2019

Annual report and accounts 2019

Trakm8 Holdings PLC

Company Number 05452547

Through innovative products, Trakm8 collects billions of miles worth of data annually.

Trakm8 analyses data and provides actionable insights to customers so that they improve efficiency and reduce risk.

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OVERVIEW

Financial

Revenue
£19.1m
FY-2018: £29.4m

Adjusted (loss)/profit before tax
(£1.5m)
FY-2018: £2.1m

(Loss)/ Profit before tax
(£3.6m)
FY-2018: £0.5m

Net cash generated from operations
(£1.8m)
FY-2018: £4.7m

Adjusted basic (loss)/earnings per share
(1.89p)
FY-2018: 6.51p

Basic (loss)/earnings per share
(6.20p)
FY-2018: 2.72p

Operational

- Sales related challenges and contract delays significantly impacted revenue in the year
- Implemented further reduction of annualised operating costs by £2.0m, including the final consolidation of Roadsense and Routemonkey, with savings reinvested into sales and marketing.
- Re-structured Fleet Management sales team including recruiting new management with dedicated Direct and Channel teams.
- Production launch of new insurance self-fit hardware product.
- Over 243,000 connected units in operation (FY-2018: 251,000).
- New contract wins with LexisNexis and Ingenie, with launch inventory for both supplied in quarter 4. R&D spend down 10%, however still £4.3m invested.

Outlook

- The new financial year has begun with new contract awards from two further insurance companies, with revenues already commenced.
- Revenues from new insurance contract wins expected to impact strongly the second half of the new financial year.
- The AA Smart Breakdown launch is expected to provide a lift to revenues in the second half of the financial year.
- Fleet sales team's performance is continuing to improve, securing a higher value of contracts than the corresponding period last year with this momentum expected to continue.
- Early months in current financial year confirm realisation of the £2.0m cost savings.
- Given the disappointment of last year, we are being prudent with our outlook, with market expectations of a relatively modest recovery (low double digit growth) in revenues with small adjusted profitability.

AT A GLANCE

Connected Business

Trakm8 is a UK-based big data company. As leaders in the fleet management, insurance and automotive sectors, we enable businesses to enhance their operations through a wide-range of telematics, camera and optimisation solutions. Collecting data through intellectual property ('IP')-owned hardware, Trakm8 fine-tunes algorithms and creates solutions that assist private drivers and commercial fleets with the reduction of risk, fuel consumption and insurance premiums, while improving productivity, safety and compliance.

As a fully integrated business designing, manufacturing and supporting our own solutions we provide the best customer service possible by not having to rely on third parties (apart from the cellular network).

Pioneering solutions

The Group's product portfolio includes a range of telematics devices, from self-install dongles to 4G integrated telematics cameras. We currently have almost a quarter of a million devices in operation.

Number of connected units

243,000 (FY-2018: 251,000)

Fleet Management & Optimisation

Fleet Management

Trakm8 has market leading software solutions for the entire fleet management activities built out in the Insight platform. A combination of telematics, cameras, tachograph data retrieval, EPOD and route optimisation and scheduling software empowers businesses to make informed decisions about fleet operations - and to tackle a diverse range of obstacles. Benefits to fleets include the introduction of safer driving practices, reductions in fuel, obtaining lower insurance premiums, having a smaller carbon footprint and automating administrative tasks. Advanced algorithms are deployed to measure risk and efficiency driving behaviours, feeding back to the driver on apps and in cab displays. Advanced Driver Assistance Systems feature on the cameras to warn the driver, reducing the cost of accidents

Optimisation

Through the development and application of pioneering algorithms, we are able to improve the operational efficiency and productivity of our customers. Our optimisation algorithms can be administered to a number of sectors including transport and logistics, energy management, mobility and electric vehicles (EVs). Trakm8 has a fully integrated optimization solution built into the core Insight solution and provides customer specific bespoke solutions when this is required.

Revenue

£10.8m (FY-2018: £13.5m)

Number of connected units

76,000 (FY-2018: 73,000)

AT A GLANCE (CONTINUED)

Insurance & Automotive

Insurance

Insurers and brokers use our telematics hardware and data to better calculate risk among policyholders. Our self-install and fitted to vehicle devices monitor high-risk driving styles and enable businesses to calculate relative premiums based on real-world driving data. In addition, our leading algorithms allow insurance companies to speed up and better control the first notification of loss (FNOL) claims process. Post year end we launched "Driveably" a plug and play insurance telematics software solution aimed at smaller brokers, who can launch a telematics based insurance solution in minimal time and with low investment costs in systems.

Automotive

Our automotive team works with businesses to supply aftermarket connected vehicle technologies to its end users to predict and report vehicles faults. Automotive solutions include the remote identification of vehicle and battery faults, breakdown assistance apps, and reminders for MOT dates, servicing and tax renewals. Specialist applications include electric vehicle system monitoring and tailored solutions to the vehicle leasing companies to reduce costs in the management of service, repair and maintenance outcomes.

Revenue

£8.3m (FY-2018: £12.6m)

Number of connected units

167,000 (FY-2018: 178,000)

Clients

The Group has built client relationships with large corporates, SME's, down to sole traders either directly or via partners who provide intermediary marketing support. These relationships often enable us to cross-sell solutions and facilitate a high rate of contract renewals and extensions.

EXECUTIVE CHAIRMAN'S STATEMENT

FY-2019 was a disappointing year in terms of financial results. We failed to meet our revenue, profit and cash generation expectations due to a number of sales related events. Our largest customer had a significant reduction in market share in the young driver insurance market reducing revenues and installed base. We had expected reductions due to lower prices at the customer when the contract had been renewed early in the year but this only compounded the loss of the reduced volume. We had expected that volume from new insurances customers would have made a material difference to the second half of the financial year, but delays in their programmes significantly hit our revenues. The delays in programme launch of the connected car proposition by breakdown companies was unexpected and substantially impacted revenues particularly in the second half. The Fleet Management sales team simply failed to win enough business to meet our expectations. Political and economic uncertainty certainly played their part, and the effect of US sanctions on Iran impacted a multi-million-pound contract for the supply of Insurance solutions into Iran. Change was needed and the replacement with new resources started to make a significant difference in the final quart of the year but it was too little, too late.

The revenues of the business fell by 35% and the Group posted an adjusted loss before tax of £1.5m. Connections fell by 3% to 243,000. The total fleet management connections increased by 4% over the year to 76,000 (FY-2018: 73,000). Telematics for insurance/automotive connections for the reasons explained above reduced. At the year-end we had 167,000 insurance/automotive connections (FY-2018: 178,000), which is a reduction of 6%. Recurring service revenues reduced by 6% to £10.1m (FY-2018: £10.8 m)

However, FY-2019 was a year of excellent progress in many internally focussed activities. The Group continued to focus on operations, fully consolidating the acquisitions from earlier years of Roadsense and Routemonkey. Engineering solutions improved considerably, maintaining the market leading technology we have. Efficiency improvements in many aspects of our operations reduced direct and indirect costs. During the year we secured the services of a number of highly talented and experienced sales staff for our Fleet Management sales team, and as the year progressed their contribution started to make a difference.

The investment in engineering resources, whilst some £0.5m less than the previous year, has continued to deliver market-leading software and hardware solutions. Trakm8's Insight platform provides superb customer experience and data, enabling vehicle operators to significantly improve operational efficiencies and reduction in risk. The RoadHawk 600 integrated telematics and camera product is the first in the UK using 4G technology and has been implemented by large and small enterprises. A technical challenge with the product lead us to implement a product update and replacement in the field of a large number of units, which addressed the field issue and has enabled EU deployment. Presently, almost 5,000 units are deployed. A further generation of the self-fit telematics devices has been introduced.

We have continued to invest in our software solutions, algorithms and devices, ensuring that Trakm8 retains market-leading solutions with the widest and deepest offer in the market today.

Post-year end, we have announced contracts with two additional insurance companies.

EXECUTIVE CHAIRMAN'S STATEMENT (CONTINUED)

Research and development ('R&D')

Trakm8 has maintained a significant level of investment in R&D although slightly below the level of the previous year. The Board believes that this level of investment is necessary to retain a portfolio of market-leading technology. Trakm8 continues to focus on owning the intellectual property ('IP') we use in our solutions, and we see this as one of our key competitive advantages. Telematics systems are complex; but because we own all the elements that encompass a solution (with the exception of the mobile networks) we have the ability to understand and resolve problems more easily than our competitors.

The R&D investment has concentrated on building out the latest self-fit device, the improved camera, algorithms for crash and risk, Advanced Driver-Assistance Systems (ADAS) and optimisation, and the capability of the Insight platform to provide best-in-class data analytics. As identified in previous years, the requirement to do more for less cost remains a key strategy as this widens the opportunity to expand the rate of growth as the ROI for our customers improves.

Governance

Of the two widely recognised formal corporate governance codes, we adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies, which the Board considers the most appropriate for the size and structure of the Group. More information can be found in the Governance Report section of this report and our website.

Please see https://www.trakm8.com/investor-relations/corporate-governance for our full compliance statement.

Dividend

The Group does not propose to recommend a dividend for the year at the forthcoming AGM. However, the Board will continue to review its dividend policy in light of future results and investment requirements.

People

The number of people Trakm8 employs has reduced slightly during FY-2019 as reductions in operational headcount were partially offset by increases in our sales and marketing teams. In total our staff numbers have reduced by 8% over the year.

In a year when the business did not perform to expectations, the teams had to devote themselves even more diligently to the cause. We have an exceptional team and I would like to thank everyone for their hard work, dedication and contribution to the ongoing success of the business.

EXECUTIVE CHAIRMAN'S STATEMENT (CONTINUED)

Outlook

We continue to drive efficiencies and maintain product enhancements, and we are aiming to focus on a smaller number of activities and execute them much better. The bulk of the available resource and energy is focused on marketing and selling.

Our Fleet sales team's performance is continuing to improve, securing a higher value of contracts than the corresponding period last year with this momentum expected to continue. This and the new contract awards from two further insurance companies is expected to deliver growth in the first half of this financial year compared to the first half last year.

The AA Smart Breakdown launch and the two major new insurance contract wins are expected to provide a lift to revenues in the second half of the financial year. As many Fleet deals take some time to deploy the good recent progress in contract wins will impact the second half more than the first half, so this too makes the expected trading performance of the group to be more significantly second half loaded than ideal.

Trading to date confirm the realisation of operational and efficiency cost savings of £2.0m that were actioned in the prior financial year.

Given the disappointing failure to predict the outcome last year, it is prudent to be tempered in our outlook but current market expectations are for a relatively modest recovery (low double digit growth) in our revenues and very modest adjusted profitability for the financial year as a whole. The Board is confident that this will be achieved.

John Watkins

EXECUTIVE CHAIRMAN

5 July 2019

OUR STRATEGY

OUR MISSION

Trakm8 is an innovative and diverse UK-based technology company, focused on fleet management, insurance and automotive telematics, and optimisation. Trakm8 strives to proactively provide actionable insights which reduce risk and improve efficiency for its customers. From a firm foundation of integrity and family values, Trakm8 encourages and develops its talented people to create world-leading solutions that are ethically sourced, proudly manufactured, and professionally sold. By upholding these ideals, Trakm8 aims to deliver growth in long-term value to shareholders.

OUR STRATEGY

1) Increasing our market share

The Group will continue to expand the number of connections in operation, with a particular focus on expanding outside of the UK.

Progress in 2019

The total number of units in operation reduced by 3% in FY-2019. A wide number of Fleet contract wins increased the Fleet installed base by 4%. The Group also secured two major insurance telematics contracts with launch stocks delivered, but not connected. The Group invested significantly in Sales and Marketing resources during the year, restructuring the Fleet Management sales team and overall sales and marketing headcount increasing by 6 on the prior year. With the expansion of the number of roadside assistance companies deploying Trakm8 technology internationally, the company made some progress on the strategy of expanding the percentage of revenues generated outside of the UK.

Focus for 2020

Increased investment in sales and marketing will allow us to maximise solution sales via our targeted routes to market, including: direct sales, channel and via our relaunched digital strategy. A modest increase in sales team headcount will ensure the Group maximizes value from existing client partnerships to boost further sales opportunities; while ensuring our order pipeline from new customers remains strong. As we introduce new integrated services and further develop our digital sales platform, we aim to expand geographically in Europe and Asia.

OUR STRATEGY (CONTINUED)

2) Delivering a cutting-edge solutions portfolio

We plan to reduce again modestly the level of investment in research and development whilst maintaining our market-leading product portfolio and meet the demands of our customers.

Progress in 2019

We focused heavily on enhancing our existing solutions: Connect 330, Insight and updated RoadHawk 600 products. We have built out improved algorithms for risk, crash, Advanced Driver-Assistance Systems (ADAS) and optimisation. We have created an insurance broker specific, out of the box complete solution, called Driveably that will allow customers to quickly deploy an insurance telematics solution without integration. Our Connectedcare solution is further enhanced enabling service, maintenance and repair propositions to work more effectively, giving both parts companies and breakdown assistance businesses an aftermarket solution to the connected car challenges.

Focus for 2020

We will reduce our expenditure in R&D again modestly this year by being more focused on our core areas of expertise. We will continue developing products and solutions to meet the demands of our customers and market trends. This strategy will see further investment in algorithms and software to increase relevance of propositions to market; improved features for our Trakm8connectedcare solution; improving crash detection algorithms; and the continued development of ADAS. We will further progress the integration of fuel management, insurance, and vehicle servicing.

3) Streamlining our internal operations

The Group will continue to focus on improving operational efficiencies and its cost as a percentage of revenues.

Progress in 2019

The Group found another £2m of annualised operational cost savings in both direct and indirect costs. We did not implement the Enterprise Level ERP system as planned due to some unexpected issues with the MRP functionality. We did invest in market leading test and assembly equipment for the new self-fit device, halving throughput times. We did not make the move into the new factory as the demand did not justify it.

Focus in 2020

Now that the MRP issues are resolved, we will be implementing the ERP system which will continue to transform our internal operations and processes, in order to provide the foundation for our next stages of growth. We will continue to drive out costs through better utilisation of hosting and technology. Currently, we do not expect we will need to utilise in the current financial year the additional space for manufacturing but the plans are in place should demand grow significantly later in the year.

FINANCE DIRECTOR'S REPORT

	2019	2018 Restated[2]	Change
Group Revenue (£'000)	19,145	29,361	-35%
of which, Solutions Revenue (£'000)	19,145	26,088	-27%
of which, Recurring Revenue (£'000)	10,087	10,826	-7%
(Loss)/ Profit before tax (£'000)	(3,563)	453	n/a
Adjusted (Loss)/ Profit before tax[1] (£'000)	(1,452)	2,074	n/a
Basic (loss)/earnings per share (p)	(6.20)	2.72	n/a
Adjusted basic (loss)/earnings per share (p)	(1.89)	6.51	n/a

[1] Before exceptional costs and share based payments

[2] Restatement due to adoption of IFRS15, details provided in note 31

Revenue

Group revenue decreased by 35% to £19.1m (FY-2018: £29.4m), this was due to Product revenues which decreased from £3.3m to £nil following the planned exit from CEM activities. All sub-contract electronic manufacturing activities had ceased by end of 2018 financial year. Additionally Solutions revenue reduced by 27% to £19.1m (FY-2018: £26.1m) due to a significant reduction in market share in the young driver market at our largest customer, delays from new insurance customers and delays in the launch of the connected car proposition by breakdown companies. Additionally new business sales in the Fleet Management part of our business failed to meet our expectations. Recurring revenue generated from service and maintenance fees decreased by 7% to £10.1m (FY-2018: £10.8m) due to the reduction in Connections and lower prices in our largest customer contract.

