	
Cost	
At 1 February 2017	32,854
Additions	200
Capital contribution to subsidiaries	13
At 31 January 2018	33,067
Accumulated amounts provided	
At 1 February 2017	23,152
Impairment	1,378
Reversal of prior year impairment	(1,541)
At 31 January 2018	22,989
Net book amount	
At 31 January 2018	10,078
At 31 January 2017	9,702

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

The addition in the year relates to the capitalisation of an intercompany receivable balance with 1Spatial Belgium SA.

The recoverable amount of the investments held is determined from value in use calculations for each cash-generating unit (CGU) covering a five-year period. The detailed plan put together by the management team and the Board makes assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historical success of winning new work. In previous years, the carrying value of the Company's investment in 1Spatial Belgium SA was impaired. In the current year, the directors have reassessed the value in use of the Company's investment in its Belgian subsidiary, resulting in an impairment of £4,826,000 to the balance. Details of the assumptions used are provided in note 11 to the consolidated financial statements.

7. Trade and other receivables

	2019 £'000	2018 £'000
Current		
Amounts owed by group undertakings	7,598	3,178
Taxation and social security	10	35
Other receivables	111	16
Prepayments and accrued income	159	51
	7,878	3,280

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

8. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	3,542	9

9. Trade and other payables

	2019 £'000	2018 £'000
Current		
Amounts owed to group undertakings	965	374
Trade payables	124	470
Taxation and social security	263	523
Other payables	–	65
Accrued liabilities	433	326
	1,785	1,758

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

10. Provisions

	Total £'000
At 1 February 2018 and at 31 January 2019	43
Current	43
Non-current	–

Restructuring provision

The restructuring provision represents the cost of employee terminations and has been classified as a provision as there is uncertainty over the timing and amount of settlement of the future obligation.

11. Share-based payments

Disclosures in relation to the share options and warrants in issue are made in notes 22 and 23 to the consolidated financial statements.

12. Share capital, share premium account and own shares held

	2019 Number	2018 Number
Allotted and fully paid		
Ordinary shares of 10p/1p each*	**99,031,889**	763,652,144
Deferred shares of 4p each	**226,699,878**	226,699,878

* On 21 August 2018 a share consolidation, being the consolidation of every 10 existing ordinary shares of 1 penny each into one consolidated ordinary share of 10 pence each, was approved at a General Meeting.

Also approved at the General Meeting was the proposed placing of 22,666,675 shares at a price of 37.5 pence per share, raising £7,996,000 (net of expenses) for the Company. After the placing, the Company has 99,031,889 ordinary shares in issue with 319,635 held in treasury. Therefore, the total number of voting rights in the Company is 98,712,254.

Rights of shares

Ordinary shares

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

Deferred shares

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

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 1 February 2017	964,835,436	16,449	22,931	(303)
Issue of shares	25,516,586	256	–	–
At 31 January 2018	990,352,022	16,705	22,931	(303)
Share consolidation*	303,065,092	–	–	–
Issue of shares	22,666,675	2,266	6,234	–
Share issue costs	–	–	(504)	–
At 31 January 2019	**325,731,767**	**18,971**	**28,661**	**(303)**

* See above concerning the share consolidation in the year. For details of the Group's share option scheme, refer to note 22 of the consolidated financial statements.

Own shares

As a result of the disposal of Avisen (Pty) SA Limited on 14 July 2010, 3,500,000 shares with a nominal value of 5p each were purchased and held in treasury. The consideration paid was £306,000. On 28 November 2011, the Company sub-divided its existing share capital of 5p shares into 1p ordinary shares and 4p deferred shares. 303,644 shares were used to satisfy the exercise of share options by an employee in the year to 31 January 2017. At 31 January 2018 the Company had 3,196,356 ordinary shares of 1p and 3,500,000 deferred shares of 4p.

Prior to the share consolidation on 21 August 2018 of every 10 existing ordinary shares of 1 penny each into one consolidated ordinary share of 10 pence each, the number of own shares was 3,196,356. Following the share consolidation, the number of own shares is 319,635.

Notes to the Company financial statements (continued)

For the year ended 31 January 2019

13. Subsidiaries and associates of the Company as at 31 January 2019

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	–	England & Wales	Holding company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc.	–	Ordinary 100%	United States	Location-based software development and consultancy	8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial Group Limited	–	Ordinary 100%	England & Wales		Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	–	Ordinary 100%	Ireland		c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
1Spatial Australia Pty Limited	–	Ordinary 100%	Australia		c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
1Spatial Belgium SA	Ordinary 100%	–	Belgium		13, Clos Chanmurly, 4000, Liège, Belgium
1Spatial France SAS	–	Ordinary 100%	France		Immeuble AX02, 23-25 avenue Aristide Briand, 94110, Arcueil, France
Sitemap Ltd	Ordinary 100%	–	England & Wales	Location-based software	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Storage Fusion Limited	Ordinary 100%	–	England & Wales	IT business service assurance solutions	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial US Inc.	Ordinary 100%	–	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

14. Contingent liabilities

As disclosed in note 2 of the consolidated financial statements, Summary of significant accounting policies, the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2019. 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2019. The Company guarantees the liabilities of the company at the end of the year until those liabilities have been settled in full. The contingent liability at the year-end was £106,000 (2018: £71,000).