(Loss)/ Profit before tax

The Group reported a loss before tax of £3.6m (FY-2018: Profit £0.5m). This deterioration in profitability was due to the decline in revenue, which was delivered at slightly improved gross margins (due to change in mix) resulting in a £3.9m decline in gross profit. Additionally other income decreased by £0.1m, non-recurring exceptional costs increased by £0.5m (as detailed below) and £0.4m increase in depreciation and amortisation, primarily from capitalised development costs, reflecting the significant investment undertaken by the group in earlier years. These were offset by other overheads decreasing by £0.9m which reflects the cost saving initiatives we have put in place.

Adjusted (Loss)/ Profit before tax

The disappointing trading performance resulted in adjusted profit before tax decreasing to a loss of £1.5m (FY-2018: Profit £2.1m). The £3.9m reduction in gross profit converted into adjusted profit before tax, with administrative costs excluding exceptional costs, depreciation and amortisation down £0.8m on prior year offset by £0.4m increase in depreciation and amortisation and a £0.1m reduction in other income. During the year the company has increased its investment in sales and marketing with headcount increasing by 7%, however overall costs remained flat due to a reduction in commission due to the poor performance. Overhead savings resulted from reduction in expensed R&D spend of £0.5m and a reduction in other overheads of £0.3m as a result on ongoing efficiency savings.

FINANCE DIRECTOR'S REPORT (CONTINUED)

Exceptional Costs

Exceptional costs total £1.9m (FY-2018: £1.4m) include integration and restructuring costs relating to prior year acquisitions and additional costs relating to the acquisition of Roadsense Technology Limited. Additionally, significant product component refit costs were incurred on a recently launched product, these issues have been fixed by year end. The Group also rolled out an enhanced hardware product to two existing customers following a product upgrade to drive increases in market opportunity. Also, the Group provided for the cost of work and solutions supplied in the prior year under a contract to supply insurance solutions to Iran.

Balance Sheet

	2019	2018 Restated[2]
	£'000	£'000
Non-Current Assets	22,736	21,534
Net Current Assets	5,765	6,159
Non-Current Liabilities	6,407	6,313
Net Assets	22,094	21,380

[2] Restatement due to adoption of IFRS15, details provided in note 31

Net Assets increased by £0.7m to £22.1m (FY-2018: £21.4m) reflecting the £3.0m subscription during the financial year, offset by the loss for the year.

Non-current assets increased by £1.2m to £22.7m (FY-2018: £21.5m). This is due to the continued investment in development in both software and hardware with capitalised development costs in the year totaling £3.4m (FY-2018: £3.4m), offset by a £0.4m increase in amortisation to £1.5m (FY-2018: £1.1m). The balance of the movement relates to the sale of the freehold property, reduction in the receivable due on assets leased out and amortisation of other intangible assets.

Cash Flow

	2019	2018 Restated[2]
	£'000	£'000
Net Cash generated from operations	(1,752)	4,735
Investing activities	(3,179)	(3,716)
Free Cash Flow[1]	(4,931)	1,019
Financing activities	2,664	463
Change in Cash in Year	(2,267)	1,482
Net Debt[3]	5,629	3,300

[1] Cash generated from operating activities less cash used in investing activities (excluding cashflows related to acquisitions)
[2] Restatement due to adoption of IFRS15, details provided in note 31
[3] Total borrowings less cash and cash equivalents

Cash from operating activities decreased in the year to an outflow of £1.8m (FY-2018: £4.7m inflow), which included R&D tax credit cash receipts of £1.0m (FY-2018: £1.6m). The R&D tax credit cash receipt reflects the Group's investment in development. The operational cash outflow is reflective of the reported loss and change in working capital.

FINANCE DIRECTOR'S REPORT (CONTINUED)

Cash Flow (Continued)

Free cash outflow of £4.9m (FY-2018: inflow £1.0m) is due to the decline in trading, with cash outflows from investing activities reducing by £0.5m to £3.2m (FY-2018: £3.7m). Reduction in cash outflow from investing activities was due to the sale and leaseback of the Shaftesbury property that was completed in February 2019.

Financing activities generated £2.7m (FY-2018: £0.5m) due to the subscription in December which raised approximately £3.0m (net of expenses) to fund general working capital requirements and further strengthen the Group's balance sheet, which was offset by debt repayments of £0.4m.

Net Debt

Net debt increased by £2.3m to £5.6m (FY-2018: £3.3m). Cash balances total £1.2m (FY-2018: £3.5m) and total borrowings £6.8m (FY-2018: £6.8m) of which £1.8m (FY-2018: £2.8m) was a term loan with HSBC, £4.4m (FY-2018: £3.4m) were amounts drawn under our £5m revolving credit facility with HSBC and £0.6m (FY-2018: £0.5m) were obligations under finance leases.

KEY PERFORMANCE INDICATORS

Achieving our objectives

The Board monitors the following key performance indicators to ensure the objective of the Group are being achieved.

Solutions Revenue	Recurring Service Revenue	Connected units - Insurance/Automotive	Connected units – Fleet Management
£19.1m: 2019 £26.1m: 2018 £21.1m: 2017 £17.2m: 2016	£10.1m: 2019 £10.8m: 2018 £9.8m: 2017 £8.3m: 2016	167,000: 2019 178,000: 2018 124,000: 2017 92,000: 2016	76,000: 2019 73,000: 2018 66,000: 2017 59,000: 2016
Performance in 2019	**Performance in 2019**	**Performance in 2019**	**Performance in 2019**
Total Solutions revenue decreased by 27% to £19.1m. This decline was across both our fleet & optimisation business and insurance & automotive businesses due to delays in contracts and disappointing performance by the sales team.	Total recurring revenues earned during the year reduced by 7% to £10.1m due to the reduction in connections and lower unit prices in our largest customer contract. Fleet recurring revenues per unit per month increased due to higher service fees with Camera customers	This refers to the amount of telematics devices reporting in operation from our insurance & automotive customers. Connected Units in this market decreased by 6%.	This refers to the amount of telematics devices in operation from our fleet customers. The total number of units from our Fleet business increased by 4%.
Focus for 2020	**Focus for 2020**	**Focus for 2020**	**Focus for 2020**
Continuing driving increasing level of performance from the Fleet Management Sales and Marketing teams, and converting the recently won contracts in the insurance and automotive businesses to consistent month on month revenues.	Despite the market trend for richer data for lower costs, continued growth will be achieved by increasing the number of devices in operation and driving higher service fees either from our integrated cameras and by increasing our data analytics services.	Converting recently won contracts in this business to consistent revenue will drive increases in connections. Also selling the new “Driveably” platform to new customers will enable new customers to convert to revenue much quicker.	We expect restructured Fleet Management sales and marketing teams will result in continued, but higher growth in fleet connections in 2020.

KEY PERFORMANCE INDICATORS (CONTINUED)

Adjusted (loss)/ profit before tax	Gross Margin	Net cash generated from Operating Activities
£1.5m Loss: 2019 £2.1m Profit: 2018 £1.1m Profit: 2017 £3.8m Profit: 2016	53.6%: 2019 48.1%: 2018 49.0%: 2017 48.3%: 2016	(£1.8m): 2019 £4.7m: 2018 £0.7m: 2017 £4.5m: 2016
Performance in 2019	**Performance in 2019**	**Performance in 2019**
Adjusted Loss before Tax (before exceptional costs and share based payments) decreased by £3.5m due to the poor trading performance despite a £0.8m reduction in other overheads.	Gross margin percentage improved to 54% despite the overall decline in Gross Profit. This is due to the change in revenue mix, with the higher margin software and service revenues being a higher proportion of revenue compared to the prior year. This is reflective of the significant reduction in hardware sales due to the challenges already explained.	Our cash generation from operating activities significantly declined on the prior year due to the poor trading performance and movement in working capital.
Focus for 2020	**Focus for 2020**	**Focus for 2020**
Delivering a positive adjusted profit before tax for the financial year by delivering revenue growth at consistent gross margin whilst maintaining tight control over overheads.	Strategy is to continue to drive growth in our recurring service revenues through enhanced data diagnostic services and optimisation benefits. This is expected to lead to increases in our gross margins.	Return to positive cash generation by returning to profit and delivering continued improvements in our working capital cycles. However, cash generation is expected to continue to be impacted by more customers moving to monthly payment models (including SaaS).

CORPORATE SOCIAL RESPONSIBILITY

Protecting customer data, delivering results

Data Protection

- Successfully renewed ISO27001 during 2019
- continued to invest in our IT platforms to allow us to identify and address potential issues more successfully and to better defend against malware, viruses or malicious attacks
- continued to train all of our staff in Data Protection and Information Security
- Successfully passed a number of independent penetration tests during the financial year

Quality

- Successfully renewed ISO9001 during 2019
- All manufacturing staff have been trained to IPC standards to improve both quality levels and productivity
- Enhanced electrostatic discharge controls put in place within manufacturing, assembly and stores
- Overhauled our Supplier Monitoring strategy to ensure our supply chain is performing to our expectations and to ensure Trakm8 expectations regarding corporate social responsibility are being met by our suppliers.
- All staff trained for TCF, Anti-Bribery and Modern Slavery

Environmental

- Successfully renewed ISO14001 during 2019
- Update training on environmental legislation delivered to Compliance team members
- Successfully underwent an independent audit of our waste management strategy by Waste Care (our waste compliance partners)

Health & Safety

- Continued our good H&S record with no significant accidents or incidents being recorded and a significant reduction in number of minor accidents following a program of staff education and training on correct use of PPE
- Key staff have been trained in the last 12 months on IOSH and NEBOSH standards

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

In addition to improving internal processes, Trakm8 is committed to providing technology which contributes to improving road safety and reducing the environmental impact of motor vehicles in the UK and beyond. Feedback from our customers indicates we have delivered the following benefits:

- 20% reduction in fuel usage
- 31% reduction in engine idling
- 18% reduction in CO_2 per mile
- Cost of idling down 69%
- 30% increase in productivity
- Up to 20% reduction in accident rates
- 13% reduction in speeding events
- Insurance premium reduction of 10%

RISK MANAGEMENT FRAMEWORK

Our risk management process is designed to improve the likelihood of delivering our business objectives, to protect the interests of our key stakeholders, to enhance the quality of our decision making, and to assist in the safeguarding of our assets. This includes people, finances, property and our reputation.

The Board takes overall responsibility for risk management, evaluating our exposure to individual strategic risks, overseeing our risk governance structure and internal control framework. Strategic decisions are evaluated against our tolerance levels to the risks identified and the Board continues to monitor these trends in order to implement mitigation activities in line with our long-term strategy.

Approach to Risk Management

Each year the Board carries out a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. The report overleaf summarises these possible risks and how they are being managed or mitigated.

The Executive Chairman and the senior management team take responsibility for reviewing the effectiveness of the risk management process and the risk register is subjected to detailed review and discussion.
This group identifies all the key risks to the business and ensures our elimination and mitigation processes are robust and up to date to minimise any possible impact. Risk identification is embedded in other processes, including product development, contract approvals and other operational activities. Trakm8's corporate strategy is designed to optimise our business model and accept risk, with the required controls on an informed basis.

To create value for our shareholders, we set varying risk tolerances and associated criteria. We continue to accept risk and manage our risk environment on the following basis:

• Strategic – medium to low tolerance for risks arising from poor business decisions or substandard execution of business objectives.

• Operational – low to near-zero tolerance for risks arising from business processes including the technical, quality, and project management or organisational risk associated with programmes and products. During the year we enhanced our testing procedures for new product launches following the issues experienced in the previous financial year.

• Corporate – low to near-zero tolerance for compliance and reputational risks including those related to the law, health, safety and the environment.

• Financial – zero tolerance for financial risks including failure to provide adequate liquidity to meet our obligations and manage currency, interest rate and credit risks.

RISK MANAGEMENT FRAMEWORK (CONTINUED)

RISK MANAGEMENT PROCESS

Risk management is a key element of the Group’s decision making process as there is a risk element in all areas of its activities and these risks need to be managed appropriately. Alongside the strong governance structure and effective internal controls, the risk management process gives the Board assurance that risks are being appropriately identified and managed.

The Risk Management Process is set up in the following way:

• An annual business review to set strategies, objectives and agreed initiatives to achieve its goals, taking account of the risk appetite set by the Board.

• Day-to-day operations are supported by a clear schedule of authority limits that define processes and procedures for approving material decisions. This ensures that projects are approved at the appropriate level of management, with the largest and most complex projects being approved by the Board.

• The Group’s Executive Directors also compile their own risk assessment, ensuring that a top-down approach is undertaken when considering the Group-wide environment.

• The Group’s Audit and Risk Committee assists the Board in assessing and monitoring risk management across the Group. The role of the Committee is to ensure the timely identification and robust management of inherent and emerging risks. The Committee reviews the risk register as it develops, to ensure net risk and proposed further actions are together consistent with the risk appetite set by the Board.

PRINCIPAL RISKS AND UNCERTAINTIES

Link to strategic priorities

1	2	3
Delivering a cutting-edge solutions portfolio	**Increasing our market share**	**Streamlining our internal operations**

Principal Risk	Potential Impact	Mitigation
Significant operational system failure 2	Reputational impact Deterioration in customer relations Reduction in revenues, profitability and cash generation	Our systems are both within the Cloud and within a traditional data centre environment. We provide no single point of failure as there is diversity of datacentres from separate suppliers and replication of data between data centres. Daily point-in-time backups are also taken offsite. Insurances are maintained to financially mitigate any risk relating to an event that causes significant interruption at our single site manufacturing facility.
Cyber-attack and data security 2	Reputational Impact Deterioration in customer relations Liability claims	We have been re-approved for our ISO 27001 accreditation. We continue to make considerable investments in security and systems for both our internal and customer data. We operate a secure development lifecycle and undertake regular independent penetration testing of our devices and hosting environments.
Brexit and a deteriorating economic climate 1, 2	A potential hard Brexit could impact cost of goods further impact the exchange rates and provide legislative uncertainty. We've assessed the greatest potential impact to be on our supply chain & product approvals Brexit has already had a sales impact as a result of uncertainty delaying customer decisions	Continuous product development and operational efficiency improvements to compensate for any potential component increases. It is estimated that at worst a hard Brexit would only result in import tariffs up to a maximum of 5% on WTO terms for some component supplies. Geographical expansion will provide opportunities to build natural currency hedges. Continued focus in Sales & Marketing on demonstrating the ROI from the solution to ensure it is compelling financially for our customers.
Operating in a fast moving technology industry where we will always be at risk from new products being launched 1, 2	Decelerating sales growth and affecting profit Delay in achieving projected revenues OEM fit telematics to all strategy Autonomous cars	We heavily invest in research and development to ensure we are at the forefront of telematics technology. We are device agnostic and will interface into OEMs and autonomous vehicles as a central data hub.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Principal Risk	Potential Impact	Mitigation
Adverse mobile network changes 2	Reputational Impact Deterioration in customer relations Reduction in revenues, profitability and cash generation	We provide a configuration manager which allows remote upgrade of the installed base and this can be used to address system wide issues as long as basic GPRS communications exist. We rely on mobile phone suppliers to provide a quality of service and investment in suitable reliable infrastructure. The same is true for the GPS network and the Internet.
Attracting and maintaining high quality employees 1, 2, 3	Loss of key personnel Potential business disruption Breakdown of communication and misalignment	We provide interesting work within a growing sector where we have significant opportunity and maintaining this is key to employee retention. Knowledge of our bespoke systems are spread across a larger pool of individuals to mitigate the risk of a key individual leaving the business. We are now a sponsor on the government highly skilled migrant program
Access to long term and working capital 1, 2	Ability to deliver business plans	We maintain regular discussions with banks and other financial institutions. We regularly review medium term capital requirements
Electronics supply chain under constraint 2	Long lead-times Single source suppliers	Work with world class distributors and manufacturers to mitigate the supply chain risk

By order of the Board

Jon Furber

COMPANY SECRETARY

5 July 2019

BOARD OF DIRECTORS

John Watkins
Executive Chairman

John Watkins has a Master's Degree in Engineering Science from the University of Oxford. Through his extensive career he has acquired considerable M&A and sales experience. He has been a Director of several Public companies, Managing Director of a wide range of private and subsidiaries/divisions of public companies and Chairman of two very successful private equity companies that exited with significantly better than average IRRs.

Keith Evans
Senior Independent Non- Executive Deputy Chairman

Keith graduated from the University of Cambridge with a degree in Economics. Keith is a former partner for over 25 years at PricewaterhouseCoopers LLP with very extensive experience of commercial and financial roles having worked with companies operating in the financial services, automotive and information technology sectors.

Bill Duffy
Independent Non-Executive Director

Bill Duffy started working with the company in April 2014 supporting our business and strategy development as a Consultant and joined the Board in July 2015. Bill also runs his own consultancy business and is Chairman of MotorEasy, a pioneering motoring services platform for UK drivers. He was formerly CEO of Andrew Page Limited and CEO of Halfords Autocentres Limited. He has extensive strategic and operational capability in the automotive sector and successful private equity experience.

Nadeem Raza
Non-Executive Director

Nadeem Raza joined the Board in January 2019 following the strategic investment by Microlise Group Holdings Limited. As CEO of Microlise, Nadeem has complete responsibility for the operational management and control of all Microlise business activities. During his 20 year career with Microlise, Nadeem has fulfilled various responsibilities and gained experience across all elements of the business, including sales, system integration, marketing, operations and business computing.

Jon Furber
Group Finance Director

Jon joined Trakm8 as Finance Director to the Group in September 2017. Jon has previously held senior finance roles at technology growth businesses; he was CFO at AppSense and at Vistorm/HP Information Security (UK), and most recently interim CFO at Intrinsic Technology. Jon is a chartered accountant having trained and qualified at KPMG.

Matt Cowley
Big Data Director

One of the founders of Trakm8 along with his brother Tim Cowley, Matt is a highly experienced software Engineering Director with over 25 years' experience within the Telematics and Telecommunications industry. Awarded an MSc Software Engineering with distinction from University of Oxford in 1998, Matt now leads the in-house Big Data team and is passionate about algorithms, machine learning, computer vision and data science.

BOARD OF DIRECTORS (CONTINUED)

Tim Cowley
Group Strategy Director

Tim Cowley has 30 years' experience in the Engineering & Technology sector. After graduating with a degree in Electronics Engineering in 1988 from Brunel University, Tim was awarded a prestigious Michael Cobham scholarship, and stayed with the Cobham Group for eleven years. Alongside his brother Matt, he founded Trakm8 is 2002 and is now responsible for the Group Product Strategy and the Advanced Engineering function.

Sean Morris
Managing Director – Insurance and Automotive

Sean Morris has over 30 years' experience in automotive electrical and electronic engineering at various OEMs and Tier 1 suppliers, including Continental, BMW, Honda, and Land Rover, and was Chief Engineer Electrical & Electronics, of Aston Martin. Sean has also run a successful turnkey engineering company providing services to OEMs such as JLR, Bentley and McLaren. He is now responsible for leading Trakm8's Insurance and Automotive business unit.

Mark Watkins
Chief Operating Officer

Mark has a Master's Engineering degree and worked for Ford Motor Co in the group IT team. He has previously held positions in IT and Operations having been Head of Manufacturing Operations at Continental UK for several years. In 2014 he joined Trakm8 Holdings as Managing Director of BOX Telematics following its acquisition and is now responsible for all operational and engineering matters for the Group.

BOARD OF DIRECTORS AND COMMITTEES

The Board of Trakm8 Holdings PLC is responsible for the strategic direction of the Group's businesses. The Board's specific roles include corporate governance policy and direction; as well as strategy formation and monitoring the achievement of the Group against the business plan. The day-to-day management of the Group is the responsibility of the team of executive Directors and the executive Chairman. The Board meetings of Trakm8 Holdings PLC cover matters required to be covered by the Boards of the Group's subsidiary entities.

The Board has operated Audit and Risk, Remuneration and Nomination Committees throughout the period. These bodies operate under formally delegated duties and responsibilities and seek advice from independent third parties as the need arises. The committees during the year have comprised of the two non-executive Directors and the Executive Chairman.

For the financial year ended 31 March 2019 the Directors' attendance at Board and Committee meetings has been as follows:

Type	Board	Audit	Nomination	Remuneration
Total Held in period	14	2	1	5
John Watkins	14	1	1	5
Keith Evans	14	2	1	5
Matt Cowley	14	-	-	-
Tim Cowley	13	-	-	-
Bill Duffy	14	2	1	5
Jon Furber	14	-	-	-
Sean Morris	13	-	-	-
Mark Watkins	12	-	-	-
Nadeem Raza[1]	3	1	-	2

[1] Attended 3 out of 3 Board meetings, 1 out of 1 Audit Committee meetings and 2 out of 2 Remuneration Committee meetings whilst in office

Nominations committee

The committee met once during the year and appointed Nadeem Raza as Independent Non-Executive Director.

Audit and Risk Committee

The Audit and Risk Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. The Finance Director and other Directors attend as required.

The committee and the external auditor have safeguards to avoid a potential compromise of auditor's objectivity and independence. These include the adoption of a policy that segregates the supply of audit and non-audit services and requires committee approval for the supply of services such as tax services and acquisition related due diligence.

The key issues considered by the Audit and Risk Committee included revenue recognition, capitalisation of development costs and impairment review of Goodwill. The Audit and Risk Committee also reviewed in detail financial projections in concluding on its' Going Concern assertion.

Remuneration committee

The Remuneration Committee's terms of reference include making recommendations on Directors' compensation packages to ensure that the Group enjoys and retains an appropriate level of motivated resources. The Committee engages with external consultants as and where it is deemed beneficial.

The Group has adopted and operates a share dealing code for Directors and employees in accordance with the requirements of the Combined Code.

Relations with shareholders

The Board values and attaches the utmost importance to the maintenance of good relationships with shareholders. The Executive Chairman and the Finance Director meet investors immediately after publication of the annual and interim results, at the Annual General Meeting and on an ongoing basis as required throughout the year. In addition we provided a number of shareholders update presentations and the intention is to continue this programme during the new financial year.

By order of the Board

Jon Furber

COMPANY SECRETARY

5 July 2019

DIRECTORS' REPORT

The Directors submit their Directors' Report and the audited financial statements of the Group for the year ended 31 March 2019.

Trakm8 Holdings PLC is a public listed company incorporated and domiciled in England (Company Number 05452547) whose shares are quoted on AIM, a market operated by the London Stock Exchange plc.

PRINCIPAL ACTIVITIES

The principal activities of the Trakm8 Group are the development, manufacture, marketing and distribution of vehicle and plant telematics equipment and services. Trakm8 Holdings PLC is the holding company for the Trakm8 Group.

FINANCIAL RISK MANAGEMENT

The Group manages its key financial risks as follows. Further details can be found in note 27.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities. It is also the Group's policy to mitigate the risk of borrowings by maintaining cash reserves. The Group currently has an unused revolving bank credit facility of £0.7m.

Currency risk

The Group endeavours to minimise its foreign currency exposure by trading in Sterling wherever possible. The two principal foreign currencies used are the US Dollar and the Euro and where possible we endeavour to match inflows and outflows.

Interest rate risk

The Group regularly monitors the risk of increasing interest rate and the effect this would have on our total interest charges. Currently our bank borrowings are linked to variable interest rates and the Group would move to fixed if it was deemed appropriate to minimise the effects of further interest rate rises.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits.

RESULTS AND DIVIDENDS

The Group results for the year ended 31 March 2019 are shown in the Consolidated Statement of Comprehensive Income on page 38. The Directors do not recommend the payment of a dividend (2018: £nil).

RESEARCH AND DEVELOPMENT

The Group has continued to expand the investment in research and development to ensure the future success of the business. During the year the Group capitalised development costs of £3.4m and a further £0.9m was expensed. Further details about the Group's approach to R&D can be found in the Strategic Report.

GOING CONCERN

These financial statements are presented on a going concern basis. The Groups projections for the next 12 months, and downside sensitivity analysis against its projections along with closing cash balances of £1.2m and undrawn revolving credit facilities of £0.65m at 31 March 2019 provide the Directors a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future. Detailed considerations by the Directors are detailed in note 4 on page 51.

FUTURE DEVELOPMENTS

Consideration on the future developments and exciting prospects of the Group, has been made in the Executive Chairman's Statement in the Strategic Report. The Group is focused on a smaller number of activities with the focus of executing much better. The Group expects to the re-structured fleet management sales team to deliver an increasing rate of organic growth in the UK and international markets. Revenues are also expected to increase during the financial year from existing and recently won contracts in the Insurance and Automotive sectors.

The Group will continue to invest in our software solutions, algorithms and devices to ensure that the Group retains the market-leading solutions with the widest and deepest offer in the market today.

Further acquisitions will be assessed and only if our strict criteria are met will be progressed.

EMPLOYEES

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices where the Group operates. The Group regularly provides employees with information about the progress of the Group, wider economic factors and also matters likely to be of concern to them. The Group recognises the importance of its employees and their training and conducts annual appraisals with each member of staff.

The Group is committed to employment policies, which follow best practices and are based on equal opportunities for all employees regardless of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. If members of staff become disabled the Group will continue their employment either in the same or an alternative position, with appropriate retraining being given if necessary.

POST BALANCE SHEET EVENTS

On the 27 June 2019 the Group entered into an Amendment and Restatement Agreement with HSBC that amended the covenants and amended the margin on both the term loan and revolving credit facility to 4.5% above base rate and LIBOR respectively. All other terms of the facilities remained unchanged.

DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

John Watkins
Keith Evans
Matt Cowley
Tim Cowley
Bill Duffy
Sean Morris
Mark Watkins
Jon Furber
Nadeem Raza (appointed 9 January 2019)

DIRECTORS AND THEIR INTERESTS

At 31 March 2019 the Directors' interests in the shares of the Company are detailed below:

This table is audited

	1p Ordinary shares at 31 March 2019	% of issued Ordinary share capital (50,004,002 Ordinary shares)	1p Ordinary shares at 1 April 2018	% of issued Ordinary share capital (35,723,254 Ordinary shares)
John Watkins	7,768,768	15.54%	6,177,859	17.29%
Keith Evans	381,119	0.76%	153,846	0.43%
Matt Cowley	1,994,203	3.99%	1,744,203	4.88%
Tim Cowley	2,268,127	4.54%	1,949,945	5.46%
Bill Duffy	375,000	0.75%	140,000	0.39%
Jon Furber	596,503	1.19%	28,321	0.08%
Sean Morris	-	-	-	-
Mark Watkins	318,310	0.64%	250,128	0.70%
Nadeem Raza*	178,622	0.36%	-	-

*Nadeem Raza is the CEO and principle shareholder in Microlise which holds 10,000,000 ordinary shares in the Company.

The Directors had no interest in the share capital of the Company's subsidiary undertakings at 31 March 2019 or on the date on which these financial statements were approved.

DIRECTORS' REMUNERATION

The Directors' remuneration for the year ended 31 March 2019 was:

This table is audited

£'000	Salaries & benefits	Fees	Total remuneration to year ended 31 March 2019	Pension contribution	**Total aggregate emoluments to year ended 31 March 2019**	**Total aggregate emoluments to year ended 31 March 2018**
John Watkins	285	-	285	-	285	285
Keith Evans	36	-	36	1	37	32
Matt Cowley	103	-	103	3	106	100
Tim Cowley	119	-	119	3	122	115
Bill Duffy	36	-	36	-	36	31
Jon Furber	166	-	166	9	175	90
Sean Morris	106	-	106	5	111	118
Mark Watkins	152	-	152	7	159	148
Nadeem Raza	-	-	-	-	-	-
Total	1,003	-	1,003	28	1,031	919

DIRECTORS' SHARE OPTIONS

At 31 March 2019 the following options had been granted to the Company's Directors and remain current and unexercised:

This table is audited

	Option exercise price	Balance as at 1 April 2018	Granted during year	Exercised during year	Expired/ forfeited during year	Balance as at 31 March 2019	Expiry date
John Watkins	£0.45	250,000	-	-	-	250,000	21/01/2024
	£1.93	225,000	-	-	225,000	-	21/09/2025
	£0.99	75,000	-	-	75,000	-	03/07/2027
	£0.34	-	125,000	-	-	125,000	04/03/2029
	£0.34	-	300,000	-	-	300,000	04/03/2029
Keith Evans	£0.99	75,000	-	-	-	75,000	03/07/2027
Matt Cowley	£0.45	125,000	-	-	-	125,000	21/01/2024
	£1.93	25,000	-	-	25,000	-	21/09/2025
	£0.34	-	25,000	-	-	25,000	04/03/2029
Tim Cowley	£0.45	125,000	-	-	-	125,000	21/01/2024
	£1.93	50,000	-	-	50,000	-	21/09/2025
	£0.34	-	50,000	-	-	50,000	04/03/2029
Bill Duffy	£0.99	75,000	-	-	75,000	-	03/07/2027
	£0.34	-	50,000	-	-	50,000	02/03/2029
	£0.34	-	75,000	-	-	75,000	04/03/2029
Sean Morris	£0.88	175,000	-	-	175,000	-	17/12/2024
	£1.93	75,000	-	-	75,000	-	21/09/2025
	£0.90	-	100,000	-	100,000	-	30/06/2028
	£0.34	-	350,000	-	-	350,000	04/03/2029
Mark Watkins	£0.58	200,000	-	-	-	200,000	06/04/2024
	£1.93	75,000	-	-	75,000	-	21/09/2025
	£0.99	75,000	-	-	75,000	-	03/07/2027
	£0.90	-	100,000	-	100,000	-	30/06/2028
	£0.34	-	125,000	-	-	125,000	02/03/2029
	£0.34	-	250,000	-	-	250,000	04/03/2029
Jon Furber	£1.38	475,000	-	-	475,000	-	26/11/2027
	£0.34	-	125,000	-	-	125,000	02/03/2029
	£0.34	-	475,000	-	-	475,000	04/03/2029

All share options were issued at the open market price on the day the options were granted, except the options issued on the 5 March 2019, which have an exercise price at a 20% premium to the mid-market closing share price on 4 March 2019.