15. Post balance sheet events

Disposal of Enables IT Group Limited

On 18 February 2019, the Company entered into an agreement (the "Amendment Agreement") to amend the terms of the Share Purchase Agreement dated 15 March 2018 (the "SPA") relating to the disposal by 1Spatial of 80.1 per cent. of the issued share capital of Enables IT Group Limited ("Enables") to Champall Consultancy Limited ("Champall") (an entity owned and controlled by Michael Walliss, the managing director of Enables, and his wife, Erica Walliss) (the "Disposal").

Under the original terms of the SPA, Champall was granted an option (the "Option") to acquire 1Spatial's remaining 19.9 per cent. interest in Enables for an exercise price of £100,000 (the "Call Option Price"). Pursuant to the terms of the Amendment Agreement, the Call Option Price has been reduced to £20,000 and it will become payable on the earlier of:

(i) the final business day of January 2020;

(ii) the sale by Champall of all or part of its holding in Enables; and

(iii) the disposal of all or a substantial part of the business or assets of Enables or its subsidiary, Enables IT Limited (the "Subsidiary").

Furthermore, subject to the Subsidiary achieving an EBITDA margin of not less than 10 per cent. for the financial year ending 30 June 2020 (the "2020 Financial Year"), Champall will make an additional one-off payment to 1Spatial being equal to 15 per cent. of the Subsidiary's EBITDA figure for the 2020 Financial Year. This one-off payment will be paid within 30 business days of the date of publication of the Subsidiary's accounts for the 2020 Financial Year.

In addition, under the terms of the Amendment Agreement, Champall has released 1Spatial from any claims that Champall may have against 1Spatial under the tax covenant and warranties in the SPA.

Finally, the Subsidiary has provided 1Spatial with an indemnity for any loss that it may suffer as a result of the statutory guarantees in respect of audit exemptions provided by 1Spatial to:

(i) Enables in relation to audit exemptions in respect of its annual accounts for the 2016 and 2017 financial years and

(ii) the Subsidiary in relation to an audit exemption in respect of its annual accounts for the 2016 financial year.

Placing, Acquisition of Geomap-Imagis and Agreement with Esri

On 7 May 2019, the Company entered into two share purchase agreements (each a "SPA") to acquire the entire issued share capital of Geomap-Imagis Participations ("Geomap-Imagis") (the "Acquisition"), for a total consideration of €7.0m (the "Consideration"). As at 6 May 2019, Geomap-Imagis had net cash of approximately €1.9m. In order to fund the cash element of the Consideration, the Company has raised £3.1m (gross) (the "Placing") through the issue of 9,871,220 new ordinary shares in the capital of the Company at a price of 31.5 pence per share.

Alongside and in conjunction with the Acquisition, 1Spatial France and 1Spatial Belgium ("1Spatial Europe") have entered into a new partnership agreement with Esri Inc. ("Esri") (the "Partnership Agreement"). The combination of the Partnership Agreement and Acquisition is expected to significantly benefit the Company's existing European customers in providing them with access to Esri's market leading global GIS platform. In addition to being immediately earnings enhancing, the Acquisition offers a combination of specialised vertical business applications and significant know-how in the Group's target sectors, which can be delivered through the combination of 1Spatial Europe and Geomap-Imagis.

Company Information

Directors

C Milverton	Chief Executive Officer
N Payne	Chief Financial Officer
A Roberts	Non-Executive Chairman
F Small	Non-Executive Director
P Massey	Non-Executive Director

Telephone

+44(0) 1223 420 414

Company secretary

Ms Susan Margaret Wallace
118 Pall Mall
London
England
SW1Y 5ED

Company number

5429800

Registered address

Tennyson House
Cambridge Business Park, Cowley Road
Cambridge
CB4 0WZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Maurice Wilkes Building
St. John's Innovation Park
Cambridge
CB4 0DS

Bankers

Natwest Plc
1st Floor, Rapid House
40 Oxford Road
High Wycombe
Buckinghamshire
HP11 2EE

Nominated adviser and Broker

N+1 Singer
One Bartholomew Lane
London
EC2N 2AX

Legal adviser

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Perivan Financial Print 254704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