The Group provides qualifying third party indemnity provisions for the Directors which was in place throughout the year and has remained in place since the year end.

TREASURY SHARES

At 1 April 2018 and 31 March 2019 the Company held 29,000 of its own 1p Ordinary shares representing 0.06% (2018: 0.08%) of the called up share capital. There were no purchases or sales by the Company during the year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

Each Director who was in office on the date of approval of these financial statements has confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 parent 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 parent company and of the profit or loss of the group and parent 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 financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

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

INDEPENDENT AUDITORS

A resolution to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors, will be put to the members at the Annual General Meeting.

By approval of the Board on 5 July 2019

Jon Furber
Company Secretary

Independent auditors' report to the members of Trakm8 Holdings Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Trakm8 Holdings Plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 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 parent 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 and Accounts (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 March 2019, the Parent Company Statement of Financial Position as at 31 March 2019, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash-Flows and the Parent Company Statement 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: £190,000 (2018: £301,395), based on 1% of revenues.

Overall parent company materiality: £180,500 (2018: £121,000), based on 1% of total assets (capped at £180,500 based on allocation of Group materiality to the component).

We conducted a full-scope audit over four legal entities, including the parent company.

99% of consolidated revenue is covered through the audit of these four legal entities.

Risk of error in revenue recognition for multi-element arrangements.

Capitalisation of internally generated intangible assets.

Goodwill impairment assessment.

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.

Key audit matter	*How our audit addressed the key audit matter*
Risk of error in revenue recognition for multi-element arrangements The Group enters into contracts where there is more than one deliverable to be provided to the customer. These typically include the provision of hardware, software and services, or software and services. The accounting for these contracts involves a higher degree of judgement, including: • Determining whether the contract contains performance obligations which should be separated for revenue recognition purposes and whether each of those elements should be recognised at a point in time or over time; • Determining the allocation of consideration on a fair value basis between components of multi-element contracts; and • Determining the point at which it is appropriate to recognise revenues where revenues are recognised in advance of billings. Given the above, there is a risk that revenue is not accounted for appropriately.	We have tested the accounting for multi-element contracts and the associated revenues recognised in the year. Our procedures included: Review of a sample of contracts with customers to ensure that separate deliverables within contracts have been identified in line with contractual terms. Where separate deliverables have been identified we have ensured that the revenue recognition methodology applied appropriately separates out each deliverable; Testing of the fair values of revenues attributed to different deliverables within the contract by reference to appropriate supporting evidence, including stand-alone selling prices for different elements of revenue or, where these do not exist, similar objective evidence derived from contract pricing over a number of years; and Review of contractual terms to ensure that where revenues are recognised in advance of billings, the Group has an enforceable right to receive consideration in the future. Based on the work performed we found that contracts containing more than one deliverable had been appropriately identified, and revenues had been separately identified and allocated between different deliverables on a reasonable basis. Where revenues had been recognised in advance of billings we found that the Group had an enforceable right to receive consideration in the future.
Capitalisation of internally generated intangible assets The Group continues to incur material expenditure on development activities (including software). This expenditure is capitalised when the development project meets the criteria of International Accounting Standard 38 'Intangible Assets' (IAS 38). During the year the Group capitalised £3.4m of development and software expenditure on internally generated intangible assets. The capitalised costs consist of internal labour and external bought in costs. IAS 38 sets out specific criteria that must be met for an asset to be capitalised. These include whether it is probable that the expected future economic benefits	We tested a sample of projects against which costs had been capitalised during the year to validate that the projects met each of the relevant criteria within IAS 38 to support the capitalisation of costs. We also tested a sample of costs capitalised during the year to confirm that the cost of the asset could be reliably measured and had been accurately recorded by agreeing the capitalised costs back to appropriate audit evidence, for example timesheet records, invoices or similar supporting documentation. Based on our work performed we found that management's assessment of projects against the capitalisation criteria within IAS 38 was reasonable, and that costs capitalised within projects were

Key audit matter	How our audit addressed the key audit matter
attributable to the asset will flow to the Group; the cost of the asset can be measured reliably; the technical feasibility of completing the asset can be demonstrated such that it will be available for use or sale; there is an intention to complete the asset and use or sell it; the Group has the ability to use or sell the asset; and the Group has adequate technical, financial and other resources to complete the development and to use or sell the asset. Management apply judgement in determining whether or not these criteria are met and there is therefore a risk that expenditure may be incorrectly capitalised.	recorded on an appropriate basis.
Goodwill impairment assessment The Group has a material goodwill balance which is required to be tested for impairment on an annual basis in accordance with International Audit Standard 36 'Impairment of Assets' (IAS 36). Total goodwill at year end was £10.4m. Goodwill has been tested by reference to its value in use. Valuations of this nature are inherently subjective and involve a high degree of estimation, for example over future cash flows of the group, discount rates applied to those cash flows and terminal growth rates. This gives rise to an increased risk of error in the calculation of value in use and therefore in the overall impairment assessment.	We have performed audit procedures over management's impairment assessment, including testing of the integrity of the cash flow model, the methodology applied and assessing key assumptions including future cash flows, discount rates and growth rates, including sensitivity of these assumptions. We have agreed future cash flows to Board approved budgets and considered the appropriateness of these budgets by reference to historical performance of the Group, including understanding revenue split between recurring and non-recurring, as well as sales orders and pipeline. We have also considered 3 year extended forecasts approved by the board. We have also assessed the terminal growth rate against long-term GDP growth in the UK and tested the calculation of the discount rate and tested the discount rate. We have performed sensitivity analysis over key assumptions, in particular testing what level of sensitivity in the assumptions would cause an impairment. Based on our audit procedures performed we found the model itself, the methodology, the forecasts and the assumptions used in the calculation were appropriate and we concluded that there was no impairment of goodwill. We also found that the related sensitivity disclosures in the financial statements were appropriate.

We determined that there were no key audit matters applicable to the parent company to communicate in our report.

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 parent company, the accounting processes and controls, and the industry in which they operate.

The Trakm8 Holdings Plc Group (the "Group") is structured by legal entity and the Group financial statements are a consolidation of eight individual legal entities.

Of these eight individual legal entities, we performed audits of the complete financial information of Trakm8 Holdings Plc (the parent company), Trakm8 Limited and Route Monkey Limited. All of the above were considered to be significant components of the Group, either due to their contribution to revenues and profits of the Group as a whole or, in the case of Trakm8 Holdings Plc, due to being the parent entity within the Group holding the external debt on behalf of the Group.

The accounting for all components and the Group consolidation is performed centrally in the UK, with all audit work being performed by the Group audit engagement team. Therefore, there is no requirement to utilise separate component auditors.

99% of the Group's consolidated revenue is accounted for by legal entities where we performed audits of their complete financial information.

The parent company audit was scoped based on the materiality set out above.

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	***Parent company financial statements***
Overall materiality	£190,000 (2018: £301,395).	£180,500 (2018: £121,000).
How we determined it	1% of revenues.	1% of total assets (capped at £180,500 based on allocation of Group materiality to the component).
Rationale for benchmark applied	The group is in the technology sector where revenue is the key measure used by the directors, management and users of the financial statements in assessing business performance. On this basis, we believe revenue is the key benchmark on which to base materiality..	This entity does not trade and has no revenue, therefore an appropriate benchmark is considered to be 1% of total assets, capped at £180,500 based on allocation of Group materiality to the component..

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 £95,000 and £180,500.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £9,500 (Group audit) (2018: £15,000) and £9,500 (Parent 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 parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent 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 March 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 parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 31, 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 parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 parent 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 parent 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 parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
5 July 2019

Consolidated Statement of Comprehensive Income For The Year Ended 31 March 2019

	Note	Year ended 31 March 2019	Year ended 31 March 2018 Restated*
		£'000	£'000
REVENUE	6	19,145	29,361
Cost of sales		(8,890)	(15,232)
Gross profit		10,255	14,129
Other income	7	436	566
Administrative expenses excluding exceptional costs		(12,101)	(12,681)
Exceptional administrative costs	9	(1,930)	(1,405)
Total administrative costs		(14,031)	(14,086)
OPERATING (LOSS)/PROFIT	8	(3,340)	609
Finance income		10	33
Finance costs	10	(233)	(189)
(LOSS)/PROFIT BEFORE TAXATION		(3,563)	453
Income tax	11	1,057	520
(LOSS)/PROFIT FOR THE YEAR		(2,506)	973
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(5)	9
TOTAL OTHER COMPREHENSIVE INCOME		(5)	9
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,511)	982
ADJUSTED (LOSS)/PROFIT BEFORE TAX	8	(1,452)	2,074
(Loss)/Profit before taxation		(3,563)	453
Exceptional administrative costs		1,930	1,405
IFRS2 Share based payments charge		181	216
EARNINGS PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic	13	(6.20p)	2.72p
Diluted	13	(6.20p)	2.68p

The results relate to continuing operations.

* See note 31 for details regarding the restatement as a result of changes in accounting policies.

Consolidated Statement of Changes in Equity For The Year Ended 31 March 2019

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2017 as previously reported		357	11,674	1,138	199	(4)	6,866	20,230
Change in accounting policy	31	-	-	-	-	-	(164)	(164)
Restated balance as at 1 April 2017		357	11,674	1,138	199	(4)	6,702	20,066
Comprehensive income								
Profit for the year (restated*)	31	-	-	-	-	-	973	973
Other comprehensive income								
Exchange differences on translation of overseas operations		-	-	-	9	-	-	9
Total comprehensive income		-	-	-	9	-	973	982
Transactions with owners								
Shares issued		2	76	-	-	-	-	78
IFRS2 Share-based payments charge		-	-	-	-	-	216	216
Tax recognised directly in equity (Note 11)		-	-	-	-	-	38	38
Transactions with owners		2	76	-	-	-	254	332
Balance as at 1 April 2018		359	11,750	1,138	208	(4)	7,929	21,380
Comprehensive loss								
Loss for the year		-	-	-	-	-	(2,506)	(2,506)
Other comprehensive loss								
Exchange differences on translation of overseas operations		-	-	-	(5)	-	-	(5)
Total comprehensive loss		-	-	-	(5)	-	(2,506)	(2,511)
Transactions with owners								
Issue of share capital		141	2,941	-	-	-	-	3,082
IFRS2 Share based payments charge		-	-	-	-	-	181	181
Tax recognised directly in equity (Note 11)		-	-	-	-	-	(38)	(38)
Transactions with owners		141	2,941	-	-	-	143	3,225
Balance as at 31 March 2019		500	14,691	1,138	203	(4)	5,566	22,094

* See note 31 for details regarding the restatement as a result of changes in accounting policies.

Trakm8 Holdings PLC

Consolidated Statement of Financial Position As At 31 March 2019

	Note	As at 31 March 2019	As at 31 March 2018 Restated*
ASSETS		£'000	£'000
NON CURRENT ASSETS			
Intangible assets	14	21,165	19,460
Property, plant and equipment	15	1,432	1,756
Amounts receivable under finance leases	17	139	318
		22,736	21,534
CURRENT ASSETS			
Inventories	16	2,736	2,556
Trade and other receivables	17	8,345	9,926
Corporation tax receivable		1,050	1,001
Cash and cash equivalents		1,205	3,472
		13,336	16,955
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	(6,307)	(9,598)
Borrowings	20	(1,237)	(1,151)
Provisions	21	(27)	(47)
		(7,571)	(10,796)
CURRENT ASSETS LESS CURRENT LIABILITIES		5,765	6,159
TOTAL ASSETS LESS CURRENT LIABILITIES		28,501	27,693
NON CURRENT LIABILITIES			
Trade and other payables	19	(607)	(525)
Borrowings	20	(5,597)	(5,621)
Provisions	21	(115)	(94)
Deferred income tax liability	18	(88)	(73)
		(6,407)	(6,313)
NET ASSETS		22,094	21,380
EQUITY			
Share capital	22	500	359
Share premium		14,691	11,750
Merger reserve		1,138	1,138
Translation reserve		203	208
Treasury reserve		(4)	(4)
Retained earnings		5,566	7,929
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		22,094	21,380

* See note 31 for details regarding the restatement as a result of changes in accounting policies.

The loss for the Company for the year determined in accordance with the Companies Act 2006 was £242,000 (2018: loss £153,000)

The notes on pages 42 to 77 are an integral part of these consolidated financial statements. These financial statements on pages 38 to 77 were approved by the Board of directors and authorised for issue on 5 July 2019 and are signed on its behalf by:

John Watkins - Director **Jon Furber -** Director

Consolidated Statement of Cash-Flows For The Year Ended 31 March 2019

	Note	Year ended 31 March 2019	Year ended 31 March 2018 Restated*
		£'000	£'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	24	(1,752)	4,735
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(103)	(91)
Purchases of software		(158)	(236)
Proceeds from sale of property		495	-
Capitalised development costs		(3,413)	(3,389)
NET CASH USED IN INVESTING ACTIVITIES		(3,179)	(3,716)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares		3,082	78
Increase in bank loan		2,000	2,600
Repayment of bank loans		(2,026)	(1,880)
Repayment of obligations under hire purchase agreements		(187)	(146)
Interest paid		(205)	(189)
NET CASH GENERATED FROM FINANCING ACTIVITIES		2,664	463
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,267)	1,482
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,472	1,990
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,205	3,472

* See note 31 for details regarding the restatement as a result of changes in accounting policies.

1 GENERAL INFORMATION

Trakm8 Holdings PLC ("Company") and its subsidiaries (together the "Group") develop, manufacture, distribute and sell telematics devices and services.

Trakm8 Holdings PLC is a public limited company incorporated in the United Kingdom (registration number 05452547). The Company is domiciled in the United Kingdom and its registered office address is 4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG. The Company's Ordinary shares are traded on the AIM market of the London Stock Exchange. The Company is registered in England and is limited by shares.

The Group's principal activity is the development, manufacture, marketing and distribution of vehicle telematics equipment and services. The Company's principal activity is to act as a holding company for its subsidiaries.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

2 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

3 BASIS OF PREPARATION

The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements made up to 31 March 2019.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies as disclosed within note 4 and 5.

4 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the applicable accounting standards.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The trading results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the Statement of Comprehensive Income. All acquisition expenses have been reported within the consolidated Statement of Comprehensive Income immediately.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 3 either in profit or loss or as a change to other comprehensive income.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statements of Comprehensive Income and related notes.

4 **ACCOUNTING POLICIES (CONTINUED)**

REVENUE RECOGNITION

Revenue represents the total of amounts receivable for goods and services provided excluding value added tax.

The Group has adopted IFRS 15 "Revenue from contracts with Customers" with effect from 1 April 2018. IFRS 15 establishes a five-step model to accounting for revenue arising from contracts with customers. It requires revenue to be recognised when/as control of a good or service transfers to a customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Group enters into sale of multi-element contracts, which contain a combination of separate performance obligations which can include hardware, software and different services, including telematics services, software maintenance, installation and customisation and configuration contracts. Each performance obligation is allocated a transaction price based on the stand-alone selling prices. Where stand-alone prices are not directly observable, they are estimated based on expected cost plus margin.

Revenue on the sale of telematics devices and other hardware is recognised when control transfers to a customer, or where bill and hold arrangements exist, when the products are identified separately as belonging to the customer and currently ready for physical transfer to the customer. If the contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title passed and the customer has accepted the hardware.

Revenue for telematics services, being the provision of data and data analytics to customers, is recognised in the accounting period in which the services are rendered. The appropriate portion of service revenue invoiced in advance covering future periods is shown as deferred income within current and non-current liabilities.

Revenue for installation services is recognised when the performance obligation per the contract is complete.

Revenue from the sale of perpetual software license is recognised when the software is made available for use by the customers. Revenue from the development of software and the integration of software with customers' existing systems is recognised over the life of the development project by reference to percentage of completion. Revenue for engineering services is recognised as the services are provided.

Revenue from software maintenance contracts is based on the allocated transaction price based on the stand-alone selling prices, recognised over the support term. Where the stand-alone price is not directly observable, they are estimated based on expected cost plus margin.

Revenue from SaaS (software as a service) contracts is based on the allocated transaction price based on the stand-alone selling prices, recognised over the contract term. Where the stand-alone price is not directly observable, they are estimated based on expected cost plus margin.

Revenue from customisation/configuration contracts is based on the allocated transaction price based on the stand-alone selling prices, recognised as related services are performed. Where the stand-alone price is not directly observable, they are estimated based on expected cost plus margin.

Rental income from operating leases and rental of equipment is recognised on a straight-line basis over the term of the lease or rental period.

4 **ACCOUNTING POLICIES (CONTINUED)**

REVENUE RECOGNITION (CONTINUED)

Assets sold by the Group where substantially all the risk and rewards of ownership of the assets have been transferred to the customer, of which the customer is paying over a number of future periods are classified as finance leases. Revenue is recognised at the present value of the minimum lease payments at the inception of the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Invoicing for all revenue streams is undertaken in accordance with the terms of the agreement with the customer. Where this is different to revenue recognition either accrued or deferred income is recognised on the statement of financial position as appropriate.

In cases where customers pay for the goods and services over an agreed period, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as investment income over the payment period.

GRANT INCOME

Government grants for revenue expenditure are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. For grants relating to assets the grant is deducted from the carrying amount of the asset.

OPERATING LEASES - LEASEE

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The cost of operating leases (net of any incentives received from the lessor) is charged to the Statement of Comprehensive Income on a straight-line basis over the periods of the leases.

OPERATING LEASES - LESSOR

Leases where the Group retains substantially all the risks and rewards of ownership are classified as operating leases. The lease income from the operating leases is charged to the Statement of Comprehensive Income on a straight-line basis over the periods of the leases.

EXCEPTIONAL ITEMS

Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. See note 9 for further details.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax is based on taxable profits for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

4 **ACCOUNTING POLICIES (CONTINUED)**

TAXATION (CONTINUED)

Research and Development tax credits (SME R&D tax relief) are shown as part of the current tax charge for the year in the Statement of Comprehensive Income.

Research and Development Expenditure Credit ('RDEC') in relation to research and development costs not claimed under SME R&D tax relief are shown as part of other income in the Statement of Comprehensive Income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised in the foreseeable future.

Deferred tax on share based payments is recognised in the Statement of Comprehensive Income to the extent that the future tax deduction does not exceed the charge in the Statement of Comprehensive Income. Deferred tax for the excess is recognised directly in Statement of Changes in Equity.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon tax rates that have been enacted or substantively enacted.

SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. The Group has applied the requirements of IFRS 2 Share-based payment, the corresponding entry to the expense in the Statement of Comprehensive Income is recognised in equity within the Statement of Changes in Equity. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

GOODWILL

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the fair value of the consideration over the Group’s interest in the fair value of identifiable net assets (including intangible assets) acquired. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Any impairment identified as a result of the review is charged in the Statement of Comprehensive Income.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 **ACCOUNTING POLICIES (CONTINUED)**

INTANGIBLE ASSETS OTHER THAN GOODWILL

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Such intangible assets are carried at cost less amortisation. Amortisation is charged to 'Administrative expenses' in the Statement of Comprehensive Income on a straight-line basis over the intangible assets' useful economic life. The nature of intangible assets recognised and their estimated useful lives are as follows:

Software	20 - 100%	Straight line
Development cost	10 - 40%	Straight line

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
Development expenditure is capitalised as an intangible asset only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefit;
- the development cost of the asset can be measured reliably;
- it meets the Group's criteria for technical and commercial feasibility; and
- sufficient resources are available to meet the development costs to either sell or use as an asset.

INTANGIBLE ASSETS ACQUIRED AS PART OF A BUSINESS COMBINATION

For acquisitions, the Group recognises intangible assets separately from goodwill provided they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets are initially recognised at fair value, which is regarded as their cost. Intangible assets are subsequently held at cost less accumulated amortisation and impairment losses. Where intangible assets have finite lives, their cost is amortised on a straight-line basis over those lives. The nature of intangible assets recognised and their estimated useful lives are as follows:

Software	10 - 20%	Straight line
Websites	33 - 50%	Straight line
Intellectual property	20%	Straight line
Customer relationships	33%	Straight line

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

4 **ACCOUNTING POLICIES (CONTINUED)**

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation or impairment losses. With the exception of freehold buildings held at 31 March 2006 (the date of transition to IFRS), cost represents purchase price together with any incidental costs to acquisition. As permitted by IFRS 1, the cost of freehold buildings at 31 March 2006 represents deemed cost, being the market value of the property for existing use at that date.
Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write each asset down to its estimated residual value over its expected useful life. In summary the depreciation rates used for each category is as follows:

Freehold property	2%	Straight line
Furniture, fixtures and equipment	5% - 10%	Straight line
Computer equipment	20%	Straight line
Motor vehicles	25%	Straight line

PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. In general cost is determined on weighted average cost basis and includes all direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

TRADE RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest method less any provision for impairment. The IAS 39 category, Loans and Receivables, required assets to be measured at amortised cost and therefore the change in category in the adoption of IFRS 9 does not in fact result in a change in measurement of trade receivables.

The Group recognises an allowance for Expected Credit Losses (ECLs) for trade receivables. IFRS 9 requires an impairment provision to be recognised on origination of a trade receivable, based on its ECL.

The directors have taken the simplification available under IFRS 9.5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financial component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financial component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification.
The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income.

4 **ACCOUNTING POLICIES (CONTINUED)**

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts where applicable.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Financial liabilities and equity instruments are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

BANK BORROWINGS

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

FINANCE LEASES - LESSEE

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have been transferred to the Group, are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term or their useful lives. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the Statement of Financial Position and analysed between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the Statement of Comprehensive Income over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the net expenditure required to settle the obligation at the year-end date and are discounted to present value where the effect is material.

4 ACCOUNTING POLICIES (CONTINUED)

EQUITY

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS.

Translation reserve represents cumulative foreign exchange gains and losses on retranslation of overseas operations.

Treasury reserve represents the cost of shares held in Treasury. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Retained earnings represent retained profits and the share based payment reserve.

FOREIGN CURRENCIES

Sterling is the presentational currency of the Group. The functional currency of the companies within the Group is sterling. This is based on the Group's workforce being based in the UK and that sterling is the currency in which management reporting and decision making is based.

Foreign currency monetary assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the Statement of Comprehensive Income as they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's reserves. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

SEGMENTAL 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

4 **ACCOUNTING POLICIES (CONTINUED)**

SEGMENTAL REPORTING (CONTINUED)

The Board have assessed that there continues to be just one segment following the continued integration of the Trakm8, DCS, Route Monkey and Roadsense businesses. This segment has two separate revenue streams distinguished by whether the revenues arise from solely hardware sales (Products) or hardware with ongoing service fees (Solutions). With effect from 1 April 2019, the Group ceased the sale of Contract Electronic Manufacturing services (Products) and other third party hardware only supply.

GOING CONCERN

These financial statements are presented on a going concern basis. To monitor the future cash position the Group produces projections of its working capital and long term funding requirements covering three months in detail and 1 and 2 year future projections on a monthly basis. These projections are updated on a regular basis and progress against the projections is closely monitored by the Board and the finance team. Projections include assessments against the covenants agreed with our bank. On 27 June 2019 the Group entered into an Amendment and Restatement Agreement with HSBC that amended the covenants on both the term loan and revolving credit facility, following the waiver of existing covenants during the year. The recently agreed covenants relate to cashflow cover, EBITDA and leverage. At the year end the Group had cash balances of £1,205,000 and undrawn revolving credit facilities of £650,000 at 31 March 2019. The projections for twelve months from date of signing the financial statements show that the Group has sufficient cash resources and will meet its covenants with ample headroom for the foreseeable future. The Group has undertaken a number of adverse sensitivities against its projections, these show that we would still have cash reserves in all these scenarios and would meet our covenants. This sensitivity analysis showed that if either a 32% reduction in Adjusted EBITDA, or a 50% reduction in net cashflow from operating activities for the full financial year materialised that covenants would still be met. On this basis the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future.

CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES

The Group has adopted the following new standards, or new provisions of amended standards:

Number	Title
IFRS 2	Amendments to Share Based Payments
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IAS 7	Disclosure Initiative
2014-2016 Cycle	Annual Improvements to IFRSs

Other than the standards discussed below, none are expected to have a material impact on the Group.

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 retrospectively, with the initial application date of 1 April 2018. There are no material classification or measurement changes to financial assets or liabilities as a result of the change in standard.

4 **ACCOUNTING POLICIES (CONTINUED)**

CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

IFRS 15 Revenue from contracts with customers

IFRS 15 and its related amendments supersede IAS11 'Construction Contracts' and IAS 8 'Revenue' and related interpretations. It applies to all revenue arising from contracts with its customers and became effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognised when/as control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires enhanced and extensive disclosure about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group has adopted IFRS 15 using the full retrospective method of adoption and have considered all aspects of IFRS 15. Refer to note 31 for the current and prior year impact of adopting IFRS 15 using the full retrospective method.

OUTLOOK FOR ADOPTIONS OF FUTURE STANDARDS (new and amended)

At the date of authorisation of the consolidated financial information, the following standards and interpretations which have not yet been adopted early in these consolidated financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Number	Title	Effective
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
IFRS 3	Previously held Interests in a joint operation	1 January 2019
IFRS 11	Previously held Interests in a joint operation	1 January 2019
IAS 12	Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23	Borrowing costs eligible for capitalisation	1 January 2019
Annual Improvements	2015-2017 Cycle	Not yet endorsed
Amendments to IFRS 3, ‘Business combinations’, definition of a business		Not yet endorsed
Amendments to IAS 1 and IAS 8		Not yet endorsed
Amendments to the Conceptual framework		Not yet endorsed

Other than the standards discussed below, none are expected to have a material impact on the Group.

4 ACCOUNTING POLICIES (CONTINUED)

CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of £2,430,000, see note 25. Of these commitments, approximately £26,000 relate to short-term leases and £3,000 to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the group expects to recognise right-of-use assets of approximately £2,326,000 on 1 April 2019, lease liabilities of £2,326,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2019) and deferred tax assets of £395,000. Overall net assets will be approximately £395,000 higher, and net current assets will be £429,000 lower due to the presentation of a portion of the liability as a current liability.

The group expects that net profit after tax will decrease by approximately £23,000 for 2019 as a result of adopting the new rules. Adjusted PBT used to measure segment results is expected to increase by approximately £429,000, as the operating lease payments were included in PBT, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows decrease by approximately £399,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

The Group will apply the standard from accounting period beginning on 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

5 CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, which are described in note 4, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

REVENUE RECOGNITION

Revenue is recognised with reference to the fair value of contracts.

Based on revenue recognition criteria in note 4 above, the allocation of transaction price to different performance obligations was identified as the only part of the criteria that is a significant judgement.

Management applies judgement on contracts which involve more than one deliverable. Each deliverable is assigned to one or more separate element of revenue and the contract consideration is allocated to each element based on its relative fair value. Determining the fair value of each element can require complex estimates due to the nature of goods and services provided. A fair value is estimated for each element based on equivalent sales prices where it is sold on a standalone basis after considering volume discounts when applicable.

The split between initial recognition for products supplied and subsequent recognition for service revenue over the contract period and allocating the fair value between these elements is another key judgement made by management in ensuring appropriate revenue recognition.

Management also assesses the state of completion of engineering services, software development and integration projects by reference to work done, elements delivered and services provided to the customer.

CAPITALISED DEVELOPMENT COSTS

At the start of a project, management assesses whether or not the project meets the criteria for capitalisation under the requirements of IAS 38. Subsequently, the recoverability of capitalised development costs is dependent on assessments of the future commercial viability of the relevant products and processes. Management assess this viability based on market knowledge and demand from customers for improvements to existing product, service and software capabilities.

5 **CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)**

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key estimations at the Statement of Financial Position date, 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.

RECOVERABILITY OF TRADE RECEIVABLES

Management are particularly conscious of the financial weakness of some companies and closely monitors its outstanding debtor book in order to minimise the risk associated with future bad debts. Active credit control management is undertaken with a credit approval process in place and active monitoring of accounts resulting in future supplies being stopped if debts remain overdue. An increasing number of customers taking the Group's services pay by direct debit and this is reducing the Group's exposure to the non-recoverability of trade receivables in the future.

The Group recognises an allowance for Expected Credit Losses (ECLs) for trade receivables. IFRS 9 requires an impairment provision to be recognised on origination of a trade receivable, based on its ECL.

The directors have taken the simplification available under IFRS 9.5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financial component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financial component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification.

IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 14.

6 **SEGMENTAL ANALYSIS**

The chief operating decision maker ("CODM") is identified as the Board. It continues to define all the Group's trading under the single Integrated Telematics Technology segment and therefore review the results of the group as a whole. Consequently all of the Group's revenue, expenses, assets and liabilities are in respect of one Integrated Telematics Technology segment.

The Board as the CODM review the revenue streams of Integrated Fleet, Optimisation, Insurance and Automotive Solutions (Solutions) and Hardware as Discrete Devices (Products) as part of their internal reporting. Products is the sale of Contract Electronic Manufacturing services (now ceased) and other third party hardware only supply. Solutions represents the sale of the Group's full vehicle telematics and optimisation services, engineering services, professional services and mapping solutions to customers.

A breakdown of revenues within these streams are as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 Restated £'000
Solutions	19,145	26,088
Products	-	3,273
	19, 145	29,361

A geographical analysis of revenue by destination is as follows:

	Year ended 31 March 2019			Year ended 31 March 2018		
	Solutions	Products	Total	Solutions Restated	Products Restated	Total Restated
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	18,910	-	18,910	25,764	3,068	28,832
North America	12	-	12	56	-	56
Norway	4	-	4	58	-	58
Rest of Europe	111	-	111	73	197	270
Rest of World	108	-	108	137	8	145
	19,145	-	19,145	26,088	3,273	29,361

7 **OTHER INCOME**

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Grant income	449	531
R&D tax credit	5	35
R&D tax credit adjustment in respect of prior periods	(18)	-
	436	566

8 OPERATING LOSS/ PROFIT

The following items have been included in arriving at operating (loss)/profit:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Depreciation (see note 15)		
- owned fixed assets	242	261
- assets on hire purchase	71	60
Amortisation of intangible assets (see note 14)	1,866	1,484
Operating lease rentals		
- Land and buildings	208	159
- Other	183	263
Research and development expenditure	933	1,485
(Gain)/Loss on foreign exchange transactions	(3)	(59)
Staff costs (note 12)	6,533	7,936
(Profit)/Loss on disposal of property, plant & equipment	(106)	26
Exceptional administrative costs	1,930	1,405
Auditors' remuneration		
- Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	93	103
Fees payable to the Company's auditors for other services:		
- Share based payments advisory services	-	8

Adjusted loss/ profit before tax is monitored by the Board and measured as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000 Restated
(Loss)/ profit before tax	(3,563)	453
Exceptional administrative costs (note 9)	1,930	1,405
Share based payments	181	216
Adjusted (loss)/profit before tax	(1,452)	2,074

9 EXCEPTIONAL ADMINISTRATIVE COSTS

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Acquisition costs	102	256
Integration & restructuring costs	707	501
Head office relocation	-	238
Contract manufacturing closure costs	-	410
New product component refit costs	453	-
Exceptional communication correction costs	375	-
Iranian bad debt	293	-
	1,930	1,405

9 **EXCEPTIONAL ADMINISTRATIVE COSTS (CONTINUED)**

The acquisition costs incurred in 2019 and 2018 relate to non-underlying charges under two separate agreements linked to the acquisition in 2017. The costs incurred are directly linked to the acquisition and not as part of the underlying business. One agreement terminates on 31 July 2019, and the second agreement terminated on 31 March 2019.

The Company has incurred significant costs relating to its ongoing project to streamline and rationalise the operations of the business. This has resulted in the following non-underlying, one-off costs:
- In the current and prior year, integration and restructuring costs incurred relate to integrating the activities of Route Monkey Limited, Roadsense Limited and DCS Systems that were acquired in previous financial years and include costs associated with office closures and costs and profits incurred as part of its long-term real estate plan.
- Head Office relocation costs in the prior year are non-underlying costs incurred in moving the Head Office and associated administrative functions from Shaftesbury to the West Midlands.
- Contract manufacturing closure costs in the prior year relate to residual inventory costs and contract exit costs following cessation of manufacturing contracts with third parties.

The Company has also incurred the following exceptional in the current financial year:
- In the current year product component refit costs incurred relate to significant component and software issues that arose during the financial year on a recently launched product. These issues have been fixed by year-end. However significant re-visit and material costs have been incurred as a result of the project to remedy these issues. No customers have been lost as a result of these issues.

- In the current year communication correction costs incurred relate to an intermittent fault uncovered with one of our communication elements during our joint extended testing. This resulted in a reduction in signal strength as the component searched for the supplier’s network signal, rather than the strongest signal available. This affected two customers. We upgraded the product with an alternative which now provides much enhanced roaming capability across Europe. The enhanced signal will also enable us to deliver a wider range of products. The customers have subsequently ordered further devices from the Group.

- In the current year, it was considered inappropriate to proceed with a contract to supply insurance solutions into Iran due to the impact of US sanctions, therefore the cost of the work and solutions supplied in the previous financial year have been provided for.

10 **FINANCE COSTS**

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Interest on bank loans	172	147
Amortisation of debt issue costs	28	13
Interest on Hire Purchase and similar agreements	33	29
	233	189

11 INCOME TAX

Tax credit for the year

Our tax credit for the year is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable/(receivable) on the taxable income in the year and any adjustments to the tax payable/(receivable) in the previous years. Deferred tax is explained in note 18.

		Year ended 31 March 2019	Year ended 31 March 2018
			Restated
		£'000	£'000
Current tax	current year credit	(1,034)	(972)
	prior year adjustment	-	10
	sub total	(1,034)	(962)
Deferred tax	current year charge	(12)	630
	prior year adjustment	(11)	(188)
	sub total	(23)	442
Income tax credit	Total	(1,057)	(520)

Tax recognised directly in equity

In addition to the amount credited to the income statement, tax movements recognised in equity were as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Deferred tax:		
Share based payment	38	(38)
Tax debit/ (credit) in the statement of changes in equity	38	(38)

11 **INCOME TAX (CONTINUED)**

Factors affecting the tax charge

The tax assessed for the year is lower (2018: lower) than the applicable rate of corporation tax in the UK. The difference is explained below:

	Year ended 31 March 2019	Year ended 31 March 2018 Restated
	£'000	£'000
(Loss)/Profit before tax	(3,563)	453
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(677)	86
Effects of:		
Expenses not deductible/income not taxable	42	162
R&D relief enhanced deduction	(463)	(559)
Opening and closing deferred tax rate adjustment	(5)	-
Adjustments in respect of prior periods:		
Deferred tax	(12)	(188)
Current tax	-	10
Other movements	58	(31)
Total tax credit	(1,057)	(520)

R&D relief enhanced deduction

This deduction is available on research and development work done by the Group to develop and enhance its data analytics functionality and telematics hardware.

Prior year adjustment

The prior year adjustment mainly relates to the R&D tax credits that were finalised during the year.

Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax in the UK to 17% with effect from 1 April 2020.

12 EMPLOYEES

	Year ended 31 March 2019 No.	Year ended 31 March 2018 No.
The average monthly number of persons (including Directors) employed by the Group was:		
Engineering	75	76
Sales & marketing	90	84
Production	44	59
Administration	24	25
	233	244

Staff costs for the employees and Directors (included under Administrative expenses and Cost of sales):

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Wages and Salaries	5,438	6,772
Social security costs	666	639
Share based payments	181	216
Other pension costs	248	309
	6,533	7,936

The compensation for key management personnel was as follows (included under Administrative expenses and Cost of sales):

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Salaries and other short-term employee benefits	1,375	1,466
Post-employment benefits	35	51
Share based payments	175	175
	1,585	1,692

The key management personnel are the Directors and four senior managers who became key management personnel during the prior year.
The key management personnel made gains of £88,000 (2018: £62,000) on the exercise of share options during the year.
Details of Directors’ fees and salaries, bonuses and pensions (including that of the highest paid Director) have been audited and are given in the Directors’ Report on page 29.

13 EARNINGS PER ORDINARY SHARE

The earnings per Ordinary share have been calculated in accordance with IAS 33 using the profit for the year and the weighted average number of Ordinary shares in issue during the year as follows:

	Year ended 31 March 2019	Year ended 31 March 2018 Restated
	£'000	£'000
(Loss)/Profit for the year after taxation	(2,506)	973
Exceptional administrative costs	1,930	1,405
Share based payments	181	216
Tax effect of adjustments	(367)	(267)
Adjusted (loss)/profit for the year after taxation	(762)	2,327
	No.	No.
Number of Ordinary shares of 1p each at 31 March	50,004,002	35,898,254
Basic weighted average number of Ordinary shares of 1p each	40,397,188	35,740,877
Diluted weighted average number of Ordinary shares of 1p each	40,397,188	36,297,287
Basic (loss)/earnings per share	(6.20p)	2.72p
Diluted (loss)/earnings per share	(6.20p)	2.68p
Adjust for effects of:		
Exceptional costs	3.87p	3.18p
Share based payments	0.45p	0.60p
Adjusted basic (loss)/earnings per share	(1.89p)	6.51p
Adjusted diluted (loss)/earnings per share	(1.89p)	6.41p

14 INTANGIBLE ASSETS

	Goodwill	Intellectual property	Customer relationships	Development costs	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
As at 1 April 2017	10,417	1,920	100	7,234	1,426	21,097
Additions - Internal developments	-	-	-	2,707	117	2,824
Additions - External purchases	-	-	-	680	332	1,012
As at 31 March 2018	10,417	1,920	100	10,621	1,875	24,933
Additions - Internal developments	-	-	-	2,844	144	2,988
Additions - External purchases	-	-	-	569	14	583
As at 31 March 2019	10,417	1,920	100	14,034	2,033	28,504
AMORTISATION						
As at 1 April 2017	-	1,671	22	1,978	318	3,989
Charge for year	-	117	34	1,123	210	1,484
Amortisation on disposals	-	-	-	-	-	-
As at 31 March 2018	-	1,788	56	3,101	528	5,473
Charge for year	-	61	33	1,531	241	1,866
Amortisation on disposals	-	-	-	-	-	-
As at 31 March 2019	-	1,849	89	4,632	769	7,339
NET BOOK AMOUNT						
As at 31 March 2019	10,417	71	11	9,402	1,264	21,165
As at 31 March 2018	10,417	132	44	7,520	1,347	19,460
As at 1 April 2017	10,417	249	78	5,256	1,108	17,108

Goodwill arose in relation to the Group's acquisition of 100% of the share capital of Roadsense Technology Limited (Roadsense), Route Monkey Limited (Route Monkey), Box Telematics Limited (Box) and DCS Systems Limited (DCS).

Since the acquisition Roadsense, Box, Route Monkey and DCS have been incorporated into the Trakm8 business. These businesses have therefore been assessed as one cash generating unit for an impairment test on Goodwill. The impairment review has been performed using a value in use calculation.

The impairment review has been based on the Group's budgets for 2019/20 which have been reviewed and approved by the Board. Forecasts for the subsequent 4 years have been produced based on 7% (a prudent growth rate for telematics market) growth rates in revenue and EBITDA in each year. A net present value has been calculated using a pre-tax discount rate of 10% (Group's weighted average cost of capital) which is deemed to be a reasonable rate taking account of the Group's cost of funds and an extra element for risk. A terminal value has been calculated and included in the discounted cash flow forecasts used within the model to fully support the goodwill value. A growth rate of 2% was used to determine the terminal value. In addition a sensitivity analysis has been undertaken and indicates that an impairment will be triggered by making the following combined changes to the assumptions:

1. Decrease in annual growth rates to 6.5% per annum for five years (terminal growth rate of 2%)
2. Increase in the discount rate to 11%
3. Decrease in 2020 free cash flow of 50%

Amortisation expenses of £1,866,000 (2018: £1,484,000) have been charged to Administrative expenses in the Consolidated Statement of Comprehensive Income.

15 **PROPERTY, PLANT AND EQUIPMENT**

	Freehold property £'000	Furniture, fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
COST					
As at 1 April 2017	508	1,600	730	7	2,845
Additions	-	78	168	-	246
Exchange differences	-	2	1	-	3
Disposals	-	(278)	(218)	-	(496)
As at 31 March 2018	508	1,402	681	7	2,598
Additions	59	229	90	-	378
Disposals	(420)	(58)	-	-	(478)
As at 31 March 2019	147	1,573	771	7	2,498
DEPRECIATION					
As at 1 April 2017	49	488	446	7	990
Charge for year	4	170	147	-	321
Exchange differences	-	2	(1)	-	1
Disposals	-	(262)	(208)	-	(470)
As at 31 March 2018	53	398	384	7	842
Charge for year	8	176	129	-	313
Disposals	(56)	(33)	-	-	(89)
As at 31 March 2019	5	541	513	7	1,066
NET BOOK AMOUNT					
As at 31 March 2019	142	1,032	258	-	1,432
As at 31 March 2018	455	1,004	297	-	1,756
As at 1 April 2017	459	1,112	284	-	1,855

Included within freehold property is £85,000 (2018: £285,000) relating to land which is not depreciated.
The Group's obligations under finance leases (see note 20) are secured by the lessors' title to the leased assets, which have a carrying amount of £564,000 (2018: £320,000) included within Property, Plant and Equipment. This consists of Furniture, fixtures and equipment £382,000 (2018: £134,000) and computer equipment £182,000 (2018: £186,000).
Total depreciation expenses of £313,000 (2018: £321,000) have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

16 **INVENTORIES**

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Raw materials	1,158	431
Work in progress	212	566
Finished goods and goods for resale	1,366	1,559
	2,736	2,556

The cost of inventories recognised as an expense and included in cost of sales amounted to £3,657,000 (2018: £8,253,000). During the year old inventory lines totalling £127,000 (2018: £306,000) were written down and charged to cost of sales in the Consolidated Statement of Comprehensive. Residual inventory costs following cessation of Contract Electronic Manufacturing contracts with third-parties totalling £nil (2018: £60,000) were written down and charged to exceptional administrative costs (note 9) in the Consolidated Statement of Comprehensive Income.

17 TRADE AND OTHER RECEIVABLES

	Non-current assets		Current assets	
	As at 31 March 2019	As at 31 March 2018 Restated	As at 31 March 2019	As at 31 March 2018 Restated
	£'000	£'000	£'000	£'000
Trade receivables	-	-	4,488	5,730
Other receivables	-	-	253	97
Amounts receivable under finance leases	139	318	179	174
Prepayments	-	-	412	367
Assets recognised for goods and services delivered but not billed (contract asset)	-	-	3,013	3,558
	139	318	8,345	9,926

The analysis of trade receivables by currency is as follows:

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Pound Sterling	4,374	5,700
Dollar	-	2
Euro	28	28
Other	86	-
	4,488	5,730

An allowance is made for Expected Credit Losses (ECLs) for trade receivables. IFRS 9 requires an impairment provision to be recognised on origination of a trade receivable, based on its ECL. The allowance that has been made for ECL for trade receivables is £720,000 (2018: £505,000). In addition a credit note provision of £nil (2018: £220,000) has been made against revenue for a specific contract.

As at 31 March 2019 trade receivables of £1,346,000 (2018: £1,141,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Up to 3 months past due	832	975
3 to 6 months past due	514	166
	1,346	1,141

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The analysis of amounts receivable under finance leases is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	185	185	179	174
After one and within two years	142	184	139	179
After two and within five years	-	142	-	139
	327	511	318	492

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest contract is approximately 2.45% (2018: 2.45%) per annum.

18 DEFERRED TAX

The analysis of deferred tax liability is as follows:

	As at 31 March 2019	As at 31 March 2018 Restated
Deferred tax liability	£'000	£'000
Deferred tax liability to be released within 12 months	(47)	(39)
Deferred tax liability to be released after more than 12 months	(41)	(34)
	(88)	(73)

The deferred tax liability consists of the following:

	As at 31 March 2019	As at 31 March 2018 Restated
	£'000	£'000
Trading losses	1,525	1,169
Short term timing differences	(56)	3
Accelerated tax depreciation	(1,557)	(1,245)
	(88)	(73)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.
The movement in the deferred income tax asset during the year is as follows:

	Trading losses	Accelerated tax depreciation	Short term timing differences	TOTAL
	£'000	£'000	£'000	£'000
At 31 March 2018 (restated)	1,169	(1,245)	3	(73)
Credited / (debited) to the Statement of Comprehensive Income	356	(312)	(21)	23
Credited / (debited) to the Statement of Changes in Equity	-	-	(38)	(38)
At 31 March 2019	1,525	(1,557)	(56)	(88)

19 TRADE AND OTHER PAYABLES

	Non-current liabilities		Current liabilities	
	As at 31 March 2019	As at 31 March 2018 Restated	As at 31 March 2019	As at 31 March 2018 Restated
	£'000	£'000	£'000	£'000
Trade payables	-	-	3,003	4,741
Social security and other taxes	-	-	953	1,886
Other payables	-	-	144	139
Accruals	-	-	965	1,122
Payments received in advance of service delivery (contract liability)	607	525	1,242	1,710
	607	525	6,307	9,598

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Revenue recognised in the current reporting period relating to carried-forward contract liabilities was £2.9m (2018: £3.2m).

20 BORROWINGS

	As at 31 March 2019					As at 31 March 2018				
	Bank loan			Obligations under finance leases		Bank loan			Obligations under finance leases	
	Gross	Arrangement fee	Net		Total	Gross	Arrangement fee	Net		Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current	1,028	(28)	1,000	237	1,237	1,004	(28)	976	175	1,151
Non-Current	5,229	(21)	5,208	389	5,597	5,307	(49)	5,258	363	5,621
	6,257	(49)	6,208	626	6,834	6,311	(77)	6,234	538	6,772

All borrowings are held in sterling and the Directors consider their carrying amount approximates to their fair values.

Bank loans comprise the following:

A £5.0m term loan with HSBC. The loan is secured by a fixed and floating charge on all the assets of the Group. It is repayable by monthly instalments until 2021 and bears interest at a floating rate of 1.95% over base rate. As at 31 March 2019 the Group owed £1.9m (2018: £2.9m).

A £5.0m revolving credit facility with HSBC which is repayable in full on 31 December 2020. The loan bears an interest rate of 1.75% over LIBOR on the drawn amount and a fee of 0.75% on the undrawn facility. As at 31 March 2019 the Group had drawn down £4.4m of this credit facility (2018: £3.4m).

The interest rate increased to 4.5% on both facilities from 27 June 2019.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (see note 15).

Total borrowings as at 31 March 2019 were £6.8m and at 31 March 2018 were £6.8m. The movement in total borrowings between these dates relate to changes arising from cash flows and non-cash changes ,being, increases in borrowings due to new finance leases of £0.3m, additional draw-downs under the revolving credit facility of £2.0m which were offset by loan repayments of £2m, repayments of finance leases of £0.2m and the release of the arrangement fee of £0.04m.

21 PROVISIONS

	Dilapidation	Warranty	Onerous Lease	Total
	£'000	£'000	£'000	£'000
As at 1 April 2017	35	106	-	141
Arising during the year	21	-	20	41
Released during the year	-	(41)	-	(41)
As at 1 April 2018 (restated)	56	65	20	141
Arising during the year	21	-	-	21
Utilised during the year	-	-	(20)	(20)
At 31 March 2019	77	65	-	142

In the current year, the Group included dilapidation provision in note 21 resulting in the prior year provision amounts being restated. The dilapidation provision relates to repair obligations that the Group has under its leased property. The liability under these repair obligations would be realised at the end of the lease in 2026. The warranty provision relates to the potential warranty claims that may come to fruition in the near future. The onerous lease provision relates to the Livingstone site that Route Monkey Limited leased before moving out prior to expiry of the lease agreement. The company continued paying rentals until 31 September 2018 when the lease expired.

These provisions are expected to be utilised as follows:

	As at 31 March 2019	As at 31 March 2018 Restated
	£'000	£'000
Current	27	47
Non-Current	115	94
	142	141

22 SHARE CAPITAL

	As at 31 March 2019		As at 31 March 2018	
	No's	£'000	No's	£'000
Authorised:	'000's		'000's	
Ordinary shares of 1p each	200,000	200,000	200,000	200,000
Allotted, issued and fully paid:				
Ordinary shares of 1p each	50,004	500	35,898	359

Movement in share capital:

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
As at 1 April	359	357
New shares issued	141	2
As at 31 March	500	359

The Company currently holds 29,000 Ordinary shares in treasury representing 0.06% (2018: 0.08%) of the Company's issued share capital. The number of 1 pence Ordinary shares that the Company has in issue less the total number of Treasury shares is 49,975,002.

During the year the following shares were issued:

Date	Description	Shares	Share Capital	Premium
		No's '000's	£'000	£'000
04/08/2018	Exercise of options over Ordinary Shares by an employee	175	2	49
06/12/2018	Subscription of Ordinary Shares	13,931	139	2,892
		14,106	141	2,941

The weighted average price for share options exercised during the year was 29.1p.

23 **SHARE-BASED PAYMENTS**

Trakm8 Holdings PLC has issued options (under the Trakm8 2017 Unapproved Share Option Plan) to subscribe for Ordinary shares of 1p in the Company. The purpose of the Option Scheme is to retain and motivate eligible employees.

In the prior year, Trakm8 Holding PLC issued options (under the Trakm8 2017 Unapproved Share Option Plan) to subscribe for ordinary shares of 1p in the Company.

The exercise price of all share options is the closing market price on the day of grant, except the options issued on the 5 March 2019 which have an exercise at a 20% premium to the mid-market closing share price on 4 March 2019. A vesting period of 3 years is applicable according to the terms of each scheme which specify the options will vest providing employees remain in service for 3 years from the date of grant. The maximum term of options granted is 10 years from grant date. All share options are equity settled.

The fair value of the equity settled share options granted is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. No performance conditions were included in the fair value calculations. During the year three tranches of options were awarded, tranche Y, Z and AA. The inputs to our Black Scholes pricing model were:

	Tranch Y	Tranch Z	Tranch AA	Tranch RP	Tranch AB
Grant date	03-Jul-18	11-Feb-19	05-Mar-19	05-Mar-19	29-Mar-19
Weighted average FV (pence)	47.00	22.00	19.00	19.00	15.00
Weighted average exercise price (pence)	90.00	30.50	33.50	33.50	23.00
Expected volatility (%)	61.1%	95.7%	95.7%	95.7%	95.7%
Expected life of option	5.0	5.0	5.0	5.0	5.0
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free (%)	1.0%	0.8%	0.8%	0.8%	0.8%

The risk free rate of return is the yield on government gilt market price and the volatility has been based on historic share prices.

Options granted during the year were:

Grant date	No of shares	Option Exercise Price	Date of expiry
03 July 2018	450,000	90p	30/06/2028
11 February 2019	125,000	31p	08/02/2029
05 March 2019	425,000	34p	02/03/2029
05 March 2019	2,050,000	34p	02/03/2029
29 March 2019	250,000	23p	26/03/2029

A reconciliation of option movements over the year to 31 March 2019 is shown below;

	As at 31 March 2019		As at 31 March 2018	
	Share options No	Weighted average Exercise Price (p)	Share options No	Weighted average Exercise Price (p)
Outstanding at beginning of the year	3,531,812	117	2,871,226	130
Granted during the period	3,300,000	40	1,225,000	114
Forfeited during the period	(2,706,812)	144	(389,414)	239
Exercised during the period	(175,000)	29	(175,000)	45
Outstanding at the end of the year	3,950,000	38	3,531,812	117

23 **SHARE-BASED PAYMENTS (CONTINUED)**

The range of exercise prices of the outstanding options is 20.0 pence to 33.5 pence (2018: 17 pence to 333 pence) and the weighted average remaining contractual life is 7.4 years (2018: 7.6 years).
The Group charged £181,000 to the Statement of Comprehensive Income in respect of Share-Based Payments for the financial year ended 31 March 2019 (2018: £249,000).

Share options exercisable at 31 March 2019 were 900,000 (2018: 1,425,000).

Reissued options

The following directors and PDMRs have had certain existing options cancelled and the following reissued options granted, such that number of options cancelled equal the number of reissued options:

Directors	**Position**	**No of shares**	**Exercise price***
John Watkins	Executive Chairman	300,000	33.5p
Jon Furber	Group Finance Director	475,000	33.5p
Mark Watkins	Chief Operating Officer	250,000	33.5p
Bill Duffy	Non-Executive Director	75,000	33.5p
Matt Cowley	Big Data Director	25,000	33.5p
Tim Cowley	Strategy Director	50,000	33.5p
Sean Morris	MD - Insurance and Automotive	350,000	33.5p
Matt Monnington (PDMR)	Chief Technology Officer	200,000	33.5p

*Issued at a 20% premium to the mid-market closing share price on 4 March 2019

Vesting conditions: The reissued options vest on 5 March 2022 and require that the recipients remain in employment with the Group at the date of exercise. All of the above reissued options may only be exercised if the mid-market share price is 50 pence or more at the time of exercise.

Employee options

In addition to the directors' options described above, 325,000 existing options have been cancelled and the same number of options have been reissued to certain other employees of the Group on the same terms as the reissued options to the directors and PDMRs.

In addition to the New Options and Reissued Options noted above, there are 1,605,000 existing options outstanding to certain directors, PDMRs and other employees of the Company. As detailed in the table below, the existing options together with the Reissued Options and New Options, would, if fully exercised, result in the issue of an additional 4,080,000 Ordinary Shares of 1 pence each in the Company, representing 8.2 per cent. of the current issued share capital of 50,004,002 Ordinary Shares (of which 29,000 shares are held in treasury) as at 5 March 2019.

24 NET CASH GENERATED FROM OPERATIONS

	As at 31 March 2019 £'000	As at 31 March 2018 Restated £'000
(Loss)/Profit before tax	(3,563)	453
Depreciation	313	321
(Profit)/Loss on disposal of fixed assets	(106)	26
Net bank and other interest	223	156
Amortisation of intangible assets	1,866	1,484
Share based payments	181	216
Operating cash flows before movement in working capital	(1,086)	2,656
Movement in inventories	(180)	1,118
Movement in trade and other receivables	1,732	(4,614)
Movement in trade and other payables	(3,214)	3,957
Movement in provisions	1	(21)
Cash generated from operations	(2,747)	3,096
Interest received	10	33
Income taxes received	985	1,606
Net cash (outflow)/inflow from operating activities	(1,752)	4,735

25 FINANCIAL COMMITMENTS

At the Statement of Financial Position date, the Group had outstanding commitments for future minimum operating lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 March 2019	As at 31 March 2018
Operating Leases	£'000	£'000
Land and buildings:		
Within one year	282	147
In the second to fifth years inclusive	1,085	480
Over 5 years	867	232
	2,234	859
Other:		
Within one year	124	189
In the second to fifth years inclusive	72	131
	196	320

Land and buildings under operating leases represents four leases payable by the Group which have expiry dates from 2023 to 2029.

26 RELATED PARTY TRANSACTIONS

A total of 2,500,000 (2018: 925,000) share options were granted during the year to ten (2018: seven) key management personnel.

27 **FINANCIAL INSTRUMENTS**

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Where appropriate, the Group seeks to mitigate potential adverse effects on its financial performance.

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities. Borrowing facilities are monitored against the Group's forecast requirements and it is the Group's policy to mitigate the risk by maintaining cash reserves.

Interest rate risk

The Group's borrowings are linked to LIBOR and the base rate, the following table details the Group's sensitivity to an increase of 2% and 5% in these two rates.

	2%	
	As at 31 March 2019	As at 31 March 2018
	Profit	Profit
	£'000	£'000
LIBOR	(87)	(68)
Base rate	(38)	(57)
	5%	
	Profit	Profit
	£'000	£'000
LIBOR	(218)	(170)
Base rate	(95)	(142)

Currency risk

The Group operates internationally although the majority of its sales are in sterling. Purchases of components are also made in US Dollars and Euros. The Group endeavours to minimise its foreign currency exposure by trading in Sterling wherever possible, or otherwise match inflows and outflows in its principal trading currencies.

The following table details the Group's sensitivity to a 10% and a 20% decrease and increase in the value of Sterling against the US Dollar and the Euro and the resulting effect on profit. The sensitivity analysis of the Group's exposure to foreign currency risk at the year end has been determined based upon the assumption that the increase in US Dollar and Euro exchange rates is effective throughout the financial year and all other variables remain constant.

	10% decrease		10 % increase	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
	Profit & equity	Profit & equity	Profit & equity	Profit & equity
	£'000	£'000	£'000	£'000
US Dollar	(109)	(340)	89	278
Euro	(78)	(191)	64	156
	20% decrease		20 % increase	
	Profit & equity	Profit & equity	Profit & equity	Profit & equity
	£'000	£'000	£'000	£'000
US Dollar	(245)	(765)	164	510
Euro	(175)	(429)	117	286

27 **FINANCIAL INSTRUMENTS (CONTINUED)**

The Group has the following exposure to foreign currency denominated monetary assets and monetary liabilities in the Balance Sheet, translated into the sterling at the relevant year-end exchange rates:

Financial assets / liabilities	Year ended 31 March 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2018
	Monetary Assets	Monetary Liabilities	Monetary Assets	Monetary Liabilities
	£'000	£'000	£'000	£'000
US Dollar	3	200	2	120
Euro	28	339	28	696
	31	539	30	816
Sterling	9,107	16,022	13,001	12,500
Total	9,138	16,561	13,031	13,316

Credit risk

The Group's principal financial assets are bank balances, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits to customers based on an assessment of net worth and trading history with the Group. Standard credit terms are net 30 days from the date of invoice. Overdue trade receivables are managed through a phased escalation culminating in legal action.
The credit quality of cash balances that are neither past due nor impaired can be ascertained with reference to the banks external credit ratings. All remaining financial assets are unrated.

Credit rating (Fitch)	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
AA-	1,205	3,472
	1,205	3,472

Financial instruments by category

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, liability and equity instrument are disclosed in note 4 to the financial statements. The directors do not consider that any of the cash balances are impaired.

27 **FINANCIAL INSTRUMENTS (CONTINUED)**

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 adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's external borrowings are subject to covenants which are assessed periodically throughout the year. The covenants relate to cash flow and leverage requirements. The covenants were reset during the current year and the company complied with all imposed covenant requirements during the period. The Group expects to meet the covenant requirements in the future periods.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include "current and non-current borrowings" as shown in the Consolidated Statement of Financial Position. Total capital is calculated as "capital and reserves" as shown in the Consolidated Statement of Financial Position plus total borrowings.

The Group's strategy has been to maintain gearing. This has been successfully achieved through the capital issue and profitable trading in prior financial year.

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Total borrowings (note 20)	6,834	6,772
Total capital and reserves	22,094	21,380
Total capital	28,928	28,152
Gearing ratio	24%	24%

At the year end the Group had total net borrowings of £5,629,000 (2018: £3,300,000).

Assets as per Statement of Financial Position	Receivables and Cash	
	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Trade and other receivables excluding prepayments	7,933	9,559
Cash and cash equivalents	1,205	3,472
	9,138	13,031

	Financial liabilities at amortised cost	
	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Borrowings	6,834	6,772
Trade and other payables excluding statutory liabilities and deferred revenue	3,811	6,544
	10,645	13,316

27 **FINANCIAL INSTRUMENTS (CONTINUED)**

Payable as follows	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
On demand or within one year	5,048	7,695
After one and within two years	1,035	1,272
After two and within five years	4,562	4,349
	10,645	13,316

Cash and cash equivalents

Cash and cash equivalents comprise solely of cash in hand held by the Group.

28 **BUSINESS COMBINATIONS**

Roadsense Technology Limited

In 2017 financial year, the Group purchased 100% of the share capital of Roadsense Technology Limited. The acquisition costs incurred in 2019 of £102,000 (2018: £256,000) relate to non-underlying charges under two separate agreements linked to the acquisition in the prior year. The costs incurred are directly linked to the acquisition and not as part of the ongoing underlying business. One agreement terminates on 31 July 2019, and the second agreement terminated on 31 March 2019.

These costs have been recognised as an exceptional administrative expense in the consolidated statement of comprehensive income. Exceptional administrative expenses have been analysed in Note 9.

29 **DIVIDENDS**

The Company is not proposing a final dividend for the year (2018: nil).
No Dividend was paid during the year (2018: nil).

30 **OPERATING LEASES**

The group rents out equipment under operating leases. Equipment rental income earned during the year was £175,000 (2018: £219,000). At the year end the group had contracted with lessees of the group for the following future minimum lease payments under non-cancellable operating leases.

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Within 1 year	104	175
After one and within five years	43	149
	147	324

31 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS15 Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those in prior period.

Impact on the financial statements:

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained in note 4 above, IFRS 15 was adopted with restated comparative information.

The following table shows the adjustments recognised for each of the individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and the totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provision in IFRS 15, the group has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 April 2018):

The benefit to the results for the twelve months to 31 March 2019 from the prior year restatement following the adoption of IFRS 15 is not material.

Consolidated Statement of Financial Position (extract)

	Year to 31 March 2018 Presented £'000	IFRS 15 £'000	Year to 31 March 2018 Restated* £'000
Non-current assets/(liabilities)			
Deferred income tax asset/(liability)	(229)	156	(73)
Current assets			
Trade and other receivables	10,844	(918)	9,926
Current assets less current liabilities	7,077	(918)	6,159
Total assets less current liabilities	28,611	(918)	27,693
Net assets	**22,142**	**(762)**	**21,380**
Equity			
Balance as at 1 April 2017	6,866	(164)	6,702
Balance as at 1 April 2018	8,691	(762)	7,929
Profit for the period ended 31 March 2018	1,571	(598)	973
Total equity attributable to equity holders of the Parent	**22,142**	**(762)**	**21,380**

31 **CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

Consolidated Statement of Comprehensive Income (extract)

	Year to 31 March 2018 Presented £'000	IFRS 15 £'000	Year to 31 March 2018 Restated* £'000
Revenue	30,081	(720)	29,361
Gross profit	14,849	(720)	14,129
Operating profit	1,329	(720)	609
Profit before taxation	1,173	(720)	453
Income tax	398	122	520
Profit for the year	1,571	(598)	973
Total comprehensive income for the year attributable to owners of the Parent	1,580	(598)	982
Adjusted profit before tax	2,794	(720)	2,074

32 **POST BALANCE SHEET EVENTS**

As explained in note 4 page 51, on the 27 June 2019 the Group entered into an Amendment and Restatement Agreement with HSBC that amended the covenants and amended the margin on both the term loan and revolving credit facility to 4.5% above base rate and LIBOR respectively. All other terms of the facilities remained unchanged.

Parent Company Statement of Financial Position As At 31 March 2019

	Note	As at 31 March 2019 £'000	As at 31 March 2018 £'000
ASSETS			
NON CURRENT ASSETS			
Investments	4	11,061	10,880
Deferred tax asset		74	34
		11,135	10,914
CURRENT ASSETS			
Trade and other receivables	5	10,943	8,692
Cash and cash equivalents		532	67
		11,475	8,759
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	(176)	(234)
Borrowings	7	(1,000)	(976)
		(1,176)	(1,210)
CURRENT ASSETS LESS CURRENT LIABILITIES		10,299	7,549
TOTAL ASSETS LESS CURRENT LIABILITIES		21,434	18,463
NON CURRENT LIABILITIES			
Borrowings	7	(5,208)	(5,258)
NET ASSETS		16,226	13,205
CAPITAL AND RESERVES			
Called up share capital	8	500	359
Share premium account		14,691	11,750
Merger reserve		627	627
Treasury reserve		(4)	(4)
Retained earnings		412	473
TOTAL SHAREHOLDERS' FUNDS		16,226	13,205

The parent company has taken the exemption conferred by s.408 Companies Act 2006 not to publish the statement of Comprehensive Income of the parent company with these accounts. The loss dealt with for the year in the parent company's financial statements was £242,000 (2018: loss £153,000).

These financial statements on pages 78 to 86 were approved by the Board of Directors and authorised for issue on 5 July 2019 and are signed on their behalf by:

John Watkins - Director

Jon Furber - Director

Parent Company Statement of Changes in Equity For The Year Ended 31 March 2019

	Called up share capital	Share premium account	Merger reserve	Treasury reserve	Retained earnings	TOTAL SHAREHOLDERS' FUNDS
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2017	357	11,674	627	(4)	410	13,064
Shares issued	2	76	-	-	-	78
IFRS2 Share-Based payment charge	-	-	-	-	216	216
Loss for the year	-	-	-	-	(153)	(153)
Balance as at 1 April 2018	**359**	**11,750**	**627**	**(4)**	**473**	**13,205**
Shares issued	141	2,941	-	-	-	3,082
IFRS2 Share-Based payment charge	-	-	-	-	181	181
Loss for the year	-	-	-	-	(242)	(242)
Balance as at 31 March 2019	**500**	**14,691**	**627**	**(4)**	**412**	**16,226**

1 **ACCOUNTING POLICIES**

BASIS OF PREPARATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements made up to 31 March 2019.

The financial statements of the parent company have been prepared in accordance with United Kingdom Accounting Standards - Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes. The Company has also taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate statement of other comprehensive income.

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

• 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)

• IFRS 7, 'Financial Instruments: Disclosures'

• Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

• Paragraph 38 of 'International Accounting Standard 1, Presentation of financial statements' (IAS1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS1

• The following paragraphs of IAS1, 'Presentation of financial statements':

− 10(d) (statement of cash flows)

− 16 (statement of compliance with all IFRS)

− 38A (requirement for minimum of two primary statements, including cash flow statements)

− 38B-D (additional comparative information)

− 111 (cash flow statement information)

− 134-136 (capital management disclosures)

• IAS 7, 'Statement of cash flows'

• Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

• Paragraph 17 and 18A of IAS 24, 'Related party disclosures (key management compensation)

• The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

INVESTMENTS

Fixed asset investments are stated at cost less impairment against the cost of investments. The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Cost includes directly attributable acquisition expenses.

1 **ACCOUNTING POLICIES (CONTINUED)**

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts where applicable.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

BANK BORROWINGS

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the statement of comprehensive income over the period of the borrowings using the effective interest method.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax is based on taxable profits for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon tax rates that have been enacted or substantively enacted.

1 **ACCOUNTING POLICIES (CONTINUED)**

EQUITY

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued on reverse acquisition of subsidiaries, net of expenses of the share issue prior to the date of transition to IFRS.

Treasury reserve represents the cost of shares held in Treasury. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Retained earnings represents retained profits and the share based payment reserve.

SHARE-BASED PAYMENTS

The Company has applied the requirements of IFRS 2 Share-based payment.

The grant by the Company of options over its equity instruments to the employees of a subsidiary undertaking 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 of the equity instrument, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity. At each balance sheet date, the Company revises its estimates of the number of options or shares that are expected to vest. The impact of any revision, if any, is recognised as a capital contribution with a corresponding adjustment to reserves.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. No expense is recognised for awards that do not ultimately vest.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

INVESTMENTS CARRYING VALUE

A full impairment review has been performed on a "value in use" basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

3 PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Company is not presented as part of these financial statements.
The loss after tax for the year in the Company is £242,000 (2018: loss £153,000). Audit fees for the Company for the year were £3,000 (2018: £3,000).

4 INVESTMENTS

	Subsidiaries
Cost	£'000
As at 1 April 2018	10,880
Capital contribution in respect of share based payments	181
At 31 March 2019	11,061

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Name of subsidiary	*Country of incorporation*	*Nature of business*	*Registered Office*	*Class of holding*	*Proportion held and voting rights*
Trakm8 Limited	England and Wales	Development, manufacture, marketing and distribution of vehicle telematics	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Trakm8 s.r.o.	Czech Republic	Mapping services and distribution of vehicle telematics	A7 Office Centre Praha 7 U Pruhonu 1588/11a 170 00 Czech Republic	Ordinary	100%
BOX Telematics Limited	England and Wales	Non-trading	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Route Monkey Limited	Scotland	Route optimisation	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%

4 **INVESTMENTS (CONTINUED)**

Name of subsidiary	***Country of incorporation***	***Nature of business***	***Registered Office***	***Class of holding***	***Proportion held and voting rights***
Interactive Projects Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Data Driven Telematics Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
DCS Systems Limited	England and Wales	Dormant	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Roadsense Technology Limited	England and Wales	Non-trading	4 Roman Park, Roman Way, Coleshill, West Midlands, B46 1HG	Ordinary	100%
Trakm8 HK Limited	Hong Kong	Non-trading	Prosperity Centre, 25 Chong Yip Street, Kwun Tong, Hong Kong	Ordinary	100%

The following dormant companies within the Group will take the exemption from preparing and filing financial statements for the year ended 31 March 2019 (by virtue of s394A and 448A of Companies Act 2006 respectively). As the ultimate parent company, Trakm8 Holdings PLC has guaranteed the debts and liabilities held within these companies as required under section 394C of the Companies Act 2006

Company	Company registration number
Interactive Projects Limited	4327499
Data Driven Telematics Limited	5785552
DCS Systems Limited	9641691

The following companies within the Group will adopt the Department for Business, Innovation and skills audit exemption for the year ended 31 March 2019. As the ultimate parent company, Trakm8 Holdings PLC has guaranteed the debts and liabilities held within these companies as required under section 479A of the Companies Act 2006

Company	Company registration number
Trakm8 Limited	4415597
BOX Telematics Limited	3947199
Route Monkey Limited	SC353016
Roadsense Technology Limited	8300339

5 **TRADE AND OTHER RECEIVABLES**

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Amounts due from subsidiary undertakings	10,916	8,677
Social security and other taxes	16	10
Prepayments and other receivables	11	5
	10,943	8,692

Amounts due from subsidiary undertakings are unsecured, interest free and repayable on demand.

6 **TRADE AND OTHER PAYABLES**

	As at 31 March 2019	As at 31 March 2018
	£'000	£'000
Trade creditors	60	48
Amounts due to subsidiary undertakings	26	11
Accruals and other creditors	90	175
	176	234

Amounts due to subsidiary undertakings are unsecured, interest free and repayable on demand.

7 **BORROWINGS**

	As at 31 March 2019 Bank loan			As at 31 March 2018 Bank loan		
	Gross	Arrangement fee	Net	Gross	Arrangement fee	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Current	1,028	(28)	1,000	1,004	(28)	976
Non-current	5,229	(21)	5,208	5,307	(49)	5,258
	6,257	(49)	6,208	6,311	(77)	6,234
Bank loan			6,208			6,234

The Bank loan is repayable as follows:

	2019	2018
	£'000	£'000
Within one year	1,000	976
After one and within two years	858	1,000
After two and within five years	4,350	4,258
	6,208	6,234

A £5.0m term loan with HSBC. The loan is secured by a fixed and floating charge on all the assets of the Group. It is repayable by monthly instalments until 2021 and bears interest at a floating rate of 1.95% over base rate. As at 31 March 2019 the Group owed £1.9m (2018: £2.9m).
A £5.0m revolving credit facility with HSBC which is repayable in full on 31 December 2020. The loan bears an interest rate of 1.75% over LIBOR on the drawn amount and a fee of 0.75% on the undrawn facility. As at 31 March 2019 the Group had drawn down £4.4m of this credit facility (2018: £3.4m).
The interest rate increased to 4.5% on both facilities on 27 June 2019.

8 **CALLED UP SHARE CAPITAL AND RESERVES**

Details of share capital and share options are shown in notes 22 and 23 to the consolidated financial statements above.

Details of the Company's other reserves are shown in note 4 to the consolidated financial statements.

9 **GUARANTEE**

The borrowings of the company are guaranteed by the assets of subsidiary company, Trakm8 Limited.

10 **RELATED PARTIES**

The company has taken advantage of the exemptions conferred by IAS 24 from the requirement to disclose transactions between wholly owned subsidiary undertakings.

A total of 2,500,000 (2018: 925,000) share options were granted during the year to ten (2018: seven) key management personnel.

11 **EMPLOYEES AND DIRECTORS**

The Directors of the Company were paid by Trakm8 Ltd for their services to the Group. The Company had no employees (2018: nil) during the year (other than the Directors). See remuneration report on page 29 for further details.

Details of Group Directors' fees and salaries, bonuses and pensions (including that of the highest paid Director) have been audited and are given in the Directors' Report on page 26.

12 **DIVIDENDS**

The Company is not proposing a final dividend for the year (2018: nil).

No Dividend was paid during the year (2018: nil).

13 **POST BALANCE SHEET EVENTS**

On the 27 June 2019 the Group entered into an Amendment and Restatement Agreement with HSBC that amended the covenants and amended the margin on both the term loan and revolving credit facility to 4.5% above base rate and LIBOR respectively. All other terms of the facilities remained unchanged.

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Directors

Matthew Cowley
Tim Cowley
William Duffy
Keith Evans
Jon Furber
Sean Morris
John Watkins
Mark Watkins
Nadeem Raza

Company Secretary

Jon Furber

Registered Office

4 Roman Park Roman Way, Coleshill, Birmingham,
West Midlands, United Kingdom, B46 1HG

Principal Bankers

HSBC Bank plc, 6 Broad Street, Worcester, WR1 2EJ

Independent Auditors

PricewaterhouseCoopers LLP, Cornwall Court, 19
Cornwall Street, Birmingham, B3 2DT

Nominated Adviser and Broker

Arden Partners
Address: 125 Old Broad Street, London, EC2N 1AR

Significant Shareholders

Significant Shareholder	**Number of shares**	**Percentage Holding**
Microlise Group Holdings Limited	10,000,000	20.0%
John Watkins	7,768,768	15.6%
Edric Property & Investment Company	3,815,000	7.6%
James Hedges	2,438,766	4.9%
Hargreaves Lansdown	2,343,452	4.7%
Tim Cowley	2,268,127	4.5%
Matt Cowley	1,994,203	4.0%
HSDL Nominees	1,715,858	3.4%